

## SUMMARY NOTE

Dated 4<sup>th</sup> March 2019

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of the 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

In respect of an issue of  
**€11,500,000 3.75% Secured\* Bonds 2027**  
of a nominal value of €100 per Bond issued at par ISIN: MT0002191204  
(the “Series I Bonds”)  
and  
**€11,000,000 4.25% Secured\* Bonds 2031**  
of a nominal value of €100 per Bond issued at par ISIN: MT0002191212  
(the “Series II Bonds” and together with the Series I Bonds the “Bonds” or “Secured Bonds”)  
by



### MERCURY PROJECTS FINANCE P.L.C.

a public limited liability company duly incorporated under the Laws of Malta, with Company registration number C89117

with the joint and several Guarantee\* of Mercury Towers Limited  
a private limited company registered in Malta with company registration number C 77402

\*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note and Sections 5.5 and 5.6 of this Registration Document for a description of the Guarantee and the Collateral in general.



THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

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

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. 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 FINANCIAL ADVISOR.

APPROVED BY THE DIRECTORS

A blue ink signature of Joseph Portelli.

Joseph Portelli

A black ink signature of Stephen Muscat.

Stephen Muscat

A black ink signature of Mario Vella.

Mario Vella

A black ink signature of Peter Portelli.

Peter Portelli

## IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON MERCURY PROJECTS FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND MERCURY TOWERS LIMITED AS GUARANTOR, AND THE BONDS ISSUED BY THE ISSUER. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED FROM TIME TO TIME BY VARIOUS INSTRUMENTS, INCLUDING BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015), AS WELL AS IN COMPLIANCE WITH THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, TO PUBLISH OR ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUER AND/OR THE SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF PUBLISHED, ISSUED, GIVEN OR MADE, SUCH ADVERTISEMENT, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISORS.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS THE CASE MAY BE, IN RELATION TO THIS 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 ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED FINANCIAL INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER 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 THE PURPOSES OF, AN OFFER OR INVITATION FOR SUBSCRIPTION OF BONDS BY ANY PERSON (I) IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN ANY JURISDICTION 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.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT 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 APPLICANTS 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 THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, 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. APPLICATION HAS ALSO BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO ITS OFFICIAL LIST.

**STATEMENTS MADE IN THIS DOCUMENT 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 OR GUARANTOR'S WEBSITES (IF ANY) OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTOR'S WEBSITES 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 WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

**THE VALUE OF INVESTMENTS CAN RISE OR FALL 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 INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.**

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THE PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA. THE MALTESE COURTS SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTES THAT MAY ARISE OUT OF OR IN CONNECTION WITH THE BONDS, AND THE ISSUER AND (IN TERMS OF THE GUARANTEE) THE GUARANTOR AND EACH BONDHOLDER THEREFORE IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF MALTA TO HEAR AND DETERMINE ANY DISPUTE AS AFORESAID.

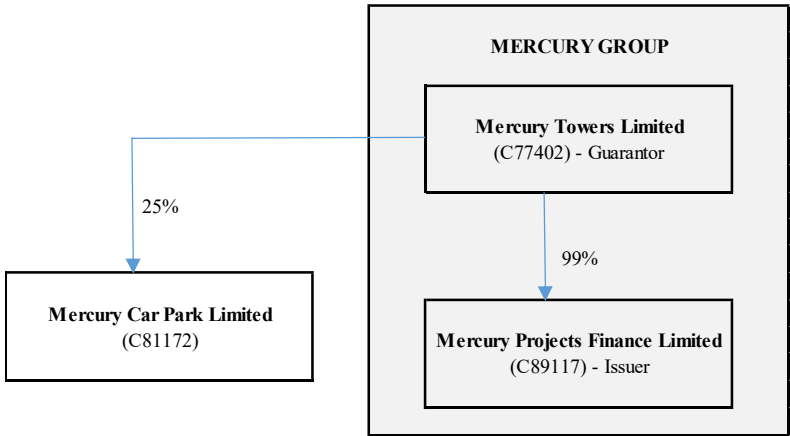
## MERCURY PROJECTS FINANCE P.L.C

This Summary Note is prepared in accordance with the requirements of the Regulation.

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1– E.7) as set out in the Regulation. This summary contains all the Elements required to be included in a summary in connection with the type of securities being issued pursuant to the Prospectus and the Issuer. Since some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities being issued pursuant to the Prospectus and the Issuer, it is possible that no relevant information can be given regarding such Element. In such case a short description of the Element is included in the summary with the mention of ‘not applicable’.

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

<b>1</b>	<b>SECTION A - INTRODUCTION AND WARNINGS</b>
A.1	<p>Prospective investors are hereby warned that:</p> <ul style="list-style-type: none"> <li>- This summary is being provided to convey the essential characteristics and risks associated with the Issuer, the Guarantor and the securities being offered pursuant to the Prospectus, but is merely a summary and should therefore only be read as an introduction 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. Any decision to invest in such securities should be based on consideration of the Prospectus as a whole by the investor;</li> <li>- 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</li> <li>- Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, 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.</li> </ul>
A.2	<p>The Issuer has entered into the Placement Agreements with the Authorised Financial Intermediaries. It is the intention of such Authorised Financial Intermediaries that during the Offer Period they shall accept subscriptions for the Bonds from customers. Prospective investors are hereby informed that:</p> <ul style="list-style-type: none"> <li>- for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries during the Offer Period and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only: <ul style="list-style-type: none"> <li>(i) in respect of Bonds subscribed for through Authorised Financial Intermediaries during the Offer Period;</li> <li>(ii) to any resale or placement of Bonds subscribed for as aforesaid taking place in Malta; and</li> <li>(iii) to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.</li> </ul> </li> <li>- <b>in the event of a resale, placement or other offering of Secured Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.</b></li> </ul>
<b>2</b>	<b>SECTION B – ISSUER AND GUARANTOR</b>
B.1/ B.19	The legal and commercial name of the Issuer is Mercury Projects Finance p.l.c.. The legal and commercial name of the Guarantor is Mercury Towers Limited.
B.2/ B.19	The Issuer was registered in Malta in terms of the Act on 16 January 2019 as a public limited liability company, and is domiciled in Malta. The Guarantor was registered in Malta in terms of the Act, on 28 September 2016 as a private limited liability company, and is domiciled in Malta, and is currently a single-member company.
B.4b/ B.19	<p>The following is an overview of the most significant recent trends affecting the Issuer and the Guarantor and the market in which the Group operates.</p> <p>The Issuer does not have any trading record, and was established as a special purpose vehicle to act as the finance arm of the Group. The Issuer is dependent on the business prospects of the Group, namely the Guarantor, and, therefore, the trend information of the members of the Group, in particular the Guarantor has a material effect on their respective financial position and prospects.</p> <p>As at the time of publication of the Prospectus, the Issuer and the Guarantor consider that generally they shall be subject to the normal business risks associated with the business and industries in which the Group is involved and operates, and, barring unforeseen circumstances, do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Group and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.</p> <p>The principal activity of the Group, particularly through the Guarantor, is the acquisition and disposal and/or development and operation of the various immovable properties within and constituting the mixed-use Project to be situated at Mercury Site at Paceville, St. Julians, Malta. The Group was in fact specifically set up in view and for the purposes of the Project and its activities will accordingly be focused thereon, mainly through: (a) the disposal of the airspaces within which the accommodation serviced apartment units comprised in the Tower at Mercury Site will be developed; and (b) the acquisition and development of parts of Mercury Site to be retained in ownership by the Group, in particular the Guarantor, for long-term</p>

	<p>investment, through the operation and/or letting thereof and the revenues generated therefrom, mainly the operation of the Hotel and the rental to third parties of the Commercial Outlets.</p> <p><b><u>Sales of apartment units</u></b>  The Project faces competition from other high end mixed-use projects in Malta that offer a mix of accommodation, hospitality and/or retail space. The Board however believes that, given some unique features (conceptual, design, architectural etc) of the Project, Malta’s current economic growth and the considerable rise in immovable property prices over recent years, the increasing preference for high quality accommodation, forming part of a mixed use development, as well as the fact that till 31<sup>st</sup> December 2018, 92 % of the accommodation serviced apartment units on offer for sale had secured a preliminary agreement with prospective buyers at the desired prices, the level of interest and demand for high-end property is and will continue to be strong and grow in the foreseeable future.</p> <p><b><u>Hospitality<sup>1</sup></u></b>  Year-on-year Malta reaches new record highs in the number of inbound tourists visiting the country. Latest figures for local tourism at the end of 2017 indicate that Malta recorded an influx of circa 2.3 million tourists in 2017, representing an increase of circa 15.7% on 2016, with a pronounced increase in the first quarter (January to March). Inbound tourist trips for the first five months of 2018 reached 904,799, an increase of 18.5% over the same period in 2017. Statistical figures for the first 4 months (January to April) of 2018 already show an increase of 17.9% over the same period in 2017. Malta’s main tourism source countries are the United Kingdom, followed by Italy, Germany, France and Scandinavia, which consists of Denmark, Finland, Norway and Sweden. Tourist expenditure has also been on the rise, with a total spend of circa €1.95 billion in 2017, marking an increase of 13.9% over 2016. Moreover total tourism expenditure between January to May 2018 was estimated at €628.3 million, 12.2% higher than that recorded for the same period in 2017. Latest figures issued by the Malta Tourism Authority indicate an average length of stay per capita of 7.3 days for 2017. Total nights spent by inbound tourists in May 2018 went up by 18.5%.</p> <p>The continued increase in tourism numbers has had a positive effect on the local hotel market. Available data for 2017 indicates that the 4-star hotel sector in Malta registered a strong performance, with a notable increase also in the 5-star hotel bracket, with continued year-on-year growth in both occupancy and rate levels. The Board is confident that the outlook for the local hospitality market remains positive for the foreseeable future.</p> <p><b><u>Leases of commercial units</u></b>  National statistics relating to leases of commercial property in Malta could not be sourced. Yet, there seems to be a stable trend of a high demand for, and high occupancy rate of existing, catering, retail and other establishments within Paceville, St.Julians and surrounding areas, and the Directors believe that such trend will be steady and probably even grow further in the foreseeable future.</p>
<p>B.5/ B.19</p>	<p>The Issuer is (except for one share) a fully-owned subsidiary of the Guarantor, which latter entity is the parent company of the Group. As at the date hereof the Group consists of the Guarantor, as parent, and its sole subsidiary company, the Issuer. The Guarantor also owns 25% of Mercury Car Park Limited, which however does not form part of the same group of companies as the Group. The diagram hereunder illustrates the principal group companies and associates within the organisational structure of the Group, as at the date of the Prospectus:</p>  <pre> graph TD     MT["Mercury Towers Limited (C77402) - Guarantor"]     MPFL["Mercury Projects Finance Limited (C89117) - Issuer"]     MCP["Mercury Car Park Limited (C81172)"]     MT -- 99% --&gt; MPFL     MT -- 25% --&gt; MCP     subgraph MERCURY_GROUP [MERCURY GROUP]         MT         MPFL     end     </pre>
<p>B.9/ B.19</p>	<p><i>Not Applicable:</i> the Registration Document does not contain any profit forecasts or estimates.</p>

<sup>1</sup> Malta Tourism Authority – Tourism in Malta Facts and Figures – 2017; NSO – News Release, 28 February 2018

MERCURY PROJECTS FINANCE P.L.C

B.10/ B.19	<i>Not Applicable:</i> the Issuer was registered and incorporated on 16 January 2019 and since incorporation to the date of the Prospectus no financial statements have been prepared; and the audit reports on the audited financial statements for the year ended 31 December 2017 of the Guarantor do not contain any material qualifications.																																																																								
B.12/ B.19	<p>As at the date hereof the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements. There has not been any significant change in the prospects of the Issuer, which has occurred since the date of its incorporation.</p> <p>The historical financial information of the Guarantor is set out in the audited financial statements for the accounting reference period starting 28 September 2016 and ending 31 December 2017, which is the first but also the most recent accounting reference period of the Guarantor, as audited by KPMG, and which are available at the Issuer's registered office. There was no material adverse change to the prospects of the Guarantor and no significant changes to its financial or trading position since the date of the last published audited financial statements of the Guarantor and subsequent to the period covered by such statements.</p> <p>Extracts of the historical annual financial information of the Guarantor referred to above are set out below:</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Mercury Towers Ltd – Statement of Comprehensive Income Extract</b></th> </tr> <tr> <th><i>For the period 28 Sep 16 to 31-Dec-17</i></th> <th><b>2017</b></th> </tr> <tr> <th></th> <th><b>€'000</b></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>1,300</td> </tr> <tr> <td>Cost of sales</td> <td>(1,300)</td> </tr> <tr> <td>Gross profit</td> <td>--</td> </tr> <tr> <td>Administrative expenses</td> <td>(51)</td> </tr> <tr> <td>Other income</td> <td>8</td> </tr> <tr> <td>Operating profit / (loss)</td> <td>(43)</td> </tr> <tr> <td>Finance costs</td> <td>(115)</td> </tr> <tr> <td>Profit / (loss) before tax</td> <td>(158)</td> </tr> <tr> <td>Tax expenses</td> <td>0</td> </tr> <tr> <td><b>Profit / (loss) for the period</b></td> <td><b>(158)</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2"><b>Mercury Towers Ltd – Statement of Financial Position Extract</b></th> </tr> <tr> <th><i>As at 31 December</i></th> <th><b>2017</b></th> </tr> <tr> <th></th> <th><b>€'000</b></th> </tr> </thead> <tbody> <tr> <td><b>Assets</b></td> <td></td> </tr> <tr> <td>Non-current assets</td> <td>9,374</td> </tr> <tr> <td>Current assets</td> <td>22,715</td> </tr> <tr> <td><b>Total assets</b></td> <td><b>32,089</b></td> </tr> <tr> <td><b>Equity</b></td> <td></td> </tr> <tr> <td>Total equity</td> <td>342</td> </tr> <tr> <td><b>Liabilities</b></td> <td></td> </tr> <tr> <td>Non-current liabilities</td> <td>5,900</td> </tr> <tr> <td>Current liabilities</td> <td>25,847</td> </tr> <tr> <td>Total liabilities</td> <td>31,747</td> </tr> <tr> <td><b>Total equity and liabilities</b></td> <td><b>32,089</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2"><b>Mercury Towers Ltd – Statement of Cash Flows Extract</b></th> </tr> <tr> <th><i>For the period 28 Sep 16 to 31-Dec-17</i></th> <th><b>2017</b></th> </tr> <tr> <th></th> <th><b>€'000</b></th> </tr> </thead> <tbody> <tr> <td>Net cash generated from operating activities</td> <td>1,913</td> </tr> <tr> <td>Net cash used in investing activities</td> <td>(9,374)</td> </tr> <tr> <td>Net cash generated from / (used in) financing activities</td> <td>7,529</td> </tr> <tr> <td>Net increase / (decrease) in cash and cash equivalents</td> <td>69</td> </tr> <tr> <td>Cash and cash equivalents at start of period</td> <td>--</td> </tr> <tr> <td><b>Cash and cash equivalents as at 31 December 2017</b></td> <td><b>69</b></td> </tr> </tbody> </table>	<b>Mercury Towers Ltd – Statement of Comprehensive Income Extract</b>		<i>For the period 28 Sep 16 to 31-Dec-17</i>	<b>2017</b>		<b>€'000</b>	Revenue	1,300	Cost of sales	(1,300)	Gross profit	--	Administrative expenses	(51)	Other income	8	Operating profit / (loss)	(43)	Finance costs	(115)	Profit / (loss) before tax	(158)	Tax expenses	0	<b>Profit / (loss) for the period</b>	<b>(158)</b>	<b>Mercury Towers Ltd – Statement of Financial Position Extract</b>		<i>As at 31 December</i>	<b>2017</b>		<b>€'000</b>	<b>Assets</b>		Non-current assets	9,374	Current assets	22,715	<b>Total assets</b>	<b>32,089</b>	<b>Equity</b>		Total equity	342	<b>Liabilities</b>		Non-current liabilities	5,900	Current liabilities	25,847	Total liabilities	31,747	<b>Total equity and liabilities</b>	<b>32,089</b>	<b>Mercury Towers Ltd – Statement of Cash Flows Extract</b>		<i>For the period 28 Sep 16 to 31-Dec-17</i>	<b>2017</b>		<b>€'000</b>	Net cash generated from operating activities	1,913	Net cash used in investing activities	(9,374)	Net cash generated from / (used in) financing activities	7,529	Net increase / (decrease) in cash and cash equivalents	69	Cash and cash equivalents at start of period	--	<b>Cash and cash equivalents as at 31 December 2017</b>	<b>69</b>
<b>Mercury Towers Ltd – Statement of Comprehensive Income Extract</b>																																																																									
<i>For the period 28 Sep 16 to 31-Dec-17</i>	<b>2017</b>																																																																								
	<b>€'000</b>																																																																								
Revenue	1,300																																																																								
Cost of sales	(1,300)																																																																								
Gross profit	--																																																																								
Administrative expenses	(51)																																																																								
Other income	8																																																																								
Operating profit / (loss)	(43)																																																																								
Finance costs	(115)																																																																								
Profit / (loss) before tax	(158)																																																																								
Tax expenses	0																																																																								
<b>Profit / (loss) for the period</b>	<b>(158)</b>																																																																								
<b>Mercury Towers Ltd – Statement of Financial Position Extract</b>																																																																									
<i>As at 31 December</i>	<b>2017</b>																																																																								
	<b>€'000</b>																																																																								
<b>Assets</b>																																																																									
Non-current assets	9,374																																																																								
Current assets	22,715																																																																								
<b>Total assets</b>	<b>32,089</b>																																																																								
<b>Equity</b>																																																																									
Total equity	342																																																																								
<b>Liabilities</b>																																																																									
Non-current liabilities	5,900																																																																								
Current liabilities	25,847																																																																								
Total liabilities	31,747																																																																								
<b>Total equity and liabilities</b>	<b>32,089</b>																																																																								
<b>Mercury Towers Ltd – Statement of Cash Flows Extract</b>																																																																									
<i>For the period 28 Sep 16 to 31-Dec-17</i>	<b>2017</b>																																																																								
	<b>€'000</b>																																																																								
Net cash generated from operating activities	1,913																																																																								
Net cash used in investing activities	(9,374)																																																																								
Net cash generated from / (used in) financing activities	7,529																																																																								
Net increase / (decrease) in cash and cash equivalents	69																																																																								
Cash and cash equivalents at start of period	--																																																																								
<b>Cash and cash equivalents as at 31 December 2017</b>	<b>69</b>																																																																								

MERCURY PROJECTS FINANCE P.L.C

	The interim unaudited financial results of the Guarantor for the period 28 September 2016 to 30 June 2017 and the six-month period ended 30 June 2018 are set out below:		
	<b>Mercury Towers Ltd – Statements of Comprehensive Income Extract</b>		
	<i>For the period</i>	<i>28-Sep-16 to</i>	<i>1 Jan-18 to</i>
		<i>€'000</i>	<i>€'000</i>
	Revenue	1,080	--
	Cost of sales	(1,080)	--
	Gross profit	--	--
	Administrative expenses	(38)	(27)
	Other income	8	0
	Operating profit / (loss)	(30)	(27)
	Finance costs	(4)	(117)
	Profit / (loss) before tax	(34)	(144)
	Tax expense	0	0
	<b>Profit / (loss) for the period</b>	<b>(34)</b>	<b>(144)</b>
	<b>Mercury Towers Ltd – Statements of Financial Position Extract</b>		
	<i>As at 30 June</i>	<i>2017</i>	<i>2018</i>
		<i>€'000</i>	<i>€'000</i>
	<b>Assets</b>		
	Non-current assets	8,385	10,852
	Current assets	21,213	24,909
	<b>Total assets</b>	<b>29,598</b>	<b>35,761</b>
	<b>Equity</b>		
	Total equity	(33)	200
	<b>Liabilities</b>		
	Non-current liabilities	5,900	4,900
	Current liabilities	23,731	30,661
	Total liabilities	29,631	35,561
	<b>Total equity and liabilities</b>	<b>29,598</b>	<b>35,761</b>
	<b>Mercury Towers Ltd – Statements of Cash Flows Extract</b>		
	<i>For the period</i>	<i>28-Sep-16 to</i>	<i>1 Jan-18 to</i>
		<i>€'000</i>	<i>€'000</i>
	Net cash generated from operating activities	1,299	2,168
	Net cash used in investing activities	(8,385)	(1,477)
	Net cash generated from / (used in) financing activities	7,142	(608)
	Net increase / (decrease) in cash and cash equivalents	56	83
	Cash and cash equivalents at start of period	--	69
	<b>Cash and cash equivalents as at 31 December 2017</b>	<b>56</b>	<b>152</b>
B.13/ B.19	<i>Not Applicable:</i> neither the Issuer nor the Guarantor is aware of any recent events which are to a material extent relevant to the evaluation of their solvency.		
B.14/ B.19	As noted in B.5 above, On the date hereof the Group consists of the Guarantor, as parent undertaking, and the Issuer, a wholly owned subsidiary of the Guarantor (except for one share). The Issuer was set up on 16 January 2019, essentially as a special purpose vehicle to act as a financing company for the needs of the Group with no substantial assets and, as such, it is dependent on the business prospects and operating results of the Group, particularly the Guarantor. More specifically, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on Redemption Date, on the receipt of interest payments and loan repayment from the Guarantor to whom the net proceeds of the Bond Issue will be advanced by way of loan. As the property holding and operating company of the Group, the Guarantor, which was set up on 28 September 2016, is ultimately dependent on the results of its own operations and its own performance, particularly the operational and rental revenues from its hospitality and commercial premises rental business.		
B.15/ B.19	The Issuer is incorporated as a public limited liability company, registered in terms of the Act. The principal object of the Issuer are set out in clause 4 of the Issuer's Memorandum of Association. These include, but are not limited to, the carrying on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of group companies or associated companies, and for such purpose to lend or advance money or otherwise give credit to any such group or associated company, with or without security, and to borrow or raise finance for the above mentioned purpose, on such terms as the Directors may deem expedient, and also to invest and deal with the moneys of the Issuer and any group or associated company in or upon such investments and in such manner as the Directors may, from time to time, deem expedient. The issue of bonds and other debt securities falls within the objects of the		

**MERCURY PROJECTS FINANCE P.L.C**

	<p>Issuer. As seen above, the Issuer was setup as a special purpose vehicle to act as the financing arm of the Group and as such is not intended to undertake any trading activities itself apart from the raising of finance and the advancing thereof to members of the Group, namely the Guarantor.</p> <p>The Guarantor is incorporated as a private limited liability company, registered in terms of the Act. The principal objects of the Guarantor are set out in clause 4 of the Guarantor's Memorandum of Association. These include, but are not limited to the purchasing, taking by title of emphyteusis, lease or exchange or otherwise acquiring under any title and to dispose of or give on lease or exchange, and to charge or hypothecate, in whole or in part, or to otherwise turn to the advantage of the Guarantor, and to develop, any immovable or movable property, and any rights or licences which it may deem necessary or convenient for the purposes of its business, and carrying on the business of operating or managing hotels, guest houses or other accommodation and leisure facilities, or shops, offices or other commercial complexes or outlets, whether belonging to the Company or otherwise, and to construct, reconstruct, renovate, alter, improve, decorate, enlarge, pull down and remove or replace, fix up, furnish and maintain any property or properties for the purposes mentioned above, and to enter into management or franchise agreements with international hotel brands to assist it in the running of the accommodation and catering properties under its charge.</p> <p>The Guarantor is also empowered in terms of its Memorandum and Articles of Association, to borrow otherwise raise money in connection with its business and to secure the repayment thereof or any other obligations by giving security upon its movable and immovable property, and to guarantee, support or secure the performance of any obligations or commitments of any person.</p> <p>As seen in B.4b above, the principal activities of the Guarantor and of the Group as a whole, is the acquisition and disposal and/or development and operation of the various immovable properties within and constituting the mixed-use Project to be situated at Mercury Site at Paceville, St. Julians, mainly: (a) the acquisition and disposal of airspaces for development of apartments within the Tower; and (b) the acquisition and development of parts of Mercury Site to be retained in ownership by the Guarantor for long-term investment, in particular the operation of the Hotel (through the hotel chain Meliá, in terms of the management agreement with Meliá Hotels International S.A. and Prodigios Interactivos S.A.), which may also include the pooling of apartments within the uppermost level of the Tower retained by the Guarantor, and the rental to third parties of the Commercial Outlets.</p>
B.16/ B.19	<p>The Issuer has an authorised share capital of €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €250,000 divided into 250,000 ordinary shares of a nominal value of €1.00 each fully paid up, which are fully owned and held by the Guarantor, except for one share which is held by Mr. Joseph Portelli.</p> <p>The Guarantor has an authorised share capital of €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each fully paid up, which are owned and held in full by Mr. Joseph Portelli, such that Mr. Portelli is in turn the ultimate beneficial owner of the Group.</p>
B.17/ B.19	<p><i>Not Applicable:</i> neither the Issuer nor the Guarantor have sought the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.</p>
B.18/ B.19	<p>For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to the Security Trustee, for the benefit of the Bondholders, that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder as and when the same shall become due pursuant to the terms and conditions of the Bonds, it will pay to the Security Trustee on demand the indebtedness to the Security Trustee. The obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.</p>
<b>3</b>	<b>SECTION C – SECURITIES</b>
C.1	<p>The Issuer shall issue two series of Bonds, namely: €11.5 million Secured Bonds of a nominal value of €100 per Bond issued at par (subject to a minimum subscription of €2,000) and maturing in 2027 which shall pay interest at 3.75% per annum, and €11 million Secured Bonds of a nominal value of €100 per Bond issued at par (subject to a minimum subscription of €2,000) and maturing in 2031 which shall pay interest at 4.25% per annum. The Secured 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. On admission to trading the Series I Bonds and Series II Bonds will have the following respective ISIN numbers MT0002191204 and MT0002191212.</p>
C.2	The Bonds are denominated in Euro (€).
C.5	The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
C.8	<p>A Bondholder shall have such rights as are, pursuant to the Securities Note, attached to the Bonds, including:</p> <ul style="list-style-type: none"> <li>(a) the repayment of capital;</li> <li>(b) the payment of interest;</li> <li>(c) the benefit of the Collateral through the Security Trustee;</li> <li>(d) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and</li> <li>(e) enjoy all such other rights attached to the Bonds emanating from the Prospectus.</li> </ul> <p>Following the issue of the Bonds and application of the proceed, the Security Trustee will have the benefit of a special hypothec over the Series I Bonds Security Property for the full amount of such Series, namely €11,500,000, for the benefit of Bondholders of Series I Bonds and a special hypothec over the Series II Bonds Security Property for the full amount of such Series, namely €11,000,000, for the benefit of Bondholders of Series II Bonds. Also, the Bonds of both Series shall be guaranteed, in respect of both the interest and the principal amount due, by the Guarantor in terms of the Guarantee.</p>
C.9	<p>The Bonds shall bear interest from and including 27 March 2019, in the case of the Series I Bonds, at the rate of 3.75% per annum on the nominal value thereof, and in the case of the Series II Bonds, at the rate of 4.25% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will, in the case of both</p>



	Series of Bonds, be effected on 27 March 2020 (covering the period 27 March 2019 to 26 March 2020). 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. The nominal value of the Bonds will be repayable in full upon the respective maturity on the respective Redemption Date unless the Bonds are previously re-purchased and cancelled. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is 3.75% per annum in the case of the Series I Bonds and 4.25% per annum in the case of the Series II Bonds. The remaining component of Element C.9 is <i>Not Applicable</i> , given that no representative of debt security holders has been appointed.
C.10	<i>Not Applicable</i> : there is no derivative component in the interest payments on the Bonds.
C.11	The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 4 <sup>th</sup> March 2019. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 4 April 2019 and trading is expected to commence on 5 April 2019.
4	<b>SECTION D – RISKS</b>
	<p><b>Holding of a Bond involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to acquire Bonds. Prospective Investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part of or all of their investment.</b></p> <p>This document contains statements that are, or may be deemed to be, “forward-looking statements”, which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its Directors. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved. Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled “Risk Factors” in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer’s and the Guarantor’s future performance.</p> <p>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 of the respective Series, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.</p> <p>An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and Authorised Financial Intermediaries are to determine the suitability or otherwise of prospective investors’ investment in the Bonds before making an investment decision.</p> <p>The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Secured Bonds – there may be other risks which are not mentioned in this summary.</p>
D.2	<p><b>Key information on the key risks specific to the Issuer:</b></p> <p><b>(i) Risks relating to The Issuer’s Business and its reliance on the Group</b></p> <p>The Issuer was recently set up and, accordingly, has no trading record or history of operations. Furthermore, the Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company for the Group and its assets are intended to consist primarily of loans issued to Group companies, currently the Guarantor.</p> <p>The Issuer is therefore dependent on the business prospects of the Group, in particular the Guarantor and, consequently, the operating results of the Guarantor and the risks affecting its business have a direct effect on the Issuer’s financial position, and its ability to receive interest payments and loan repayments from the Guarantor to be able to service interest payments on the Bonds and the repayment of the principal amount on the respective Redemption Date.</p> <p>The ability of the Guarantor to effect interest payments and loan repayments to the Issuer or payments under the Guarantee to the Security Trustee is subject to certain risks, which may inter alia affect its cash flows and earnings. These may be restricted: by changes in applicable laws and regulations; by the terms of agreements, including rental agreements, to which it is or may become party; by the operating results, cashflows, liquidity, profitability and financial position of the Guarantor itself with respect to the Hotel and/or the lessees of the Commercial Outlets; or by other factors beyond the control of the Issuer and/or Guarantor, including risks common to the hotel and real estate industry.</p> <p>The Guarantor itself has a limited operating history. As such therefore both the Issuer and the Guarantor are substantially a start-up operation with all the attendant risks that start-ups normally entail. These risks include, but are not limited to, a lack of financial stability.</p> <p><b>(ii) Risks relating to The Group and its Business and Operations</b></p> <p><u>General</u></p> <p>The Group (currently consisting of the Guarantor as parent and operating company and the Issuer being the Group’s financing special purpose company) have been set up for the purposes of and/or in connection with the Project on Mercury Site in St. Julians. Their respective business, operations, revenues and financial position are accordingly exposed to the real estate market as well as to the array of competitive pressures in the operation and management of the hospitality, accommodation and retail markets, and are intimately connected to and dependent on the hotel and tourism industry and property rental (commercial tenancies) markets in Malta and more specifically in such region, and are exposed to the consequent risks directly or indirectly affecting such markets.</p>

*Project*

The Group is subject to concentration risk in view of the restriction of its activities and operations to the Project, albeit the Project itself consists of various real estate elements with different business and operational aspects and realities and which thus create diversification within the Project itself.

*Risks relating to the political, economic and social environment in which the Group operates*

The Group's assets and operations are all situated and concentrated in Malta. Accordingly, the Group is generally exposed to the economic and political conditions which are prevalent in Malta from time to time, which, in the event of downward trend could have a material adverse impact on the operations of the Group and the value of its assets.

*The Group is subject to market and economic conditions generally*

The Group is subject to general market and economic risks that may affect its property developments and their timely completion within budget and their profitable operation, and ultimately the financial condition of the Group. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates.

*Material risks relating to real estate development*

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Group's control, and which could adversely affect the economic performance and value of the real estate properties under development within the Project. Such factors include: changes in global economic conditions and/or general economic conditions in Malta; general industry trends, including the cyclical nature of the real estate market; changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes; delays or refusals in obtaining required permits and authorisations; shortages and/or price increases in raw materials or other construction inputs, leading to cost overruns; possible structural and environmental problems; acts of nature, that may lead to development damages or delays; and increased competition in the relevant market segment, which could lead to a lowering of prices and rental rates and a corresponding reduction in revenue of the Group.

*Risks relating to the hospitality industry*

The Group's hospitality operations (including rates and occupancy levels) and the financial results thereof are subject to a number of external factors and risks relevant to the hotel industry, including: changes in travel patterns, any increase in or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes, and generally the cyclical nature of the tourism industry; the impact of increased threats of terrorism, impediments to means of transportation (including airline strikes and border closures), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of contagious diseases and health concerns, or other factors that may affect travel patterns; changes in laws and regulations relevant to or affecting any aspect of tourism, and the related costs of compliance; increases in operating costs due to inflation, employment costs, taxes etc.; and the termination, non-renewal and/or the renewal on less favourable terms of agreements entered into with tour operators.

Furthermore, the hospitality industry is subject to rapidly evolving consumer trends and the success of the Group's hospitality operations is dependent upon its ability to swiftly anticipate, identify and capitalise upon such emerging consumer trends. The Group's hospitality operations are also susceptible to strong and increasing local and global competition.

*Risks relating to the commercial rental business of the Group*

The health of the commercial rental market may be affected by a number of factors such as national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, the availability of financing and yields of alternative investments and competition.

The Group, in particular the Guarantor, is also subject to the risk of tenants failing to honour their respective lease obligations, or that tenants terminate or do not renew their respective lease, as well as the risk of increases in operating and other expenses with respect to the said properties, with the consequent risk of loss of rental income and revenues.

*The Group may not be able to realise the benefits it expects from property investments*

The Group's business consists of the acquisition, sale and/or development of Mercury Site and the subsequent operation of immovable property and real estate elements comprised within the Project. The Group will therefore be subject to various risks affecting directly and/or indirectly, and in potentially different ways and to different extents, the various elements of the Project and the Guarantor's different operations and transactions in respect thereof, which may prevent the Group from realizing to the full the benefits it expects from its property investments. These include the inability to source adequate opportunities, market disruption or oversupply, "acts of God", construction delays, insufficiency of resources to complete the projects, cost overruns not recoverable from buyers or tenants and the difficulty in financing same, non-materialisation of sales or rental transactions at the timings envisaged resulting in a liquidity strain or even potential penalties or litigation, higher interest costs, counter-party risks including contractors', prospective buyers' or lessees' defaults, and the consequent loss or erosion of revenue generation. No assurance can be given that the Group will be able to deal with these risks in an efficient and cost effective manner to secure the expected benefits.

*Dependence of Group on third parties - counter-party risks*

The Group relies upon third party or related service providers such as architects, project managers, building contractors, subcontractors, suppliers, hotel operators and others for the construction and completion and (where applicable) subsequent operation of its property developments, and non-performance, defaults or delays by any of these may have an adverse effect on its operations and financial results, and may also involve the Group in litigation with third parties to which it has committed itself. In the case of the Tower apartments which are being purchased by third parties, the contractual responsibility for works and timely completion has been undertaken towards the buyers directly by the contractor, Mercury Contracting Projects Limited, and the Guarantor is only selling the airspace to such buyers with no liability for works, albeit defaults by the contractor may still lead to the relevant buyer rescinding also the acquisition of the airspace. The Guarantor may also fail to attract sufficient apartments within the Tower building to be pooled by the respective owners within the hotel extended accommodation pool arrangement, rendering its management operation unfeasible.

*High leverage risks and increase in financial gearing further to the Bond Issue*

The Group's financial gearing levels will increase further to the Bond Issue. The increase in the level of financial gearing gives rise to all risks typically associated with higher leverage, including lower asset cover and lower debt service cover levels. In addition to the substantial gearing created by the Bond Issue itself, the Guarantor is also currently indebted for an amount of €11,020,496 related party balance due to a related (non-group) company, Mercury Exchange Limited, representing deposits on preliminary agreements paid by prospective buyers of property elements within the Exchange Project to be developed by such related company on the Exchange Site, which Exchange Project is still subject to planning permits and the acquisition of which Exchange Site is still on preliminary agreement by Mercury Exchange Limited with the relative vendors. Whilst such indebtedness currently bears no interest against the Guarantor and has an agreed repayment date extending beyond the maturity of the Bonds, it may be subject to early repayment at the request of Mercury Exchange Limited in circumstances beyond the control of the Guarantor, including the failure of Mercury Exchange Limited to enter into the final deed of purchase of the Exchange Site or to obtain permits for the Exchange Project for any reason whatsoever.

*The Group may be exposed to environmental liabilities attaching to real estate property*

The Group may be exposed to environmental liabilities attaching to real estate property, such as costs for the removal, investigation or remediation of any hazardous or toxic substances that may be located on or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial.

*Fixed Operating Expenses*

A significant portion of the Group's costs are or will be fixed and the Group's operating results are vulnerable to short-term changes in revenues.

*Increases in Operating and other Expenses*

The Group's operating and other expenses could increase without a corresponding increase in turnover or revenue, including as a result of inflation increases; increases in taxes; changes in laws and increase in compliance costs; increases in insurance premia; unforeseen increases in maintenance costs; unforeseen capital expenditure or repairs. Such increases in costs and expenses may not be recoverable or fully recoverable from buyers, tenants or other users of the property.

*Financing for current and future investments and future indebtedness*

The Group may, from time to time, require bank credit facilities or other indebtedness, including through the issue of further debt securities, to maintain the Project, in particular the Hotel and Commercial Outlets and other property within the Project owned by the Group, to refinance indebtedness as well as to fund future growth in terms of acquisition and/or developments. The Group may not be able to obtain such financing in a timely fashion, on commercially reasonable terms, or at all. Furthermore, any such financing obtained may experience an increase in costs, also through an increase in interest rates, and be subject to significant financial covenants imposed on the Group by the lender/s (including restrictions on obtaining further financing or incurring capital or other expenditure). Any such financing or indebtedness will require a portion of the Group's generated cash flows to be used to service the same. All of the above may limit the Group's growth and/or materially adversely affect its business, financial condition and prospects.

*Liquidity risk*

The lack of liquidity and alternative uses of real estate investments could significantly limit the Group's ability to respond to adverse changes in the performance of its properties thereby potentially harming its financial condition.

*Risks relative to changes in laws*

The Group is at risk in relation to negative changes in tax, environmental, planning and other laws and regulations relevant to its business.

*The Group's key senior personnel and management have been and remain material to its growth*

The Group's growth is largely attributable to the efforts and abilities of the directors and members of its executive management team and other key personnel. If any of these were unable or unwilling to continue in their present

	<p>position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results.</p> <p><u>Litigation risk</u> The Group is subject to the risk of legal claims, with or without merit, and the consequent costs and losses which can be substantial, and may have a material adverse effect on the Group's future cash flow, results of operations or financial condition.</p> <p><u>The Group's insurance policies</u> No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. Furthermore, it may be difficult and may take time for the Group to recover covered losses from insurers, and the Group may not be able to recover the full amount.</p> <p>(iii)Risks inherent in Property Valuations The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of properties, including of Security Property, referred to in the Prospectus reflects actual market values that could be achieved on 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 valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made.</p>
D.3	<p>Key information on the key risks specific to the Bonds: An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus:</p> <p><u>Trading and liquidity risks</u> There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Bond Issue Price or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors over which the Issuer has no control. 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 or a Group Company will have on the market price of the Bonds prevailing from time to time.</p> <p><u>Interest rate risk and price changes</u> Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds, with the price of bonds tending to move in a way that is inversely proportional to changes in interest rates. Moreover, the price changes also depend on the term or residual time to maturity of the Bonds; in general, bonds with shorter terms have less price risks than bonds with longer terms.</p> <p><u>Currency risk</u> 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.</p> <p><u>Continuing compliance obligations</u> Following admission of the Bonds to trading on the MSE, the Issuer is required to remain in compliance with certain ongoing requirements. The Listing Authority has the authority to suspend or discontinue trading or listing of the Bonds in certain circumstances, for the protection of investors or the integrity or reputation of the market. Any such trading suspension or listing revocation / discontinuation could have a material adverse effect on the liquidity and value of the Bonds.</p> <p><u>Changes in laws and regulations</u> The Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission 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 Maltese law or administrative practice after the date of this Prospectus.</p> <p><u>Amendments to Terms and Conditions</u> The Issuer may call a meeting of Bondholders in the event that it wishes to amend any of the Terms and Conditions of this Bond Issue or of either of the Series I Bonds or Series II Bonds. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.</p>

	<p><b><u>Risks relating to the Collateral</u></b></p> <p>The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Secured Bonds by the Guarantor and the Collateral.</p> <p>The joint and several Guarantee entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor, which as seen above is exposed to risks.</p> <p>The Guarantee is further supported by the Collateral that is to be granted over the respective Security Property to secure payments under each of the Series I Bonds and Series II Bonds. Whilst this grants the Security Trustee a right of preference and priority for repayment of the relevant Series over the creditors of the Guarantor in respect of the Security Property relative to such Series, there can be no guarantee that the value of the said Security Property over the term of the relevant Series of Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the said Series of Bonds. This may be the result of various factors, including general economic factors that could have an adverse impact on the value of the Security Property. Furthermore, whilst the independent valuation opines that the value of the Security Property relative to each Series of Bonds in its current state actually exceeds the aggregate nominal value of the relevant Series of Bonds, there is no guarantee that such value determined in the independent valuation would be achieved, particularly if the Collateral is enforced at a time when such Security Property is still not completed and unfinished. Upon full payment of principal and interest under the Series I Bonds, the first ranking special hypothec over the Series I Bonds Security Property and securing the said Series I Bonds shall be cancelled, and will not secure payments under Series II Bonds, which will remain secured by the first ranking special hypothec over the Series II Bonds Security Property.</p> <p>Notwithstanding that the Bonds constitute the general, direct and unconditional obligations of the Issuer and in relation to the Guarantor the general, direct, unconditional and secured obligations, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and the Guarantor which may rank with priority or preference to the Collateral.</p>
5	SECTION E – OFFER
E.2b	<p>The proceeds from the Bond Issue, net of expenses of the Bond Issue, which are expected to amount to approximately €22,050,000 will be used by the Issuer to make a loan facility to the Guarantor, to be used as provided below, bearing interest at 4.75% per annum as regards the firstly drawn portion thereof up to the amount of €11,500,000 whereas the balance will bear interest at 5.25% per annum, which interest shall be payable on 13 March of each year, and the principal amount of which loan shall be repayable, as to the amount of €11,500,000 by not later than 13 March 2027 and as to the balance by not later than 13 March 2031 (the “Issuer-Guarantor Loan”).</p> <p>In turn, the Issuer-Guarantor Loan will be used by the Guarantor for the following purposes, in the amounts set out below:</p> <p>(i) <u>Re-financing existing bank loans</u>: an amount of circa €5,650,000 will be used to re-finance outstanding banking facilities of the Guarantor with Lombard Bank Malta p.l.c., which funds were originally principally utilised to acquire the Mercury Site;</p> <p>(ii) <u>Construction and finishing of Project elements owned by the Guarantor</u>: the amount of circa €16,400,000] will be used to finance part of the fees and costs due by the Guarantor to Mercury Contracting Projects Limited in respect of development and finishing works on the Retained Property, in terms of the contract of works between the two companies.</p> <p>The Issuer-Guarantor Loan shall be drawn down as follows:</p> <p>(a) the amount used to repay the bank loan indebtedness to Lombard Bank Malta p.l.c. will be deemed immediately drawn down upon execution of the notarial deed creating the Issuer-Guarantor Loan; and</p> <p>(b) the balance will be advanced in one or more subsequent drawdowns following a request by the Guarantor to the Issuer, in order to pay invoices for construction and finishing works on Retained Property received by the Guarantor from Mercury Contracting Projects Limited and against presentation of such invoices, but the Guarantor shall have the right to make an initial drawdown, at any time after the execution of the notarial deed creating the Issuer-Guarantor Loan, for the full or any part of the amounts already invoiced and/or paid to the said Mercury Contracting Projects Limited at any time up to the execution of the said notarial deed.</p> <p>All proceeds from the Bond Issue shall be held by the Security Trustee pending perfection of the Collateral to secure the Secured Bonds, in accordance with the provisions of the Security Trust Deed. In terms of the Prospectus and Security Trust Deed, the Security Trustee shall not release any of the Bond Issue proceeds, except for the payment of the loan to Lombard Bank Malta p.l.c. as provided in (i) above, until such time as the Collateral is duly constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed.</p> <p>The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List; and (ii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed. In the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds to the investors.</p>
E.3	<p>The Issuer has entered into placement agreement/s with Authorised Financial Intermediaries, whereby the Issuer bound itself to issue, and such Authorised Financial Intermediaries bound themselves to subscribe for the full amount of the Bond Issue, subject to the Bonds being admitted to trading on the Official List of the Malta Stock Exchange and the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed.</p> <p>The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained therein and in the annexes thereto:</p>

1. Registration, Form, Denomination and Title

Certificates will not be delivered to Bondholders in respect of the Bonds, which 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. 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. 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. The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100, subject to a minimum subscription of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. 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 Secured Bonds may be transferred as provided in the Securities Note.

2. Interest

Details of interest payable on the Bonds are provided in Element C.9 of this Summary Note.

3. Status of the Secured Bonds and Security

The Secured Bonds shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves. The Secured Bonds of both Series shall be guaranteed in respect of both the interest due and the principal amount under said Secured Bonds by the Guarantor in terms of the Guarantee. In respect of the Guarantor, the Secured Bonds shall rank with priority or preference to all other present and future unsecured obligations of the Guarantor, save for such exceptions as may be provided by applicable law, by virtue and to the extent of the first ranking special hypothec over the Series I Bonds Security Property as regards the Series I Bonds, and the Series II Bonds Security Property as regards the Series II Bonds.

4. Payments

Payment of the principal amount of Bonds will be made in Euro (€) by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the respective Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven days of the Redemption Date. 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 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. Such payment shall be effected within seven days of the Interest Payment Date.

5. Redemption

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the respective date fixed for redemption), on 27 March 2027 in the case of Series I Bonds and on 27 March 2031 in the case of Series II Bonds.

6. Events of Default

Pursuant to the Trust Deed, the Security Trustee may in its absolute discretion, and shall upon the request in writing of not less than 75% in value of the Bondholders or (as the case may be) of the registered Bondholders of the relevant Series at the relevant time, by notice in writing to the Issuer and the Guarantor declare the Bonds, or either the Series I Bonds or the Series II Bonds, to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events: (a) the Issuer fails to pay any interest under the Bonds or under Bonds of any Series when due and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer; (b) the Issuer fails to pay the Redemption Value of a Bond when due and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer; (c) the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the Security Trustee; (d) there shall have been entered against the Issuer or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be made or is taken for the payment of money in excess of €5,000,000 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; (e) the Issuer or the Guarantor is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent, within the meaning of Article 214(5) of the Act; (f) an order is made or an effective resolution passed for the dissolution, termination of existence, liquidation or winding-up of the Issuer or the Guarantor, except for the purpose of a reconstruction, amalgamation or division; (g) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or the Guarantor; (h) the Issuer ceases or threatens to cease to carry on its business or a substantial part thereof; (i) the Issuer or the Guarantor commits a breach of any covenants or provisions contained in the Trust Deed and on its part to be observed and performed and the said breach still subsists for sixty (60) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds); (j) it becomes unlawful at any time for the Issuer or the Guarantor to perform all or any of its obligations hereunder or under the Trust Deed; (k) the Issuer or the Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Trust Deed; (l) 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 the Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

**MERCURY PROJECTS FINANCE P.L.C**

	<p>7. <u>Transferability of the Secured Bonds</u> The Bonds are freely transferable and, once admitted to the Official List shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The Issuer will not register the transfer or transmission of Secured Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds or the due date for redemption.</p> <p>8. <u>Further Issues</u> The Issuer may, from time to time, without the consent of the Bondholders, create and issue further 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, provided that no issue may be made that would rank senior to the Bonds in respect of the Collateral.</p> <p>9. <u>Meetings of Bondholders</u> The Terms and Conditions of the Bonds or of any Series of Bonds may be amended or waived with the approval of the prescribed majority of Bondholders or (as the case may be) of Bondholders of the relevant Series at a meeting called for that purpose by the Issuer through the Security Trustee.</p> <p>10. <u>Governing Law and Jurisdiction</u> The Bonds and any non-contractual matters arising out of or in connection therewith shall be governed by and shall be construed in accordance with Maltese law. Any dispute, 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 and/or any non-contractual matters arising out of or in connection therewith shall be brought exclusively before the Maltese courts, and the Issuer and (in terms of the Guarantee) the Guarantor and each Bondholder therefore irrevocably submits to the exclusive jurisdiction of the Courts of Malta as aforesaid.</p>
E.4	<p>As at the date of the Prospectus, the executive Director and ultimate beneficial owner of the Issuer, Mr. Joseph Portelli, is a director and officer and ultimate beneficial owner of the parent company, the Guarantor, and as such is susceptible to conflicts between the potentially diverging interests of the different members of the Group, particularly in connection with the Issuer-Guarantor Loan to be advanced by the Issuer to the Guarantor out of the net proceeds of the Bond Issue.</p> <p>Mr. Joseph Portelli, is also the 100% shareholder and director of Mercury Contracting Projects Limited, with which the Guarantor has entered into a general contract of works for the construction (including supply of material), development and finishing of the Retained Property, and which company is also appointed as principal contractor in respect of the whole Project (including those elements thereof to be sold to third parties).</p> <p>The executive Director and ultimate beneficial owner of the Group is also director and ultimate beneficial owner of Mercury Exchange Limited (and its parent undertaking, Mercury Holdings Limited) which is the proposed acquirer of the Exchange Site and proposed developer of the Exchange Project. This may create potential conflicts of interest in the context of any transactions between the Guarantor and Mercury Exchange Limited relating to the respective projects, including the repayment of the €11,020,496 related party balance due by the Guarantor to Mercury Exchange Limited as referred to under 'High leverage risks and increase in financial gearing further to the Bond Issue' in Section D.2 above.</p> <p>Procedures have however been put in place to manage and mitigate the effects of such potential conflicts of interest. Without prejudice to the aforesaid, and save for the subscription for Bonds by the Authorised Financial Intermediaries (which include Calamatta Cuschieri Investment Services Limited as the Sponsor), and any fees payable in connection with the Bond Issue to the Sponsor and to the Registrar, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.</p>
E.7	<p>Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €450,000.</p>

**EXPECTED TIMETABLE OF THE BOND ISSUE**

Offer Period:	13 March 2019 to 27 March 2019
Commencement of interest:	27 March 2019
Expected date of constitution of special hypothecs on Security Property	3 April 2019
Expected date of notification of registration:	4 April 2019
Expected date of admission of Bonds to listing:	4 April 2019
Expected date of commencement of trading in the Bonds:	5 April 2019

## REGISTRATION DOCUMENT

Dated 4<sup>th</sup> March 2019

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended.

---

**Issue of €11,500,000 3.75% Secured\* Bonds 2027 and  
€11,000,000 4.25% Secured\* Bonds 2031,  
of a nominal value of €100 per Bond issued at Par by**



### **MERCURY PROJECTS FINANCE P.L.C.**

**a public limited liability company duly incorporated under the Laws of Malta, with Company registration number  
C89117**

**with the joint and several Guarantee\* of Mercury Towers Limited**

**a private limited company registered in Malta with company registration number C 77402**

\*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note and Sections 5.5 and 5.6 of this Registration Document for a description of the Guarantee and the Collateral in general.

---

*Sponsor & Registrar*



*Security Trustee*



*Legal Counsel*



**THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.**

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



**CONTENTS OF THE PROSPECTUS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.**

**APPLICATION HAS BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST.**

**THE BONDS SHALL CONSTITUTE THE GENERAL, DIRECT AND UNCONDITIONAL OBLIGATIONS OF THE ISSUER AND SHALL BE GUARANTEED IN RESPECT OF BOTH THE INTEREST DUE AND THE PRINCIPAL AMOUNT UNDER SAID BONDS BY THE GUARANTOR AND SECURED BY THE COLLATERAL. THE BONDS WILL RANK *PARI PASSU* WITHOUT ANY PRIORITY OR PREFERENCE AMONG THEMSELVES BUT, IN RESPECT OF THE GUARANTOR AND SAVE FOR SUCH EXCEPTIONS AS MAY BE PROVIDED BY APPLICABLE LAW, SHALL RANK WITH PRIORITY OR PREFERENCE OVER ALL UNSECURED INDEBTEDNESS, BY VIRTUE AND TO THE EXTENT OF THE FIRST SPECIAL HYPOTHEC OVER THE RELEVANT SECURITY PROPERTY WHICH THE GUARANTOR HAS AGREED TO CONSTITUTE IN FAVOUR OF THE SECURITY TRUSTEE FOR THE BENEFIT OF THE BONDHOLDERS.**

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. 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 FINANCIAL ADVISOR.**

**APPROVED BY THE DIRECTORS**



Joseph Portelli



Stephen Muscat



Mario Vella



Peter Portelli

## IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON MERCURY PROJECTS FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND MERCURY TOWERS LIMITED AS GUARANTOR IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED FROM TIME TO TIME BY VARIOUS INSTRUMENTS, INCLUDING BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015).

ALL OF THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR UNDER THE HEADING “DIRECTORS” IN SECTION 3.1 OF THIS REGISTRATION DOCUMENT, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE 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 ACCEPT RESPONSIBILITY ACCORDINGLY.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS, TO PUBLISH OR ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUER, THE GUARANTOR AND/OR THE SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF PUBLISHED, ISSUED, GIVEN OR MADE, SUCH ADVERTISEMENT, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED UNDER THE HEADING “ADVISORS TO THE ISSUER AND THE GUARANTOR” IN SECTION 3.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS THE CASE MAY BE, IN RELATION TO THIS 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 ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED FINANCIAL INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER 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 THE PURPOSES OF, AN OFFER OR INVITATION FOR SUBSCRIPTION OF BONDS BY ANY PERSON (I) IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN ANY JURISDICTION 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.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT 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 APPLICANTS 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.

SAVE FOR THE 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 BONDS 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) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING (AS AMENDED) OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF THE SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AND/OR IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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 THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, 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 ACT.

**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.**

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.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER’S OR GUARANTOR’S WEBSITES (IF ANY) OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER’S OR GUARANTOR’S WEBSITES 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 WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

**THE VALUE OF INVESTMENTS CAN RISE OR FALL 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 INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.**

# TABLE OF CONTENTS

## Contents

1.	DEFINITIONS .....	1
2.	RISK FACTORS .....	6
2.1	<i>Forward-looking Statements</i> .....	6
2.2	<i>General</i> .....	7
2.3	<i>Risks relating to the Issuer's Business and its reliance on the Group</i> .....	7
2.4	<i>Risks relating to the Group and its Business and Operations</i> .....	8
2.5	<i>Risks relating to the Collateral</i> .....	14
2.6	<i>Risks inherent in Property Valuations</i> .....	15
3.	IDENTITY OF THE DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS OF THE ISSUER AND GUARANTOR .....	16
3.1	<i>Directors</i> .....	16
3.2	<i>Senior Management</i> .....	17
3.3	<i>Advisors to the Issuer and the Guarantor</i> .....	17
3.4	<i>Statutory Auditors</i> .....	17
3.5	<i>Security Trustee</i> .....	17
3.6	<i>Registrar</i> .....	17
4.	INFORMATION ABOUT THE ISSUER AND THE GROUP .....	18
4.1	<i>Introduction and historical development of the Issuer</i> .....	18
4.2	<i>Introduction and historical development of the Guarantor</i> .....	18
5.	BUSINESS OVERVIEW OF THE GROUP AND INVESTMENTS .....	21
5.1	<i>Principal Activities and Markets</i> .....	21
5.2	<i>The Project and Mercury Site</i> .....	21
5.3	<i>Business overview of the Group</i> .....	24
5.4	<i>Investments and potential changes in the planning of the Project</i> .....	26
5.5	<i>Security Property</i> .....	28
5.6	<i>Closing dynamics</i> .....	29
6.	TREND INFORMATION AND FINANCIAL PERFORMANCE .....	30
6.1	<i>Trend information</i> .....	30
6.2	<i>Selected financial information</i> .....	31
7.	ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES .....	36
7.1	<i>Board of Directors and management of the Issuer</i> .....	36
7.2	<i>Board of directors of the Guarantor</i> .....	37
7.3	<i>Directors' service contracts</i> .....	37
7.4	<i>Directors' aggregate emoluments</i> .....	37
7.5	<i>Loans to Directors</i> .....	38
7.6	<i>Directors' appointment and removal</i> .....	38
7.7	<i>Directors' powers</i> .....	38
8.	MANAGEMENT STRUCTURE .....	40

8.1	<i>General</i> .....	40
8.2	<i>Management Team</i> .....	40
8.3	<i>Conflict of Interest</i> .....	40
8.4	<i>Employees</i> .....	41
9.	BOARD PRACTICES OF THE ISSUER AND THE GUARANTOR .....	42
10.	COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS .....	43
11.	MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS .....	44
11.1	<i>The Issuer</i> .....	44
11.2	<i>The Guarantor</i> .....	44
12.	HISTORICAL INFORMATION.....	45
13.	LITIGATION .....	46
14.	ADDITIONAL INFORMATION .....	47
14.1	<i>Share Capital of the Issuer</i> .....	47
14.2	<i>Memorandum and Articles of Association of the Issuer</i> .....	47
14.3	<i>Share Capital of the Guarantor</i> .....	47
14.4	<i>Memorandum and Articles of Association of the Guarantor</i> .....	48
15.	MATERIAL CONTRACTS .....	49
16.	PROPERTY VALUATION REPORT .....	50
17.	THIRD PARTY INFORMATION STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST .....	51
18.	DOCUMENTS AVAILABLE FOR INSPECTION.....	52
	ANNEX I –ARCHITECT’S VALUATION REPORT .....	66

## 1. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

<b>Act</b>	The Companies Act, 1995, Cap. 386, Laws of Malta;
<b>Bond/s or Secured Bond/s</b>	The Series I Bonds and the Series II Bonds, and “ <b>Series</b> ” means any of such Series;
<b>Bondholders</b>	The holders of the Bonds, each a “ <b>Bondholder</b> ”;
<b>Bond Issue</b>	The issue of Bonds;
<b>Business Day</b>	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Car Park Site</b>	The underground levels minus three (-3) to minus six (-6) underlying parts of the Mercury Site which are approved for the construction therein of a car parking complex by virtue of the Full Development Permit issued by the Malta Planning Authority on 7 February 2018 (REF. Planning Authority Permit PA 06955/17), and more precisely an aggregate space of circa 4,533 square meters commencing from 2.6 meters from sea level up and limited to 14.3 meters from sea level, which is destined for the development of and wherein there is being developed the four storey parking complex which will underlie parts of the Mercury Site, and which underground levels were transferred by the Guarantor to TTRS Holdings Limited (company registration number C81170) in two separate stages and portions by virtue of a public deed in the records of Notary Kristen Dimech of the twenty third day of June of the year two thousand and seventeen (23/06/2017) and a subsequent public deed in the records of the same Notary of the nineteenth day of July of the year two thousand and seventeen (19/07/2017), which TTRS Holdings Limited was subsequently acquired by amalgamation by the company Mercury Car Park Limited (company registration number C81172);
<b>Collateral</b>	The following security granted by the Guarantor in favour of the Security Trustee for the benefit of Bondholders: (a) a first ranking special hypothec over the respective Security Property in respect of Series I Bonds and Series II Bonds; and (b) the Guarantee;
<b>Commercial Outlets</b>	The retail and commercial outlets to be developed by the Guarantor on Mercury Site, as shown shaded in orange on the schematic plans marked ‘Commercial-117g’, ‘Commercial-117h’ and ‘Commercial-139b’ attached hereto as ‘Commercial Outlets Plans’, which is planned to consist of 9 shops and 4 catering establishments (which plans may change from time to time by joining or further splitting such elements or otherwise), and which will be leased by the Guarantor to various third parties;
<b>Directors or Board</b>	The directors of the Issuer whose names and addresses are set out under the heading “Identity of the Directors, Senior Management, Advisors and Auditors of the Issuer and Guarantor” in Section 3 of this Registration Document;
<b>Euro or €</b>	The official currency of the member States of the European Union that form part of the Euro-zone, including Malta;
<b>Exchange Project</b>	The project to be developed by Mercury Exchange Limited on the Exchange Site, which is currently planned to mainly consist of an approximate 245-room 4-star hotel, offices and a shopping mall, as set out in Section 5.4 below;
<b>Exchange Site</b>	The immovable property adjacent to the Mercury Site, consisting of Saint George’s Exchange, without official number in Triq San Gorg, Saint Julian’s including its surrounding land, inclusive of its subsoil and airspace, collectively bound on the East in part by Triq San Gorg from where it has an entrance and in part by property of Pender Ville Limited formerly property of Malta Government Investments Limited and on the North, South and West by the Mercury Site, which forms the subject-matter of a promise of sale agreement entered into on 2 August 2018, by and between Mercury Exchange Limited (as proposed buyer) and SGE Property Company Limited;

<b>Group or Mercury Group</b>	Mercury Towers Limited, a company registered under the laws of Malta with company registration number C 77402 and having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta (as ultimate parent company) and the Issuer, and the term “ <b>Group Company</b> ” shall mean any one of the companies forming part of the Group;
<b>Guarantee</b>	The joint and several guarantee dated 4 <sup>th</sup> March 2019 granted by the Guarantor as security for the punctual performance of the Issuer’s payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee (which contains a description of the nature and scope and the terms of the Guarantee) is appended to the Securities Note as Annex III thereto;
<b>Guarantor</b>	Mercury Towers Limited, a company registered under the laws of Malta with company registration number C 77402 and having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta;
<b>Hotel</b>	The Hotel to be developed by the Guarantor on Mercury Site, which is currently planned to consist of a 52-room hotel-specific low-rise building at the podium of the Tower and annexed to such Tower, and extending also into levels -2 and -1 overlying the car park, levels 0 to 2 of the Tower, and levels 10 to 12 of the said Tower, as well as the old building known as ‘Mercury House’ to which the Tower will be annexed, as shown shaded in blue on the schematic plan and also on the elevation plan marked ‘Hotel-139C’ and ‘Hotel-1aq Elevation 1’ respectively attached hereto as ‘Hotel Plans’, and which Hotel and respective facilities will subsequently be operated by the said Guarantor, which has entered into a management agreement dated 14 August 2018 with Meliá Hotels International S.A. and Prodigios Interactivos S.A. to manage and operate such Hotel;
<b>Issuer or Company</b>	Mercury Projects Finance p.l.c., a company registered under the laws of Malta with company registration number C 89117 and having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta;
<b>Issuer-Guarantor Loan</b>	The loan facility between the Issuer (as lender) and the Guarantor (as borrower) referred to in Section 4.2 of the Securities Note;
<b>Listing Authority</b>	The Board of Governors of the MFSA, appointed as the Listing Authority for the purposes of the Financial Markets Act, 1990, (Cap. 345, Laws of Malta) in terms of Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
<b>Listing Rules</b>	The Listing Rules of the Listing Authority;
<b>Lombard Bank Security Interests</b>	The security interests registered in favour of Lombard Bank Malta p.l.c. as described in Section 5.2 hereof;
<b>Malta Stock Exchange or Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Memorandum and Articles of Association or Articles</b>	The memorandum and articles of association of the Issuer in force at the time of publication of this Registration Document;
<b>Mercury Site</b>	The “Site” as defined in the Mercury Site Public Deeds, consisting of a divided portion of land at St. Julians, measuring circa seven thousand seven hundred and one point eight square metres (7,701.8 sqm.), consisting of various portions of land and levels above and below sea level (airspace and subterranean portions and levels) which was acquired by the Guarantor from Pender Ville Limited (company registration number C36675) in two stages by means of the Mercury Site Public Deeds, subject to all the terms and conditions and exclusions set out in such Mercury Site Public Deeds, as shown shaded in red on the site plan marked ‘1a Siteplan’ attached hereto as ‘Siteplan’ and as more fully and accurately described in the Mercury Site Public Deeds and the plans and drawings attached thereto, but excluding therefrom the Car Park Site and the car park project being developed therein, which has been subsequently transferred by the Guarantor to TTRS Holdings Limited in two separate stages and portions by virtue of a public deed in the records of Notary Kristen Dimech of the twenty third day of June of the year two thousand and seventeen (23/06/2017)

	and a subsequent public deed in the records of the same Notary of the nineteenth day of July of the year two thousand and seventeen (19/07/2017), which TTRS Holdings Limited was subsequently acquired by amalgamation by the company Mercury Car Park Limited;
<b>Mercury Site Public Deeds</b>	The public deed in the records of Notary Doctor Kristen Dimech of the fifth day of December of the year two thousand and sixteen (05/12/2016), and the subsequent public deed in the records of Notary Doctor Kristen Dimech of the twenty seventh day of June of the year two thousand and seventeen (27/06/2017), by virtue of which the Guarantor acquired the Mercury Site in two stages;
<b>MFSA</b>	The Malta Financial Services Authority established in terms of the Malta Financial Services Authority Act, 1988, (Cap. 330, Laws of Malta);
<b>Offer Period</b>	The period between 13 <sup>th</sup> March 2019 and 27 <sup>th</sup> March 2019 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer;
<b>Project</b>	The Group's project comprising the development of Mercury Site, and the operation of certain activities and business therein;
<b>Prospectus</b>	Collectively, the Registration Document, the Securities Note and the Summary Note;
<b>Redemption Date</b>	27 <sup>th</sup> March, 2027 in the case of the Series I Bonds and 27 <sup>th</sup> March, 2031 in the case of the Series II Bonds;
<b>Registration Document</b>	This document in its entirety;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
<b>Retained Property</b>	The Hotel, the Commercial Outlets and other property within the Project to be retained in ownership by the Guarantor;



<b>Securities Note</b>	The securities note issued by the Issuer dated 4 <sup>th</sup> March 2019, forming part of the Prospectus;
<b>Security Property</b>	<p>In respect of Series I Bonds, the following immovable property owned by the Guarantor:</p> <ul style="list-style-type: none"> <li>- The airspace within Mercury Site which will accommodate and wherein there will be developed the planned 12 apartments within the uppermost level (i.e. Level 30) of the Tower, having a planned internal floor area measuring approximately 908 sq.m. and external balconies measuring 120 sq.m and, upon completion, the said 12 apartments themselves;</li> <li>- The restaurant (including lounge area) located at Level 01 in the Tower overlooking the main piazza which measure approximately 470 sq.m. and which on the date hereof is in shell form;</li> <li>- The conference area and meeting rooms and ancillary facilities located at Level 02 in the Tower which measure approximately 498 sq.m. and which on the date hereof are in shell form; and</li> <li>- The airspace within Mercury Site which will accommodate and wherein there will be developed the planned indoor pool, spa, lounge bar and amenities within Level 11 of the Tower, having a planned area measuring approximately 770 sq.m. and, upon completion, the said indoor pool, spa, lounge bar and amenities themselves,</li> </ul> <p>(also referred to as “<b>Series I Bonds Security Property</b>”); and</p> <p>in respect of Series II Bonds, the following immovable property owned by the Guarantor:</p> <ul style="list-style-type: none"> <li>- the old building known as ‘Mercury House’ within the Mercury Site, as the same is planned to be developed pursuant to execution of the Project (also referred to as “<b>Series II Bonds Security Property</b>”)</li> </ul>
<b>Security Trust Deed or Trust Deed</b>	The security trust deed entered into between the Security Trustee, the Issuer and the Guarantor dated 4 <sup>th</sup> March 2019;
<b>Security Trustee</b>	CSB Trustees and Fiduciaries Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 40390 and having its registered office at Level 3, Tower Business Centre, Tower Street, Swatar, Birkirkara 4013, Malta, duly authorized to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the Laws of Malta);
<b>Series I Bonds</b>	The €11,500,000 bonds due 2027 of a face value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the respective Redemption Date, bearing interest at the rate of 3.75% per annum, as set out in the Securities Note;
<b>Series II Bonds</b>	The €11,000,000 bonds due 2031 of a face value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the respective Redemption Date, bearing interest at the rate of 4.25% per annum, as set out in this Securities Note;
<b>Sponsor</b>	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorized 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;
<b>Summary Note</b>	The summary note issued by the Issuer dated 4 <sup>th</sup> March 2019, forming part of the Prospectus;
<b>Tower</b>	The twisted shaped high-rise building to be developed on Mercury Site, which will according to current plans consist of a 31-storey tower as well as 2 underground storeys (but excluding the car park levels) overlying the car park facility, from levels -2 to 30, and wherein will be developed 275 branded serviced apartments, as well as (particularly in levels 10 to 12 and -2 to 2 thereof) buildings to form an integral part of the Hotel and its amenities, as shown shaded in pink on the schematic plans and also on the elevation plan marked ‘Tower-139g’, ‘Tower-139j’ and ‘Tower-1aq Elevation 1’ respectively attached hereto as ‘Tower Plans’.

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 also 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 references to a person includes natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
- (e) any phrase introduced by the term “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding the term;
- (f) any references 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 issue of this Registration Document.

## **2. RISK FACTORS**

**AN INVESTMENT IN THE ISSUER INVOLVES CERTAIN RISKS INCLUDING BUT NOT LIMITED TO THOSE DESCRIBED BELOW.**

**PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS 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 OR THE BONDS.**

**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.**

**THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.**

**IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND 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 AND BELIEVED TO BE MATERIAL AS AT THE DATE HEREOF BY THE DIRECTORS OF THE ISSUER AND THE GUARANTOR, 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 AND/OR GUARANTOR'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 GUARANTOR.**

**NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED 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 OR THE SPONSOR OR AUTHORISED FINANCIAL 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 IN THIS DOCUMENT AND IN OTHER DOCUMENTS COMPRISED IN THE PROSPECTUS. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISKS MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.**

### ***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 Guarantor's strategies and plans relating to the attainment of its 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 involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under this Section "Risk Factors" and elsewhere in the Prospectus.

As mentioned above, if any of the risks described were to materialise, they could have a material effect on the Issuer's and Guarantor's financial results and trading prospects and 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.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied

by such statements, that such statements do not bind the Issuer and 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. All forward-looking statements contained in the Prospectus are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer, Guarantor and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the Sections entitled “Risk Factors”, for an assessment of the factors that could affect the Issuer’s and Guarantor’s future performance.

## **2.2 General**

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 respective maturity, unless the Bonds are previously repurchased and cancelled. An investment in the Issuer and the Bonds involves certain risks, including those described below and in the Section entitled “Risk Factors” in the Securities Note.

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 advisor licensed under the Investment Services Act (Cap. 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 Issuer, the Guarantor and the Bonds, the merits and risks of investing in the Issuer and the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- (ii) has sufficient financial resources and liquidity to bear all the risks of an investment in the Issuer and 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 be familiar with the behaviour of any relevant indices and financial markets; and
- (iv) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

## **2.3 Risks relating to the Issuer’s Business and its reliance on the Group**

The Issuer was incorporated on 16 January 2019 and, accordingly, has no trading record or history of operations. Furthermore, the Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group and, as such, its assets are intended to consist primarily of loans issued to Group companies, currently the Guarantor.

The Issuer is dependent on the business prospects of the Group, in particular the Guarantor 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 and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Issuer are indirectly those of the Group, in particular the Guarantor and, in turn, all risks relating to the Group are the risks relevant to the Guarantor.

Specifically, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on the respective Redemption Date, on the receipt of interest payments and loan repayments from the Guarantor.

The interest payments and loan repayments to be effected by the Guarantor as well as any payments that it may be required to make under the Guarantee in its capacity as Guarantor, are subject to certain risks. More specifically, the ability of the Guarantor to effect payments to the Issuer will depend on the cash flows and earnings (mostly in the form of hotel operating revenues and rental revenues and dividends) of such Guarantor, which may be restricted: by changes in applicable laws and regulations; by the terms of agreements, including rental agreements, to which it is or may become party; by the operating results, cashflows, liquidity, profitability and financial position of the Guarantor itself with respect to the Hotel and/or the lessees of the Commercial Outlets; or by other factors beyond the control of the Issuer

and/or Guarantor, including risks common to the hotel and real estate industry. The occurrence of any such factor could, in turn, negatively affect the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

The Guarantor itself has a limited operating history (having been incorporated in September 2016). As such therefore both the Issuer and the Guarantor are substantially a start-up operation with all the attendant risks that start-ups normally entail. These risks include, but are not limited to, a lack of financial stability.

## *2.4 Risks relating to the Group and its Business and Operations*

### General

As stated above, the Issuer is essentially a special purpose vehicle set up to raise finance for the Group in respect of the Project. The Guarantor, which is the ultimate parent company of the Group, and the Group itself, have been set up for the purposes and/or in connection with the Project or specific aspects thereof and have all been (to varying degrees) relatively recently set up and are thus (to varying degrees) substantially start-up operations with all the attendant risks that start-ups normally entail, including the lack of financial stability.

The Group is exposed to the real estate market as well as to the array of competitive pressures in the operation and management of the hospitality, accommodation and retail markets.

The Group's business model remains primarily reliant on the development of the Project within the acquired Mercury Site and the subsequent (a) sale of airspaces for development of accommodation serviced apartments to third parties; and (b) operation of parts thereof as a Hotel and (c) letting of commercial property therein to third parties. In addition, the Group's assets and operations are concentrated in Malta, in a specific region thereof, St. Julians, and are accordingly intimately dependent on the tourism industry and property rental market in Malta and more specifically in such region. Accordingly, the Group's prospects should be considered in the light of the risks and difficulties generally encountered by companies operating in similar markets and industry sectors in Malta.

Payments under the Bonds will be mainly financed through payments to be made by the Guarantor to the Issuer under the loan originally financed by the proceeds of the Bond Issue and such payments by the Guarantor will be mainly financed through operational revenues of the Guarantor consisting principally of operational fees and profits from the operation of the Hotel, rental payments to be received by it from tenants of the Commercial Outlets as well as dividends it may receive from Mercury Car Park Limited. The Guarantor's and Issuer's financial condition and payment abilities may therefore be negatively affected by risks relating directly or indirectly to real estate development and operation, commercial tenancies, hotel and hospitality industry and all other risks relevant or which may have a negative impact on such operational revenues mentioned above.

### Project

Whilst the ultimate beneficial owner of the Guarantor and of the Group, Mr. Joseph Portelli, has a long trading history in the acquisition, development, management and operation of real estate developments that consist principally of hotels, residential, office and retail property, the Group itself exists and operates principally for the purposes of and by reference to the Project. The Group is therefore subject to concentration risk in view of the restriction of its activities and operations to the Project, albeit the Project itself consists of various real estate elements with different business and operational aspects and realities and which thus create diversification within the Project itself.

### Risks relating to the political, economic and social environment in which the Group operates

The Group's assets and operations are all situated in Malta. Accordingly, the Group is generally exposed to the economic and political conditions which are prevalent in Malta from time to time, thereby rendering the Group's operations overly exposed to the social, political and economic stability in Malta, which, in the event of downward trend could have a material adverse impact on the operations of the Group and the value of its assets. Such over-exposure to the Maltese market could render investment in the Group riskier than investments in more geographically diversified operations.

### The Group is subject to market and economic conditions generally

The Group is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget and their profitable operation. These include factors

such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Group's planning during development, this shall have an adverse impact on the financial condition of the Group and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

**Material risks relating to real estate development may affect the economic performance and value of any element of the Project and the properties under development**

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Group's control, and which could adversely affect the economic performance and value of the real estate properties under development within the Project. Such factors include:

- changes in global economic conditions particularly in the European Union;
- changes in the general economic conditions in Malta;
- general industry trends, including the cyclical nature of the real estate market;
- changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes;
- delays or refusals in obtaining required permits and authorisations;
- shortages and/or price increases in raw materials or other construction inputs, such as, among others, cement, steel, energy and other utilities, leading to cost overruns;
- possible structural and environmental problems;
- acts of nature, such as earthquakes and floods, that may damage any of the properties or delay development thereof;
- the inherent risks to health and safety arising from the nature of property development, including the risk of serious injury or even fatality; and the litigations that may arise therefrom; and
- increased competition in the market segment in which the Group operates may lead to an oversupply of residential or commercial properties in such markets, which could lead to a lowering of prices and rental rates and a corresponding reduction in revenue of the Group.

Any of the factors described above could have a material adverse effect on the Group's business, its financial condition and prospects and accordingly on the repayment of the Bonds and interest thereon

**Risks relating to the hospitality industry**

The Group's hospitality operations and the results thereof are subject to a number of external factors that could adversely affect its business, many of which are common to the hotel industry and beyond the Group's control, including the following:

- changes in travel patterns, any increase in or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes, and generally the cyclical nature of the tourism industry;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of contagious diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- changes in laws and regulations on employment, the preparation and sale of foods and beverages, health and safety, alcohol licensing, environmental concerns, fiscal policies, zoning and development, and the related costs of compliance;
- increases in operating costs due to inflation, employment costs, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs; and
- the termination, non-renewal and/or the renewal on less favourable terms of agreements entered into with tour operators.

The impact of any of these factors (or a combination of them) may adversely impact room rates and occupancy levels at the Hotel, or otherwise cause a reduction in the Group's revenue, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, as the hospitality industry is subject to rapidly evolving consumer trends, the success of the Group's

hospitality operations is dependent upon the priorities and preferences of customers, whether local or foreign, and its ability to swiftly anticipate, identify and capitalise upon emerging consumer trends. If the Group is unable to do so, it could experience reduced rates and occupancy levels, which could have a material adverse effect on the Group's operational results.

The Group's hospitality operations are also susceptible to strong and increasing local and global competition, influenced by a variety of determining factors including accommodation rates, packages variety, quality, availability, reliability, after-sales service and logistics, and the fluctuations in demand for different accommodation alternatives. The level of competition is subject to increase, and such increase or even saturation in the supply of accommodation may negatively impact the Group's sales revenue and profitability in the hospitality sector.

To mitigate these risks the Guarantor has negotiated a management agreement with a major hotel chain worldwide<sup>1</sup>, Meliá Hotels International, which will market and manage the Hotel under its top brand.

#### *Risks relating to the commercial rental business of the Group*

The health of the commercial rental market may be affected by a number of factors such as national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, the availability of financing and yields of alternative investments. An increase in the supply of commercial retail and catering space could impact negatively upon capital values and income streams of the Group's properties.

The Group, in particular the Guarantor, is dependent on tenants fulfilling their obligations under their lease agreements. The business, revenue and projected profits of the Group would be negatively impacted if tenants fail to honour their respective lease obligations.

The Group, in particular the Guarantor, is also subject to the risk that tenants may terminate or elect not to renew their respective lease, either due to the expiration of the lease term or due to an early termination of the lease. In cases of early termination by tenants prior to the expiration of the lease term, there is a risk of loss of rental income if the tenant is not replaced in a timely manner.

Furthermore, the Group may be subject to increases in operating and other expenses with respect to the said properties. *The Group may not be able to realise the benefits it expects from investments made in its properties under development*

The Group's business consists of the acquisition, sale and/or development of Mercury Site and the subsequent operation of immovable property and real estate elements comprised within the Project.

Property acquisition and development projects in general are subject to a number of specific risks, including the inability to source adequate opportunities, cost overruns which may not be recovered from buyers who have agreed to a fixed price and increased costs to finance or difficulty to finance such overruns, insufficiency of resources to complete the projects, sales transactions not materialising at the timings envisaged resulting in a liquidity strain or even potential penalties or other financial sanctions or litigation, rental of commercial areas not being effected at the prices and within the timeframes envisaged, higher interest costs, and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the revenue generation, cash flows and financial performance of the Guarantor and the Group as a whole, and may affect the Guarantor's ability to make loan payments due to the Issuer to enable the latter to service payments due under the Bonds.

The Project is also subject to common real estate risks, including market disruption or oversupply, which may result in the Group being unable to achieve appropriate rental rates and other operational receivables at the levels it anticipates, potentially requiring changes in the Group's pricing strategy that could result in significant losses or charges, as well as construction delays, cost overruns, lender financial defaults or "acts of God" such as earthquakes, hurricanes, floods or fires, which could increase overall project costs or result in project cancellations.

Furthermore, the Group is subject to various counter-party risks, including the risk of counter-party default, such as prospective buyers or lessees defaulting on their obligations with the Group. Such parties may default or fail to perform on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure

---

<sup>1</sup> Tourism Review – News – Respected Voice of Tourism; <https://www.tourism-review.com/biggest-hotel-groups-by-revenue-news5501>

or other reasons which are beyond the Group's control. If such risks, many of which are common to the real estate industry, were to materialise, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

The above-mentioned risks will affect the Guarantor (and indirectly the Group) in different ways with respect to the various elements of the Project. For example, whilst the risk of cost overruns and their financing as well as litigation relating to timely completion and quality of works may directly affect the Guarantor with respect to the Retained Property (including the Hotel and the Commercial Outlets) and its operations, these risks are not expected to directly affect its operations relating to sales of airspaces of apartments to third parties. As explained in Section 5.3, the Guarantor only sells the relative airspace within which the relevant apartment unit is to be developed, and the obligations for construction, finishing and timely completion of all relevant works and consequent liabilities for breach thereof are assumed and undertaken directly by Mercury Contracting Projects Limited (company registration number C77531) towards the buyer under a tripartite agreement between the said buyer, Mercury Contracting Projects Limited and the Guarantor, leaving the Guarantor immune from such liabilities. This notwithstanding, defaults by the said Mercury Contracting Projects Limited on its respective obligations towards buyers may entitle the said buyer to rescind the tripartite preliminary agreement and its promise to buy the relative airspace from the Guarantor, resulting in a loss of potential sale for the Guarantor.

The Group's ability to realise the full benefits that it expects from investments made in properties will depend in turn on its ability to assess and minimise these risks in an efficient and cost effective manner. No assurance can be given that the Group will be able to deal with these risks in an efficient and cost effective manner.

#### *The Group depends on third parties in connection with its business, giving rise to counter-party risks*

As stated above the Group is subject to various counter-party risks.

The Group relies upon third party or related service providers such as architects, project managers, building contractors, subcontractors, suppliers, hotel operators and others for the construction and completion and (where applicable) subsequent operation of its property developments. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the Group's expectations and in accordance with their contractual obligations. If these risks were to materialise, the resulting development cost overruns or delays in completion or loss of revenue could have an adverse impact on the Group's business, and its financial condition, results of operations and prospects.

Prospective purchasers of properties (airspaces of apartments) may default on their obligations under preliminary agreements of sale with the Guarantor, in particular by failing to appear on the final deed of sale and/or pay the outstanding amounts of the price when due, and tenants of the Commercial Outlets may default on their rental payment obligations, thus causing potential liquidity shortages for the Guarantor (and indirectly the Issuer) and forcing same into potential litigation. As seen above, apartment airspace sale cancellations may also result from default of proper or timely completion works obligations undertaken by Mercury Contracting Projects Limited directly towards the relevant buyers.

The Guarantor may also fail to attract sufficient units within the Tower building to its pool of serviced apartments (as explained in more detail in Section 5.2), rendering its management operation unfeasible.

#### *High leverage risks and increase in financial gearing further to the Bond Issue*

The Group's financial gearing levels will increase further to the Bond Issue. The increase in the level of financial gearing gives rise to all risks typically associated with higher leverage, including lower asset cover and lower debt service cover levels.

Furthermore, as seen in Section 5.4 below, the Guarantor is currently (as of 31 December 2018) indebted for an amount of €11,020,496 related party balance due to a related company, Mercury Exchange Limited (company registration number C87640), which is owned by the same individual shareholder as the Guarantor but does not form part of the same group of companies as the Group, which balance originated from the collection of deposits on preliminary agreements for the transfer of property within the Exchange Project originally entered into by the Guarantor (when it was still the intention of the Guarantor to purchase the Exchange Site and develop the Exchange Project itself) with the relevant buyers, which preliminary agreements were subsequently assigned to Mercury Exchange Limited, all as explained in Section 5.4 below. Such related party balance is currently booked as an interest free loan owed by the



Guarantor to the said Mercury Exchange Limited and is repayable by not later than March 2031, namely following the maturity of the Bonds. As seen in such Section 5.4, however, such loan may become repayable in whole or in part at the request of Mercury Exchange Limited in specified circumstances, including (i) should the final deed of sale for the Exchange Site not be executed by Mercury Exchange Limited and the vendors thereof before the expiry of the relative preliminary agreement for any reason whatsoever, or (ii) should the planning and other permits for the Exchange Project not be obtained by Mercury Exchange Limited for any reason whatsoever, or (iii) should any preliminary agreement for the transfer of property within the Exchange Project originally entered into by the Guarantor with the relevant buyer and subsequently assigned by the Guarantor to Mercury Exchange Limited be rescinded without a final deed of sale taking place in respect of the relevant property for any reason whatsoever. Thus, whilst the said €11,020,496 loan is currently interest free and does not represent any financing costs for the Guarantor, in case of any such demand for full or partial early repayment by Mercury Exchange Limited as aforesaid, the Guarantor would need to comply with such request, which may involve procuring bank or other third party financing with all the ensuing financing costs, unless such repayment can be financed through internal liquidity available to the Guarantor at the relevant time. Such bank or other third party financing may also necessitate or involve the granting of security by the Guarantor or the Group but no such security will affect the first ranking status of the special hypothecs over the Security Property under the Collateral securing the Bonds.

#### *The Group may be exposed to environmental liabilities attaching to real estate property*

The Group may become liable for the costs of removal, investigation, or remediation of any hazardous or toxic substances that may be located on, or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial. The Group may also be required to remove or remedy any hazardous substances that it causes or knowingly permits at any property that it owns or may in future own. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a real estate investment, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realised, could have a material adverse effect on the Group's business, financial condition, and results of operations.

#### *Fixed Operating Expenses*

A significant portion of the Group's costs are or will be fixed and the Group's operating results are vulnerable to short-term changes in revenues. The Group's inability to react quickly to changes in revenue by reducing operating expenses could have a material adverse effect on its respective business, financial condition and results of operations.

#### *Increases in Operating and Other Expenses*

The Group's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses include:

- increases in the rate of inflation, in particular where the income stream of the Group does not increase correspondingly;
- increases in property taxes and other statutory charges;
- changes in laws, regulations or government policies, and corresponding increased costs of compliance therewith;
- increases in insurance premia;
- unforeseen increases in the costs of maintaining properties;
- unforeseen capital expenditure;
- reputational risks and strategic and business risks materialising; and
- unanticipated expenses as a result of "acts of God" and their consequences.

Such increases in costs and expenses may not be recoverable or fully recoverable from tenants or Hotel occupancy fees or in the case of the serviced apartments pooling arrangements, from the owners of such apartments. These increases could have a material adverse effect on the Group's financial position and operational performance.

### Financing for current and future investments

The Group may not be able to obtain the capital it requires for the development or improvement of existing or new properties on commercially reasonable terms, or at all. The Group may not be able to secure sufficient financing for its current and future investments. No assurance can be given that sufficient financing 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 Hotel and Commercial Outlets and other property within the Project owned by the Group to undergo renovation, refurbishment or other improvements in the future. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments and refurbishment projects on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

### Future Indebtedness

Whilst it is envisaged that the proceeds of sale of the serviced apartment units' airspaces within the Project and the proceeds of the Bond Issue will be sufficient to cover the costs of completion of the Project within its current scope and approved plans which are incumbent on the Group and also to repay the existing bank indebtedness of the Group, without the need of additional debt financing for this purpose, the Group may, from time to time, require bank credit facilities or other indebtedness, including through the issue of further debt securities, to maintain the Project, in particular the Hotel and Commercial Outlets and other property within the Project owned by the Group, to refinance indebtedness as well as to fund future growth in terms of acquisition and/or developments.

Such indebtedness will require a portion of the Group's generated cash flows to be used to service the same.

There can be no assurance that the Group will have access to such debt financing at reasonable interest rates. Furthermore, any borrowings under bank credit facilities will likely be at variable interest rates, which could cause the Group to be vulnerable to increases in interest rates.

The agreements regulating the Group's bank debt may impose significant financial covenants on the Group, the covenants of which could limit the Group's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

Such bank or other financing as aforesaid may involve the creation of security interests upon the whole or any part of the present or future undertakings, assets or revenues of the Issuer or Group Companies, but no such security interests will affect the first ranking status of the special hypothecs over the Security Property under the Collateral securing the Bonds.

### Liquidity risk

The lack of liquidity and alternative uses of real estate investments could significantly limit the Group's ability to respond to adverse changes in the performance of its properties thereby potentially harming its financial condition. Furthermore, the Group's strategy to retain certain properties, for operational or rental income rather than to sell the same, may be a limiting factor in its ability to respond to changing economic, financial and investment conditions.

The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Issuer's and Guarantor's control.

### Risks relative to changes in laws

The Group is subject to taxation, environmental and health and safety laws and regulations. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. 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 upon the business and operations of Group companies.

### *The Group's key senior personnel and management have been and remain material to its growth*

The Group believes that its growth is largely attributable to the efforts and abilities of the directors and members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

In common with many businesses, the Group will be relying heavily on the contacts and expertise of its directors and senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel. The loss of the services of any of the key personnel could have, in the short term, a material adverse effect on the Group's business. In the case of the Hotel operation this risk is mitigated by the fact that the operation will be managed by an international hotel brand which has primary responsibility to provide top management personnel for the hotel operation from its world wide network.

### *Litigation risk*

All industries, including the real estate development industry, are subject to legal claims, with or without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

### *The Group's insurance policies*

As at the date of this Registration Document, the Group Companies are mentioned as insured and/or covered under Contractors' All Risks and Third Party Liability insurance covers, at levels determined by the Group to be appropriate in light of the cost of cover and the risks of activities and risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by such policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

## *2.5 Risks relating to the Collateral*

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Secured Bonds by the Guarantor and the Collateral. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves but, in respect of the Guarantor, and save for such exceptions as may be provided by applicable law, they shall rank with priority or preference over all unsecured indebtedness, if any, by virtue and to the extent of the first ranking special hypothecs over the Security Property which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders. In view of the fact that the Secured Bonds are being guaranteed by the Guarantor on a joint and several basis, the Security Trustee, for the benefit of itself and the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Secured Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

The Guarantee is further supported by the special hypothec that is to be granted over the Series I Bonds Security Property relative to the Series I Bonds and over the Series II Bonds Security Property relative to the Series II Bonds. In terms of the Security Trust Deed, the Security Trustee retains the discretion to substitute any one of the immovable properties placed as Security Property for any such Series with another immovable property owned by the Group or some affiliated company, subject to a property valuation report by an independent architect to be appointed by the Issuer with the

consent of the Security Trustee, confirming that the value of the property substituting and being added to the immovable properties constituting the Security Property is at least equal to the value of the immovable property which has been removed as a Security Property. Whilst this special hypothec in respect of each Series of Bonds grants the Security Trustee a right of preference and priority for repayment of the relevant Series over the creditors of the Guarantor in respect of the Security Property relative to such Series, there can be no guarantee that the value of the said Security Property over the term of the relevant Series of Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the said Series of Bonds. This may be the result of various factors, including general economic factors that could have an adverse impact on the value of the Security Property. If such circumstances were to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds. Upon full payment of principal and interest under the Series I Bonds, the first ranking special hypothec over the Series I Bonds Security Property and securing the said Series I Bonds shall be cancelled, and the Security Trustee shall appear on and sign any notarial deed or other document as may be necessary for this purpose, and such special hypothec will not secure payments under the Series II Bonds which will remain secured by the first ranking special hypothec over the Series II Bonds Security Property.

Furthermore, whilst the independent valuation opines that the value of the Security Property relative to each Series of Bonds in its current state actually exceeds the aggregate nominal value of the relevant Series of Bonds, there is no guarantee that such value determined in the independent valuation would be achieved, particularly if the Collateral is enforced at a time when such Security Property is still not completed and unfinished, in which case various pressures in the market may push the price down (including the perceived weakness in the financial situation of the Group by potential buyers, the hesitation of potential buyers to take up the commitments, efforts and challenges of completing the same, the lost opportunity of fetching a good price typically offered by an immovable which is finished and which can be operated immediately).

## *2.6 Risks inherent in Property Valuations*

The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of properties, including of Security Property, referred to in the Prospectus reflects actual values that could be achieved on 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 valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.

### 3. IDENTITY OF THE DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS OF THE ISSUER AND GUARANTOR

#### 3.1 Directors

##### Directors of the Issuer

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

Name and Identity Card number	Address	Office Designation
Joseph Portelli (497193M)	Eagle, Triq ta' Grunju, Nadur, Gozo	Chairman and Executive Director
Stephen Muscat (460561M)	17, Flat 1, Kevman Flats Triq id-Denci, Mellieha Malta	Independent non-executive Director
Mario Vella (672753M)	'Sivellier', Tq is-Siegh, L-Ibrag, Malta	Independent non-executive Director
Peter Portelli (364666M)	79, 'Roseanne', Flat 4, Triq Bir Bal, Balzan BZN9015, Malta	Independent non-executive Director

Joseph Portelli is an executive Director and occupies senior executive positions within the Group. The other three Directors, Stephen Muscat, Mario Vella and Peter Portelli serve on the Board of the Issuer in a non-executive capacity. They are considered as independent Directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing the said directors' independence due notice has been taken of LR 5.117 of the Listing Rules.

The business address of the Directors is at the registered office of the Issuer.

Dr. Joseph Saliba of 9/4, Britannia House, Old Bakery Street Valletta VLT1450, Malta, holder of Identity Card number 49574M is the company secretary of the Issuer.

Reference is made to Section 7 titled "Administrative, Management and Supervisory Bodies" and Section 8 titled "Management Structure" for a short curriculum vitae of the Directors, description of principal activities (if any) performed by them outside the Issuer, their potential conflicts of interest and other information relevant to such Directors.

**THE DIRECTORS OF THE ISSUER ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE 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 ACCEPT RESPONSIBILITY ACCORDINGLY.**

The persons listed under "Advisors to the Issuer and the Guarantor" below have advised and assisted the Directors in the drafting and compilation of the Prospectus.

##### Director of the Guarantor

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

Name and Identity Card number	Address	Office Designation
Joseph Portelli (497193M)	Eagle, Triq ta' Grunju, Nadur, Gozo	Executive Director

Dr. Ian Stafrace of 9/4, Britannia House, Old Bakery Street Valletta VLT1450, Malta, holder of Identity Card number 106173M is the company secretary of the Guarantor.

### **3.2 Senior Management**

The sole executive Director is responsible for the executive management of the Issuer and the Group, and together with other senior members of the executive team is responsible for the Issuer's and the other Group Companies' day to day management. The executive Director is responsible for the general executive management and sales and business development as well as for hotel operations.

The key members of the Group's management team, apart from the sole executive director, are mentioned in Section 8.2 below.

### **3.3 Advisors to the Issuer and the Guarantor**

#### Sponsor

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

#### Reporting Accountants

Name: KPMG  
Address: Portico Building, Marina Street, Pieta PTA 9044, Malta.

#### Legal Counsel

Name: Saliba Stafrace Legal  
Address: 9/4, Britannia House, Old Bakery Street, Valletta VLT1450, Malta

As at the date of the Prospectus the advisors named above have no beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, save for the terms of their respective engagements relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or the Guarantor with any of the advisors referred to above.

### **3.4 Statutory Auditors**

As at the date of the Prospectus, the statutory auditors of the Issuer are:

Name: Bakertilly  
Address: Level 5, Rosa Marina Building, 216, Marina Seafront, Pieta' PTA 9041, Malta.

Bakertilly is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the Laws of Malta).

As at the date of the Prospectus, the statutory auditors of the Guarantor are:

Name: KPMG  
Address: Portico Building, Marina Street, Pieta PTA 9044, Malta.

KPMG is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the Laws of Malta).

No audited financial statements of the Issuer have been prepared since its incorporation to the date of this Registration Document. The annual statutory consolidated financial statements of the Guarantor for the financial year ended 31 December 2017 were audited by KPMG.

### **3.5 Security Trustee**

Name: CSB Trustees & Fiduciaries Limited  
Registered Office: Level 3, Tower Business Centre, Tower Street, Swatar, Birkirkara 4013, Malta

### **3.6 Registrar**

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

## 4. INFORMATION ABOUT THE ISSUER AND THE GROUP

### 4.1 Introduction and historical development of the Issuer

Full legal and commercial name of the Issuer:	Mercury Projects Finance p.l.c.
Registered address:	1400, Block 14, Portomaso, St Julian's, Malta
Place of registration and domicile:	Malta
Registration number:	C 89117
Date of registration:	16 January 2019
Legal Form:	A public limited liability company duly registered in terms of the Act
Telephone number:	+356 2131 3029
Email:	info@mercuryfinance.com.mt
Website:	www.mercuryfinance.com.mt

The Issuer is, except for one share which is held by Mr. Joseph Portelli, a fully-owned subsidiary of the Guarantor, which latter entity is the parent company of the Group.

The Issuer was incorporated on 16 January 2019 as a public limited liability company, registered in terms of the Act.

The Issuer, which was set up and established to act as a group finance company, has as at the date hereof an authorised share capital of €500,000 and an issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up.

The principal object of the Issuer 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 group companies or associated companies, and for such purpose to lend or advance money to any such group or associated company, with or without security, and to borrow or raise finance for the above mentioned purpose, on such terms as the Directors may deem expedient, and also to invest and deal with the moneys of the Issuer and any group or associated company in or upon such investments and in such manner as the Directors may, from time to time, deem expedient. The issue of bonds and other debt securities falls within the objects of the Issuer.

The Issuer is not intended to undertake any trading activities itself apart from the raising of finance and the advancing thereof to members of the Group, namely the Guarantor. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the business of the Group, comprising the business of real estate development, sale and letting and hospitality, as explained in more detail in Section 5 of this Registration Document.

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. The Issuer is, therefore, intended to serve as a vehicle through which the Group, principally (as at the date hereof) the Guarantor, will continue to finance its future projects, principally and in the immediate future the Project as set out in detail in Section 5.2 of this Registration Document, and potentially other projects that may be undertaken from time to time in future by the Group and/or enabling the Group to seize new opportunities arising in the market.

The Issuer operates exclusively in and from Malta.

### 4.2 Introduction and historical development of the Guarantor

Full legal and commercial name of the Issuer:	Mercury Towers Limited
Registered address:	1400, Block 14, Portomaso, St Julian's, Malta
Place of registration and domicile:	Malta
Registration number:	C77402
Date of registration:	28 September 2016
Legal Form:	A private limited liability company duly registered in terms of the Act
Telephone number:	+356 2131 3029
Email:	info@mercury.com.mt

The Guarantor is a private limited liability single-member company incorporated and registered in Malta in September 2016. It is the parent company of the Group, and currently has one (1) subsidiary company, namely the Issuer which has been only recently set up.

The principal object and main trading activity of the Guarantor consists of the following:

- to purchase, take by title of emphyteusis, lease or exchange or otherwise acquire under any title and to dispose of or give on lease or exchange, and to charge or hypothecate, in whole or in part, or to otherwise turn to the advantage of the Company, and to develop, any immovable or movable property, and any rights or licences which the company may deem necessary or convenient for the purposes of its business, and to carry on the business of operating or managing hotels, guest houses or other accommodation and leisure facilities, or shops, offices or other commercial complexes or outlets, whether belonging to the Company or otherwise, and to construct, reconstruct, renovate, alter, improve, decorate, enlarge, pull down and remove or replace, fix up, furnish and maintain any property or properties for the purposes mentioned above, and to enter into management or franchise agreements with international hotel brands to assist it in the running of the accommodation and catering properties under its charge.

The Guarantor is also empowered in terms of its Memorandum and Articles of Association:

- (i) to borrow, or in any manner raise money, without any limit, for the purpose of, or in connection with, the Guarantor's business and to secure the repayment of any monies borrowed or any other obligations by giving hypothecary or other security upon the whole or part of the movable and immovable property of the Guarantor; and
- (ii) to guarantee, support or secure, either with or without the company receiving any consideration or any benefit whatever, and whether by direct obligation, or by assigning or charging, mortgaging, hypothecating or charging all or any part of the undertaking, property, assets (present and future) and uncalled capital of the Guarantor, or by issuing any security of the Guarantor, or by any one or more of all such methods or by any other method, the performance of any obligations or commitments of any person, firm, company or corporation, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary company or holding company or which is otherwise directly or indirectly associated with the Guarantor in business or through shareholdings.

As at the date of this Registration Document, the Guarantor has an authorised share capital of €500,000 and an issued share capital of €500,000 divided into 500,000 ordinary shares of €1 each, all fully paid up, and subscribed to and held by Mr. Joseph Portelli, director of the Issuer and of the Guarantor.

During the latter half of 2018, there have been some capital restructurings and share transfer within the Guarantor. Up until August 2018, the Guarantor had an authorized share capital of €520,000 and an issued share capital of €501,500 which was fully owned by Mr. Joseph Portelli. On 31 August 2018, the Guarantor reduced its issued share capital by its accumulated losses which stood at €302,061 as of 30 June 2018, which reduction was made for the purposes of offsetting such losses. The issued shares held by Mr. Joseph Portelli were thus reduced to 199,439 ordinary shares of a nominal value of €1 each. Immediately thereafter the Guarantor proceeded to issue and allot an additional 50,561 new ordinary shares of a nominal value of €1 each to Mr. Joseph Portelli, thus bringing his holding to 250,000 ordinary shares of €1 each. On 13 September 2018, the Guarantor also issued and allotted an additional 250,000 new ordinary shares of a nominal value of €1 each to BB Investments Limited, a company incorporated in Malta with company registration number C85155 and with registered office at 22, Highlands, Triq l-Gherien, Mellieha, which company is wholly owned by Mr. Adrian Buttigieg. As a result, the Guarantor became beneficially owned in equal proportions by Messrs. Joseph Portelli and Adrian Buttigieg, who also became the ultimate beneficial owners, in equal proportions between them, of the whole Group. Through a shareholders' resolution of the same date (13 September 2018) changes were made to the Memorandum and Articles of Association of the Guarantor, including inter alia the change consisting in the reduction of its authorized share capital from €520,000 to €500,000.

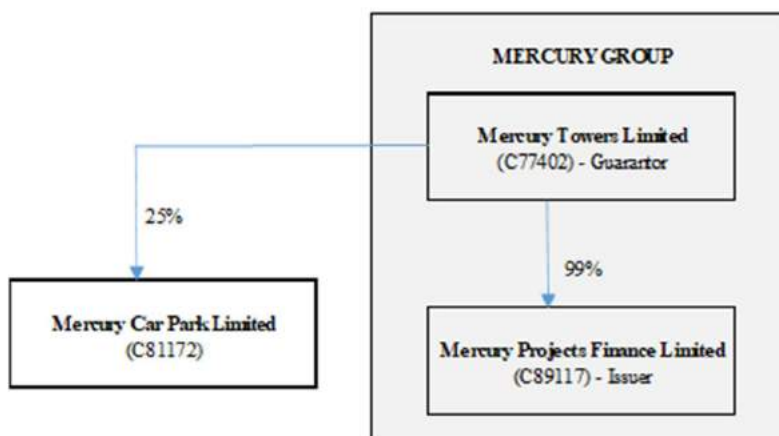
A few months later, Mr. Joseph Portelli and Mr. Adrian Buttigieg agreed that the latter, and its wholly owned company BB Investments Limited, would no longer be involved in the Project, and on the 20<sup>th</sup> December, 2018, BB Investments Limited transferred its 250,000 ordinary shares in the Guarantor to Mr. Joseph Portelli. As a result, Mr. Portelli now owns 100% of the Guarantor, namely 500,000 ordinary shares of a nominal value of €1 each, and the Guarantor has become a single-member company.

The Guarantor is the ultimate parent company of the Group and is at the same time the Group's property holding company and owns practically all of the Group's immovable property, which property will in part be operated by itself through the hotel chain Meliá, in terms of the management agreement with Meliá Hotels International S.A. (as Manager) and Prodigios Interactivos S.A. (as Provider), and in part leased by the Guarantor to third parties, as better explained in Section 5.



### 4.3 Group organizational structure

The diagram hereunder illustrates the principal group companies and associates within the organisational structure of the Group, as at the date of this Registration Document.



On the date of this Registration Document, the Group consists of the Guarantor, as parent undertaking, and the Issuer, a wholly owned subsidiary of the Guarantor. The Guarantor also owns 25% of Mercury Car Park Limited.

Details of the Issuer and the Guarantor have already been given in Sections 4.1 and 4.2 above.

#### **Mercury Car Park Limited**

As of the date hereof, the Guarantor owns 1,500 Class ‘B’ ordinary shares in, and constituting 25% of the share capital of, Mercury Car Park Limited, a private limited liability company registered under the laws of Malta on 1 June 2017, having its registered office at Mangion Building, New Street Off Valletta Road, Luqa LQA 6000, Malta.

Mercury Car Park Limited’s business consists and will essentially consist of the development, finishing and operation of the 4-storey parking complex underlying the Mercury Site, which is being developed in the Car Park Site. The Memorandum and Articles of Association of Mercury Car Park Limited provide inter alia that whilst the holders of Class “A” ordinary shares shall be entitled to appoint up to three (3) directors, one of which shall also serve as the Chairman (but he shall not have a second or casting vote), the holders of “B” Shares shall be entitled to appoint up to two (2) directors.

#### **Dependence of Issuer and Guarantor on the Group**

As previously stated, the Issuer is, essentially, a special purpose vehicle set up to act as a financing company for the needs of the Group and, as such, it is dependent on the business prospects and operating results of the Group, particularly the Guarantor. More specifically, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on Redemption Date, on the receipt of interest payments and loan repayment from the Guarantor to whom the net proceeds of the Bond Issue will be advanced by way of loan.

As the holding and operating company of the Group, the Guarantor is ultimately dependent on the results of its own operations and its own performance (particularly the operational revenues from the Hotel and the rental payments on the Commercial Outlets receivable from third parties). It also expects to receive dividends from Mercury Car Park Limited.

## 5. BUSINESS OVERVIEW OF THE GROUP AND INVESTMENTS

### 5.1 *Principal Activities and Markets*

The Issuer does not have any trading record, and was established as a special purpose vehicle to act as the finance arm of the Group.

The principal activity of the Group is the acquisition and disposal and/or development and operation of the various immovable properties within and constituting the Project to be situated at Mercury Site at Paceville, St. Julians. The Group was in fact specifically set up in view and for the purposes of, and will principally operate by reference to, the Project and its activities will accordingly be focused thereon. Whilst the Group has a limited operational history and is of recent origin, with the longest existing member of the Group being its parent, the Guarantor, set up in September 2016, and the Issuer being a newly set up subsidiary of such Guarantor, the ultimate beneficial owner of the Group, Mr. Joseph Portelli, has a long trading history in the acquisition, development, management and operation of real estate developments including hotels, residential, office and retail property.

The Guarantor acquired the Mercury Site in two stages, by virtue of the two Mercury Site Public Deeds in December 2016 and June 2017. Further information about such acquisition is found under Section 5.2 below.

The Project itself will consist of mixed use developments, including accommodation serviced apartment units, commercial and retail outlets, as well as a 5-star Hotel, and will be complemented by a 400-car parking facility underlying Mercury Site and servicing the owners and users of the various Project elements, although such parking facility will be owned and operated by an entity falling outside the Group, Mercury Car Park Limited, and accordingly such ownership and operation of the car park will fall outside the direct areas of activity of the Group, although the Guarantor indirectly owns 25% thereof through its ownership of 25% of the share capital of Mercury Car Park Limited. A more detailed description of the concept, characteristics and other matters relating to the Project are found in Section 5.2 below.

The Group's main business therefore consists and will consist of:

- (a) the resale of immovable property within the Mercury Site, mainly the disposal of the airspaces within which the accommodation serviced apartment units comprised in the Tower being developed at Mercury Site will be developed;
- (b) the acquisition and development of parts of Mercury Site to be retained in ownership by the Group for long-term investment, through the operation and/or letting thereof and the revenues generated therefrom, mainly the development and operation of the Hotel and the development and rental to third parties of the Commercial Outlets.

A more detailed overview of these two main lines of business of the Group is given below in Section 5.3.

### 5.2 *The Project and Mercury Site*

The 'Mercury House Project' is a commercial, accommodation and leisure (mixed use) development of approximately 62,000 square meters of floorspace (excluding balconies and voids) located in the heart of Malta's most popular entertainment district, Paceville, in St. Julians, which is to be developed on Mercury Site.

#### *Acquisition of Mercury Site*

The Guarantor acquired the Mercury Site in two stages, by virtue of the two Mercury Site Public Deeds in December 2016 and June 2017.

Such acquisition was made for a total price of €24,255,000, which was split into a price of €17,425,000 paid for the first portion of the site sold by virtue of the first Mercury Site Public Deed and the balance of €6,830,000 paid for the remaining portion of the site sold by virtue of the second Mercury Site Public Deed, together with €305,385 paid by way of interest accrued on such second portion of the price from the date of the first deed to the date of the second deed (as agreed to between the parties).

Such acquisition and price included also the Car Park Site, the airspace of which was subsequently transferred by the Guarantor to TTRS Holdings Limited in two separate stages and portions by virtue of a public deed in the records of Notary Kristen Dimech of the twenty third day of June of the year two thousand and seventeen (23/06/2017) and a subsequent public deed in the records of the same Notary of the nineteenth day of July of the year two thousand and seventeen (19/07/2017), for an aggregate price of €1,300,000. The said TTRS Holdings Limited was subsequently acquired by amalgamation by the company Mercury Car Park

Limited.

The terms and conditions of the acquisition were quite straightforward. The immovables were however transferred subject to the rights, easements, restrictions, terms and conditions resulting from the public deeds by virtue of which various portions constituting Mercury Site were originally transferred to the vendors, as well as other third party rights mentioned therein (including rights of Enemalta p.l.c. to use parts of the site as electricity substations), and the Guarantor assumed certain obligations of vendors towards third parties and agreed to remain liable towards the vendors for the reimbursement of any and all amounts and costs payable and incurred by the vendors in connection therewith, including:

- (a) the obligations towards the Ministry for Resources and Rural Affairs relating to the waste transfer station on site as they emanate from a private agreement dated 7 July 2011 between the vendors and the Ministry for Resources and Rural Affairs, where essentially it was agreed that the vendors would construct, at their cost up to a sum of €450,000, a commercial bring-in site to serve the Paceville and St. Julian's area in a location in the vicinity of the Paceville area to be indicated by the Ministry, rather than within the Pender Place and Mercury House sites as set out in the Pender Place and Mercury House Development Brief issued by the Malta Environment and Planning Authority in 2005, subject to the required planning permits or change in planning permits, and whereby the parties to such agreement also agreed that should the permits for such an alternative site be refused in respect of two sites proposed in succession, then the vendors shall at the request of the Ministry carry out a project for the improvement of Saint Julian's / Paceville and incur up to €450,000 in respect thereof;
- (b) the obligations towards FIM Property Investment Limited (owners of the immovable adjacent to Mercury Site) to complete certain ancillary works, as they emanate from the deed of the records of Notary Pierre Attard dated 21 December 2009; and
- (c) the obligations towards the Government of Malta or the relevant agencies thereof or authorities, for all road-formation, and related expenses pertaining to any roads along the perimeter of the Mercury Site, including any deviation of services, waterproofing and ancillary works in general, as well as the payment of 50% of the cost required for the construction of the projected roundabout in Triq San Andrija to be situated between Pender gardens site and Mercury Site.

Until a few days before the publication of this Registration Document, the obligations of the Guarantor in (a) to (c) above were secured by means of a special hypothec over the Mercury Site (excluding specified parts of it) in favour of Pender Ville Limited (the vendors) for the amount of €770,000. Such hypothec was however recently cancelled and partly reconstituted on a developed apartment/s within the Tower owned by the Guarantor, such that the Security Property and the Commercial Outlets are no longer burdened by the hypothec originally granted in favour of Pender Ville Limited.

#### ***Loan by Lombard Bank Malta p.l.c.***

The purchase price paid for the portion of the site sold by virtue of the first Mercury Site Public Deed (€17,425,000) was financed mainly through the deposits received by the Guarantor on the preliminary agreements for the sale of airspaces for development of apartments within the Tower.

The purchase price paid for the portion of the site sold by virtue of the second Mercury Site Public Deed (€6,830,000) as well as the interest paid on such purchase price from the date of the first deed to the date of the second deed (€305,385) were financed through a loan advanced to the Guarantor by Lombard Bank Malta p.l.c., in the total amount of €7,156,000, bearing interest which on the date of this Registration Document is at the rate of 7% (or such other rate fixed by the bank not exceeding the maximum rate allowed by law), repayable by June 2020, and otherwise under the terms and conditions agreed to in the second Mercury Site Public Deed and the relative sanction letter issued by the Bank.

As security for the proper observance of all the conditions agreed upon between the Guarantor and the bank, including the payment of principal and interest on the loan and all other amounts due to the bank from time to time, the Guarantor has granted to and registered in favour of the bank a general hypothec over all its property present and future, as well as a special hypothec over the Mercury Site, except for the Car Park Site, and this apart from the special privilege registered in favour of the bank over that portion of the Mercury Site transferred by virtue of the second Mercury Site Public Deed as accorded to the bank by operation of law (in this Prospectus such general hypothec, special hypothec and special privilege referred to as the "Lombard Bank Security Interests"). These have been inscribed and registered with the Public Registry under Notes numbers: 013372.

Furthermore, in order to better guarantee the Guarantor's obligations towards Lombard Bank Malta p.l.c., Mercury Contracting Projects Limited (a private limited liability company registered in Malta on 7 October, 2016 with registration number C77531, which is fully owned by Mr. Joseph Portelli who is also a director thereof), Downtown Limited (a private limited liability company registered in Malta with registration number C30659, in which Mr. Joseph Portelli is involved as a shareholder and a director) and Mr. Joseph Portelli in his personal capacity, have appeared on the second Mercury Site Public Deed and agreed to stand as joint and several sureties with the Guarantor and between themselves in favour of the bank, and Mercury Contracting

Projects Limited and Mr. Joseph Portelli have granted a general hypothec on all their property present and future to the banks, whereas Downtown Limited has granted a special hypothec to the bank over the unnumbered complex bearing the name “Downtown” in Triq l-Ewropa, Victoria, Gozo.

As at 31<sup>st</sup> December 2018, the outstanding principal amount of the loan due by the Guarantor to Lombard Bank Malta p.l.c. stood at €5,659,414.33.

### **Description of the Project**

The Project is designed by internationally renowned architectural firm Zaha Hadid Architects ([www.zaha-hadid.com](http://www.zaha-hadid.com)) and is one of the final projects signed off by Zaha Hadid herself, only a few days before her untimely passing. The Project was awarded full development permit by the Malta Planning Authority on 7<sup>th</sup> February 2018 – REF. Planning Authority Permit PA 06955/17.

The finished complex will include a mix of historical and ultra-modern edifices on its site. At its heart is a 19<sup>th</sup> century heritage building, also known as Mercury House, which will be flanked by a 31-storey Tower as well as 2 underground storeys with a boutique hotel situated in its podium and in parts of the said Tower, and will also be serviced by an underlying 4-storey car parking facility.

The following are the main featural highlights of the Project:

#### ***Tower***

At the heart of the Project will be a 31-storey Tower as well as 2 underground storeys (but excluding the car park levels), with approximately 19,754 square meters of gross floor area, which will mainly consist of 275 apartments, the majority of which are intended for sale to (and most of these have already been the subject of preliminary agreements concluded with) third parties, although some of these are intended to be retained by the Guarantor, particularly the uppermost level, which is intended to be rented as part of the hotel accommodation pooling arrangement explained below, and levels 10 to 12 and -2 to 2 thereof, which will be rented out to be used as an integral part of the Hotel and its amenities.

The owners of the apartments will have the choice to either keep such apartments for their personal purposes (including rental in their personal capacity), or else to pool these as part of an extended 5-star serviced accommodation for the Hotel users and to be operated as part of the Hotel, who will therefore let these to the Guarantor for pre-agreed periods under a pre-agreed rental consideration arrangement.

#### ***Hotel***

Another major element of the Project will be a 5-star branded hotel, consisting of a 52-room stand-alone building at the podium of the Tower and connected and joined to such Tower, and extending into levels -2 to 2 and 10 to 12 of the said Tower, and with its accommodation capacity extending by virtue of the serviced apartments whose owners sign up to the hotel accommodation pooling arrangement mentioned above.

The Hotel will be owned and operated by the Guarantor which has entered into a hotel management agreement dated 14 August 2018 with the internationally renowned hotel chain Meliá, in particular with Meliá Hotels International S.A. ([www.meliahotelsinternational.com/en](http://www.meliahotelsinternational.com/en)) (as Manager) and Prodigios Interactivos S.A. (as Provider), in respect of the Hotel and its facilities.

#### ***Commercial Outlets***

The Project will also comprise a mix of retail and catering outlets, situated across the open large piazza onto which the Tower and the Hotel will abut. It is currently planned that the Commercial Outlets will consist of 9 shops with a total floor area exceeding 1120 square meters and 4 catering establishments with a total floor area exceeding 1,500 square meters, although such plans may change from time to time by joining or further splitting such elements or otherwise.

#### ***Open areas and amenities***

The buildings will be located around several open and landscaped areas, including piazzas, which will occupy approximately half of the total floor area. Moreover, the entire complex will sit on and be serviced by a four-storey underground car park with over 400 parking spaces which are generally meant for use by owners and users of the various components of the Project and the public which, as noted earlier, will be owned and operated by a company separate from the Group (albeit partly owned by the Guarantor).

### **Project phasing and expected total costs of the Project**

Following the acquisition of the Mercury Site in December 2016 and June 2017, excavation works and development of the car parking facility commenced in September 2017 on the basis of planning approvals already issued at the relevant time. The currently applicable planning approval for the Project was granted on 7<sup>th</sup> February 2018, following which construction works in respect of the Tower and some other elements of the Project (overlying the car park) commenced. It is envisaged that the completion of the construction and development of the Project will take 27 months or less from the date hereof, with the Project expected to become operational on or before January 2021.

As at the date of this Registration Document, the total capital expenditure, construction and development costs of the Project for the Guarantor (including cost of acquisition of relative land/airspace, excavation and construction costs, mechanical and electrical costs, finishing costs, professional fees, interest and other pre-operational costs, but excluding such costs as will be incurred by the purchasers of the service apartment units directly towards the relevant contractors and/or suppliers) are estimated and budgeted at approximately €32 million, although the actual amount of costs incurred may vary over time up to completion due to a variety of factors.

### **5.3 Business overview of the Group**

As noted under Section 5.1 above, the main business activities of the Group are expected to be the resale of certain immovables within the Project as well as the development and retention of other immovables within the Project for long-term investment to generate rental and operational income therefrom.

#### **Sale of apartment units**

As mentioned earlier, the majority of the apartments (namely 260 apartments) within the Tower, will be sold to third parties. As at 31<sup>st</sup> December, 2018, 236 (92%) of the said apartments have already been allocated to, and form the subject of binding preliminary agreements with, third parties (including local and international buyers some of whom have committed to buy entire floors within the said Tower).

The Guarantor only sells the relative airspace within which the relevant apartment unit is to be developed. The buyer, concurrently with the relevant preliminary agreement, enters into a direct agreement with Mercury Contracting Projects Limited, a limited liability company registered in Malta on 7 October, 2016 whose main business is to act as immovable property contractor, to carry out the construction and finishing works for the buyer. The preliminary agreement for an apartment unit therefore takes the form of a tripartite agreement between the Guarantor, Mercury Contracting Projects Limited and the buyer, whereby the Guarantor directly agrees the terms and conditions, including the price, of the relative airspace with the buyer, and concurrently but separately Mercury Contracting Projects Limited is engaged by the buyer and agrees with the buyer the terms and conditions, including price and fees, for carrying out the works. In this manner, the Guarantor is not liable towards the buyer for defects in construction or otherwise for the works.

It is estimated that the aggregate price of all airspaces to be sold to third parties within the Tower and receivable by the Guarantor will amount to approximately €32 million. Part of this aggregate price has already been received by way of deposit or multiple deposits on the preliminary agreements concluded with buyers. The preliminary agreements vary between themselves in the methodology and timings of payments of the price, adopting different methodologies as to the stages of payment and the percentage of the price payable at each stage. It is however expected that the aggregate prices for airspaces sold within the Tower will be received in full by not later than December 2019.

#### **Retention and letting and/or operation of immovables**

The Guarantor will be retaining the ownership of various elements of the Project, for long-term investment, for the generation of rental and other operational revenues therefrom by the Guarantor and the Group in general. These include principally the Hotel, the Commercial Outlets and the uppermost level within the Tower, as described in more detail below.

#### **Tower and Hotel**

As already mentioned above, the Guarantor will retain the ownership of:

- (a) the Hotel, consisting of the stand-alone building at the podium of the Tower, as well as levels -2 to 2 and 10 to 12 of the Tower, which will be incorporated as an integral part of the Hotel; and

- (b) the accommodation serviced apartments in the uppermost level of the Tower.

The Guarantor has entered into a hotel management agreement with Meliá Hotels International S.A. and Prodigios Interactivos S.A. dated 14 August 2018, in respect of the Hotel and its facilities, whereby the said Meliá Hotels International S.A. and Prodigios Interactivos S.A. have agreed to manage and operate the hotel under the brand name of 'ME', in accordance with the parameters and under the conditions agreed to between the parties. The parties have agreed on a management consideration payable to Meliá Hotels International S.A. and Prodigios Interactivos S.A. calculated in accordance with a formula essentially based on a percentage of revenue and gross operating profit.

The term of the agreement is of 15 years with effect from the Opening Date as defined in the agreement, which is anticipated to be 1<sup>st</sup> April 2020, renewable for a further period of 5 years.

The Guarantor is planning to shortly enter into an agreement with the purchasers or proposed purchasers of the accommodation serviced apartments who are willing to participate in the hotel accommodation pooling arrangement referred to earlier, which agreement will regulate the rental of their respective apartment to the Guarantor for such purpose, to be operated by the said Guarantor as an extension of the accommodation offered by the Hotel. It is expected that such rental will be for the same period as the operating term of the hotel management agreement with Meliá Hotels International S.A. and Prodigios Interactivos S.A., and will be for a consideration calculated in accordance with a formula essentially based on a percentage of revenue.

If and to the extent that the Guarantor participates with its own retained accommodation serviced apartments in the uppermost level of the Tower in such hotel accommodation pooling arrangement (as is currently the intention) it will, apart from the Hotel operational revenues to be derived by it from the operation of the Hotel after deducting relevant expenses (including the consideration agreed to with Meliá Hotels International S.A. and Prodigios Interactivos S.A. under the hotel management agreement referred to above), also be entitled to receive an additional consideration for such pooling along the lines of the aforesaid formula to be used to calculate the consideration to other apartment owners participating in such pooling arrangement.

#### Commercial Outlets

The Guarantor intends to retain also the ownership of the Commercial Outlets, and to rent these out directly to third party operators. As at the date of this Registration Document, no rental or operation agreements have yet been concluded for these outlets, by decision of the Guarantor (to ensure that such agreements can be properly accommodated within the parameters of the hotel operation arrangements), but the going rental rates for similar outlets in similar localities as advertised on local papers and estate agent websites suggest that it is reasonable to expect a rate of €575 per sq.m. for retail outlets and catering establishments.

#### ***Contract of works with Mercury Contracting Projects Limited and expected costs of the Retained Property***

The Guarantor has entered into a general contract of works with Mercury Contracting Projects Limited whereby the Guarantor engaged the latter company for the construction (including supply of material), development and finishing of the Retained Property. Mercury Contracting Projects Limited is a limited liability company registered under the laws of Malta on 7 October 2016 with registration number C 77531 and having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta, and is the principal contractor engaged for the whole Project (the Retained Property as well as other elements of the Project to be sold to third parties). It is fully owned by Mr. Joseph Portelli, Director of the Issuer and of the Guarantor and 100% shareholder of the Guarantor and 100% beneficial owner of the Group. The Guarantor and such contractor have however entered into a contract of works on an arm's length basis, which is essentially based on an industry standard FIDIC contract of works, and which has the following essential characteristics as regards costs and timings:

<b>Works</b>	<b>Cost (€)</b>	<b>Estimated date of completion / payment</b>
Mobilisation	4,749,597	Done and due
Construction (including Tower Levels - 2 to 2 and 10 to 12 forming part of the Hotel; Tower Level 30; Commercial Outlets; Hotel podium)	11,369,244	To be constructed in different stages between September 2018 and September 2019 and costs payable upon certification of construction of the different elements during such period
Finishing (including Tower Levels -2 to 2 and 10 to 12 forming part of the Hotel; Tower Level 30; Commercial Outlets; Hotel podium)	5,254,345	To be completed in different stages between December 2018 and June 2020 and costs payable upon certification of finishing works of the different elements during such period
Retention	2,374,798	December 2020
<b>TOTAL</b>	<b>23,747,984</b>	

Mercury Contracting Projects Limited has contractually agreed with the Guarantor to renounce to and that it will not seek to inscribe and/or register the special privilege for the price of works accorded to it by law over the Retained Property. In this way, the special hypothecs over the Series I Bonds Security Property and the Series II Bonds Security Property to be granted by the Guarantor to the Security Trustee for the benefit of the Bondholders of the respective Series may be first ranking at law.

As at the date of this Registration Document, the total capital expenditure, construction and development costs of the Retained Property (including cost of acquisition of relative land/airspace, cost of material, construction costs, mechanical and electrical costs and finishing costs) are estimated and budgeted at €32 million, although the actual amount of costs incurred may vary over time up to completion due to a variety of factors. Part of such expenditure and costs has been or will be financed through deposits received by the Guarantor on promise of sale agreements relating to immovable property within the Project being sold to third parties, and partially also through the bank loan from Lombard Bank Malta p.l.c., as mentioned in Section 5.2 above. The balance will be financed through the Bond proceeds (which will also refinance the said bank loan from Lombard Bank Malta p.l.c.), which proceeds will be made available by the Issuer to the Guarantor through the Issuer-Guarantor Loan, all as explained in more detail in Sections 5.5 and 5.6 below and in Section 4.2 of the Securities Note.

#### ***Relation of this business line (retention and letting and/or operation of immovables) with the Bonds***

The balance of the net proceeds of the Bonds remaining after repayment of the loan due to Lombard Bank Malta p.l.c. will be used to ultimately finance part of the completion costs of the Retained Property, namely payments due to Mercury Contracting Projects Limited, and will be made available to the Guarantor for such purpose through a loan facility to be given by the Issuer to the Guarantor as provided in Section 4.2 ('Reasons for the offer and use of proceeds') of the Securities Note.

On the other hand, the payments due under the Bonds (including interest and repayment of capital due on maturity) will be financed through payments to be made by the Guarantor to the Issuer under the loan originally financed by the proceeds of the Bond Issue, and such payments by the Guarantor are intended to be financed mainly through operational revenues of the Guarantor consisting principally of the Hotel operational revenues and the rental payments to be received by it from tenants of the Commercial Outlets as well as dividends receivable from Mercury Car Park Limited.

#### ***5.4 Investments and potential changes in the planning of the Project***

There has been no particular actual investments of the Group since the date of the latest audited financial statements, namely 31 December 2017.

The Group's current principal investment therefore remains the development of the Project as described in this Section 5.

#### **Exchange Project to be developed on the Exchange Site**

On 2 August 2018, Mercury Exchange Limited, a limited liability company registered under the laws of Malta on 31 July 2018 with registration number C 87640, which is a related company to the Group that is ultimately beneficially owned by the same shareholder of the Guarantor but does not form part of the same group of companies as the Group, entered into a promise of sale agreement with SGE Property Company Limited (company registration number C51494), to acquire the Exchange Site, which

is adjacent to the Mercury Site. The Exchange Site and the Mercury Site are shown shaded in blue and in red respectively on the site plan marked 'la Siteplan' attached hereto as 'Siteplan'. The said Mercury Exchange Limited is fully owned by Mercury Holdings Limited, a limited liability company registered under the laws of Malta on 30 July 2018 with registration number C 87606, a company which is on the date hereof wholly owned by Mr. Joseph Portelli, who is a director of the said Mercury Holdings Limited as well as of Mercury Exchange Limited, and who is in turn also the 100% owner of the Guarantor and the Group and a director of the Issuer and the Guarantor.

A deposit of €1,000,000 was paid by Mercury Exchange Limited upon the signing of the promise of sale agreement for the Exchange Site, which deposit as well as the relevant stamp duty thereon, amounting in aggregate to €1,137,500, was financed by the Guarantor.

Until some time before the execution of the preliminary agreement for the Exchange Site by Mercury Exchange Limited with the vendors, it was the intention of the Guarantor to enter into such preliminary agreement and to eventually purchase the Exchange Site and to develop the Exchange Project therein itself. At the time, the Guarantor entered into conditional preliminary agreements with a small number of eventual buyers for the transfer of property proposed to be developed within the Exchange Project (subject to the Guarantor acquiring the Exchange Site and the Exchange Project being approved by the Planning Authority). The Guarantor collected a total sum of €12,157,996 by way of deposits on such preliminary agreements with eventual buyers. These preliminary agreements were subsequently assigned by the Guarantor to Mercury Exchange Limited. The €12,157,996 deposits were however retained by the Guarantor (and used by it for the Project), such that the Guarantor is currently indebted towards Mercury Exchange Limited for an amount of €11,020,496 (representing the amount of these deposits less the above-mentioned €1,137,500 advanced by the Guarantor to Mercury Exchange Limited to finance the payment of the deposit and stamp duty on the preliminary agreement for the purchase of the Exchange Site). Such related party balance is currently booked on the Guarantor's books as an interest free loan owed by the Guarantor to the said Mercury Exchange Limited and is regulated by a loan agreement between these two companies dated 1 February 2019, but effective 2 August 2018. Such loan is repayable by not later than March 2031, and may be repaid earlier at the choice of the Guarantor. Furthermore, the said loan agreement also provides that such loan will become repayable in whole or in part at the request of Mercury Exchange Limited should the final deed of sale for the Exchange Site not be executed by Mercury Exchange Limited and the vendors before the expiry of the relative preliminary agreement for any reason whatsoever, or should the planning and other permits for the Exchange Project not be obtained by Mercury Exchange Limited for any reason whatsoever, or should any preliminary agreement for the transfer of property within the Exchange Project originally entered into by the Guarantor with the relevant buyer and subsequently assigned to Mercury Exchange Limited be rescinded without a final deed of sale taking place in respect of the relevant property for any reason whatsoever.

Whilst it is still too early to have certainty that the final deed of sale for the Exchange Site will be concluded and/or what development will be ultimately approved by the Planning Authority in respect of the said Exchange Site, the Directors of the Guarantor are informed that as of the date of this Registration Document it is the intention of Mercury Exchange Limited (as was that of the Guarantor before it when it was still planning to purchase the Exchange Site itself) to develop a project which is currently planned to mainly consist of a 4-star hotel, offices, retail outlets and residential units (herein referred to as the "Exchange Project"). As at the date hereof, such Exchange Project is intended to be essentially distinct from the Group and from the Project on Mercury Site, both in terms of its direct ownership as well as in terms of its development and financing.

Having said the above, it is possible that the design and planning of the 4-star hotel and/or other aspects of the Exchange Project may partially overlap into the Mercury Site and/or may have an effect on the configuration of the Hotel and / or some other elements of the Project on Mercury Site and may therefore necessitate the transfer of a portion of land within Mercury Site by the Guarantor to Mercury Exchange Limited and / or some other legal transactions and arrangements between the relevant parties to reflect and regularize such overlap or reconfigurations, including possibly the application by the Guarantor for some changes to the currently approved plans for some affected elements of the Project. The Guarantor is in preliminary discussions with Mercury Exchange Limited regarding such matters, albeit it is too early to determine whether and to what extent any such measures will be necessary and/or implemented and under which terms and conditions. The parties will however conduct the relative discussion and conclude the relevant transactions on an arm's length basis.

Should there be any such overlap into or transfer of a portion of Mercury Site, or a reconfiguration of any elements of the Project on Mercury Site, which affects any elements of the Security Property, the Guarantor will request the Security Trustee, and the latter will have the power, to reduce, cancel and create or otherwise redefine the special hypothec/s burdening the said elements so constituting the Security Property or otherwise to substitute any relevant immovable property placed as Security Property with another immovable property owned by the Group or otherwise, and for the avoidance of doubt this may involve the substitution of elements having reached particular stages of completion with airspaces or other elements having reached different stages of completion: provided that there shall first be procured an independent architect's property valuation report, confirming that the value of the such elements of the Security Property as redefined, reconfigured or relocated or the property otherwise substituting and being added to the immovable properties constituting the Security Property is at least equal to the value of the immovable property which has been removed as a Security Property.



## 5.5 Security Property

Security for the fulfilment of the Issuer's obligations under the Bonds of each Series is to be granted in favour of the Security Trustee for the benefit of Bondholders of the relevant Series, by way, inter alia, of Collateral in the form of a first ranking special hypothec over the Series I Bonds Security Property as security in respect of the Series I Bonds and a first ranking special hypothec over the Series II Bonds Security Property as security in respect of the Series II Bonds, as described hereunder.

Security Property	Valuation as at 31 January 2019, as per the Architect's Valuation Report* - (€)
<b>Series I Bonds Security Property:</b>	
- The airspace within Mercury Site wherein there will be developed the planned 12 apartments within the uppermost level (i.e. Level 30) of the Tower;	6,168,000
- The restaurant (including lounge area) located at Level 01 in the Tower overlooking the main piazza, currently in shell form;	1,880,000
- The conference area and meeting rooms and ancillary facilities located at Level 02 in the Tower, currently in shell form; and	2,241,000
- The airspace within Mercury Site wherein there will be developed the planned indoor pool, spa, lounge bar and amenities within Level 11 of the Tower	3,465,000
	<b>Total</b> <b>13,754,000</b>
<b>Series II Bonds Security Property:</b>	
- The old building known as 'Mercury House' within the Mercury Site	12,110,000
	<b>Total</b> <b>12,110,000</b>

\*These valuations are based on the Architect's Valuation Report dated 15<sup>th</sup> February 2019 – see attached Valuation Report set out in Annex I of this Registration Document

The Issuer intends to utilise part of the Bond Issue proceeds to re-finance an existing bank loan with Lombard Bank Malta p.l.c., the original principal amount of which was of €7,156,000 and the outstanding principal amount of which being €5,659,414.33 as at 31 December, 2018.

As stated in Section 5.2 above, the said loan is secured by the Lombard Bank Security Interests, namely the general hypothec granted by the Guarantor over all its property present and future, as well as a special hypothec over the Mercury Site, except for the Car Park Site, and also the special privilege granted by law over that portion of the Mercury Site transferred by virtue of the second Mercury Site Public Deed, which have been inscribed and registered with the Public Registry under Notes number: 013372. These will be released once the outstanding amounts under the said loan are settled (to be replaced, where applicable to the Security Property, by the special hypothec thereon forming part of the Collateral being created in favour of the Security Trustee for the benefit of Bondholders of each Series).

Subject to the release of the existing security in place over the Security Property and pursuant to the Security Trust Deed, the Guarantor agrees to jointly and severally guarantee the punctual performance by the Issuer of its payment obligations under the Bonds by entering into the Guarantee. In support of the Guarantee and as part of the Collateral the Guarantor has agreed to grant a first ranking special hypothec over the Series I Bonds Security Property in respect of the Series I Bonds for the full amount of €11,500,000 and interests thereon, and a first ranking special hypothec over the Series II Bonds Security Property in respect of the Series II Bonds for the full amount of €11,000,000 and interests thereon.

In relation to the Security Property as encumbered by security in terms of the abovementioned banking facility, the Security Trustee shall appear on a notarial deed to effect payment to Lombard Bank Malta p.l.c. which provided the original finance. Pursuant to such deed, the Security Trustee shall obtain the first ranking special hypothec over the Security Property forming part of the Collateral, and the Issuer shall agree to make the Issuer-Guarantor Loan to the Guarantor.

The said special hypothec will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders of the relevant Series (as applicable), for the repayment of the principal and interest under the Secured Bonds of the relevant Series by a preferred claim over the Security Property relating to the relevant Series.

Accordingly, upon the issue of the Secured Bonds and application of the Bond Issue proceeds in accordance with the terms of the Securities Note, the Security Trustee will have the benefit of a first ranking special hypothec over the Series I Bonds Security Property in respect of the Series I Bonds for the full amount of €11,500,000 and interests thereon, and a first ranking special hypothec over the Series II Bonds Security Property in respect of the Series II Bonds for the full amount of €11,000,000 and interests thereon.

Upon full payment of principal and interest under the Series I Bonds, the first ranking special hypothec over the Series I Bonds Security Property and securing the said Series I Bonds shall be cancelled, and the Security Trustee shall appear on and sign any notarial deed or other document as may be necessary for this purpose, and such special hypothec will not secure payments under the Series II Bonds which will remain secured by the first ranking special hypothec over the Series II Bonds Security Property.

## **5.6 Closing dynamics**

Following the Bond Issue, all proceeds shall be forwarded by the Registrar to and shall be held by the Security Trustee who shall, save for the payment of the expenses related to the Bond Issue and the payment of the loan to Lombard Bank Malta p.l.c. on the relevant notarial deed as provided in the immediately following paragraph, retain all remaining Bond Issue proceeds until all security for the benefit of Bondholders has been duly perfected and the Secured Bonds are admitted to the Official List of the Malta Stock Exchange, as outlined in the Security Trust Deed. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days of the close of the Offer Period, the Security Trustee shall return Bond Issue proceeds to the investors, as provided in Section 4.2 of the Securities Note.

Indeed, the Secured Bonds shall not be admitted to the Official List of the Malta Stock Exchange unless all security has been duly perfected, in accordance with the provisions of the Security Trust Deed. It is expected that within 15 Business Days from the close of the Offer Period and following allocation of the Secured Bonds, the Issuer shall appear on a notarial deed to repay the outstanding loan due to Lombard Bank Malta p.l.c. as set out in Section 5.5 above. The Security Trustee shall appear on such notarial deed to effect payment to the bank which provided the original finance. Pursuant to such deed, the Security Trustee will obtain the special hypothec over the Security Property of the respective Series (as applicable), and the Issuer will agree to make the Issuer-Guarantor Loan to the Guarantor, namely to make available a loan facility in the total amount equal to the net proceeds from the Bond Issue, net of expenses of the Bond Issue, which net proceeds are expected to amount to approximately €22,050,000, which loan facility shall be drawn down as follows:

- (a) the amount used to repay the bank loan indebtedness to Lombard Bank Malta p.l.c. will be deemed immediately drawn down upon execution of the said notarial deed creating the Issuer-Guarantor Loan;
- (b) the balance will be advanced in one or more subsequent drawdowns following a request by the Guarantor to the Issuer, in order to pay invoices for construction and finishing works on Retained Property received by the Guarantor from Mercury Contracting Projects Limited in terms of the contract of works between the Guarantor and the said Mercury Contracting Projects Limited and against presentation of such invoices, provided that the Guarantor shall have the right to make an initial drawdown request, at any time after the execution of the notarial deed creating the Issuer-Guarantor Loan, for the full or any part of the amounts already invoiced by and/or paid to the said Mercury Contracting Projects Limited at any time up to the execution of the said notarial deed.

The Issuer-Guarantor Loan will be regulated as follows: (i) the firstly drawn portion thereof up to the amount of €11,500,000 will bear interest at 4.75% per annum and payable on 13 March of each year, and the principal amount thereof shall be repayable by not later than 13 March 2027; and (ii) the balance thereof will bear interest at 5.25% per annum and payable on 13 March of each year, and the principal amount thereof shall be repayable by not later than 13 March 2031.

Following registration of the notarial deed referred to above and the presentation to the Security Trustee of the appropriate notes of hypothec, the Security Trustee shall release the remaining net proceeds of the Bond Issue (following repayment of the outstanding indebtedness to Lombard Bank Malta p.l.c.) to the Issuer, and/or if so requested by the Issuer and by way of delegation from the Issuer, such part thereof as indicated by the Issuer to the Guarantor (as per the drawdown arrangements referred to above), for the purposes of being utilized to pay invoices issued by Mercury Contracting Projects Limited to the Guarantor in respect of construction and finishing works on the Retained Property, as indicated in the Security Trust Deed.

## 6. TREND INFORMATION AND FINANCIAL PERFORMANCE

### 6.1 Trend information

The Issuer was registered and incorporated on 16 January 2019 as a special purpose vehicle to act as the finance arm of the Group. As indicated in Section 6.2 of this Registration Document, the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements. There has not been any significant change in the prospects of the Issuer, which has occurred since the date of its incorporation.

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 2017.

The Issuer is dependent on the business prospects of the Group, namely of the Guarantor itself, and therefore, the trend information of the members of the Group, in particular the Guarantor (as detailed below) has a material effect on their respective financial position and prospects.

As at the time of publication of this Prospectus, the Issuer and the Guarantor consider that generally they shall be subject to the normal business risks associated with the business and industries in which the Group is involved and operates, and, barring unforeseen circumstances, do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Group and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.

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

#### Sales of apartment units

The Project faces competition from other high end mixed-use projects in Malta that offer a mix of accommodation, hospitality and/or retail space. The Board however believes that:

- (i) Given some unique features of the development, including its location at the heart of Paceville, the smart mix between historic and ultra-modern buildings signed off by one of the most globally notorious contemporary architects, Zaha Hadid and the architecturally twisted tower building, as well as the accommodation - hotel - leisure operational mix;
- (ii) Malta's current economic growth, coupled with the considerable rise in immovable property prices over recent years<sup>2</sup> (where the high end properties are deemed to be fueling such rise), and the notable rise in the property price index (increased by 4.8% in Q1 2017 compared to the corresponding quarter in 2016)<sup>3</sup>; and
- (iii) The fact that up till 31<sup>st</sup> December 2018, 92% of the accommodation serviced apartment units on offer for sale had secured a preliminary agreement with prospective buyers at the desired prices,

the level of interest and demand for high-end property is and will continue to be strong and grow in the foreseeable future.

The Directors are also of the opinion that a trend which continues to emerge in this segment of the property market, also due to the fact that an increasing number of high net worth individuals is getting interested in investing in property in Malta, is a preference for high quality accommodation, forming part of a mixed use development which encompasses catering offerings, public spaces and other amenities.

---

<sup>2</sup> 'An assessment of the Maltese Housing Market' – CBM, Policy Note, September 2016

<sup>3</sup> NSO – News Release, 1 June 2017.

## **Hospitality<sup>4</sup>**

Year-on-year Malta reaches new record highs in the number of inbound tourists visiting the country. Latest figures for local tourism at the end of 2017 indicate that Malta recorded an influx of circa 2.3 million tourists in 2017, representing an increase of circa 15.7% on 2016, with a pronounced increase in the first quarter (January to March).

Inbound tourist trips for the first five months of 2018 reached 904,799, an increase of 18.5% over the same period in 2017.

Statistical figures for the first 4 months (January to April) of 2018 already show an increase of 17.9% over the same period in 2017.

Malta's main tourism source countries are the United Kingdom, followed by Italy, Germany, France and Scandinavia, which consists of Denmark, Finland, Norway and Sweden.

Tourist expenditure has also been on the rise, with a total spend of circa €1.95 billion in 2017, marking an increase of 13.9% over 2016. Moreover total tourism expenditure between January to May 2018 was estimated at €628.3 million, 12.2% higher than that recorded for the same period in 2017.

Latest figures issued by the Malta Tourism Authority indicate an average length of stay per capita of 7.3 days for 2017. Total nights spent by inbound tourists in May 2018 went up by 18.5%.

The continued increase in tourism numbers has had a positive effect on the local hotel market. Available data for 2017 indicates that the 4-star hotel sector in Malta registered a strong performance, with a notable increase also in the 5-star hotel bracket, with continued year-on-year growth in both occupancy and rate levels.

The Board is confident that the outlook for the local hospitality market remains positive for the foreseeable future.

## **Leases of commercial units**

National statistics relating to leases of commercial property in Malta could not be sourced. Yet, there seems to be a stable trend of a high demand for, and high occupancy rate of existing, catering, retail and other establishments within Paceville, St. Julians and surrounding areas, and the Directors believe that such trend will be steady and probably even grow further in the foreseeable future.

**Information relative to the profit forecasts or estimates of the Issuer and the Guarantor is set out in the Financial Analysis Summary attached as Annex IV of the Securities Note.**

## **6.2 Selected financial information**

### **Selected Financial Information: the Issuer**

The Issuer was registered and incorporated on 16 January 2019 as a special purpose vehicle to act as the financing arm of the Group. The Issuer has, to date, not conducted any business and has no trading record.

There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the date of its incorporation.

### **Selected Financial Information: the Guarantor**

As Mercury Towers Ltd shall act as Guarantor to the Bond Issue, the selected financial information of Mercury Towers Ltd is contained in this section of the Registration Document. The historical financial information of the Guarantor is set out in the financial statements of Mercury Towers Ltd for the period 28 September 2016 to 31 December 2017.

There has not been any significant change in the prospects or in the financial or trading position of Mercury Towers Ltd which has occurred since the date up to which the aforesaid audited financial statements were prepared.

---

<sup>4</sup> Malta Tourism Authority – Tourism in Malta Facts and Figures – 2017; NSO – News Release, 28 February 2018; NSO – News Release, 16 July 2018.

Set out below are summarised extracts from the financial statements of Mercury Towers Ltd for the period 28 September 2016 to 31 December 2017.

<b>Mercury Towers Ltd – Statement of Comprehensive Income Extract</b>	
<i>For the period 28 Sep 16 to 31-Dec-17</i>	<i>2017</i>
	<i>€'000</i>
Revenue	1,300
Cost of sales	(1,300)
Gross profit	--
Administrative expenses	(51)
Other income	8
Operating profit / (loss)	(43)
Finance costs	(115)
Profit / (loss) before tax	(158)
Tax expenses	0
<b>Profit / (loss) for the period</b>	<b>(158)</b>

<b>Mercury Towers Ltd – Statement of Financial Position Extract</b>	
<i>As at 31 December</i>	<i>2017</i>
	<i>€'000</i>
<b>Assets</b>	
Non-current assets	9,374
Current assets	22,715
<b>Total assets</b>	<b>32,089</b>
<b>Equity</b>	
Total equity	342
<b>Liabilities</b>	
Non-current liabilities	5,900
Current liabilities	25,847
Total liabilities	31,747
<b>Total equity and liabilities</b>	<b>32,089</b>

<b>Mercury Towers Ltd – Statement of Cash Flows Extract</b>	
<i>For the period 28 Sep 16 to 31-Dec-17</i>	<b>2017</b>
	<b>€'000</b>
Net cash generated from operating activities	1,913
Net cash used in investing activities	(9,374)
Net cash generated from / (used in) financing activities	7,529
Net increase / (decrease) in cash and cash equivalents	69
Cash and cash equivalents at start of period	--
<b>Cash and cash equivalents as at 31 December 2017</b>	<b>69</b>

The Guarantor's main asset comprises of land held for development, which is currently still in its development phase. In view of this, the Guarantor's operating activity since its date of incorporation has been limited. The revenue generated during 2017 wholly-relates to the sale to TTRS Holdings Limited (a related party) of the airspace pertaining to the car park (i.e. Levels -6 to Level -3). In this respect, a tax exemption was attained on the transfer of the said airspace, which exemption was granted by virtue of the fact that the two entities were wholly-owned by the same shareholder. Further, subsequent to the above-mentioned transaction, a legal merger by acquisition took place wherein the assets, liabilities, rights and obligations of TTRS Holdings Limited (*which principally comprised of the airspace to develop the car park*) were transferred to Mercury Car Park Limited, a company in which Mercury Towers Ltd holds a 25% equity interest.

Administrative expenses amounted to €51,000, largely comprised of bank charges (€30,000) incurred in connection with a facility of €7.2 million that was utilised to part-finance the acquisition of the land in 2017, as well as legal and professional fees (c. €20,000). Whilst the Guarantor had no employees during the period under consideration, the Guarantor's shareholder/beneficial owner, namely Mr Joseph Portelli, was heavily involved in day-to-day operations. During July 2018, two full-time equivalents were employed to handle administrative and finance related tasks for the Guarantor.

The land acquired by Mercury Towers Ltd is earmarked for the development of hospitality and commercial activity (which is classified as "property, plant and equipment"), as well as apartment units for-resale (classified as "inventory held for sale"). In this respect, the portion of finance costs pertaining to property, plant and equipment has been capitalised by the Guarantor whilst the finance costs (of €155,000) pertaining to inventory held for re-sale has been expensed accordingly.

Total assets stood at €32.0 million as at 31 December 2017, of which €30.4 million represented the cost of land. The portion of land earmarked for hospitality and commercial activity (*which is classified as property, plant and equipment and hence a non-current asset*) stood at €9.4 million, whilst the portion earmarked for the development of apartment units (*which is classified as inventory and hence a current asset*) amounted to €21.0 million. The remaining asset balance of €1.6 million, largely comprises of amounts receivable from Mercury Car Park Limited of €1.3m, which relates to the acquisition of airspace pertaining to the car park.

The acquisition of the land was finance through a combination of bank finance and shareholder funding, as well as through the deposits received from the potential purchasers of apartment units within the tower. In this respect, total liabilities amounted to €31.7 million as at 31 December 2017, of which €7.2 million comprises of bank borrowings and €21.7 million relates to the deposits received from potential purchasers of apartment units.

Total equity amounted to €342,000 as at 31 December 2017, comprising of share capital of €500,000 and accumulated losses of €158,000, the latter reflective of the fact that the Guarantor is still in its construction and development phase.

The interim unaudited financial results of Mercury Towers Ltd for the period 28 September 2016 to 30 June 2017 and the six-month period ended 30 June 2018 are set out below:

<b>Mercury Towers Ltd – Statements of Comprehensive Income Extract</b>		
<i>For the period</i>	<i>28-Sep-16 to 30 Jun 17 €'000</i>	<i>1 Jan-18 to 30- Jun-18 €'000</i>
Revenue	1,080	--
Cost of sales	(1,080)	--
Gross profit	--	--
Administrative expenses	(38)	(27)
Other income	8	0
Operating profit / (loss)	(30)	(27)
Finance costs	(4)	(117)
Profit / (loss) before tax	(34)	(144)
Tax expense	0	0
<b>Profit / (loss) for the period</b>	<b>(34)</b>	<b>(144)</b>

<b>Mercury Towers Ltd – Statements of Financial Position Extract</b>		
<i>As at 30 June</i>	<i>2017 €'000</i>	<i>2018 €'000</i>
<b>Assets</b>		
Non-current assets	8,385	10,852
Current assets	21,213	24,909
<b>Total assets</b>	<b>29,598</b>	<b>35,761</b>
<b>Equity</b>		
Total equity	(33)	200
<b>Liabilities</b>		
Non-current liabilities	5,900	4,900
Current liabilities	23,731	30,661
Total liabilities	29,631	35,561
<b>Total equity and liabilities</b>	<b>29,598</b>	<b>35,761</b>

<b>Mercury Towers Ltd – Statements of Cash Flows Extract</b>		
<i>For the period</i>	<i>28-Sep-16 to 30 Jun 17 €'000</i>	<i>1 Jan-18 to 30- Jun-18 €'000</i>
Net cash generated from operating activities	1,299	2,168
Net cash used in investing activities	(8,385)	(1,477)
Net cash generated from / (used in) financing activities	7,142	(608)
Net increase / (decrease) in cash and cash equivalents	56	83
Cash and cash equivalents at start of period	--	69
<b>Cash and cash equivalents as at 31 December 2017</b>	<b>56</b>	<b>152</b>

Revenue recognised during the period 28 September 2016 to 30 June 2017 reflects the sale of airspace pertaining to the car park, which was transferred to TTRS Holdings Limited in two tranches, on 23 June 2017 (€1,080,000) and 19 July 2017 (€220,000) respectively. As revenue from the sale of airspace pertaining to the apartment units shall only be recognised upon the entering by the Guarantor of a final deed of sale with a potential purchaser (and thus upon the completion of construction of an apartment level within the development), the Guarantor has not recognised revenue during the six-month period ended 30 June 2018.

Administrative expenses amounted to €27,000 during the six-month period ended 30 June 2018, representing a decrease of 28.9% on prior period levels, which largely reflects the impact of the non-recurring nature of bank charges incurred by the Guarantor in connection with a facility of €7.2 million.

Finance costs during the six-month period ended 30 June 2018 increased to €117,000, when compared to €4,000 recognised in the prior period, which reflects the fact that the bank facility was drawdown towards the end of June 2017.

The Guarantor's total assets stood at €35,761,000 as at 30 June 2018, representing a 20.8% growth when compared to 30 June 2017, and which reflects the additional construction works that were undertaken on the development during this period. The above-stated increase in total assets was largely offset by an increase of 20.0% in the Guarantor's total liabilities, whereby an increase in deposits received from potential purchasers of apartment units was offset by a decrease in bank borrowings. In July 2017, the Guarantor increased its issued share capital from €1,200 to €500k, in accordance with the requirements set forth by the Guarantor's bankers in connection with the granting of the bank facility that was utilised to part-finance the acquisition of land.



## 7. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

### 7.1 Board of Directors and management of the Issuer

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a Board of Directors to be composed of not less than three and not more than five Directors, who are appointed by the shareholders.

Directors of the Issuer are appointed by means of an ordinary resolution in general meeting. Accordingly, the Guarantor is empowered to appoint the Directors of the Issuer, thereby putting it in a position to appoint an absolute majority of the Directors of the Issuer and, accordingly, have control over the management and operations of the Issuer.

The Issuer is currently managed by a Board consisting of four Directors entrusted with its overall direction and management. Its responsibilities include the oversight of the Issuer's internal control procedures and financial performance, and the review of the Issuer's business risks, thus ensuring such risks are adequately identified, evaluated, managed, and minimised. All the Directors have access to independent professional advice at the expense of the Issuer, should they so require.

The executive Director, who is also an executive director on the board of the Guarantor, as parent, as well as and together with the Group's executive team, are responsible for acquisitions, development, sales and operations and are entrusted with the Group's day-to-day management.

The non-executive Directors' main functions are to monitor the operations of the executive Director/s and their performance, as well as to review any proposals tabled by the executive Director/s and to provide specialist support to the executive Director/s. In line with generally accepted principles of sound corporate governance, at least 1 of the Directors shall be a person independent of the Group. Currently, the Issuer has 3 non-executive Directors who are deemed independent, as set out in Section 3.1 of this Registration Document.

All of the Directors of the Issuer were appointed by the shareholders upon the Issuer's incorporation and no Directors have been removed and no further Directors elected and appointed since the Issuer's incorporation.

As at the date of this Registration Document, the Board of the Issuer is composed of the individuals listed in Section 3.1 of this Registration Document.

#### **The following are the curriculum vitae of the executive Director:**

##### ***Joseph Portelli***

Joseph Portelli is a self-made businessman. Starting his business in the year 1996, Joseph Portelli has been involved in a number of successful property development projects within the real estate market in Malta and Gozo, which include the acquisition, development and sale or operation of all types of residential and commercial properties, including Villagg San Guzepp in Gozo, Forum Residences in ST. Andrews as well as a foray into the hospitality sector with Quaint Boutique Hotels in Gozo.

Through Menfi Limited, a consortium of Maltese and Gozitan individuals. Mr. Portelli was also involved in the development of a €21 million luxury rural complex called Hal Saghtrija Complex in Zebbug, Gozo.

Apart from overseeing the day-to-day operations of the Group, his main responsibilities today are sales and business development and hotel operations.

Joseph Portelli is also the sole shareholder and director of Mercury Contracting Projects Limited, which has been engaged by the Guarantor as a contractor in respect of the construction and finishing of the Retained Property.

#### **The following are the curriculum vitae of the non-executive Directors:**

##### ***Stephen Muscat***

Mr. Muscat is a Certified Public Accountant and a graduate of the University of Malta with a B.A.(Honours) Accountancy degree, a fellow of the Malta Institute of Accountants, the Malta Institute of Taxation and the Institute of Directors (UK). He is a former CEO and Director of Maltacom p.l.c. (today GO p.l.c.).

Since 2006, Mr. Muscat has been a corporate services provider with his own advisory practice and serves as an independent non-executive director of a number of companies operating in financial services, a locally licensed bank, gaming, as well as shipping,

infrastructure and a resident director of various holding companies. Within locally regulated entities, he practices as a member of Audit, Investment and Valuation Committees. Mr Muscat is also a member of the Board of Directors as well as Chairman of the Audit Committee of SD Finance plc, AgriHoldings plc and JD Capital plc, all of which issued public bonds on the Malta Stock Exchange.

### ***Mario Vella***

Mr. Mario Vella joined Barclays Bank in Malta in 1969 and has occupied several positions within the bank concluding his career with HSBC in 2013 in the role of Head of Corporate Banking in which position he was responsible for the major share of the Bank's lending portfolio and its largest corporate customers. He has been involved in driving through major changes in banking strategies especially on Mid-Med Bank's take-over by HSBC. Over the years Mr. Vella has arranged finance for a significant number of high profile projects including via a mix of bank / syndicated lending and capital markets.

In 2013, after 43 years in banking, Mr. Vella moved to KPMG as Director, Deal Advisory. In this role he has served as consultant to several companies. He helped clients restructure and refinance their trading activities and raise financing for new ventures. He has participated in putting together high profile mergers and other significant business deals.

Mr. Vella retired from KPMG in August 2017 but continues to provide consultancy services to various businesses. He presently also sits as non- Executive Director or Chairman on a number of corporate Boards, including Boards of companies with securities listed on the Malta Stock Exchange, namely Hili Finance Company plc (C85692) and AgriHoldings plc (C57008).

### ***Peter Portelli***

Mr. Portelli obtained a degree of BA (Hons) Public Administration from the University of Malta in 1990 and a Masters in Business Administration from Henley Management College (UK) in 1997.

Between 1990 and 1998, he held various middle management and senior positions within the Ministry of Tourism and the Office of the Prime Minister, Malta. From 1998 to 2004 he was Private Secretary to the Prime Minister, and later Private Secretary to His Excellency, the President of Malta for a short period between April to December 2004. From January 2005 to June 2013, Mr. Portelli acted as Permanent Secretary within the Maltese Public Service, heading the Ministry responsible for Tourism, with a portfolio that also included Culture and the Environment. Since July 2013 he is an Officer in Grade 2, Malta Public Service.

## ***7.2 Board of directors of the Guarantor***

The Memorandum of Association of the Guarantor provides that the board of directors shall be composed of not more than two directors. As at the date of this Registration Document, the board of directors of the Guarantor is composed of one director, being Mr. Joseph Portelli.

**The curriculum vitae of the directors of the Guarantor are mentioned in Section 7.1 above.**

## ***7.3 Directors' service contracts***

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

## ***7.4 Directors' aggregate emoluments***

Pursuant to the Issuer's Memorandum and Articles of Association, the maximum 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. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or other committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer. The maximum aggregate annual emoluments currently approved by the shareholders in respect of the Board of Directors of the Issuer amount to €75,000.

Likewise, the Memorandum and Articles of Association of the Guarantor provides that the remuneration of the directors shall from time to time be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.

## **7.5 Loans to Directors**

There are no loans outstanding by the Issuer or by the Guarantor to any of their respective Directors nor any guarantees issued for their benefit by the Issuer or the Guarantor.

## **7.6 Directors' appointment and removal**

At present, in terms of clause 6 of the Issuer's Memorandum and Articles of Association, the management and administration of the Issuer shall be managed by a Board of Directors which shall be composed of not less than 3 and not more than 5 directors.

The Issuer's Articles of Association provides that all the Directors shall retire from office at each Annual General Meeting of the Company.

A Director may also be removed by ordinary resolution of the shareholders as provided in article 140 of the Act, and in such case the post may be filled by ordinary resolution of the company.

The Issuer's Articles of Association also provide that a Director shall hold office until he retires, resigns, dies, is removed or is disqualified.

Article 13.10 of the Articles provide that a maximum of five (5) Directors shall be elected at each Annual General Meeting (or at an Extraordinary General Meeting convened for the purpose of electing directors). Voting shall take place on the basis that every shareholder shall have one (1) vote in respect of each voting share held by him. A shareholder may use all his votes in favour of one candidate or may split his votes in any manner he chooses amongst any two or more candidates, but so that voting rights attaching to a single share are indivisible and accordingly a shareholder may cast the vote attaching to a share for one nominee only. The Chairman of the meeting shall declare elected those candidates who obtain the greater number of votes on that basis.

A casual vacancy may be filled at an Extraordinary General Meeting and in such case the vacancy shall be filled in accordance with the provisions of Article 13.10. A casual vacancy may also be filled by the Board of Directors. Any person appointed to fill a casual vacancy will hold office only until the next following Annual General Meeting and be eligible for re-election.

At present, in terms of clause 7 of the Guarantor's Memorandum and Articles of Association, the management and administration of the Guarantor shall be vested in a board of directors consisting of not more than 2 directors.

The Guarantor's Articles of Association provide that subject to the provision of Article 140 of the Act, a director shall hold office until such time as he dies, resigns or is removed from office by the shareholders. A director may always be removed by ordinary resolution of the shareholders in accordance with article 140 of the Act.

Apart from the above, the Guarantor's Memorandum and Articles of Association are silent as to the method of appointment of directors, and accordingly the default provisions of the Act in this regard shall apply, such that the directors are appointed by ordinary resolution of the general meeting of the company and vacancies may also be filled by the continuing director/s or by the company in general meeting.

## **7.7 Directors' powers**

By virtue 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. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the shareholders in general meeting.

The Directors of the Company shall be obliged to disclose their interest in a contract with the company in accordance with article 145 of the Act. A Director may not vote at a meeting of Directors in respect of any contract, arrangement or proposal in which he has a material interest. The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit the Directors shall have the power to vote on remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the company in the general meeting.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security therefor, provided that the shareholders in general meeting may, from time to time, restrict and limit the aforesaid powers of the Directors, in such manner as they may deem appropriate.

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.

The Guarantor's Memorandum and Articles of Association provide that the board of directors shall have the power to transact all business of whatsoever nature not expressly reserved by the Memorandum and Articles of Association of the company or by any provisions in any law for the time being in force to be exercised by the company in general meeting. It also provides that the directors shall exercise their powers subject to the Articles of Association, to the provisions of the Act and to such regulations and resolutions, being not inconsistent with the Articles or provisions, as may be prescribed by the company in general meeting; but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made. The legal and judicial representation of the company shall be vested in the sole director, but the board of directors may, from time to time, appoint any person or persons to represent the company in a particular case or cases or classes of cases.

In case of a conflict of interest in any matter by a director of the Guarantor (where he is obliged to disclose such interest pursuant to Article 145 of the Act), without prejudice to his obligation to disclose the same as required by the said Article 145 of the Act, the decision whether such director will be allowed to participate in the discussions on the relevant matter and/or to vote thereon is left in the hands of the other directors of the Guarantor (where applicable).

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

## **8. MANAGEMENT STRUCTURE**

### **8.1 General**

The Issuer is the finance arm of the Group and as such does not require an elaborate management structure. The Directors believe that the current organisational structures are adequate for the current activities of the Issuer and the Group. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

### **8.2 Management Team**

The key members of the Group's management team, apart from the executive director of the Issuer and the Guarantor mentioned above, are the following:

Silvan Mizzi, who is a full time employee of the Guarantor and acts as the Guarantor's and the Group's Chief Financial Officer; and

Lorraine Ellul Bonavia, who is a full time employee of the Guarantor and is responsible for the general legal and administrative affairs of the Guarantor and the Group.

### **8.3 Conflict of Interest**

As at the date of this Prospectus, the executive Director of the Issuer, namely Mr. Joseph Portelli, is a director and officer of the parent company, namely the Guarantor, and as such is susceptible to conflicts between the potentially diverging interests of the different members of the Group, particularly in connection with the Issuer-Guarantor Loan to be advanced by the Issuer to the Guarantor out of the net proceeds of the Bond Issue. In order to manage such potential conflicts, however, the said Issuer-Guarantor Loan has been structured as a loan facility to be drawn down against presentation of invoices for relevant works received by the Guarantor from its contractor and the whole process will be overseen by the Board, a majority of the members whereof is independent.

The said executive Director is also the ultimate beneficial owner of the Issuer and of the Guarantor.

As mentioned in Section 5.3 of this Registration Document, the said executive Director and owner, Mr. Joseph Portelli, is the 100% shareholder and director of Mercury Contracting Projects Limited, with which the Guarantor has entered into a general contract of works for the construction (including supply of material), development and finishing of the Retained Property. This made logistical and business sense considering that the said Mercury Contracting Projects Limited is appointed as principal contractor in respect of the whole Project (including those elements thereof to be sold to third parties). Such involvement of Mr. Portelli in both companies may create conflicts between the potentially diverging interests of the Guarantor and the said Mercury Contracting Projects Limited with respect to the said employer-contractor relationship, throughout its 'iter', although as mentioned in such Section 5.3 the two companies have entered into a contract of works on an arm's length basis based on industry standard terms and conditions.

Furthermore, as mentioned in Section 5.4 of this Registration Document, the executive Director and ultimate beneficial owner of the Group is also a director and ultimate beneficial owner of Mercury Exchange Limited (and its parent undertaking, Mercury Holdings Limited) which is the proposed acquirer of the Exchange Site and proposed developer of the Exchange Project, as mentioned in the said Section 5.4. This may create potential conflicts of interest in the context of any transactions between the Guarantor and Mercury Exchange Limited relating to the respective projects, including the repayment of the €11,020,496 related party balance due by the Guarantor to Mercury Exchange Limited as referred to in Section 5.4, and any possible transfer of portions of property or other transactions related to the possible overlapping or reconfiguration of certain elements of the respective projects as explained in such Section 5.4. As mentioned in such Section 5.4 however, the two companies intend to regulate such transactions through contracts entered into on an arm's length basis.

In these situations of conflict the Directors of the Issuer shall act in accordance with the majority decision of those Directors who would not have a conflict in the situation and in line with the advice of outside legal counsel.

The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different involvements of the Directors are handled in the best interest of the Issuer and according to law. The fact that the Audit Committee is constituted solely 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. Additionally, 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 the Guarantor on a quarterly basis. To this effect, the Issuer and the Guarantor are to submit to the Audit Committee bi-annual accounts, as well as at least bi-annual comparisons of actuals against projections.

Save for what is stated above, no private interests or duties unrelated to the Issuer or the Guarantor, as the case may be, have been disclosed by the management teams of the companies within the Group which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer or the Guarantor, as the case may be.

To the extent known or potentially known to the Issuer as at the date of the Prospectus, there are no other potential conflicts of interest (save for those mentioned above) between any duties of the Directors, executive officers and members of the management teams of the Issuer and/or of the Guarantor, as the case may be, and their respective private interests and/or their other duties, which require disclosure in terms of the Regulation.

#### **8.4 *Employees***

The Issuer does not have any employees of its own. As from July 2018, the Group employed 2 full-time members of staff, and no part-time members of staff.

## 9. BOARD PRACTICES OF THE ISSUER AND THE GUARANTOR

### Audit Committee

The terms of reference of the Audit Committee of the Issuer consist of inter alia its support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish 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 Audit Committee, which meets at least once every three months, is a committee of the Board and is directly responsible and accountable to the Board. The Board reserved the right to change the Committee's terms of reference from time to time.

Briefly, the Audit Committee is expected to deal with and advise the Board on:

- (a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- (b) maintaining communications on such matters between the Board, management and the independent auditors;
- (c) facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- (d) preserving the Issuer's assets by understanding the Issuer's risk environment and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transaction to be entered into by the Issuer or the Guarantor and a related party, given the role and position of the Issuer and Guarantor within the Group, to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved.

For this purpose, 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, the Guarantor and all other entities comprising the Group on a quarterly basis.

All of the Directors sitting on the Audit Committee are non-executives and also independent. The Audit Committee is presently composed of Stephen Muscat, Mario Vella and Peter Portelli, all three members being non-executive Directors and all of them also being independent of the Issuer. The Audit Committee is chaired by Stephen Muscat. In compliance with the Listing Rules, Mr Stephen Muscat and Mr. Mario Vella are the independent, non-executive Directors who are competent in accounting and/or auditing matters. In his capacity as Chairman of the Audit Committee, Mr. Stephen Muscat holds meetings with the executive Directors as necessary to review the Issuer's accounts and operations. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. The CVs of the said Directors may be found in Section 7.1 above.

The Guarantor is not bound by the Listing Rules to set up an Audit Committee.

## **10. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS**

As a consequence of the Bond Issue and in accordance with the terms of the Listing Rules, the Issuer is required to endeavour to adopt and comply with the provisions of the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the “Code”). The Issuer declares its full support of the Code and undertakes to comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

The Issuer supports the Code and its adoption and believes that its application will result in positive effects accruing to the Issuer.

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

### **A. Principle 7 “Evaluation of the Board’s Performance”**

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 ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Audit Committee (in so far as conflicting situations are concerned), the Company’s shareholders, the market and the rules by which the Issuer is regulated as a listed company.

### **B. Principle 8 “Committees”**

- The Issuer does not have a Remuneration Committee as recommended in Principle 8; and
- The Issuer does not have a Nomination Committee as recommended in Principle 8.

Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association of the Issuer. The Issuer considers that the current members of the Board provide the required level of skill, knowledge and experience expected in terms of the Code.

Going forward, the Issuer shall, on an annual basis in its annual report, explain the level of the Issuer’s compliance with the principles of the Code, explaining the reasons for non-compliance, if any, in line with the Listing Rules’ requirements.



## 11. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 11.1 The Issuer

The Issuer has an authorised share capital of €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €250,000 divided into 250,000 ordinary shares of a nominal value of €1.00 each, which are subscribed to and allotted as fully paid up shares as follows:

Name of shareholder	Number of shares held
Mercury Towers Limited 1400, Block 14, Portomaso, St Julian's, Malta (Company Registration number C 77402)	249,999 ordinary shares of a nominal value of €1.00 each, fully paid up.
Joseph Portelli Eagle, Triq ta' Grunju, Nadur, Gozo Identity Card number 497193M	1 ordinary share of a nominal value of €1.00, fully paid up.

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

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code") with a view to ensuring that the relationship with its major shareholders is retained at arm's length, including adherence to rules on related party transactions set out in Chapter 5 of the Listing Rules requiring the vetting and approval of any related party transaction by the Audit Committee, which is constituted by independent, non-executive Directors. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The composition of the Board, including the presence of three independent, non-executive Directors, effectively minimises the possibility of any abuse of control by any major shareholder.

### 11.2 The Guarantor

The Guarantor has an authorised share capital of €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each, which are subscribed to and allotted as fully paid up shares as follows:

Name of shareholder	Number of shares held
Joseph Portelli Eagle, Triq Ta' Grunju, In-Nadur, Gozo Identity Card Number 497193M	500,000 ordinary shares of a nominal value of €1 each, fully paid up.

The Issuer adopts measures in line with the Code with a view to ensuring that the relationship with its major shareholder, namely the Guarantor, is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the Issuer's Audit Committee, which has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer.

The Guarantor has entered and is expected to enter from time to time into trading transactions with related companies to the Group in its normal course of business. These transactions will be subject to regular scrutiny of the Audit Committee of the Issuer, which will be provided with all relative material contracts for their review, to ensure that they are made on an arm's length basis and that there is no abuse of control by or in respect of the Issuer or the Guarantor in the context of related party transactions. In this regard, the Audit Committee of the Issuer will meet as and when necessary for the purpose of discussing any transactions or circumstances which may potentially give rise to such conflict or abuse. The Audit Committee will thus have the power of vetting and making recommendations (directed towards securing arm's length parameters) to the Board of Directors of the Guarantor with respect to material related party transactions of such Guarantor prior to the Parent Company proceeding with the transaction.

## **12. HISTORICAL INFORMATION**

As indicated in Section 6.2 of this Registration Document, there is no historical financial information pertaining to the Issuer, which was incorporated on 16 January 2019. There has not been any significant change in the financial or trading position of the Issuer which has occurred since the Issuer's date of incorporation.

The Guarantor's historical financial information for the one (and only) accounting reference period commencing on its date of incorporation on 28 September 2016 and ending on 31 December 2017, as audited by KPMG, is set out in the audited financial statements of the Guarantor, which are available for inspection as set out in Section 18 below. Since the Issuer, which is currently the only subsidiary within the Group, has been very recently set up and has no financial information to report, no consolidated financial statements of the Group are available.

There were no significant changes to the financial or trading position of the Guarantor or the Group since the end of the financial period to which the Guarantor's above mentioned last audited financial statements relate.

### 13. LITIGATION

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantor is aware) during the period covering twelve 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.

There has been the following disputes or circumstances leading to a dispute but none of this is considered to actually or potentially have or have had significant effects on the financial position or profitability of the Issuer, the Guarantor and/or the Group:

- A dispute, originally between the vendors of Mercury Site (to which the Guarantor has succeeded) and SGE Property Company Limited (the owners of the Exchange Site) about the exact boundary line of such Mercury Site, which however involves a very small fraction (less than 1%) of the Mercury Site of negligible financial impact, and which is expected to be resolved upon the final sale of the Exchange Site as provided in Section 5.4 above, whereupon there are already arrangements in place with Mercury Exchange Limited for the latter to waive any claims to which it may succeed as a result of the transfer from SGE Property Company Limited and to contractually recognize the Guarantor as the owner of the portion of land in dispute;
- On 8 March 2018, FIM Property Investment Limited filed an appeal against the Planning Authority permit in respect of the Project (Number PA/06955/17) before the Environment and Planning Review Tribunal, but has withdrawn such appeal on 19 February 2019.

## **14. ADDITIONAL INFORMATION**

### ***14.1 Share Capital of the Issuer***

The authorised share capital of the Issuer is €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each. The issued share capital of the Issuer is €250,000 divided into 250,000 ordinary shares of a nominal value of €1.00 each, each share being 100 per cent paid up and subscribed for, allotted and taken up by the Guarantor, except for 1 share which is subscribed for, allotted and taken up one each by Joseph Portelli.

The authorised share capital of the Issuer may be increased by an extraordinary 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.

There are no different classes of shares. Each ordinary share confers the right to one vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

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. There are no arrangements, known to the Issuer, which may at a subsequent date result in a change in control of the Issuer.

### ***14.2 Memorandum and Articles of Association of the Issuer***

The Memorandum and Articles of Association of the Issuer are registered with the Registry of Companies, Malta.

The principal objects of the Issuer are set out in clause 4 of the Issuer's Memorandum of Association. These include, but are not limited to, the carrying on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of group companies or associated companies, and for such purpose to lend or advance money or otherwise give credit to any such group or associated company, with or without security, and to borrow or raise finance for the above mentioned purpose, on such terms as the Directors may deem expedient, and also to invest and deal with the moneys of the Issuer and any group or associated company in or upon such investments and in such manner as the Directors may, from time to time, deem expedient. The issue of bonds and other debt securities falls within the objects of the Issuer.

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 18 of this Registration Document and at the Registry of Companies during the lifetime of the Issuer.

### ***14.3 Share Capital of the Guarantor***

The Guarantor has an authorised share capital of €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each, each share being 100 per cent paid up and subscribed for, allotted and taken up in full by Mr. Joseph Portelli.

The authorised share capital of the Issuer may be increased by an extraordinary 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.

The transfer of shares in the Guarantor by any shareholder is subject to pre-emption right in favour of the other shareholder/s (where applicable).

There are no different classes of shares. Each ordinary share confers the right to one vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

The shares of the Guarantor are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

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. There are no arrangements, known to the Issuer or the Guarantor, which may at a subsequent date result in a change in control of the Guarantor.

#### ***14.4 Memorandum and Articles of Association of the Guarantor***

The Memorandum and Articles of Association of the Guarantor are registered with the Registry of Companies, Malta.

The principal object and main trading activity of the Guarantor is set out in clause 4 of the Guarantor's Memorandum of Association, namely to purchase, take by title of emphyteusis, lease or exchange or otherwise acquire under any title and to dispose of or give on lease or exchange, and to charge or hypothecate, in whole or in part, or to otherwise turn to the advantage of the Company, and to develop, any immovable or movable property, and any rights or licences which the company may deem necessary or convenient for the purposes of its business, and to carry on the business of operating or managing hotels, guest houses or other accommodation and leisure facilities, or shops, offices or other commercial complexes or outlets, whether belonging to the Company or otherwise, and to construct, reconstruct, renovate, alter, improve, decorate, enlarge, pull down and remove or replace, fix up, furnish and maintain any property or properties for the purposes mentioned above, and to enter into management or franchise agreements with international hotel brands to assist it in the running of the accommodation and catering properties under its charge.

The Guarantor is also empowered in terms of its Memorandum and Articles of Association:

- (a) to borrow, or in any manner raise money, without any limit, for the purpose of or in connection with the Guarantor's business and to secure the repayment of any monies borrowed or any other obligations by giving hypothecary or other security upon the whole or part of the movable and immovable property of the Guarantor; and
- (b) to guarantee, support or secure, either with or without the company receiving any consideration or any benefit whatever, and whether by direct obligation, or by assigning or charging, mortgaging, hypothecating or charging all or any part of the undertaking, property, assets (present and future) and uncalled capital of the Guarantor, or by issuing any security of the Guarantor, or by any one or more of all such methods or by any other method, the performance of any obligations or commitments of any person, firm, company or corporation, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary company or holding company or which is otherwise directly or indirectly associated with the Guarantor in business or through shareholdings.

A copy of the Memorandum and Articles of Association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in Section 18 of this Registration Document and at the Registry of Companies during the lifetime of the Guarantor.

## **15. MATERIAL CONTRACTS**

Each of the Issuer and the Guarantor has not entered into any material contracts which are not in the ordinary course of their respective business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet its obligations to security holders in respect of the Bonds being issued pursuant to, and described in, the Securities Note.

## **16. PROPERTY VALUATION REPORT**

The Issuer commissioned Architect Emanuel Vella to issue a property valuation report in relation to the properties owned by the Guarantor. The business address of Architect Vella is at The Cliff, Mons. P. Pace Street, Victoria VCT2504, Gozo, Malta.

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The valuation report is dated 15 February 2019.

A copy of the report compiled by Architect Emanuel Vella, is annexed to this Registration Document as Annex I.

## **17. THIRD PARTY INFORMATION STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

Save for the Architect Valuation Report prepared in relation to the Group properties and contained in Annex I to this Registration Document, and the financial analysis summary set out as Annex IV to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The valuation report and financial analysis summary have been included in the form and context in which they appear with the authorisation of Architect Emanuel Vella of The Cliff, Mons. P. Pace Street, Victoria VCT2504, Gozo, Malta, and Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta respectively, that have given and have not withdrawn their consent to the inclusion of their respective reports herein. Architect Emanuel Vella and Calamatta Cuschieri Investment Services Limited do not have any material interest in the Issuer. The Issuer confirms that the valuation report and the financial analysis summary have been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The sourced information contained in Section 6.1 has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.



## **18. DOCUMENTS AVAILABLE FOR INSPECTION**

For the duration period of this Registration Document the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer and also on the Issuer's website [www.mercuryfinance.com.mt](http://www.mercuryfinance.com.mt):

- (a) Memorandum and Articles of Association of the Issuer and of the Guarantor;
- (b) Audited financial statements of the Guarantor for the financial year ended 31 December 2017;
- (c) Interim unaudited financial results of the Guarantor for the six months ended 30 June 2017 and 30 June 2018;
- (d) Architect Valuation Report dated 31 January 2019 and prepared at the Issuer's request in respect of the Group's properties;
- (e) Financial Analysis Summary dated 4 March 2019 and prepared by Calamatta Cuschieri Investment Services Limited;
- (f) The original Guarantee;
- (g) The Security Trust Deed;
- (h) The letter of confirmation drawn up by KPMG and dated 21 February 2019.

**Commercial Outlets Plans**

(‘Commercial-117g’, ‘Commercial-117h’ and ‘Commercial-139b’)





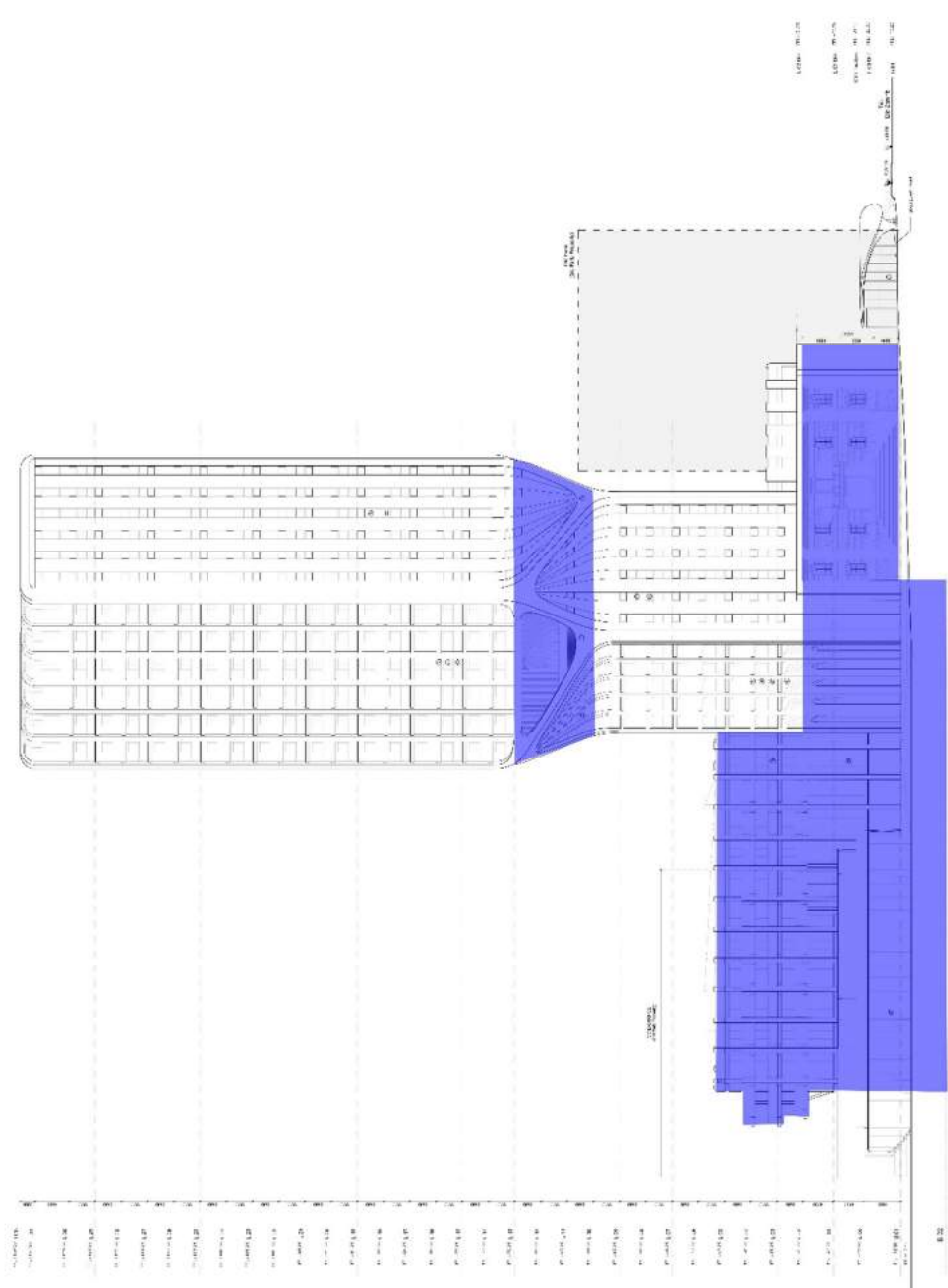


**Hotel Plans**

(‘Hotel-1aq Elevation 1’ and ‘Hotel-139C’)

**NOTES:**

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



**MERCURY TOWERS PROJECT**  
**Zaha Hadid Architects**

PROJECT NO: 100  
 DATE: 10/10/2010  
 DRAWN BY: [Name]  
 CHECKED BY: [Name]  
 APPROVED BY: [Name]

**SCREENING PLANNING SUBMISSION**  
 DRAWING NO: 100-01  
 DATE: 10/10/2010

Drawn by: [Name]  
 Checked by: [Name]  
 Approved by: [Name]

100-01-A-201

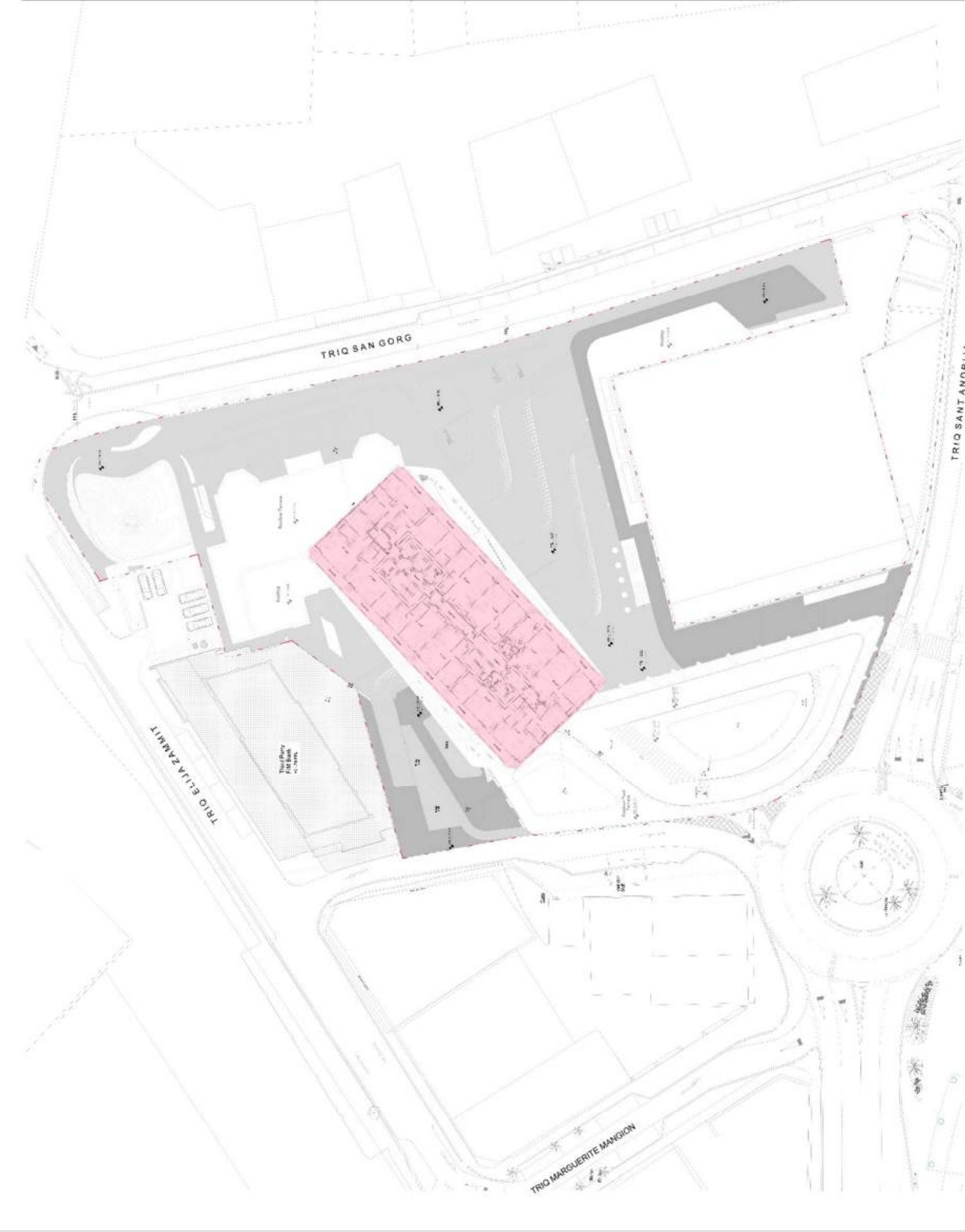




**Tower Plans**

(‘Tower-139g’, ‘Tower-139j’ and ‘Tower-1aq Elevation 1’)





No.	REVISIONS	DATE
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		

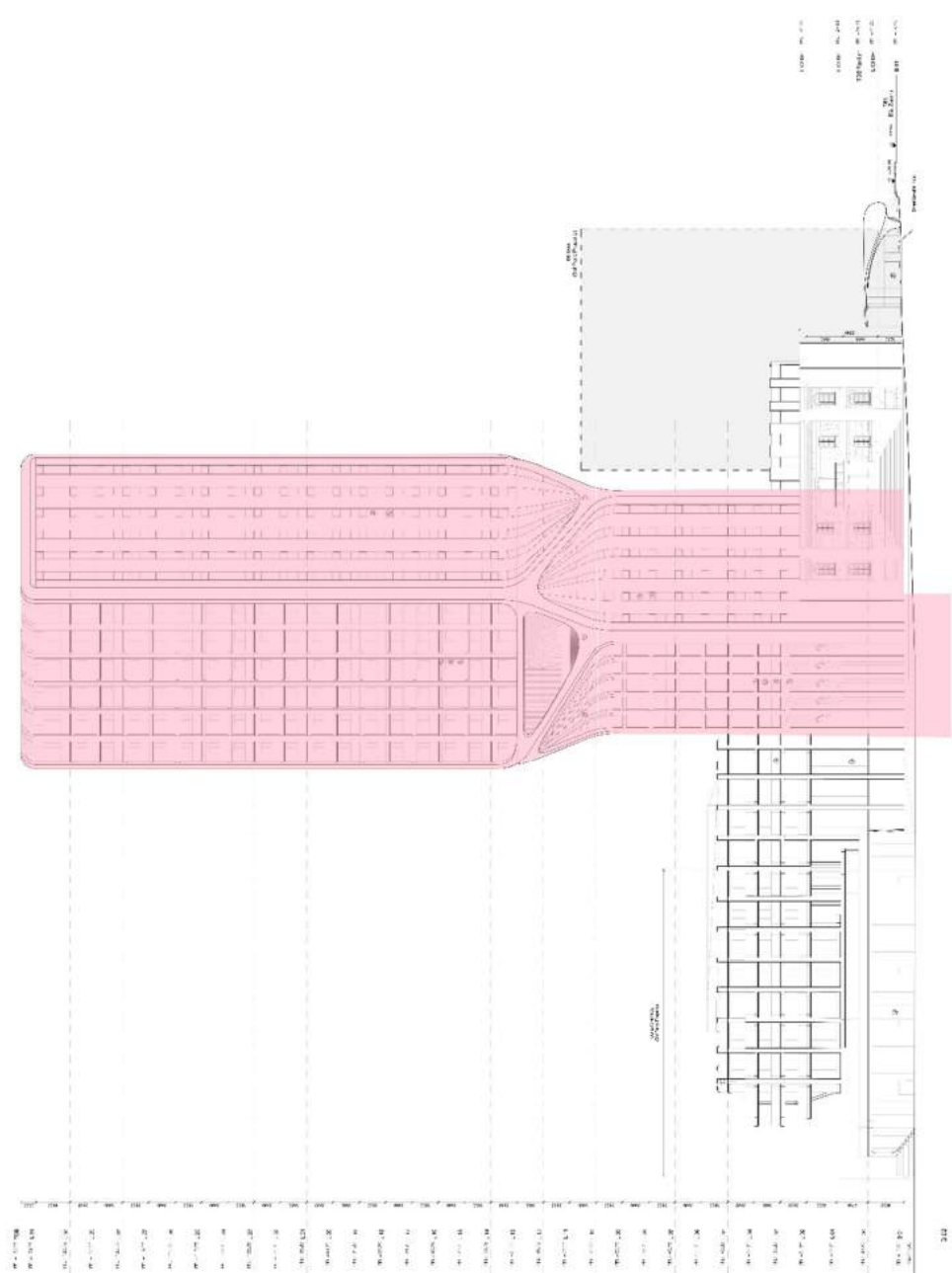
**TRIO SAN ANNE PROJECT**  
**Zaha Hadid Architects**

PROF. DR. SITI MARYAM AL-SHARAH  
 MANAGING DIRECTOR  
 110000, KUALA LUMPUR, MALAYSIA  
 TEL: +603 9240 8800  
 FAX: +603 9240 8801  
 WWW.ZHAHA.COM

ARCHITECTS: Zaha Hadid Architects  
 110000, KUALA LUMPUR, MALAYSIA  
 TEL: +603 9240 8800  
 FAX: +603 9240 8801  
 WWW.ZHAHA.COM

PROJECT NO. 01-200801  
 110000, KUALA LUMPUR, MALAYSIA  
 TEL: +603 9240 8800  
 FAX: +603 9240 8801  
 WWW.ZHAHA.COM

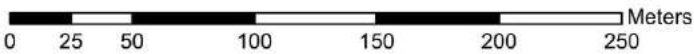
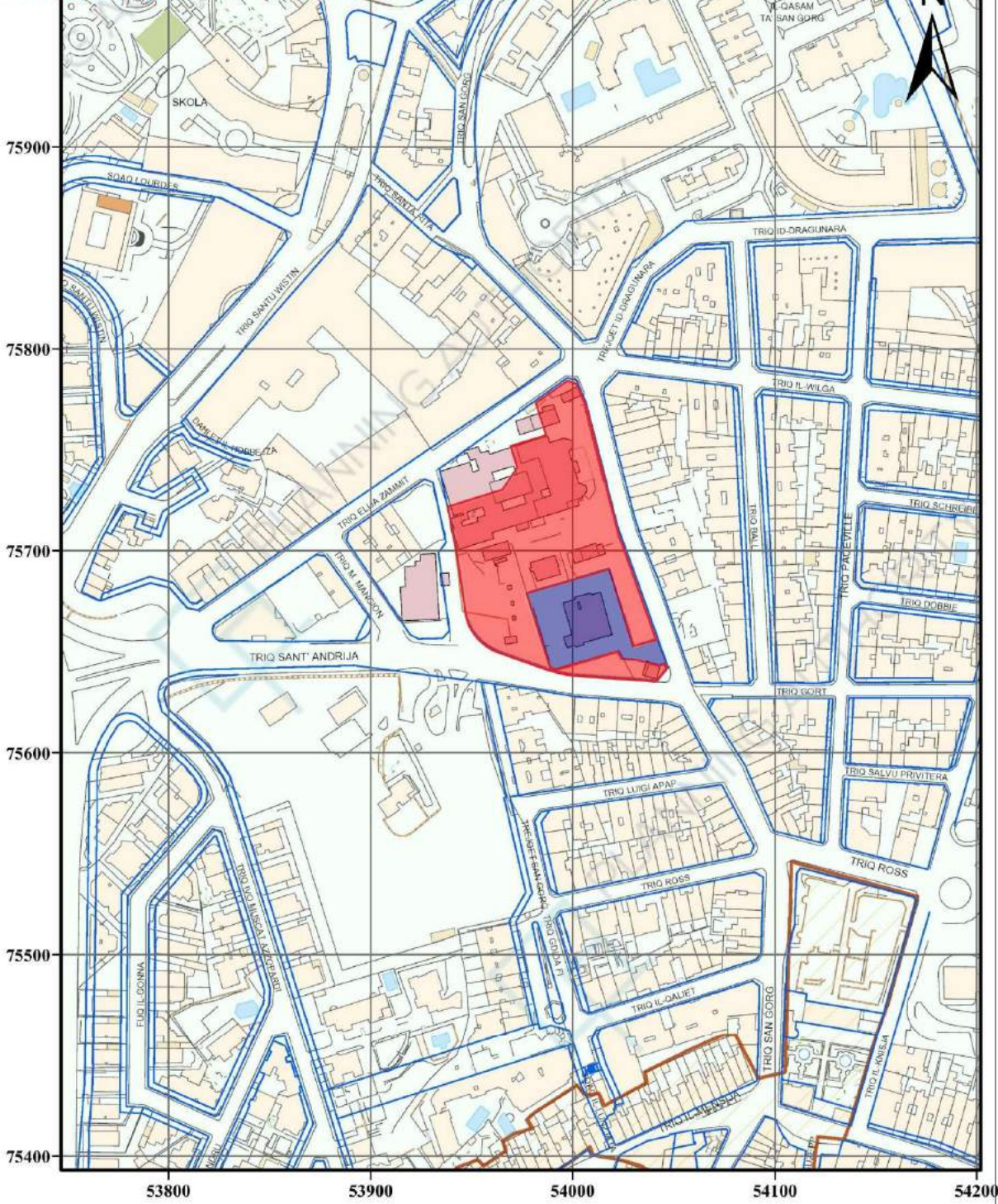
- 1. GENERAL COMMENTS
- 2. DESIGN AND CONSTRUCTION
- 3. MATERIALS AND FINISHES
- 4. STRUCTURAL AND CIVIL ENGINEERING
- 5. ELECTRICAL AND MECHANICAL
- 6. SANITARY AND PLUMBING
- 7. LANDSCAPE ARCHITECTURE
- 8. INTERIORS
- 9. EXTERIORS
- 10. SPECIAL SERVICES
- 11. SECURITY AND ACCESS CONTROL
- 12. SUSTAINABILITY AND GREEN BUILDING
- 13. COMMUNITY AND SOCIAL RESPONSIBILITY
- 14. LEGAL AND REGULATORY
- 15. OPERATIONAL



**Siteplan**  
(\*1a Siteplan)

PA/06955/17 - 1a - Valid,  
Recommended for Approval  
Planning Board - Approved - Anna Maria Attard Montalto (Perit) - 27/3/18 11:16:27 AM

1a



1:2,500 Date Printed: 11/04/2017

Public Geoserver

Compiled and published by the Mapping Unit, Planning Authority ©PA.  
Reproduction in whole or in part by any means is prohibited without the prior permission of the Mapping unit.  
Data Captured from: 1998, 1994, 1998, 2004 & 2008 aerial photography and updates from 2012 orthophotos.  
Truncated U.T.M. Coordinates. Levelling Datum M.S.L. (Mean sea level). Contours when shown are at 2.5m vertical interval. Not to be used for interpretation or scaling of scheme alignments  
Copyright © PA - Planning Authority. Not for resale

 **PLANNING AUTHORITY**  
St Francis Ravelin, Floriana.  
Tel: +356 2290 0000, Fax: +356 2290 2295  
www.pa.org.mt, mappingshop@pa.org.mt

ANNEX I –ARCHITECT’S VALUATION REPORT

The Board of Directors  
Mercury Towers Ltd  
1400 Block 14  
Portomaso  
St. Julians

Office:  
"The Cliff" Mons P. Pace Street  
Victoria, VCT 2504  
Gozo, Malta  
Tel: 21 551963 / 99497827  
E-mail: [evella.perit@gmail.com](mailto:evella.perit@gmail.com)

Date: 15<sup>th</sup> February 2019

**Valuation Report – IMMOVABLE PROPERTY SITUATED AT MERCURY HOUSE SITE, TRIQ SAN GORG SAN GILJAN MALTA**

**1.0 INTRODUCTION**

---

1.1 In accordance with your instructions, the undersigned in the capacity of a warranted architect and civil engineer has carried out a valuation of an immovable property, located at Mercury House Site, Triq San Gorg San Giljan Malta, and as further described in section 6.0 below (the "Property"). The detailed valuation report which includes the value of the Property, is submitted herewith. The effective date of the valuation is the 31<sup>st</sup> January 2019.

**2.0 PURPOSE OF VALUATION**

---

2.1 It is understood that the purpose of the valuation is for inclusion with the Prospectus, to be published in connection with a proposed Public Bond issue by Mercury Projects Finance plc, hereinafter also referred to as "MPFL", in accordance with the Listing Rules published by the Malta Financial Services Authority. The valuation has been prepared in accordance with Chapter 7 Section 7.5 '*Valuations of Property in course of Development*' of the said Listing Rules, and with the disclosure requirements related to property Companies seeking listing on the Malta Stock Exchange. The following Listing Rules found in Chapter 7 Sections 7.6, 7.7, 7.8, 7.9 and 7.10 are not applicable.

I understand that my express consent will be needed in writing for this report, or parts thereof, to be included in the Prospectus of the MPFL public offer.

2.2 The valuation has been carried out by the undersigned, as an external and independent valuer in terms of, and with regard given to, the RICS Valuation and Professional Standards Manual.

As a non-RICS regulated member of a firm over which RICS cannot exert control, the undersigned declares that in preparing this valuation the undersigned has complied with the RICS valuation standards and guidelines.

2.3 The undersigned declares that he has visited the site at Mercury House given that this property is currently under construction. This visit was intended to better understand the characteristics and qualities of the Property and its surroundings, to evaluate the construction being carried out and to establish what could influence the values of the Property, and to confirm their current uses.

2.3.1 The Property was inspected by the undersigned on the 15<sup>th</sup> January 2019.

2.4 This valuation has been prepared solely for the above mentioned purpose and is not suitable for any other use. In accordance with standard practice, neither the whole, nor any part of this valuation, nor any reference thereto, may be included in any document published without the prior written approval of the undersigned for the context in which it may appear.



## **2.5 LIMITATION OF LIABILITY**

The undersigned has performed his work in accordance with applicable professional standards and accepted practice for this type of engagement. His duties in relation to this work are owed solely to Mercury Towers Ltd, hereinafter referred to as "MTL" and accordingly he does not accept any responsibility for loss occasioned to any third party acting or refraining from action as a result of the present report.

## **3.0 DECLARATION OF INDEPENDENCE**

---

- 3.1 The undersigned declares that he has not been involved in any project related to the Mercury House Site.
- 3.2 The undersigned confirms his status as an external independent valuer, without any financial interest in MTL.

## **4.0 BASIS OF VALUATION**

---

- 4.1 The valuation is based on the Open Market Value which provides the same result as Market Value as defined in the RICS Valuation Standards, namely *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion"*.

This basis of value describes an exchange between parties that are unconnected and operating fully in the market place and ignores any price distortion by special value or synergistic value.

The valuation of the Property is based on open market value for existing and proposed use in terms of section 7.5 of the Listing Rules for properties in the course of development, issued by the Listing Authority.

The valuation of the Property is based on comparisons of recent sales transactions involving comparable properties in Malta, together with the experience of the undersigned in such valuations, and analysis of data available on the property market.

## **5.0 SUBJECT OF VALUATION**

---

The Property included in this valuation comprises of various properties forming part of the Mercury Towers Project as described in section 6.0 below.

- 5.1 The information contained in the Appendices referred to below, relates to the Property valued herein, and has been made available from the owners and is available for inspection at the registered office 1400 Block 14 Portomaso St. Julians.

### **Appendix 1**

- 1.1 Site Plan indicating the location of these properties
- 1.2 Copy of the full development permit
- 1.3 3D renders of the Mercury Towers Project
- 1.4 Photographs

## 5.2 *Assumptions*

An assumption can be defined as a supposition taken to be true. Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that by agreement need not be verified by a valuer as part of the valuation process. In undertaking my valuation, certain assumptions were made and reliance was made on certain sources of information. The undersigned believes that the assumptions made are reasonable taking into account the personal knowledge of the Property and the contents of reports and other information made available. However in the event that any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, then my valuation conclusion may also be incorrect or invalid.

With reference to my valuation I have made the following assumptions in the preparation of my Report:

- The property is not contaminated and no contaminative or potentially contaminative uses has ever been carried out on it; there are no abnormal ground conditions, nor archaeological remains present, other than noted in the report, which might adversely affect the present or future occupation, development or value of the Property;
- This valuation is based solely on visual observations made during the inspections and does not consider hidden defects in the ground;
- The valuation does not reflect any liability to tax, stamp duty and any other transaction costs arising on the disposal or acquisition of the Property;
- The valuation considers research results in the property markets showing that;
  - (i) the value for residential property in Malta is increasing at a rate of 14% per annum (Global Property Guide); and
  - (ii) buildings designed by Pritzker Prize winners, in this case Zaha Hadid Architects, tend to have positive lasting revenue. In Manhattan, for instance, buyers spend 24.5% more to live in buildings designed by starchitects<sup>5</sup>. Such projects tend to have positive economic effects, for example, expansion of tourism and cultural programs<sup>6</sup>.

The properties under review are currently under construction. Construction works commenced in December 2016. It is envisaged that the construction be completed by June 2019.

All measurements and areas quoted in my report are approximate.

## 5.3 *Sources of Information*

I have relied on the following information provided to me by Mercury Towers Ltd; management or their advisors or which was otherwise in the public domain:

- The purchase agreement entered into with respect to the property under review;
- Drawings of technical plans for the property;
- Existing full development permits.

Section 7.5 of the Listing Rules for Property Companies is being adhered to.

---

<sup>5</sup> Strum 03.06.2018

<sup>6</sup> TUM 12.02.2018

## 6.0 MERCURY HOUSE SITE

---

### 6.1 Property Address:

Mercury House,  
Triq San Gorg  
St. Julians

- 6.2 The Mercury House site consists of a plot of land measuring approximately seven thousand seven hundred and one square meters (7,701.80sq.m.) bound to the North in part by Elija Zammit Street and in part by property of Fim Property Investments Ltd., on the East by St. George's Street, on the South in part by property of Malta Properties Company Ltd and in part by St. Andrews Street and on the West by an alley in St. Andrews Street (Fig 1).

This property includes two Grade 2 buildings, namely Mercury House a 19<sup>th</sup> Century villa constructed on two floors and a basement and the underground cold war vaults (Fig 2). Both structures are in the process of being restored and rehabilitated and will form an integral part of the development of the site.



Figure 1: Site location map



Figure 2: Location of Mercury House & Vaults

### 6.3 Description of Surroundings

The site is located at one of the main gateways into Paceville. Paceville is Malta's main entertainment area, known for its diverse nightlife, restaurants, casinos and luxurious 5\* tourist accommodation and residential complexes.

Paceville origins date back to the early 1920's when a few summer houses were built in the area stretching from the 18<sup>th</sup> Century Palazzo Spinola to St. Julian's Bay waterfront. These houses were mainly frequented by inhabitants of Valletta.

With the socio-economic growth which Malta experienced from the 1960s onwards, in particular tourism, the area has transformed into Malta's main tourism and entertainment hub. The demand for property in this area remains high.

## 7.0 PLANNING HISTORY

Mercury House site originally formed part of the Pender Place project until it was separately sold to third parties. The site is covered by a number of building permits. The latest permit PA 6955/17 refers to the development subject of this report. A full set of approved drawings and documents can be found in Annex 1. This permit supersedes the other permits issued on the same site. Table 1 presents the approved development permits issued on the Mercury House site to date.

**Table 1:** List of Development Permit

Application No.	Type of Application	Project Description	Issue Date
PA 5804/05	Outline Development	Development at Pender Place & Mercury House Sites as per development brief included in the CFO issued by the Malta Government Investments Limited.	06.03.07
PA 2036/06	Full Development	To demolish building at Mercury House site except for Mercury House and to level the surface to accommodate a temporary car park until the completion of the public car park at Pender site.	06.03.07
PA 6325/07	Full Development	To excavate Mercury House site as approved in the outline permit PA 5804/05.	01.03.09
PA 6042/08	Full Development	It is proposed to construct underground parking and commercial areas at level -1 and below, and commercial areas and office space at level 0 and above at the Mercury House site. This includes the transfer of floor space from Pender Place comprising of 3,501 square metres of commercial floor space from level -1 at Pender Place site to level -1 at Mercury House site, and the transfer of 6,458 square metres from Pender Place site from level 0 upwards, to Mercury House site above level 0. Restoration and alteration works Mercury House and Cold War rooms shall also be carried out.	23.03.12
PA 0660/17	Full Development	To renew PA 06042/08.	28.02.17
PA 5932/17	Full Development	To amend approved basement layouts and to carry out minor extensions to same.	23.09.17
PA 6955/17	Full Development	Amendments to PA6042/08 (renewed by PA660/17) comprising redesign of the iconic building concept to induce an elegant and contemporary architectural statement. The proposed amendments consist of reorganisation of already approved land uses within the new concept and introduce residential and tourist accommodation. Amendments to the building footprint and height to achieve a coherent and unified urban design combined with a balanced layout of the building and increased public open space at ground floor level. Proposal also includes the alterations to the underground parking layout. Restoration of Mercury House. Introduce a new access to the underground 'cold war vaults'.	02.02.18

### 7.1 *The Planning Policies and a Vision for Paceville*

The Planning parameters governing PA 6955/17 follow current planning policies and the government's vision for Paceville. The 'Strategic Plan for Environment and Development 2015', (SPED), aims to significantly increase prosperity across Malta. A key aim is to develop a network of economically dynamic and high

quality livable urban hubs (SPED 2015).

Paceville has been identified as one of these key hubs and a new vision has been set out aiming at:

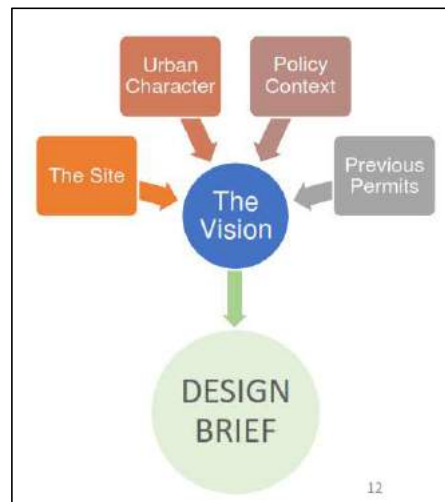
- *Transforming Paceville into a high quality, accessible, managed business hub where top-end business uses would seek to locate and the discerning visitor, both local and foreign, both for short visits or longer stays, would enjoy;*
- *Encouraging and facilitating large scale, compatible urban regeneration projects oriented towards the generation of employment with particular focus on tourism;*
- *A new urban skyline will be created through the development of a cluster of tall buildings with iconic architecture, announcing the emergence of this business hub as a symbol of the improved image of Paceville and the leap in quality Malta is aiming to achieve;*
- *Public and Private sector initiatives that will commit significant investment in improved and upgraded infrastructure, especially transport infrastructure, and in the public realm co-ordinated by a management agency specifically set up for this purpose; and*
- *Protection of environmental assets of unique cultural and natural importance.*

*To support this vision Paceville and its immediate surroundings are being designated as the Paceville Business Hub Urban Regeneration Priority Area.*

(Paceville Development Framework Sept 2017)

## 7.2 **Project Objectives and Project Parameters**

The development brief for the project was developed based on a detailed SWOT analysis of the site and its surrounding in the context of current planning policies and the government's vision for the area.



**Figure 4:** The Thought Process

The project objectives were listed as the need to:

- Create a memorable arrival point
- Provide a sense of identity and place
- Adaptive-reuse of cultural heritage buildings
- Introduce value architecture
- Provide quality environment and Public Realm
- Activate the Site throughout the day

Based on these objectives, the vision for the project is to create a high quality landmark development through a combination of residential, retail, parking, hotel and substantial public open space that will upgrade the amenity and contribute to the public realm of Paceville.

World renowned architects Zaha Hadid Architects (ZHA) were entrusted with the design of the project. The approach provided by ZHA is that of the provision of an iconic building to create a clear visual identity and sense of place for the site. Thus bringing positive changes to the site and its surroundings, which changes include;

- The creation of an iconic gateway to Paceville, enabling multipath pedestrian access from key public transport nodes;
- The creation of three key spaces that add to the public realm, specifically an area between Fimbank and the signature tower, a plaza to the east of the site, a pavilion and accompanying open space at the major urban axis of Paceville;
- To provide adjacent value that will catalyse improvements in the shared streetscapes and the surroundings;
- To introduce a vertical iconic aesthetic form to the urban grain;
- To provide a quality and quantitative residential component that catalyses a growth in the economic vitality that complements the current recreational dominance in the area.

### **7.3 The Project**

The project comprises a 31 storey residential tower, a 5 storey podium including a hotel, a new pavilion to the North of Mercury House, as well as food and retail spaces located around the public areas (Figure: 07).

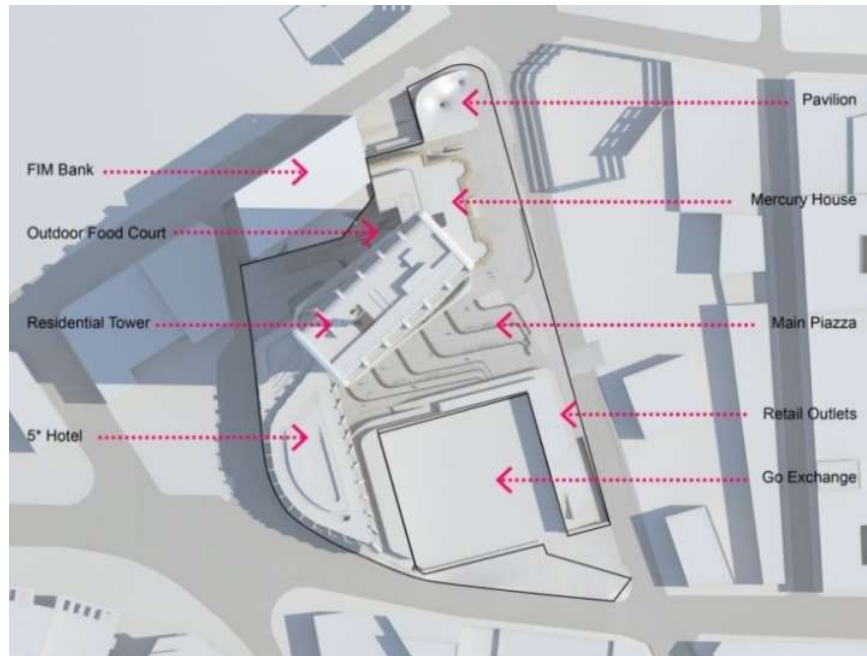
The proposal includes large public spaces around Mercury House that provide visual and pedestrian permeability to all streets neighbouring the site. The central piazza provides the focal public space, diagonally connecting Triq San Gorg and Triq Sant Andrija (opposite Pender Gardens). The piazza is shielded from the main vehicular traffic around the site. It includes a level change addressed by generous external stairs under the podium, along with an accessible route provided via a lift in the North West corner of Go Exchange.



**Figure 5:** Day Render of Project



**Figure 6:** The Public Realm



**Figure 7:** Project Block Plan

The tower is conceptualized as two stacked volumes with the upper part rotated in plan from the lower part. This results in a twist transitioning between floor levels 10 and 12. Both lower and upper blocks contain apartments, whilst the twist accommodates communal areas and amenities, including a pool overlooking the newly created piazza next to Mercury House (Figure: 8).



**Figure 8:** Indoor Pool located in the Twist Level 11

The hotel is located in the podium with its main entry through the imposing façade of Mercury House. Communal and public areas of the hotel are located on the lower two levels of the tower.



Two pools are located in the podium roof; one for the hotel guests (4<sup>th</sup> floor) and another for the tower residents (5<sup>th</sup> floor) (Figure: 9).

Below street level the proposed development provides a number of floors of Parking in the lower basements. The Basements include utility and back of house facilities. The protected underground vaults will have dedicated access via two lifts.



**Figure 9:** Aerial View of Project

The NE corner of the site is adjacent to a side façade of Mercury House. The proposal includes a pavilion with soft curves that accentuate the visual contrast with Mercury House. The Pavilion is located at the main Piazza level with pedestrian access to the main urban axis of Paceville (Figure: 10).



**Figure 10:** Pavilion

#### **7.4** *Approved Uses and Schedule of Areas*

The approved schedule of areas for this development is shown in the Table 2 below. The areas are divided according to the use and location. The table subdivides the areas into levels; ground level and above in St Andrews Street (L0), and the piazza level (L -01) and basements which are totally underground.

The project consists of the following components:

- The residential units
- The hotel amenities and guest rooms
- The retail outlets
- The car park
- The pavilion
- The back of house and plant rooms

**Table 2: Approved Schedule of Areas**

**MERCURY TOWER PROJECT**

**Schedule of Areas**

Floor	TOWER		PODIUM				MERCURY HOUSE				NE PAVILLION			
	Programme	Area	Programme	Area	Programme	Area	Programme	Area	Programme	Area	Programme	Area		
L51	Roof													
L50	Service Apt	908												
L 29	Service Apt	908												
L 28	Service Apt	908												
L 27	Service Apt	908												
L 26	Service Apt	908												
L 25	Service Apt	908												
L 24	Service Apt	908												
L 23	Service Apt	908												
L 22	Service Apt	908												
L 21	Service Apt	908												
L 20	Service Apt	908												
L 19	Service Apt	908												
L 18	Service Apt	908												
L 17	Service Apt	908												
L 16	Service Apt	908												
L 15	Service Apt	908												
L 14	Service Apt	908												
L 13	Service Apt	908												
L 12	Service Floor	874												
L 11	Amenity Floor	820												
L 10	Service Floor	820												
L 9	Service Apt	791												
L 8	Service Apt	791												
L 7	Service Apt	791												
L 6	Service Apt	791												
L 5	Service Apt	791												
L 4	Service Apt	799						PDM Hotel	721					
L 3	Service Apt	799	MEP	284				PDM Hotel	783					
L 2	Hotel	506						PDM Hotel	1,068	NH Hotel	186	NH Hotel	287	
L 1	Hotel	442	Retail	356				PDM Hotel	385	NH Hotel	412	NH Hotel	485	
L 0	Hotel	175	Retail	966	Open Covered	307		PDM Hotel	523	NH Hotel	426	NH Hotel	426	
L -1			Retail	1,078	Open Covered	360		PDM Hotel	303	NH Hotel	395		NF Pavilion	330
L -2	BOH Support Services	9,154								Equipment Rm	300	Multi-purpose	208	
L -3	Car Park	4,463								BOH Support	300	Hall	558	
L -4	Car Park	4,463								Car Park	300	Car Park	350	
L -5	Car Park	4,463								Car Park	300	Car Park	350	
L -6	Car Park	4,463								Car Park	300	Car Park	350	
L -7	Reservoir													

CURRENT PROGRAM AREAS (m2) Above Ground Level		Tower	Podium	Mercury H	TOTAL	
	Serviced Apartments	21,874			21,874	
	Retail above ground level		1,222		1,222	
	<b>Total GFA</b>	<b>21,874</b>	<b>1,222</b>	<b>0</b>	<b>23,096</b>	
	Hotel	1,964	3,060	2,283	7,307	
	<b>Total Developable area: GFA + Hotel area above ground</b>				<b>30,403</b>	
CURRENT PROGRAM AREAS (M2) below Ground Level (Lv. -01)		Tower	Podium	Mercury H	NE Pavillion	TOTAL
	Retail (below ground level)		1,978		130	2,108
	<b>Total GFA</b>	<b>0</b>	<b>1,978</b>	<b>0</b>	<b>130</b>	<b>2,108</b>
	Hotel (below ground level)			467		467
	<b>Total Developable area: GFA + Hotel area below ground</b>					<b>2,575</b>
Non-GFA areas below street level (basement)		Tower	Podium	Mercury H	NE Pavillion	TOTAL
	Multipurpose Hall				758	758
	Service Floor	1,700	284	600		2,584
	BOH	5,354				5,354
	CarPark	17,852		900	1,650	20,402
	<b>Total NON-GFA All programme below GF, and Service Floors above GF</b>					<b>29,098</b>
	<b>TOTAL BUILT AREA Excluding Balconies and Voids</b>					<b>62,076</b>
NUMBER OF UNITS (count)						
	Hotel Rooms					52
	Serviced Apartments					275
	Parking Spaces					417

The program areas are identified in accordance to their designated use which are colour coded for ease of reference.

Retail – **Orange**

Hotel – **Green**

Residential – **Purple**

Back of house and service areas – **Grey**

Car Park – **Yellow**

## 8.0 DATES AND TIMEFRAMES

8.1 The properties under review are currently under construction. Construction works on site commenced in December 2016. It is envisaged that the construction be completed by December 2019. The building will be finished and ready for habitation by September 2020. All works currently in hand are covered by the necessary building permits as required by law. Conditions of permits are strictly being adhered to. A copy of permit and conditions is attached to Annex 1.

A site inspection was held to assess the situation on site. The construction on the tower is progressing, with all underlying basements complete in shell form, staircases and cores are constructed up to Level 11 and roof slabs cast up to Level 8.

Works on the underground car-park below the Piazza levels are complete and currently the Piazza floor slab is being cast. No works have to date started on the construction of the podium.

## 9.0 PROPERTY VALUATION

---

The valuations of properties considered are those outlined in section 7.5.3, 7.5.4 and 7.5.5 of the “Listing Rules”. This valuation report is limited to the following specific properties:

- The residential floor at level 30 in the tower
- The restaurant at Level 01 in the tower
- The conference rooms at Level 02 in the tower
- The indoor pool, spa and lounge bar and amenities
- Mercury House-Restaurant and other facilities
- The Pavilion
- The Lock-up garages
- The Parking spaces
- The Retail Outlets at Level B01 in the Tower

**The serviced apartments** located in the tower are not included in this valuation since these have been sold and are owned by third parties.

A short description of the areas under consideration is being provided together with the estimated cost of construction and finish together with the capital and market values.

### 9.1 THE RESIDENTIAL COMPONENT

The area under review is located on the top floor of the tower i.e. level 30, 106 m above street level. The internal floor area measures approximately 908sq.m. and the external balconies measure 120sq.m. The space in question has a double height and is covered by a full development permit for the construction of 12 apartments. The apartments will enjoy open sea and country views.

#### 9.1.1 Cost of completion

The area subject to this valuation is still air-space and it is envisaged that it will be constructed in shell form by December 2019 and finished by June 2020. The cost for construction and finishes for this area is estimated at one point nine million Euros (**€1,900,000**).

#### 9.1.2 Capital Value

Present capital value of property in existing state for the proposed use on Open Market: six million, one hundred and sixty eight thousand Euros (**€6,168,000**)

#### 9.1.3 Market Value

The market value of this property on completion is estimated at eight million, seven hundred and thirty eight thousand Euros (**€8,738,000**).

## **9.2 THE RESTAURANT AND LOUNGE**

The restaurant is located at level 01 in the tower overlooking the main piazza. It is accessible through the main cores. The area is currently in shell form. The restaurant including the lounge area measuring approximately; 470 sq.m.

### **9.2.1 Cost of completion**

The areas subject to this valuation are in shell form. It is envisaged that they will be finished and in operation by September 2020. The cost of finishing this area is estimated at seven hundred and five thousand Euros (**€705,000**).

### **9.2.2 Capital Value**

Present capital value of property in existing state for the proposed use on Open Market: one million eight hundred and eighty thousand Euros (**€1,880,000**).

### **9.2.3 Market Value**

The market value of this property on completion is estimated at two million eight hundred and twenty thousand Euros (**€2,820,000**).

## **9.3 THE CONFERENCE HALL AND MEETING ROOMS**

The conference area and meeting rooms are located at level 02 in the tower and are accessible from the main cores and Mercury House. The area is currently in shell form. The conference room and meeting spaces including the ancillary facilities cover a floor area of approximately 498sq.m.

### **9.3.1 Cost of completion**

The areas subject to this valuation are in shell form. It is envisaged that they will be finished and in operation by September 2020. The cost of finishing this area is estimated at six hundred thousand Euros (**€600,000**).

### **9.3.2 Capital Value**

Present capital value of property in existing state for the proposed use on Open Market: two million two hundred and forty one thousand Euros (**€2,241,000**).

### **9.3.3 Market Value**

The market value of this property on completion is estimated at; three million and eighty seven thousand Euros (**€3,087,000**).

#### **9.4 THE INDOOR POOL SPA AND LOUNGE BAR**

Level 11 of the tower is occupied by an indoor pool, the spa and a lounge bar covering an area of approximately 770sq.m. This space has not yet been constructed except for the cores but should be built in shell form by March/April 2019.

##### **9.4.1 Cost of completion**

The areas subject to this valuation is still air-space. It is envisaged that this space is fully constructed finished and in operation by September 2020. The cost to construct and finish this area is estimated at two point one million Euros (**€2,100,000**).

##### **9.4.2 Capital Value**

Present capital value of property in existing state for the proposed use on Open Market: three million four hundred and sixty five thousand Euros (**€3,465,000**).

##### **9.4.3 Market Value**

The market value of this property on completion is estimated at four million seven hundred and seventy four thousand Euros (**€4,774,000**).

#### **9.5 MERCURY HOUSE**

Mercury House is a scheduled Grade 2 heritage building. This property is a 19<sup>th</sup> century building. It is being proposed that this property be refurbished and will form an integral part of the Mercury Towers Project. Mercury House is designed as the hub of the project providing a lounge, meeting points and a café and signature restaurant. Mercury House is organized on three floors, levels B01 piazza levels, levels 00 and level 01 and level 02. It is accessible from Triq San Gorg through an imposing staircase and the tower.

This villa will be extended to cater for today's commodities and uses. The complex will have a cumulative area of approximately 2,523 sq.m. and a building footprint including the entrance staircase of approximately 854sq.m.

##### **9.5.1 Cost of Completion**

Refurbishment on Mercury House are currently taking place, whilst structural works should be complete by June 2019 and finished by June 2020. The cost to refurbish and finish this area is estimated at four million, and ninety seven thousand Euros (**€4,097,000**).

##### **9.5.2 Capital Value**

Present capital value of property in existing state for the proposed use on Open Market: twelve million one hundred and ten Euros (**€12,110,000**).

##### **9.5.3 Market Value**

The market value of this property on completion is estimated at seventeen million, one hundred and fifty six thousand Euros (**€17,156,000**).

## 9.6 THE PAVILION

The Pavilion is located on the North corner of site, between Triq Elija Zammit and Triq San Gorg. It is located in the main entertainment hub of Paceville. The Pavilion is organised on three levels. The pavilion structure is located at street level just off the main piazza in Paceville. The structure is one floor high and includes a café with indoor and outdoor seating space and an entrance to the underground multi-purpose entertainment space.

The multi-purpose space is organised on two floors (Figure 11) and includes the back of house which is serviced through the public car-park forming part of the Mercury Towers project.

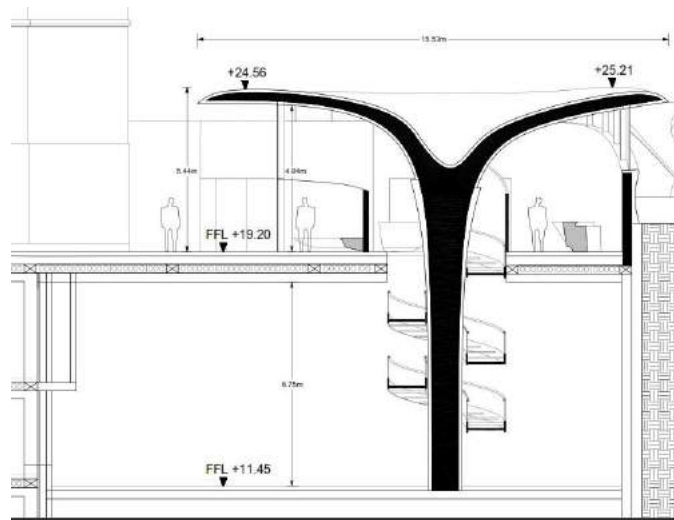


Figure 11: Section through the Pavilion

This property has a floor area of approximately one thousand and eighty square meters (1080sq.m.) including the outdoor space and is currently under construction.

### 9.6.1 Cost of Completion

It is envisaged that the Pavilion is constructed and finished and fit for operation by the end of September 2019. The cost to construct and finish this area is estimated at one million, four hundred and forty six thousand Euros (**€1,446,000**).

### 9.6.2 Capital Value

Present capital value of property in existing state for the proposed use on Open Market: four million eight hundred and sixty thousand Euros (**€4,860,000**).

### 9.6.3 Market Value

The market value of this property on completion is estimated at six million, six hundred and forty seven thousand and four hundred Euros (**€6,647,400**).



## **9.7 THE LOCK UP GARAGES**

The lock up garages are organised on three levels and located at basement levels 4, 5 and 6. These garages are accessed through a common driveway by car, and through an elevator and staircase from the North corner Piazza.

There are thirty nine (39) lock up garages, thirty three (33) of which are a one car garage and the remaining six garages can accommodate two cars each. The lock-up garages have been constructed and are semi-finished. The garages are expected to be fully functional by the end of May 2019.

### **9.7.1 Cost of Completion**

It is envisaged that the cost of completion of the garages as described above amounts to eighty five thousand Euros (**€85,000**).

### **9.7.2 Capital Value**

Present capital value of property in existing state for the proposed use on Open Market: one million five hundred and twenty four thousand Euros (**€1,524,000**).

### **9.7.3 Market Value**

The market value of this property on completion is estimated at one million, six hundred and ninety eight thousand Euros (**€1,698,000**).

## **9.8 CAR PARKING SPACES**

The parking spaces under review are organised on three levels; basement levels 4, 5 and 6. These spaces are accessed through a common driveway by car, and through an elevator and staircase from the North corner Piazza.

There are five spaces on each level in all they add up to 15 parking spaces. These spaces are fully constructed and currently being finished. The parking is expected to be in operation by the end of May 2019.

### **9.8.1 Cost of Completion**

It is envisaged that the cost of completion of these car parking spaces as described above amounts to fifteen thousand Euros (**€15,000**).

### **9.8.2 Capital Value**

Present capital value of property in existing state for the proposed use on Open Market: one Two hundred and seventy thousand Euros (**€270,000**).

### **9.8.3 Market Value**

The market value of this property on completion is estimated at three hundred and thirty thousand Euros (**€330,000**).

## **9.9 THE RETAIL OUTLETS AT LEVEL B01 IN THE TOWER**

The retail outlets in the tower are located at the piazza level and have frontage on the main piazza and outer food-court.

There are three outlets;

- B111 food and beverage outlet with an internal area of 95sq.m.
- B112 retail outlet with an internal area of 54sq.m.
- B113 cafeteria with an internal area of 65sq.m.

These outlets are currently in shell form. All outlets are covered by the necessary building permits.

### **9.9.1 Cost of Completion**

It is envisaged that the cost of completion amounts to two hundred and fifty six thousand eight hundred Euros (**€256,800**).

### **9.9.2 Capital Value**

Present capital value of property in existing state for the proposed use on Open Market: one million four hundred and fifty five thousand and two hundred Euros (**€1,455,200**).

### **9.9.3 Market Value**

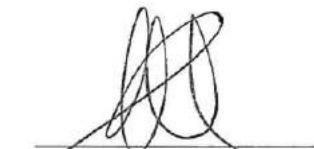
The market value of this property on completion is estimated at one million, eight hundred and nineteen thousand Euros (**€1,819,000**).

## 10.00 GENERAL

---

In carrying out this work the undersigned has relied on information from third parties and this information has been assumed to be true and correct. The undersigned has not sought to establish the reliability of this information. His reliance on, and the use of this information, should not be construed as an expression of his opinion on it except as, and to the extent that he may otherwise indicate in this report. The undersigned does not accept responsibility or liability for the impact on this analysis and conclusions of any inaccuracies in such information.

A significant degree of judgment is involved when selecting methods and basis for valuation and a significant number of items which may be subsequently considered when arriving at such valuations. It follows that valuations are not a prediction of price or a guarantee of value, and whilst the undersigned's valuation is one which is considered to be both reasonable and defensible, others may arrive at a different conclusion. The analysis set out in this document takes into account information known and made available to us up to the time of its preparation and is therefore current as to the report date.



**Perit Emanuel Vella**  
*Warrant No.: 143*

Mr. Joseph Portelli  
1400 Block 14  
Portomaso  
San Giljan STJ 4014

Date: 2 February 2018  
Our Ref: PA/06955/17

Application Number: PA/06955/17  
Application Type: Full development permission  
Date Received: 7 July 2017  
Approved Documents: PA 6955/17/1a: Site Plan  
PA 6955/17/65b: Basement B07  
PA 6955/17/117b: Basement B06  
PA 6955/17/117c: Basement B05  
PA 6955/17/117d: Basement B04  
PA 6955/17/117e: Basement B03  
PA 6955/17/117f: Basement B02  
PA 6955/17/117g: Basement B01  
PA 6955/17/117h: Level 00  
PA 6955/17/139b: Level 01  
PA 6955/17/139c: Level 02  
PA 6955/17/139d: Level 03  
PA 6955/17/139e: Level 04  
PA 6955/17/139f: Level 05  
PA 6955/17/139g: Levels 06-09  
PA 6955/17/117n: Level 10  
PA 6955/17/117o: Level 11  
PA 6955/17/117p: Level 12  
PA 6955/17/139h: Level 13  
PA 6955/17/139i: Level 14-16  
PA 6955/17/139j: Level 17-30  
PA 6955/17/1ap: Roof Plan  
PA 6955/17/1aq: Elevation 1  
PA 6955/17/1ar: Elevation 2  
PA 6955/17/1as: Elevation 3  
PA 6955/17/1at: Elevation 4  
PA 6955/17/1au: Section AA  
PA 6955/17/1av: Section BB  
PA 6955/17/1aw: Section CC  
PA 6955/17/1ax: Section DD; and supporting documents:  
  
PA 6955/17/5e-g/6a-c/136b: Restoration Method Statements  
PA 6955/17/166b/167b-e: Landscaping and Lighting Plan  
PA 6955/17/165a: Superintendent of Cultural Heritage  
PA 6955/17/71d-e: Energy, Utility and Storm Water Management  
Plan  
PA 6955/17/71f-g/106a/168a: Fire Safety and Ventilation Report

PA/06955/17

Print Date: 10/04/2018

PA 6955/17/104a: Malta Tourism Authority  
PA 6955/17/8a: Lands Authority  
PA 6955/17/94a: Transport Malta  
PA 6955/17/88a/143a: Civil Protection Department  
PA 6955/17/69a/105a: Regulator for Energy and Water Services

**Location:** Mercury House Project, Triq San Gorg, Triq Sant Andrija, Triq Elija Zammit and Triq Gdida fi, Triq Sant Andrija, San Giljan, Malta

**Proposal:** Amendments to PA6042/08 (renewed by PA660/17) comprising redesign of the iconic building concept to induce an elegant and contemporary architectural statement. The proposed amendments consist of reorganisation of already approved land uses within the new concept and introduce residential and tourist accommodation. Amendments to the building footprint and height to achieve a coherent and unified urban design combined with a balanced layout of the building and increased public open space at ground floor level. Proposal also includes the alterations to the underground parking layout. Restoration of Mercury House. Introduce a new access to the underground 'cold war vaults'.

### **Development Planning Act, 2016 Full Development Permission**

The Planning Authority hereby grants development permission in accordance with the application and documents described above, subject to the following conditions:

**1 Public Deed:**

The hotel development hereby being approved shall only be used for tourist accommodation and shall not be used for permanent residential occupation or any other use notwithstanding the provision of the Development Planning (Use Classes) Order, 2014, or any amendment or addition to these Orders. No unit within this hotel development may be issued with an individual compliance certificate by the Authority, nor may any such unit be individually serviced by a water or electricity meter by a national service provider. Development rights will be forfeited should the proposed use be other than that of a hotel.

This development permission is being granted subject to the satisfactory completion of a public deed consolidating a tri-partite legal agreement between the Planning Authority, the Malta Tourism Authority and the applicant, under the terms of Article 79 of the Development Planning Act, 2016 to ensure that the above mentioned condition and any conditions imposed by the Malta Tourism Authority are complied with. This deed shall be completed prior to the commencement of works on site and within three (3) months of the issue of this development permission. The Public Registry shall be notified with a copy of this deed.

**2 Planning Gain:**

This permission is subject to a planning gain of EUR50,000 which is to be deposited in the Artistic Fund administered by the Arts Council, Malta, for the creation of works of art for public open spaces by Maltese artists.

3 **Bank Guarantee:**

This development permission is subject to a bank guarantee to the value of EUR232,948.60 to ensure compliance with the permit conditions. The total amount of the guarantee shall be released to the applicant only after completion of the development hereby approved and upon confirmation by the Planning Authority that the requirement of this condition has been complied with in full. If this condition is not complied with, then the total amount of the bank guarantee shall be forfeited. Its forfeiture would not, however, preclude the Authority from taking any action to ensure that the conditions of this permission are adhered to and the approved drawings/documents are complied with.

***The site subject to this development permission shall be released from the Bank Guarantee to the value of EUR232,948.60 imposed in condition 2 of Permit PA 6042/08.***

4 **Construction Site Regulations:**

This permission is subject to a Bank Guarantee to the value of EUR20, 732.55 to ensure that the street is properly restored in accordance with the Environmental Management Construction Site Regulations, 2007 (Legal Notice 295 of 2007). The bank guarantee shall only be released after the permit submits a post-construction condition report together with photographs evidencing compliance with this condition, accompanied by clearance from the Local Council. The clearance from the Local Council is to be endorsed by the Mayor and the Executive Secretary of the Local Council. This guarantee shall be forfeited if, after 3 months from the date of notification by the Authority of a notice to effect the remedial works, these are not carried out. Its forfeiture shall not, however, preclude the applicant from adhering to all the conditions contained in this development permission.

5 **Heritage Considerations:**

a) The conditions imposed and enforced by the Superintendent of Cultural Heritage are at supporting document PA 6955/17/165a. The architect/applicant is required to contact the Superintendent of Cultural Heritage throughout the implementation of the development hereby approved, to ensure conformity with the imposed conditions. A copy of the relative correspondence / clearance shall be submitted to the Planning Authority accordingly.

b) The Restoration Method Statements hereby being approved as supporting documents PA 6955/17/5e-g/6a-c/136b are subject to a clearance from the Heritage Planning Unit (HPU) within the Planning Authority to ensure that restoration works and monitoring are carried out in accordance with any conditions imposed by them. These documents can be amended by the Planning Authority at any time should this be deemed necessary.

6 **Construction Management Plan and Monitoring Programme:**

Prior to the commencement of any works on site, a Construction Management Plan and Monitoring Programme shall be submitted and approved by the Planning Authority.

The Construction Management Plan shall show: all construction access points; storage areas for materials and plant; a construction programme, including details of the timing and phasing of the development, how demolition, excavation and development is to be

programme carried out; protection measures for retained buildings, structures and landscapes; protection measures for the safety of pedestrians/vehicles; the location of disposal sites for material from demolition and excavation, and the means and routing of transport to disposal sites; a traffic management scheme for the area affected by the development and the construction traffic, and; works monitoring programme to address noise levels and any other issues as considered appropriate by the Planning Authority.

The Monitoring Programme shall identify the monitoring required by this permit, including the frequencies of monitoring and any baseline studies that may be required. The programme shall also identify the threshold limits beyond which works may be halted due to unacceptable environmental impacts. Specialist consultants for each aspect of specific monitoring requirements shall also be identified and submitted for approval by the Planning Authority. The applicant shall nominate for approval by the Planning Authority an Operations and Monitoring Management Team (OMMT) which shall have the necessary expertise to ensure that the monitoring programme is fully implemented and that the specialist consultants are present on site when required by the Monitoring Programme. The OMMT and specialist monitors required by the monitoring programme and these permit conditions shall be engaged at the expense of the applicant who shall provide a suitably equipped site office for their use. The OMMT shall ensure that the applicant carries out all works in accordance with all permit condition, drawings and other documents including the Construction Management Plan. The OMMT shall notify the Planning Authority immediately of any breach and shall consult the Planning Authority and the applicant on any remedial measures to be taken.

**No works shall be carried out on site prior to the written approval of the above.**

**7 Underground Vaults:**

The re-use scheme for the underground vaults still require approval from the Planning Authority and shall be subject to a separate application.

**8 Environmental Registration**

The proposed development qualifies for an Environmental Registration with the Environmental and Resources Authority's Environmental Permitting and Industry Unit. Hence the applicant / architect is required to contact the Environment and Resources Authority to initiate and/or update the Environmental Registration process. No operations shall commence on site prior to the approval of the Environmental Registration Application.

**9 Conditions Imposed by other entities:**

The architect/applicant is required to contact the following entities throughout the implementation of the development hereby approved, to ensure conformity with the imposed conditions. A copy of the relative correspondence / clearance shall be submitted to the Planning Authority accordingly.

a) The conditions imposed and enforced by the Malta Tourism Authority are at supporting document PA 6955/17/104a.

b) The conditions imposed and enforced by the Transport Malta are at supporting

document PA 6955/17/94a.

c) The conditions imposed and enforced by the Civil Protection Department are at supporting document PA 6955/17/88a/143a.

d) The conditions imposed and enforced by the Regulator for Energy and Water Services are at supporting document PA 6955/17/69a/105a.

e) The conditions imposed and enforced by the Lands Authority are at supporting document PA 6955/17/8a.

10 **Final Compliance Certificate:**

The development hereby permitted shall be subject to Final Compliance (Completion) Certification, verifying that the development has been carried out in full accordance with the approved drawings, documents and conditions imposed in this development permission, except where such conditions are enforced by other entities. Prior to the issue of any compliance certificate on any part of this development, the applicant shall submit to the Planning Authority, in relation to that part of the building:

(i) clearance from the Commission for the Rights of Persons with Disability verifying that the development fully satisfies the accessibility standards and/or any conditions imposed by them.

*Note: Should a partial compliance certificate be requested, a Bank Guarantee of EUR50,000 shall apply to ensure that CRPD clearance is obtained.*

(ii) certification from a qualified engineer confirming that the development fully satisfies the requirements specified in supporting document PA 6955/17/71f-g/106a/168a;

(iii) clearance from the Civil Protection Department verifying that the development fully satisfies any conditions imposed by them in supporting document PA 6955/17/88a/143a.

11 **Standard Conditions:**

a) This development permission is valid for a period of FIVE YEARS from the date of publication of the decision in the press but will cease to be valid if the development is not completed by the end of this validity period.

b) This permission relates only to the development as specifically indicated on the approved drawings. This permission does not sanction any other illegal development that may exist on the site.

c) Copies of all approved drawings and documents shall be available for inspection on site by Planning Authority officers at all reasonable times.

d) The development shall be carried out in complete accordance with the approved drawings, documents and conditions of this permission. Where a matter is not specified, then the conditions of this permission and of Development Control Design Policy, Guidance and Standards 2015 shall apply.

e) Before any part of the development hereby permitted commences, the enclosed green



copy of this development permission shall be displayed on the site. This must be mounted on a notice board, suitably protected from the weather and located not more than 2 metres above ground level at a point on the site boundary where it is clearly visible and can be easily read from the street. The copy of the permission must be maintained in a good condition and it shall remain displayed on the site until the works are completed.

f) A Commencement Notice is to be submitted to the Planning Authority, by the permit holder on behalf of the applicant, at least FIVE DAYS prior to the date of commencement of works or utilisation of the permission. Failure to submit the Commencement Notice (with all fields correctly completed) or failure to submit it within the required timeframe shall invalidate the Notice and shall result in the imposition of fines according to Schedule D of Legal Notice 277 of 2012, or its amendments, or its replacements. In addition, **if the applicant fails to submit the Commencement Notice or the Commencement Notice submitted is invalid, the relative permission shall be considered as never having been utilised** - Article 72(4) of the Development Planning Act (2016).

g) All building works shall be erected in accordance with the official alignment and official/existing finished road levels as set out on site by the Planning Authority's Land Surveyor. The Setting Out Request Notice must be submitted to the Land Survey Unit of the Planning Authority when the setting out of the alignment and levels is required.

h) Where an officially schemed street, within the development zone, bordering the site is unopened or unformed, it shall be opened up and brought up to its proper, approved and official formation levels prior to the commencement of any development hereby being permitted.

i) It is the responsibility of the permit holder to ensure that development is carried out in accordance with the provisions of the Environmental Management Construction Site Regulations, Legal Notice 295 of 2007 (or subsequent amendments). Any hoarding shall be erected in accordance with Schedule 2 of the same Regulations.

j) New development on vacant or redeveloped sites shall be provided with a water cistern to store rainwater run-off as required by the Energy Performance of Buildings Regulations (2012) [published through Legal Notice 376 of 2012 and any amendments thereto].

k) No steps, ramps or street furniture are to be constructed on or encroached onto the public pavement or road.

l) Any doors and windows, the lower edge of which is less than 2m above road level, and any gates shall not open outwards onto a public pavement or road.

m) Where present, window grilles (including 'pregnant' windows), sills, planters and other similar elements which are part of or fixed to the facade of buildings, the lower edge of which is less than 2 metres above road level, shall not project more than 0.15 metres from the facade over a public pavement or street.

n) Air conditioning units shall not be located on the facades of the building which are visible from the street or a public space.

o) There shall be no service pipes, cables or wires visible on the front elevation or on any other elevations of the building which are visible from the street or public space.

p) Any garages/parking spaces shall only be used for the parking of private cars and shall be kept available at all times for this purpose.

q) Any approved stores shall be used for domestic storage only and shall not be segregated from the rest of the building.

r) Any unit approved on more than one floor (duplex or more) shall remain physically interconnected as a single unit, and shall not be sub-divided into separate units without specific Planning Authority consent.

s) Where a loading bay is indicated on the approved drawings, loading and unloading shall take place solely within the premises, and not from/on the public pavement or street.

12 **Standard conditions for Land Use:**

a) The approved premises shall be used as indicated on the approved drawings or as limited by any condition of this permission. If a change of use is permitted through the Development Planning (Use Classes) Order, 2014 (or its subsequent amendments), and it is not restricted by a condition of this permission, approval from the Commission for the Rights of Persons with Disability may still be required. Reference needs to be made to PA Circular 3/10 (with the exception of Appendix A), PA Circular 2/14 and their subsequent amendments.

b) The approved shop shall be put to any Class 4B Retail use as defined in the Development Planning (Use Classes) Order 2014, excluding greengrocer, minimarket, butcher, or fishmonger.

c) The approved Class 4C premises, as indicated in approved drawings shall be used as a catering establishment for the preparation and sale of hot or cold food and drink for consumption on the premises where no cooking is allowed. Equipment and other implements used to transform raw material into edible material through the process of heat shall not be used, kept or stored within the premises.

d) The approved Class 4D premises, as indicated in approved drawings shall be used as a catering establishment for the preparation and sale of hot or cold food and drink for consumption on the premises where cooking is allowed.

13 **Conditions imposed and enforced by other entities**

A. Where construction activity is involved:

(a) the applicant shall:

**(i) Appoint a Project Supervisor for the Design Stage and a Project Supervisor for the Construction Stage** and any such appointment shall be terminated, changed or renewed as necessary. The same person may be appointed to act as project supervisor for both the design and construction stage, if that person is competent to undertake the duties involved and

**(ii) Keep a health and safety file** prepared by the Project Supervisor for the Design Stage.

(b) When the construction works related to this application are scheduled to last longer than thirty working days and on which more than twenty workers are occupied simultaneously, or on which the volume of work is scheduled to exceed five hundred

person-days, the project supervisor shall communicate a prior notice to the Occupational Health and Safety Authority (OHSA) at least four calendar weeks before commencement of works.

(c) The Project Supervisor for the Design Stage shall draw up a health and safety plan which sets out the occupational health and safety rules applicable to the construction activities concerned, outlining the measures to ensure cooperation between different contractors and shall also include specific measures concerning occupational risks that may be present at this site.

B. Where the development concerns a change of use to a place of work, the applicant shall obtain a Perit's declaration that the building conforms to the requirements of LN 44 of 2002.

C. Where the development concerns a place of work:

The applicant shall:

(i) obtain a Perit's declaration that the necessary requirements arising out of LN 44 of 2002 have been included in the plans and drawings; and

(ii) obtain a Perit's declaration that the building conforms to the requirements of LN 44 of 2002.

D. The development is to strictly adhere to the 'Design Guidelines on fire safety for buildings in Malta' to ensure that all Fire Safety measures and provisions are addressed as indicated in the Design Guidelines on Fire Safety for Buildings in Malta, published by the DCID in 2004, (or other relevant standard, provided it is approved by the Civil Protection Department), Policies, and the Laws and Regulations of Malta.

E. Where the development includes a swimming pool:

(a) Any effluent, if discharged in the sewers, shall meet the specifications listed in L.N.139 of 2002 as amended by L.N.378 of 2005.

(b) Adequate sampling points should be installed as directed by WSC – Discharge Permit Unit officials.

(c) Chlorine concentration of the effluent should not exceed 100 mg/L Cl<sub>2</sub>.

F. Prior to laying of water and wastewater services in the road, the development shall comply with the requirements of Legal Notice 29/10 Part III (Roads in inhabited Areas) Clause 12.

G. In the event of an accidental discovery in the course of approved works, any cultural heritage feature discovered should not be damaged or disturbed and the Superintendence is to be immediately informed of such discovery. Any cultural heritage features discovered are to be investigated, evaluated and protected in line with the Cultural Heritage Act 2002 (CAP 445). The discovery of cultural heritage features may require the amendment of approved plans.

In terms of Article 72(3) of the Development Planning Act, 2016, the execution and validity of this permission is automatically temporarily **suspended** and no works as approved by the said development permission may commence before the lapse of the time period established in Article 13

of the Environment and Planning Review Tribunal Act and subsequently will remain so suspended if the Tribunal so decides in accordance with the Environment and Planning Review Tribunal Act.

Where the approved drawings and/or documents are dimensioned, then the declared dimensions shall prevail over the actual size as depicted on the approved drawings and/or documents.

Developers are advised to check the invert level to the sewer main with the Water Services Corporation as they would have to make their own arrangements where a gravity service connection is not possible. In these cases, the architect has to indicate the solutions envisaged and to indicate on the plan what needs to be carried out and obtain approval from WSC. Developers are further reminded that connection of storm water into main sewers is not allowed.

If the declaration of ownership, as contained in the application form, is determined as incorrect by a Court of Law, then the said Court of Law can declare this development permission as null and void. This development permission does not remove or replace the need to obtain the consent of the land/building owner to this development before it is carried out. Furthermore, it does not imply that consent will necessarily be forthcoming nor does it bind the land/building owner to agree to this development. Where the land/building is owned or administered by the Government of Malta a specific clearance and agreement must be obtained for this development from the Land and/or Estate Management Departments.

This development permission is granted saving third party rights. This permission does not exonerate the applicant from obtaining any other necessary permission, license, clearance or approval required from any Government department, local council, agency or authority, as required by any law or regulation.

This development permit does not authorise any storage of substances listed in Occupational Health and Safety Authority Act (Cap. 424) - Control of Major Accident Hazards Regulations, 2003, as amended, in quantities that would render this site an establishment within scope of these regulations. The storage and handling of said substances may require a new or amended development permission in line with current policies and regulations.

For any non-residential uses hereby being approved, prior to commencement of any works on site or any eventual permitted change of use, the applicant shall be required to contact the Environment and Resources Authority to obtain any necessary operational permit or registration. This requirement does not apply to Class 2B, 2C, 4A and 4B uses as listed in the Development Planning (Use Classes) Order 2014, or its subsequent amendments.

**This decision is being published on 7 February 2018.**

Joseph Borg  
Board Secretary  
Planning Board

## **Notes to Applicant and Perit**

### **Right for reconsideration**

Where applicable, you have a right to submit a request for reconsideration to the Authority in terms of regulation 14 of Legal Notice 162 of 2016.

### **Right for appeal**

You have a right to submit an appeal, against the decision, to the Environment and Planning Review Tribunal in terms of Article 13 of the Environment and Planning Review Tribunal Act, 2016.

### **Time limits**

Requests for reconsideration or appeals must be made within 30 days from the publication of the decision notification in the local press as required by regulation 14(1) of Legal Notice 162 of 2016.

### **Fees to submit a request for reconsideration or appeal**

In either case, there is a fee to be paid which should accompany the request for reconsideration or the appeal. The fees are as follows:

For reconsideration - 3% of the Development Permit Fee paid in respect of the original application, subject to a minimum of €69.88.

For appeal - 5% of DPF (Development Permit Fee) paid in respect of the original application, subject to a minimum of €150 + €50 administrative fee (LN 112 of 2016).

### **Submission of request for reconsideration or appeal**

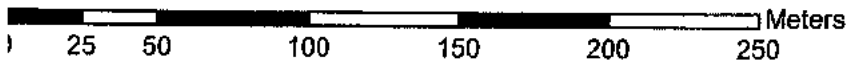
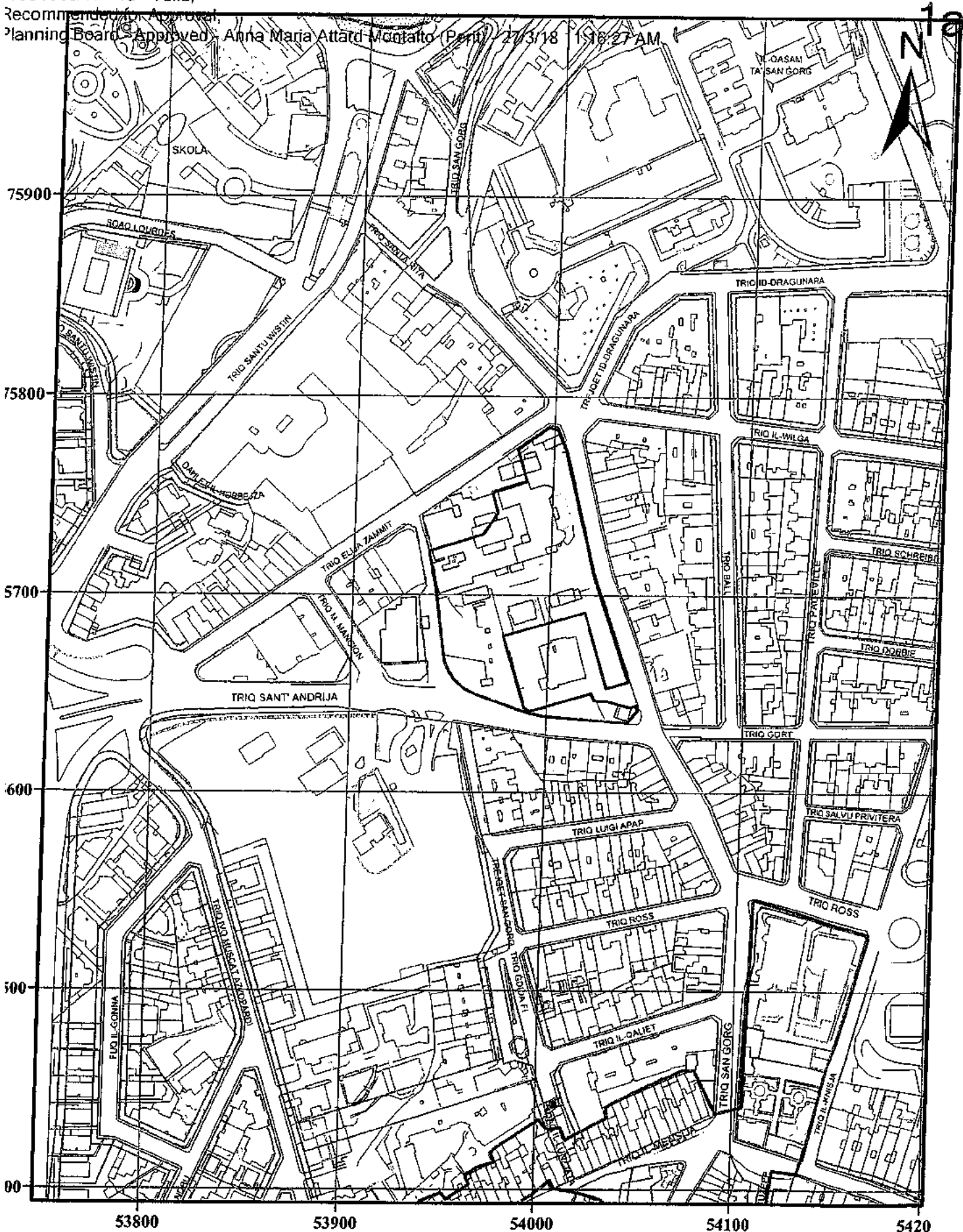
With regards to requests for reconsideration, Form PA 4/16 must be used for submission. All fields of the Form must be filled in as appropriate. Requests for reconsideration can only be submitted electronically.

With regards to appeals, as required by Article 13 of the Environment and Planning Review Tribunal Act, 2016, the submission must include the detailed grounds for appeal and the requests being made by the appellant. Appeals must be submitted physically at the offices of the Environment and Planning Review Tribunal, St. Francis Ditch, Floriana.

## **Important Notice**

**In view of the provisions of Article 72(4) of the Development Planning Act (2016), a Commencement Notice is to be submitted to the Planning Authority, by the permit holder on behalf of the applicant, at least FIVE DAYS prior to the date of commencement of works or utilisation of the permission. Failure to submit the Commencement Notice (with all fields correctly completed) or failure to submit it within the required timeframe shall invalidate the Notice and shall result in the imposition of fines according to Schedule D of Legal Notice 277 of 2012, or its amendments, or its replacements. In addition, if the applicant fails to submit the Commencement Notice or the Commencement Notice submitted is invalid, the relative permission shall be considered as never having been utilised.**

-PADCN-



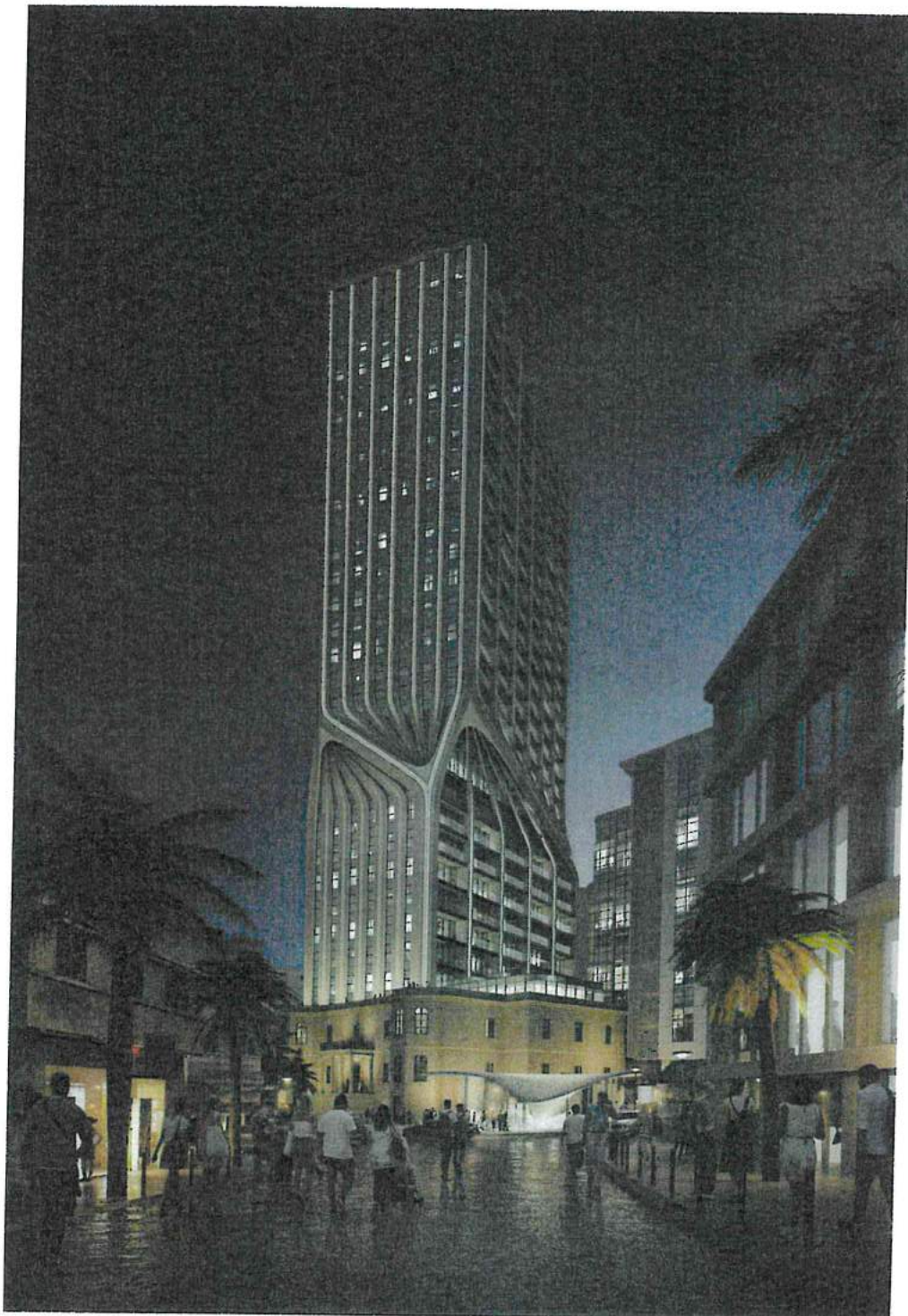
**1:2,500**      Date Printed: 11/04/2017

Public Geoserver

Compiled and published by the Mapping Unit, Planning Authority ©PA.  
 Reproduction in whole or in part by any means is prohibited without the prior permission of the Mapping Unit.  
 Data captured from: 1988, 1994, 1998, 2004 & 2008 aerial photography and updates from 2012 orthophotos.  
 Truncated U.T.M. Coordinates. Levelling Datum M.S.L. (Mean sea level). Contours when shown are at 5m vertical interval. Not to be used for interpretation or scaling of features or dimensions.

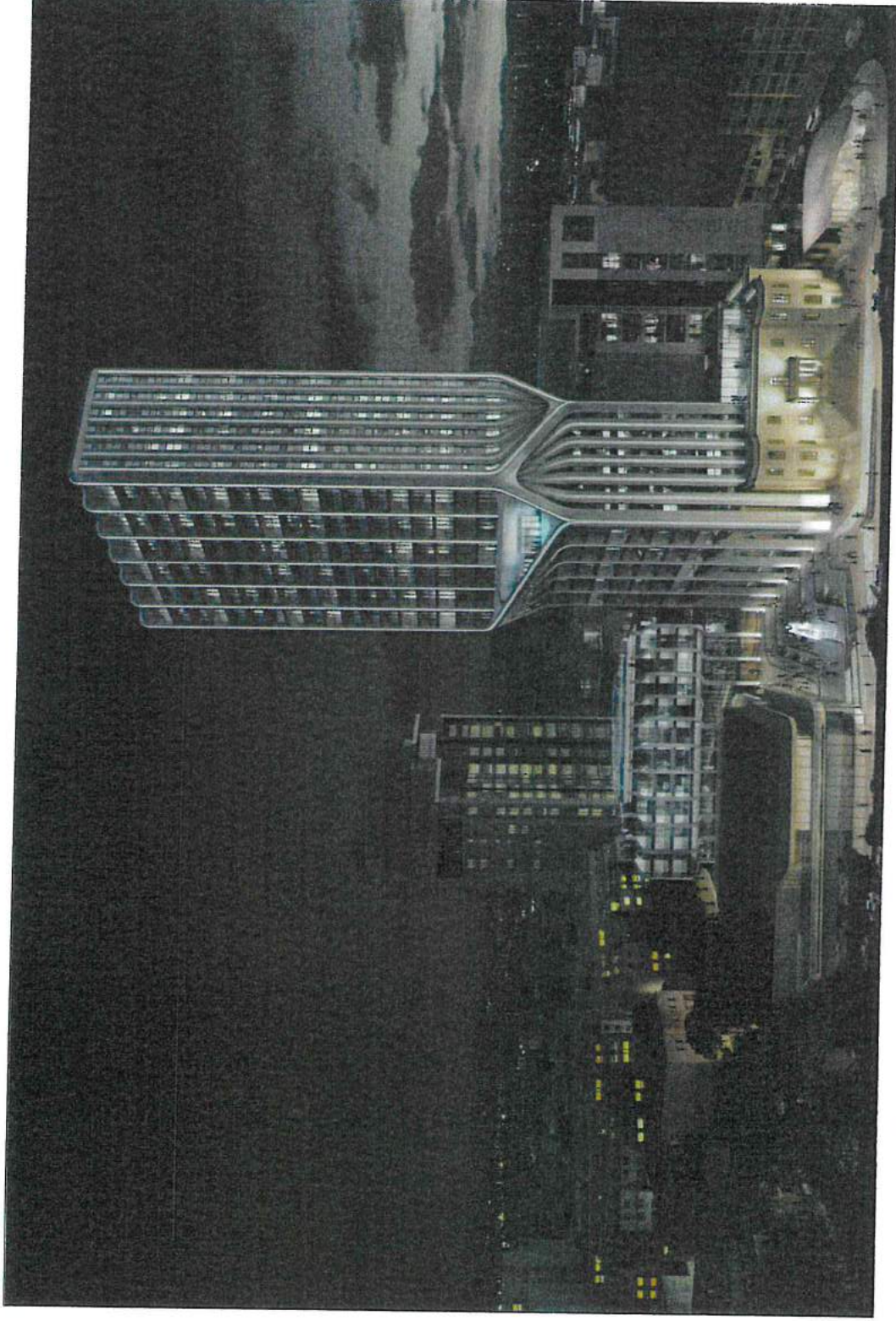
**PLANNING AUTHORITY**

St. Francis Ravellin, Floriana.

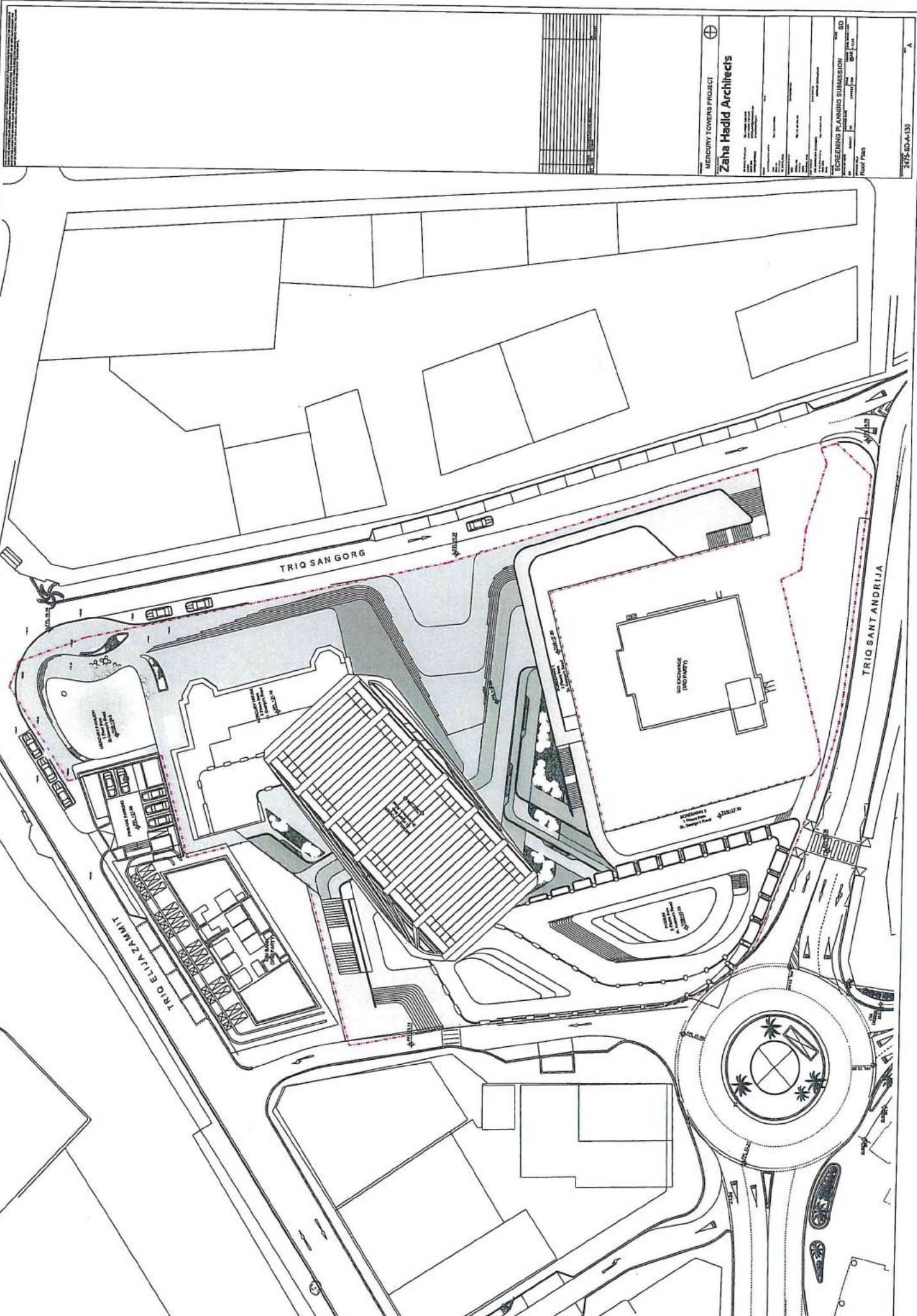


**Lighting Scheme Render A**





**Lighting Scheme Render B**



MERCURY TOWERS PROJECT <b>Zaha Hadid Architects</b>	
PROJECT NO. 2475-SD-A-130 DATE 2014	DRAWN BY [Name] CHECKED BY [Name]
ARCHITECTURE INTERIORS LANDSCAPE ARCHITECTURE STRUCTURE MECHANICAL/ELECTRICAL/PLUMBING	SCALE: 1:500 SHEET NO. 01 OF 01
CLIENT: [Name] ADDRESS: [Address]	PROJECT LOCATION: [Location]
PROJECT DESCRIPTION: [Description]	PROJECT STATUS: [Status]
PROJECT PHASE: [Phase]	PROJECT NO. 2475-SD-A-130

- NOTES:**
- 1. CONSULT ARCHITECT
  - 2. CONSULT STRUCTURAL ENGINEER
  - 3. CONSULT MECHANICAL ENGINEER
  - 4. CONSULT ELECTRICAL ENGINEER
  - 5. CONSULT PLUMBING ENGINEER
  - 6. CONSULT SANITARY ENGINEER
  - 7. CONSULT LANDSCAPE ARCHITECT
  - 8. CONSULT CIVIL ENGINEER
  - 9. CONSULT FIRE ENGINEER
  - 10. CONSULT ENVIRONMENTAL ENGINEER
  - 11. CONSULT HISTORIC PRESERVATION OFFICER
  - 12. CONSULT TRANSPORTATION ENGINEER
  - 13. CONSULT UTILITIES ENGINEER
  - 14. CONSULT GEOTECHNICAL ENGINEER
  - 15. CONSULT ARCHITECTURAL HISTORIC PRESERVATION OFFICER
  - 16. CONSULT ARCHITECTURAL RECORDS OFFICER
  - 17. CONSULT ARCHITECTURAL PHOTOGRAPHER
  - 18. CONSULT ARCHITECTURAL PAINTER
  - 19. CONSULT ARCHITECTURAL RESTORATION SPECIALIST
  - 20. CONSULT ARCHITECTURAL CONTRACTOR



**ARCHITECT OVERSEAS PROJECT**

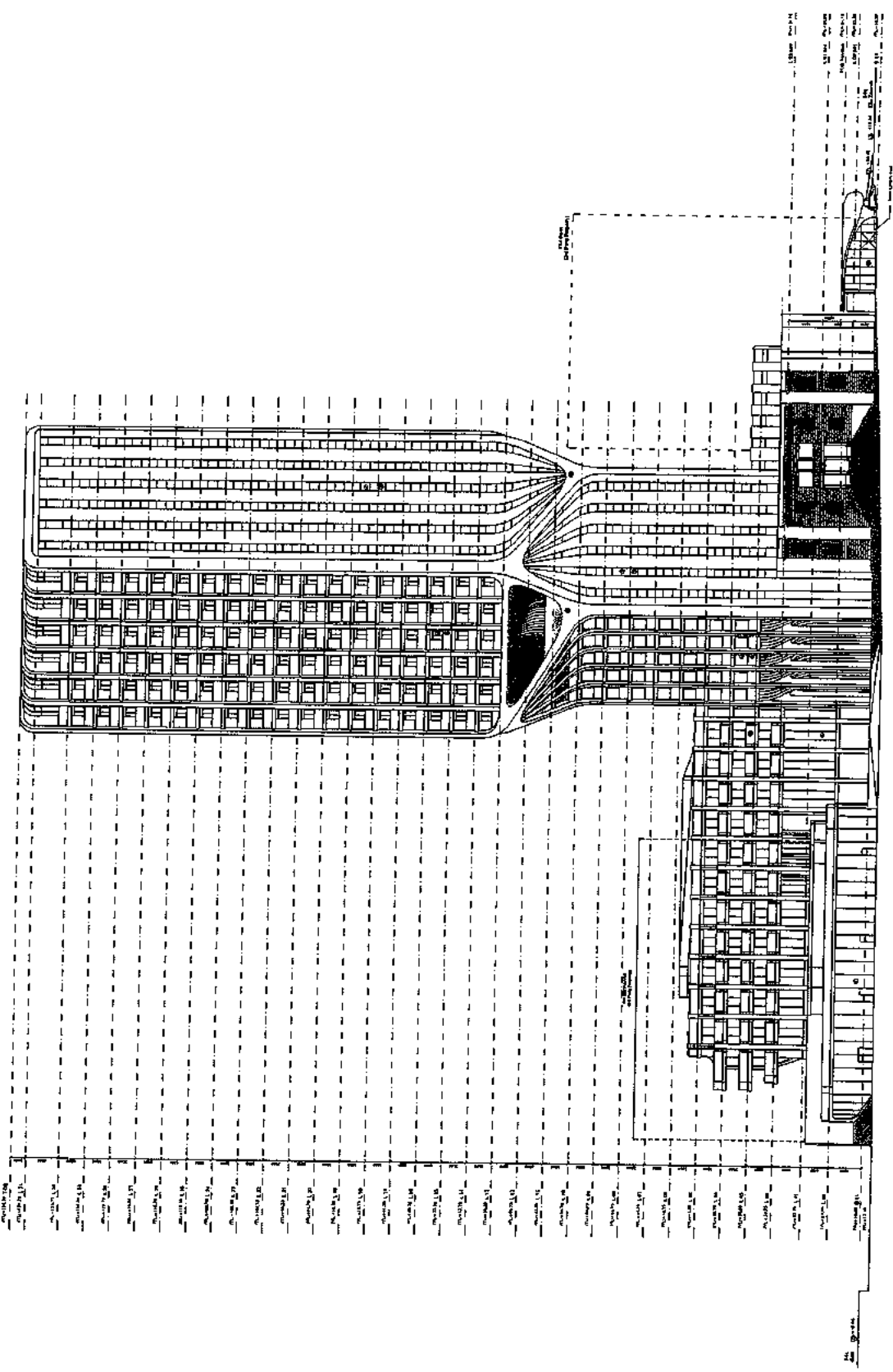
**Zaha Hadid Architects**

Project Name: \_\_\_\_\_  
 Client: \_\_\_\_\_  
 Location: \_\_\_\_\_  
 Date: \_\_\_\_\_

**SCREENING PLANNING SUBMISSION**

Submission No: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Location: \_\_\_\_\_  
 Scale: \_\_\_\_\_  
 Drawing No: \_\_\_\_\_

2175-SD-A-201



- MATERIAL LEGEND:**
- CONCRETE
  - BRICK
  - ▨ GLAZING
  - ▧ METAL CURTAIN WALL
  - ▩ METAL CLADDING
  - METAL PANELS
  - ▬ METAL ROOFING
  - ▮ METAL SIDING
  - ▯ METAL SLATS
  - ▰ METAL TILES
  - ▱ METAL WALLS
  - ▲ METAL WINDOWS
  - △ METAL DOORS
  - ▴ METAL ROOF
  - ▵ METAL FLOORS
  - ▾ METAL CEILING
  - ▿ METAL BASE



**MERCURY TOWERS PROJECT**  
**Zaha Hadid Architects**

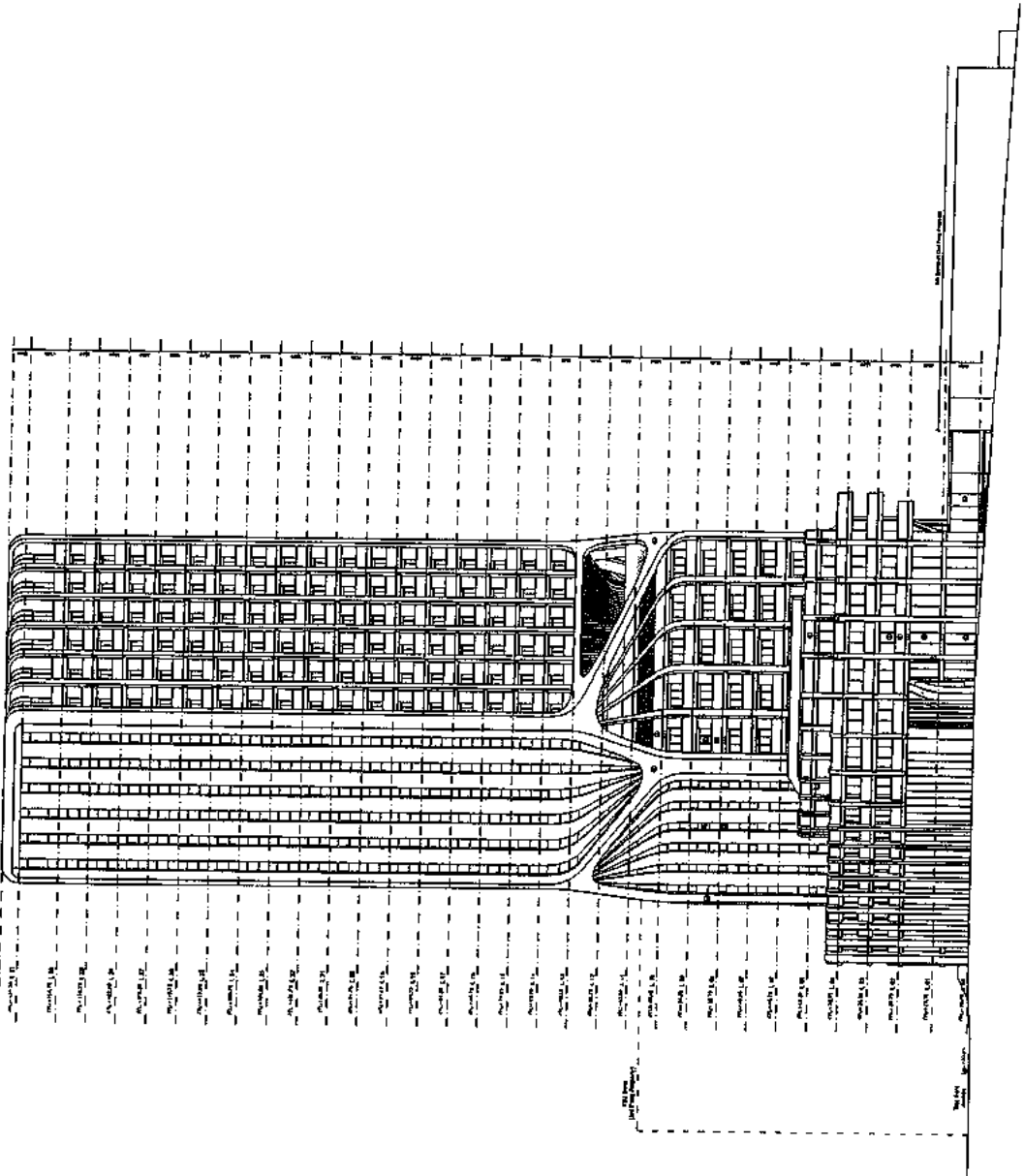
Project Name: Mercury Towers  
 Location: [Redacted]  
 Date: [Redacted]

SCREENING PLANNING SUBMISSION

Drawn by: [Redacted]  
 Checked by: [Redacted]  
 Date: [Redacted]

Scale: 1:100

Sheet No: 2175-90A-302



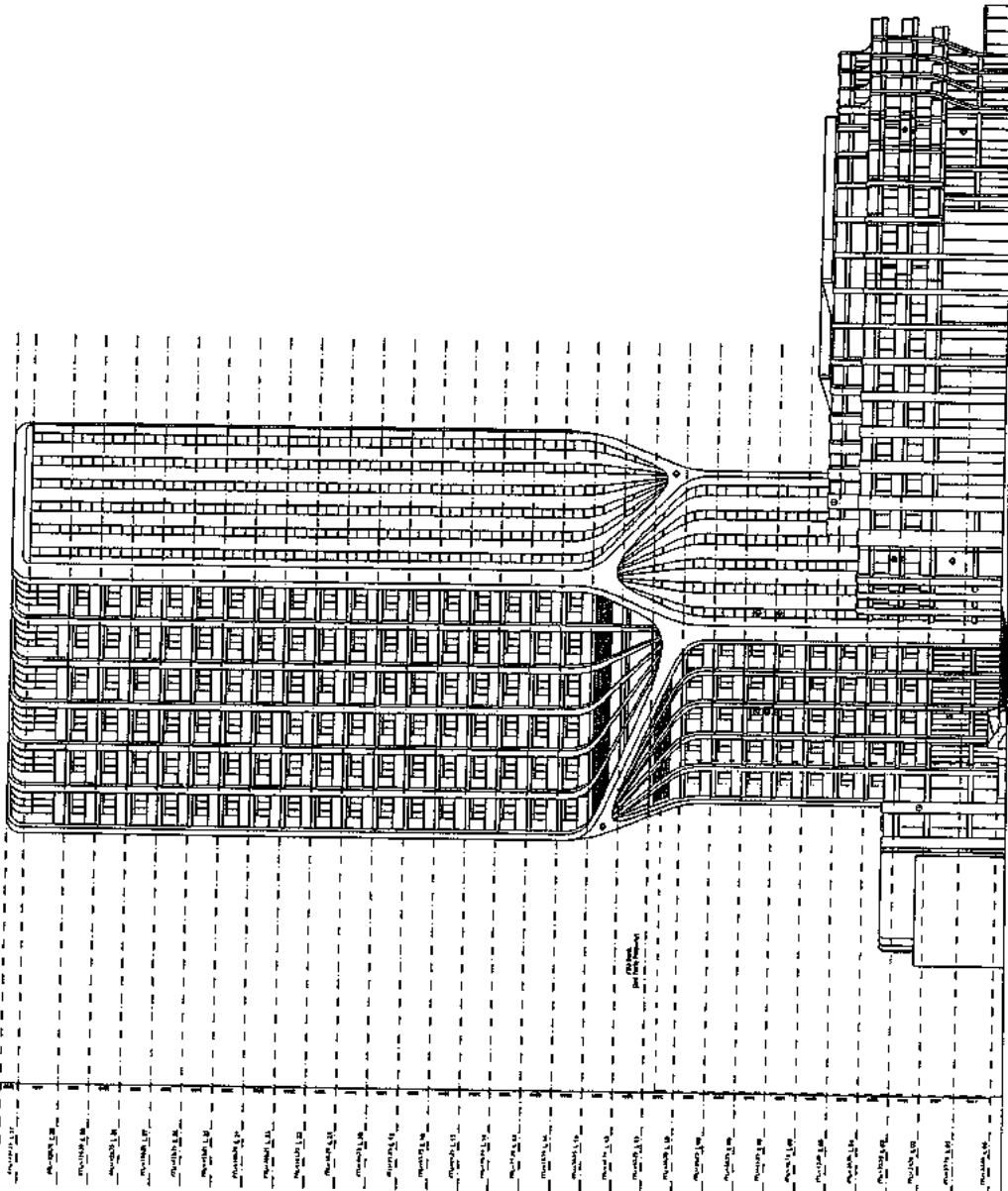
Grid lines: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

- NOTES:**
- 1. CONSULT ARCHITECT'S OFFICE FOR ALL INFORMATION.
  - 2. ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SPECIFIED.
  - 3. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
  - 4. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
  - 5. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
  - 6. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
  - 7. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
  - 8. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
  - 9. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
  - 10. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.

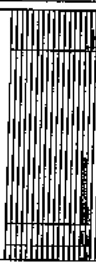
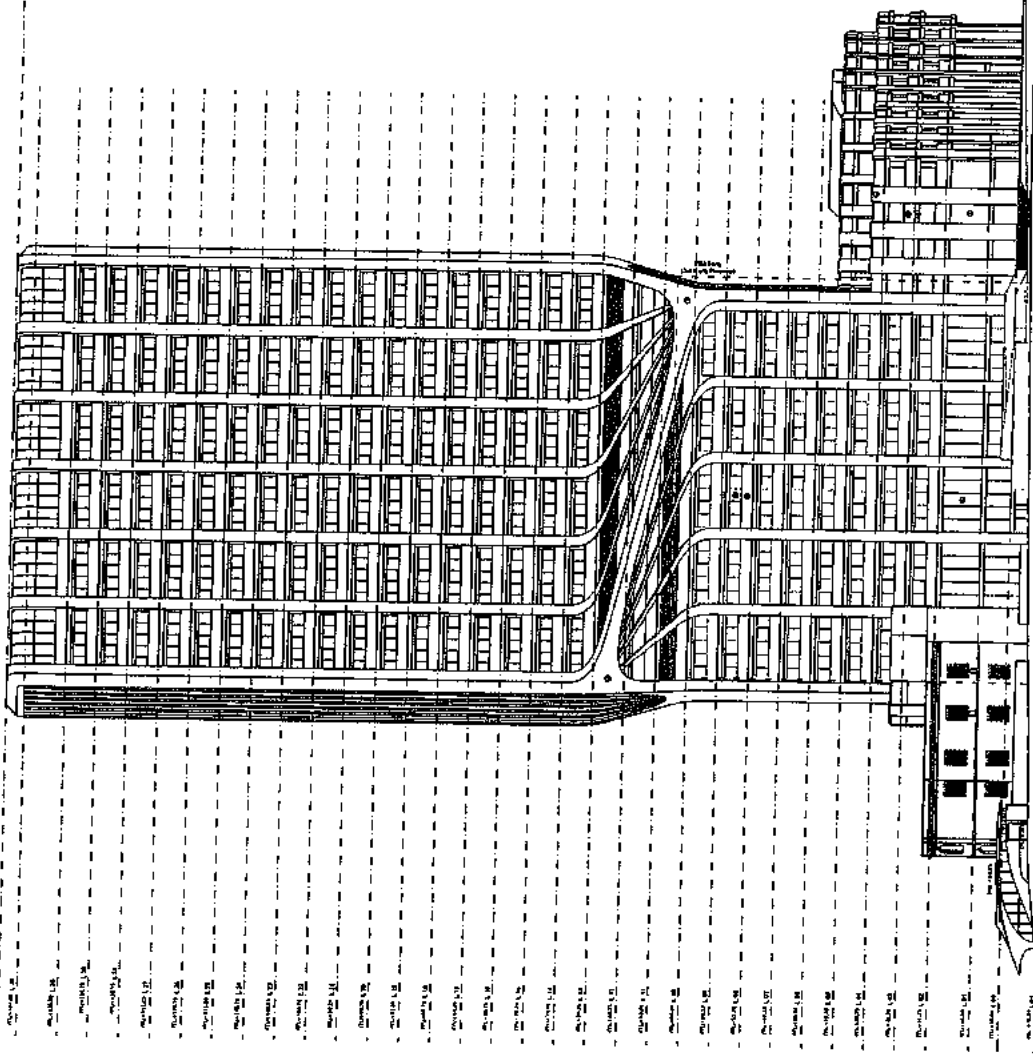


**MEROUZI TOWERS PROJECT**  
**Zahra Hadid Architects**

Project Name	MEROUZI TOWERS PROJECT
Client	
Location	
Scale	
Date	
Author	
Checker	
Project No.	7075-50-A-208
Sheet No.	50
Sheet Title	SECTION 2



- MATERIAL LEGEND**
- 1. CONCRETE
  - 2. BRICK
  - 3. GLASS
  - 4. METAL
  - 5. TERRAZZO



**MERCURY TOWERS PROJECT**  
**Zaha Hadid Architects**

**PROJECTIONS PLANNING SUBMISSION**

Project Name: \_\_\_\_\_  
 Project No: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Scale: \_\_\_\_\_  
 Drawing No: \_\_\_\_\_


Submitted by: \_\_\_\_\_  
 Checked by: \_\_\_\_\_  
 Approved by: \_\_\_\_\_

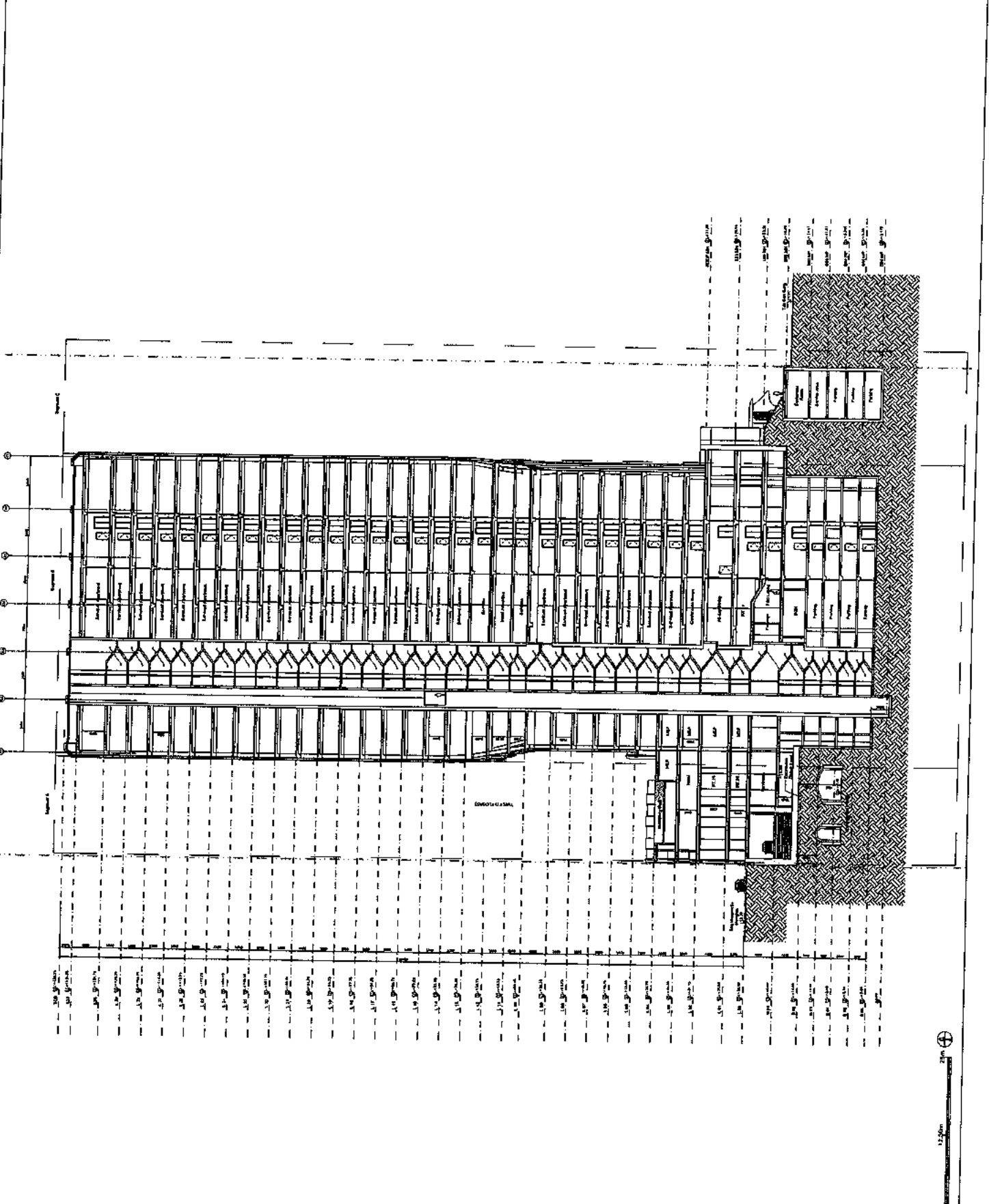
Scale: 1:500

Sheet No: \_\_\_\_\_ of \_\_\_\_\_

Project Location: \_\_\_\_\_




		<b>MERCURY TOWERS PROJECT</b> <b>Zaha Hadid Architects</b> 100 North Dearborn Street Chicago, IL 60610 Tel: +1 312 345 7000 Fax: +1 312 345 7001 www.zaha.com	SHEET NO. <b>08</b> <b>SCREENING PLANNING SUBMISSION</b> DATE: 2011/08/15 PROJECT NO. 2011/08/15 DRAWING NO. 2011/08/15 SCALE: 1:500 DRAWN BY: [Name] CHECKED BY: [Name]
---	--	---	---

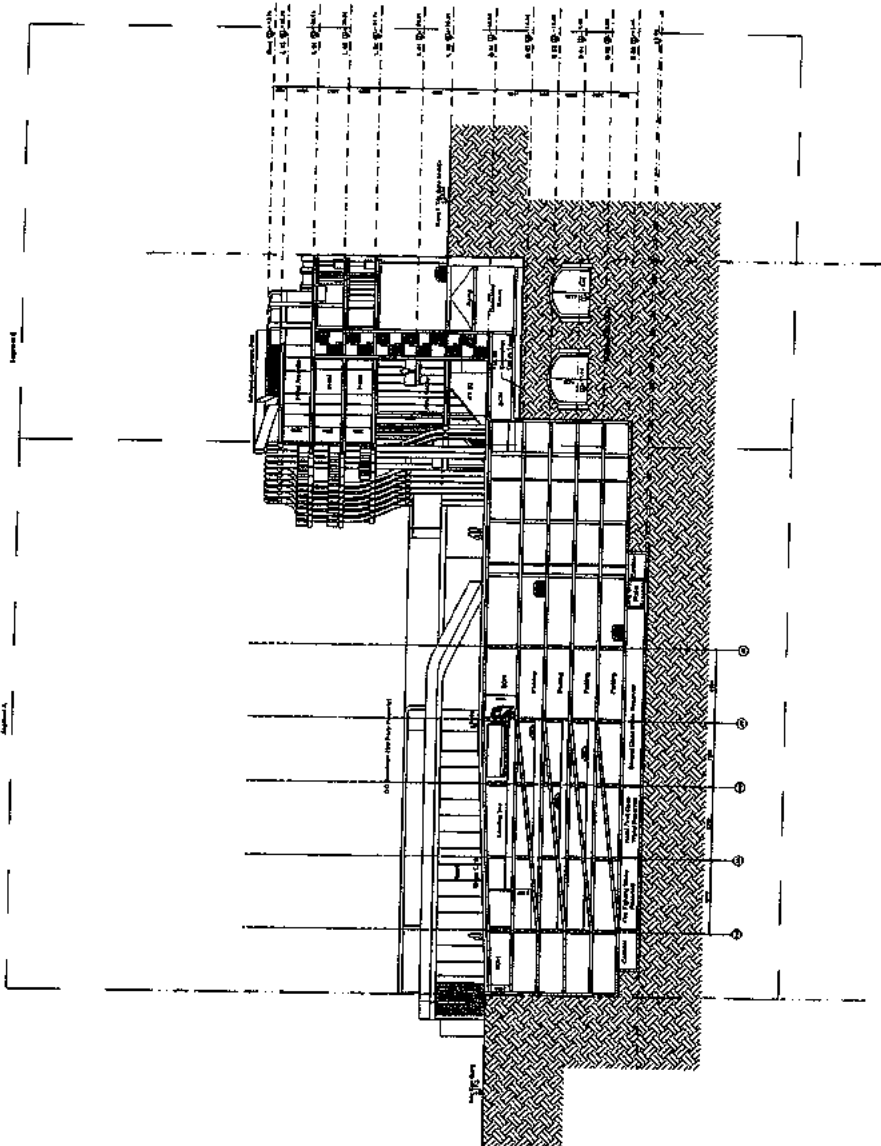


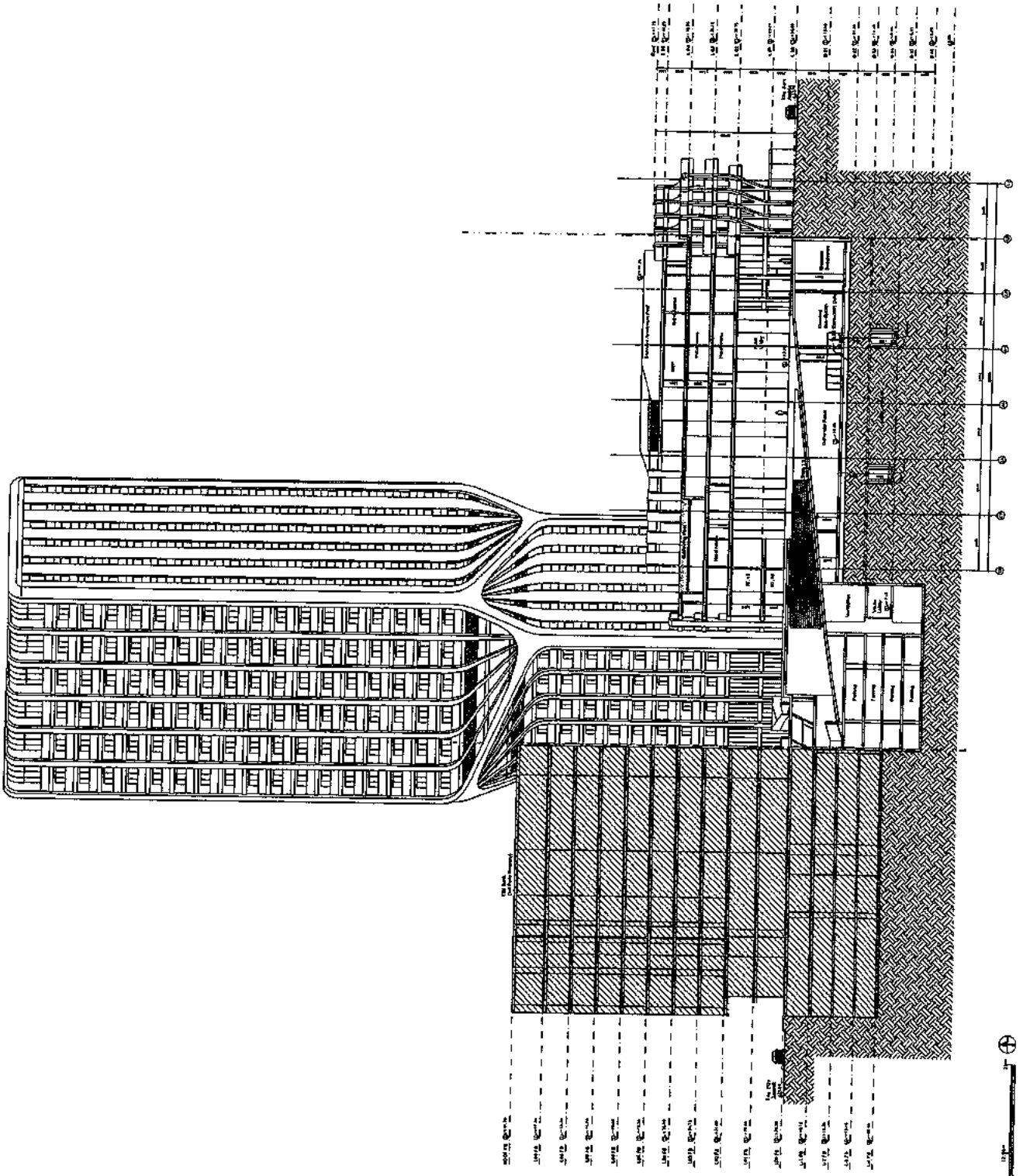




1.30W

 <p><b>THE HIGBOURN TOWNHALL PROJECT</b>  <b>Zaha Hadid Architects</b></p>	<p><b>SCREENING PLANNING SUBMISSION</b></p> <p><b>2775-50-A-303</b></p>
---	---

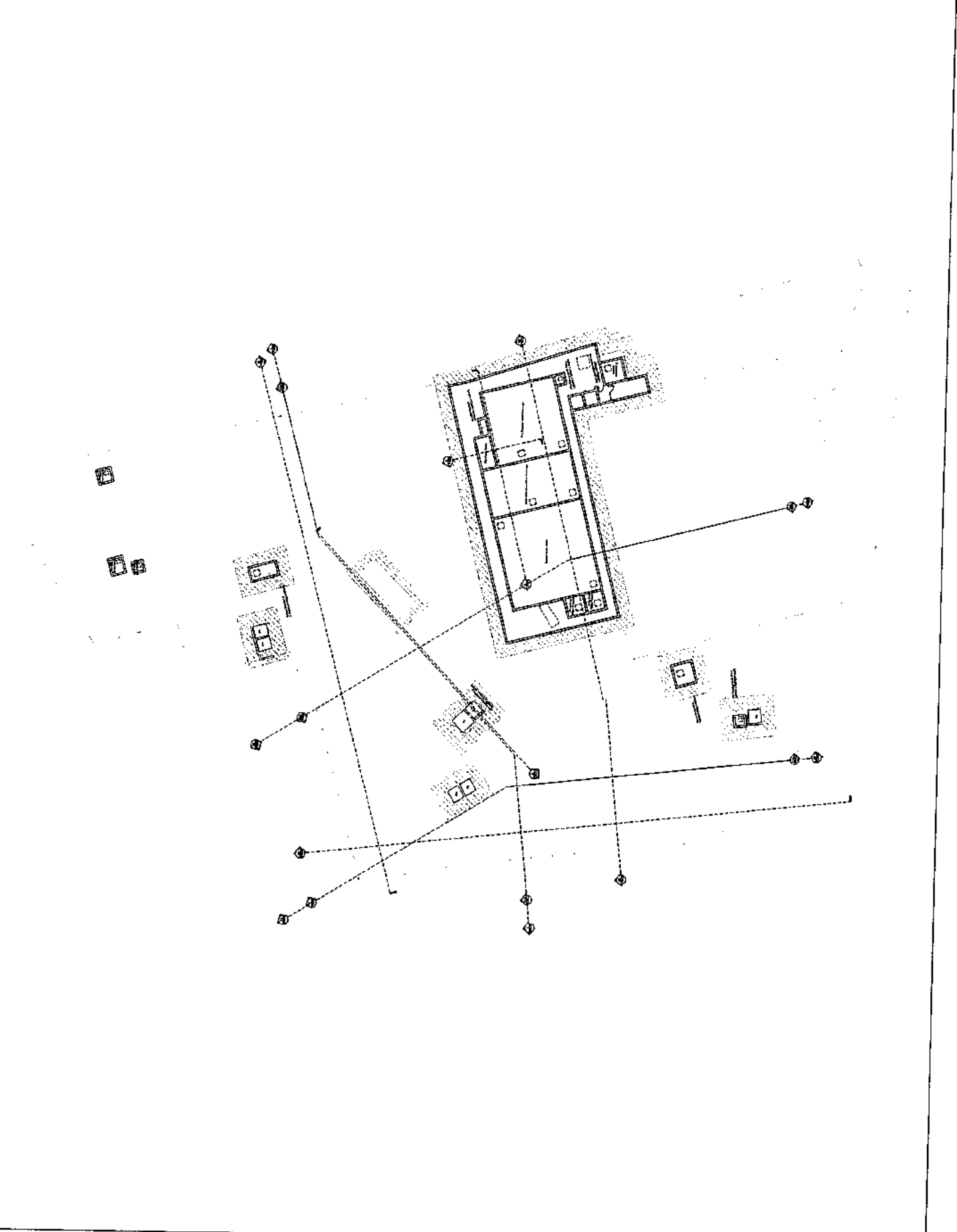




MERCURY TOWERS PROJECT  
**Zaha Hadid Architects**  
 2015-00-001-004  
 SECTION DD  
 SCREENING PLANNING SUBMISSION  
 2015-00-001-004



<p>NOTES:</p> <p>1. ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SPECIFIED.</p> <p>2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE RELEVANT AUTHORITIES.</p> <p>3. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT PROPERTIES AT ALL TIMES.</p> <p>4. THE CONTRACTOR SHALL PROTECT ALL EXISTING UTILITIES AND SERVICES.</p> <p>5. THE CONTRACTOR SHALL MAINTAIN THE SITE SECURE AT ALL TIMES.</p> <p>6. THE CONTRACTOR SHALL MAINTAIN THE SITE CLEAN AT ALL TIMES.</p> <p>7. THE CONTRACTOR SHALL MAINTAIN THE SITE SAFE AT ALL TIMES.</p> <p>8. THE CONTRACTOR SHALL MAINTAIN THE SITE ACCESSIBLE AT ALL TIMES.</p> <p>9. THE CONTRACTOR SHALL MAINTAIN THE SITE AVAILABLE AT ALL TIMES.</p> <p>10. THE CONTRACTOR SHALL MAINTAIN THE SITE AVAILABLE AT ALL TIMES.</p>	
<p>PROJECT: MERCURY TOWERS PROJECT</p> <p>ARCHITECT: <b>Zaha Hadid Architects</b></p> <p>DATE: 2010-01-01</p> <p>SCALE: 1:100</p> <p>PROJECT NO: 101</p>	
<p>CLIENT: MERCURY TOWERS PROJECT</p> <p>LOCATION: MERCURY TOWERS PROJECT</p> <p>PHASE: PRELIMINARY DESIGN</p> <p>DATE: 2010-01-01</p> <p>SCALE: 1:100</p> <p>PROJECT NO: 101</p>	
<p>NOT FOR CONSTRUCTION</p> <p>FOR INFORMATION ONLY</p> <p>DATE: 2010-01-01</p> <p>SCALE: 1:100</p> <p>PROJECT NO: 101</p>	
<p>PROPOSED PLANS</p> <p>MERCURY TOWERS PROJECT</p> <p>FLOOR PLAN</p> <p>DATE: 2010-01-01</p> <p>SCALE: 1:100</p> <p>PROJECT NO: 101</p>	



NOTES - IEL

1. See General Notes.

2. See General Notes.

3. See General Notes.

4. See General Notes.

5. See General Notes.

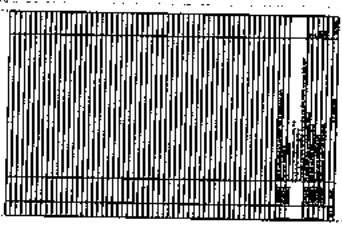
6. See General Notes.

7. See General Notes.

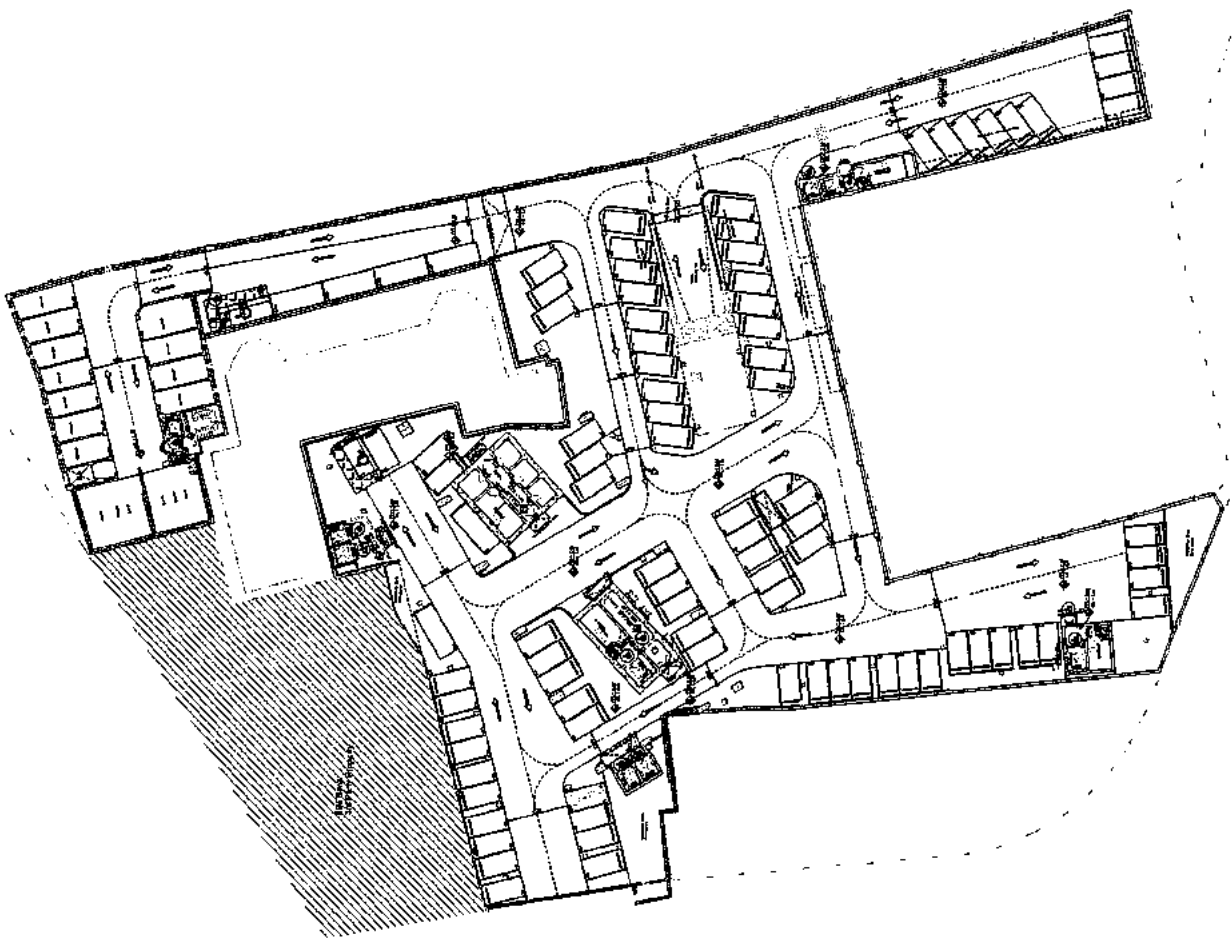
8. See General Notes.

9. See General Notes.

10. See General Notes.



Zaha Hadid Architects



NO.	DATE	BY	CHKD.
1	11/19		
2	11/19		
3	11/19		
4	11/19		
5	11/19		
6	11/19		
7	11/19		
8	11/19		
9	11/19		
10	11/19		

NOBEL-01

Client: **NOBEL-01**

Project: **NOBEL-01**

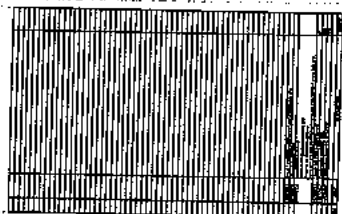
Scale: **1:100**

Date: **2000**

Author: **Zaha Hadid Architects**

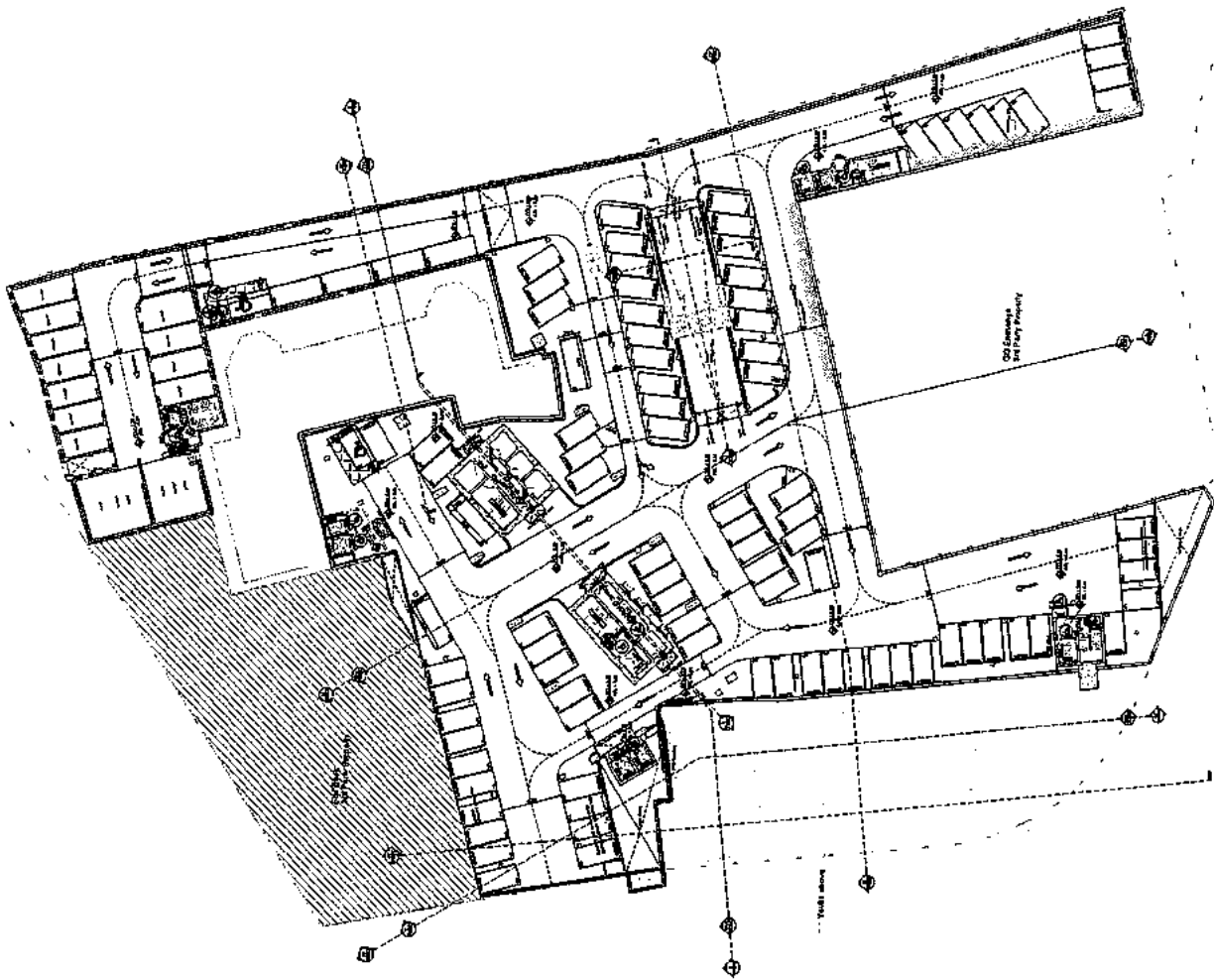
Checked: **Zaha Hadid**

Approved: **Zaha Hadid**



**Zaha Hadid Architects**

NOBEL-01	117C
NOBEL-01	117C
NOBEL-01	117C
NOBEL-01	117C
NOBEL-01	117C



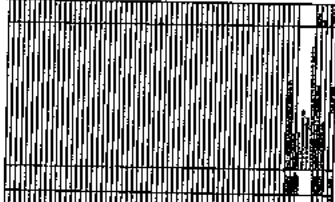
NOTES - 181

Consultants: **Zaha Hadid Architects**

1. All dimensions are in meters unless otherwise stated.

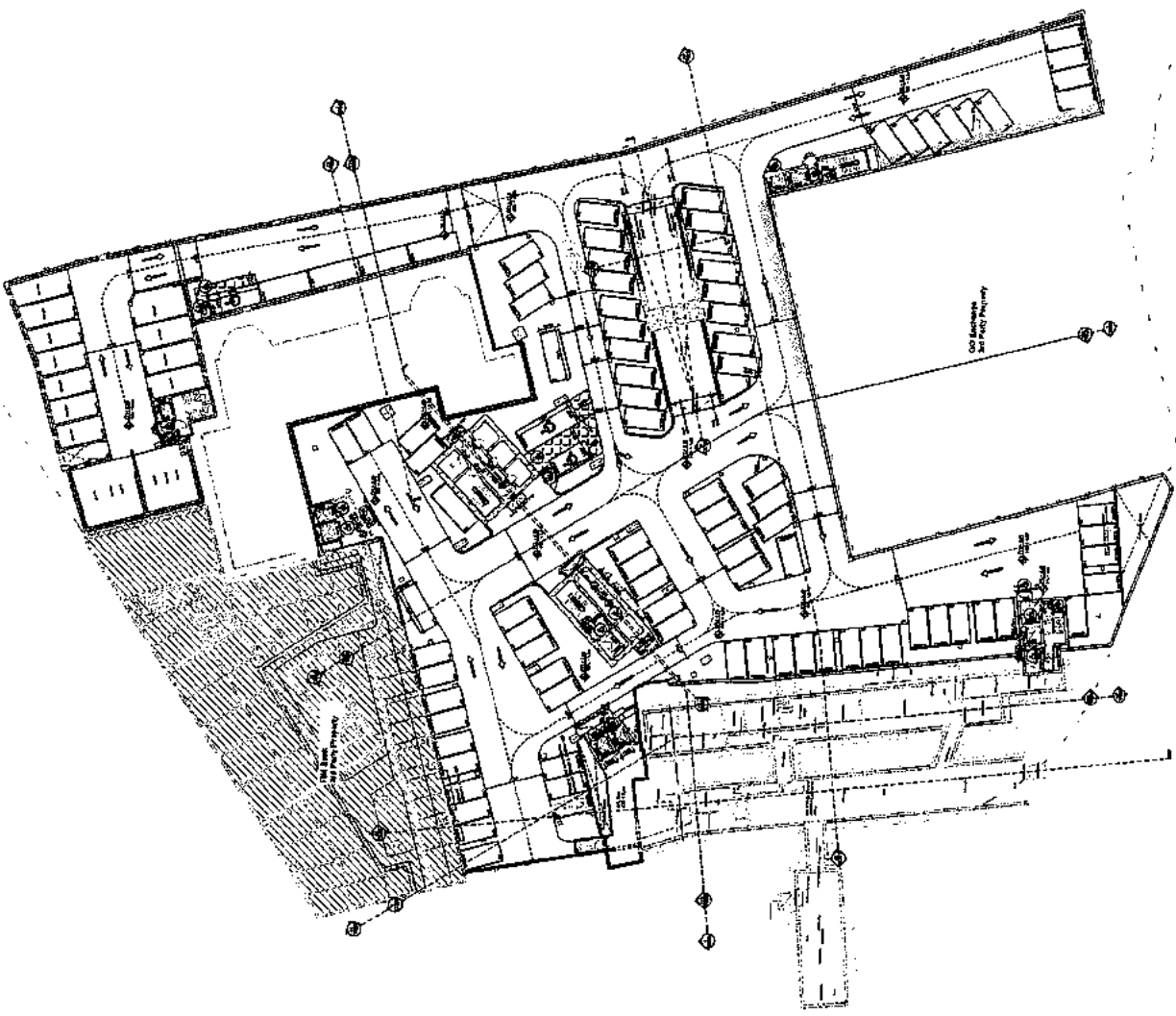
2. All dimensions are to the centerline of the road unless otherwise stated.

3. All dimensions are to the centerline of the road unless otherwise stated.



**Zaha Hadid Architects**

1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20



Old Building  
New Building

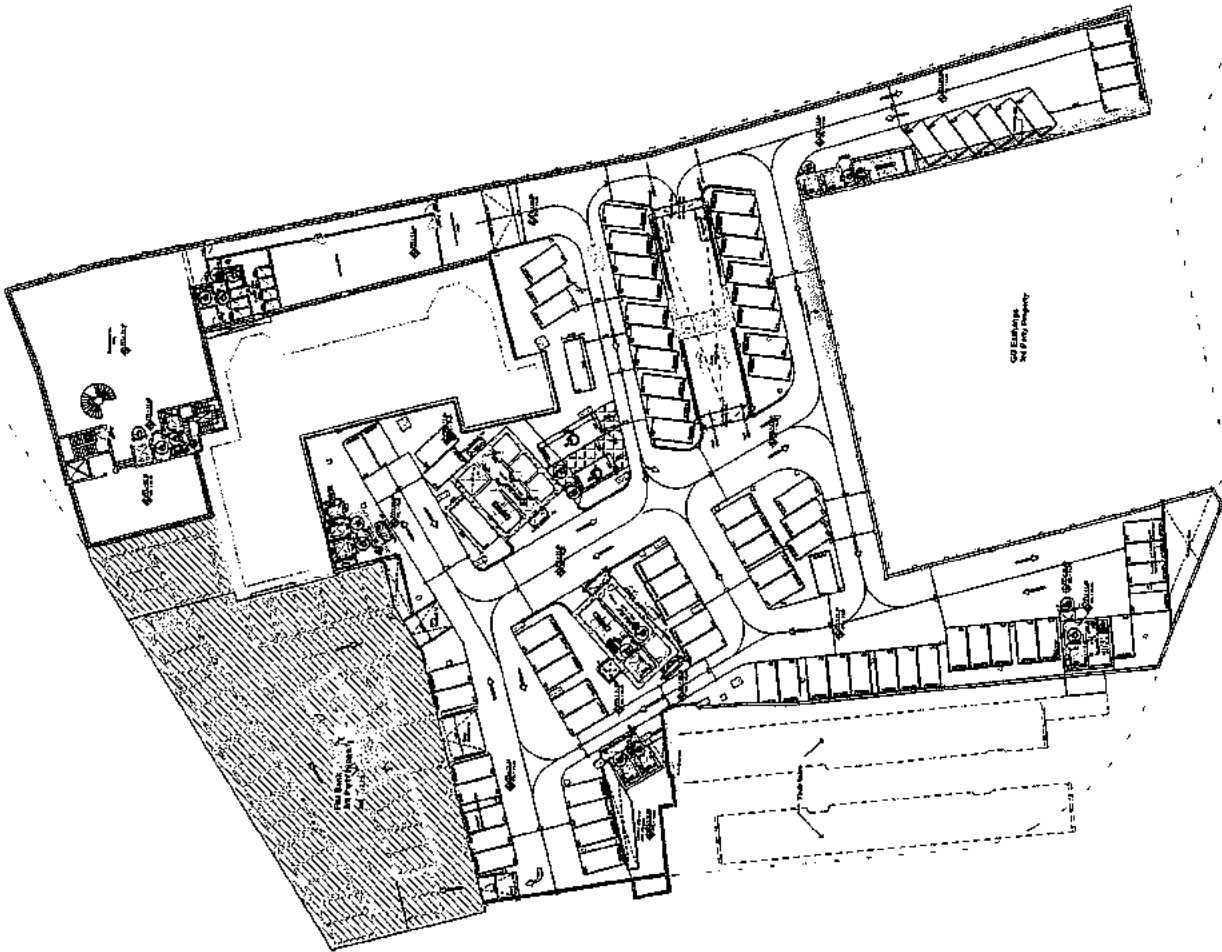
NOTES - (R)

Contractor to provide  
for all items shown on this drawing.  
All materials to be approved by the  
Authority having jurisdiction.  
Material to be approved by the  
Authority having jurisdiction.

1. All items shown on this drawing to be provided by the contractor.
2. All materials to be approved by the Authority having jurisdiction.
3. Material to be approved by the Authority having jurisdiction.
4. All items shown on this drawing to be provided by the contractor.
5. All materials to be approved by the Authority having jurisdiction.
6. Material to be approved by the Authority having jurisdiction.
7. All items shown on this drawing to be provided by the contractor.
8. All materials to be approved by the Authority having jurisdiction.
9. Material to be approved by the Authority having jurisdiction.

Zaha Hadid Architects

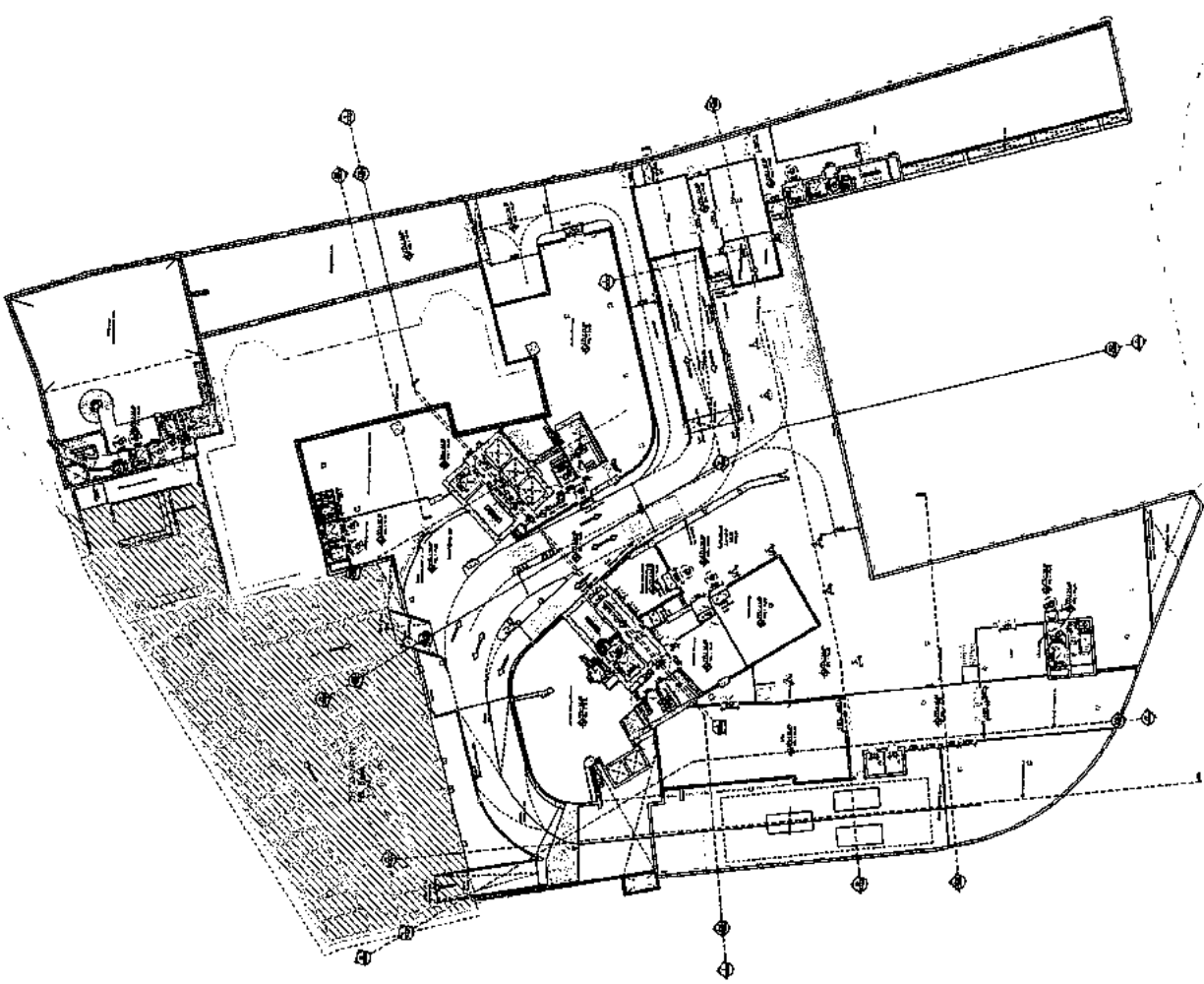
1. All items shown on this drawing to be provided by the contractor.
2. All materials to be approved by the Authority having jurisdiction.
3. Material to be approved by the Authority having jurisdiction.



General Remarks	
1. The	Details
2. The	Details
3. The	Details
4. The	Details
5. The	Details
6. The	Details
7. The	Details
8. The	Details
9. The	Details
10. The	Details

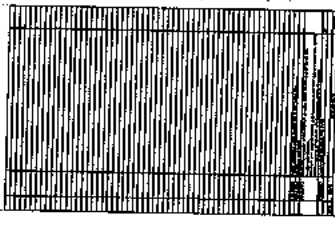
General Remarks	
1. The	Details
2. The	Details
3. The	Details
4. The	Details
5. The	Details
6. The	Details
7. The	Details
8. The	Details
9. The	Details
10. The	Details

Zaha Hadid Architects

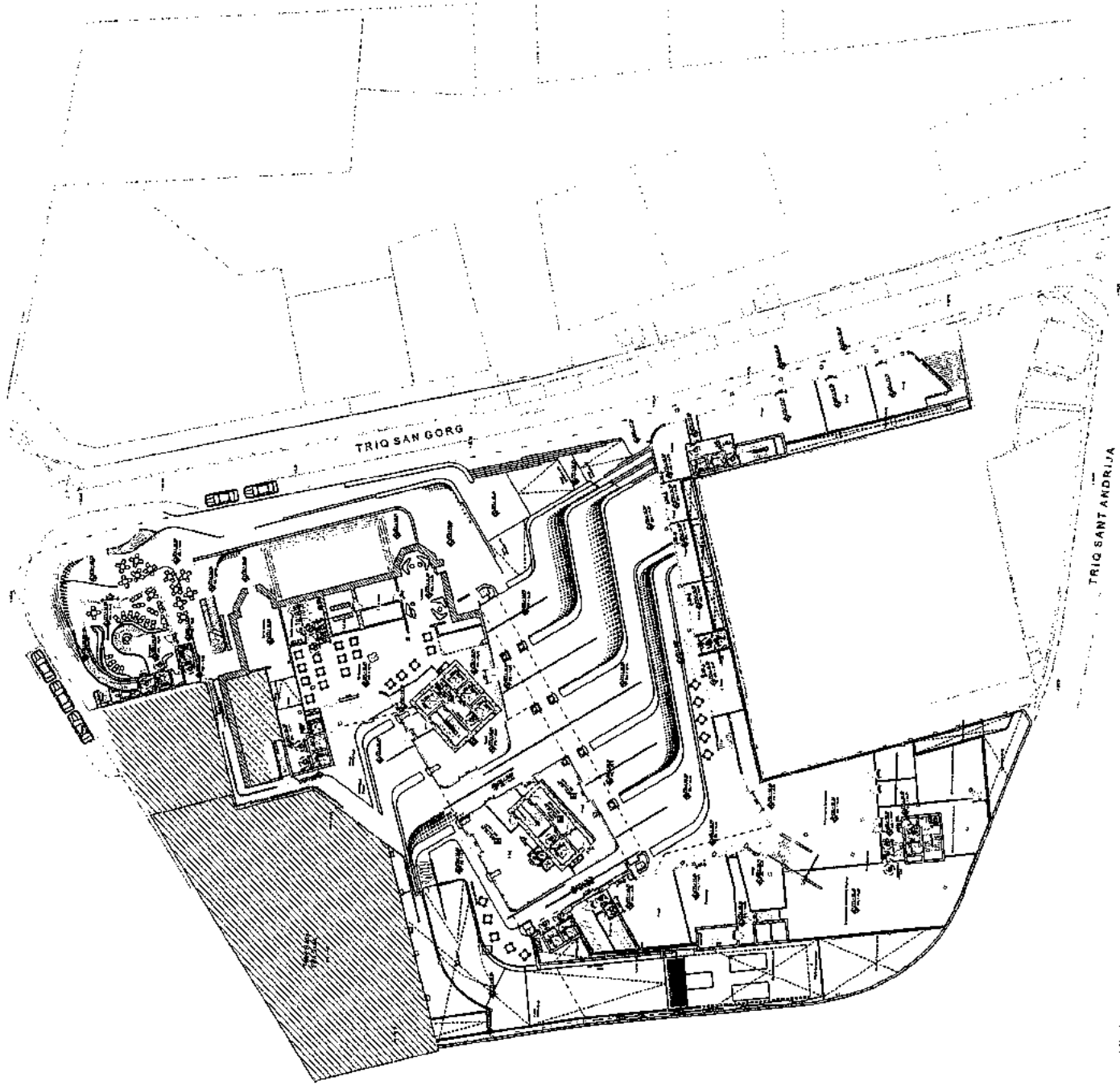




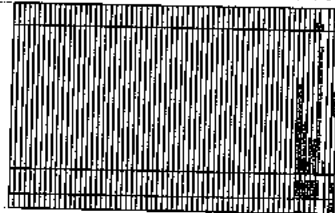
NOTES - 12



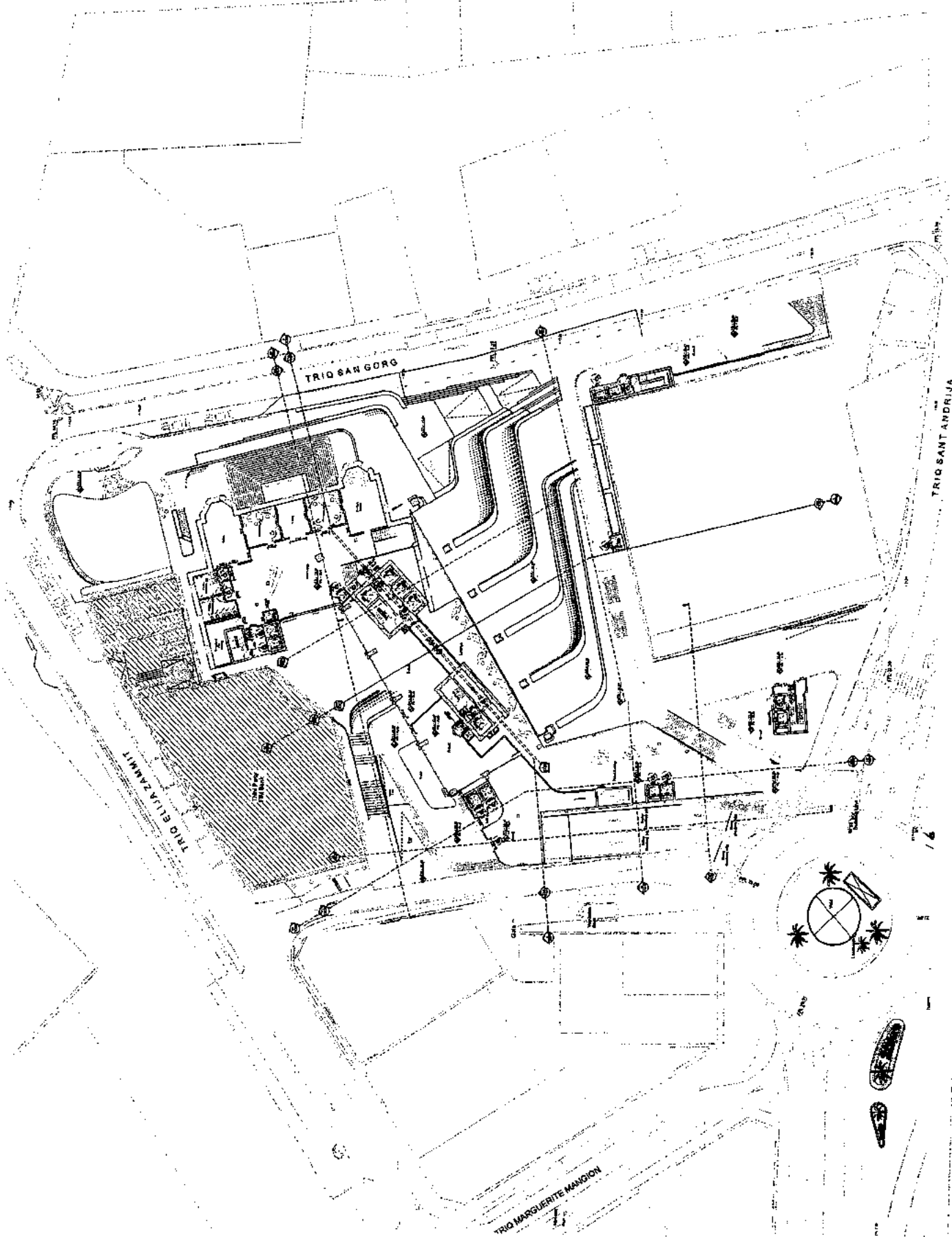
Zaha Hadid Architects

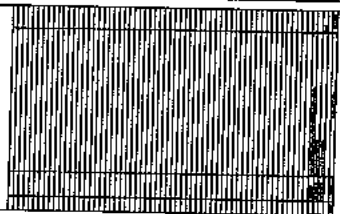


NOTES - 1182
1. ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SPECIFIED.
2. ALL WALLS ARE 200mm THICK UNLESS OTHERWISE SPECIFIED.
3. ALL FLOORS ARE 100mm CONCRETE SLAB ON 50mm SAND ON 100mm GRAVEL ON 100mm COMPACTED SOIL UNLESS OTHERWISE SPECIFIED.
4. ALL ROOFS ARE 100mm CONCRETE SLAB ON 50mm SAND ON 100mm GRAVEL ON 100mm COMPACTED SOIL UNLESS OTHERWISE SPECIFIED.
5. ALL ROOFS ARE TO BE FINISHED WITH 20mm POLYURETHANE INSULATION AND 100mm CONCRETE SLAB ON 50mm SAND ON 100mm GRAVEL ON 100mm COMPACTED SOIL UNLESS OTHERWISE SPECIFIED.
6. ALL ROOFS ARE TO BE FINISHED WITH 20mm POLYURETHANE INSULATION AND 100mm CONCRETE SLAB ON 50mm SAND ON 100mm GRAVEL ON 100mm COMPACTED SOIL UNLESS OTHERWISE SPECIFIED.
7. ALL ROOFS ARE TO BE FINISHED WITH 20mm POLYURETHANE INSULATION AND 100mm CONCRETE SLAB ON 50mm SAND ON 100mm GRAVEL ON 100mm COMPACTED SOIL UNLESS OTHERWISE SPECIFIED.
8. ALL ROOFS ARE TO BE FINISHED WITH 20mm POLYURETHANE INSULATION AND 100mm CONCRETE SLAB ON 50mm SAND ON 100mm GRAVEL ON 100mm COMPACTED SOIL UNLESS OTHERWISE SPECIFIED.
9. ALL ROOFS ARE TO BE FINISHED WITH 20mm POLYURETHANE INSULATION AND 100mm CONCRETE SLAB ON 50mm SAND ON 100mm GRAVEL ON 100mm COMPACTED SOIL UNLESS OTHERWISE SPECIFIED.
10. ALL ROOFS ARE TO BE FINISHED WITH 20mm POLYURETHANE INSULATION AND 100mm CONCRETE SLAB ON 50mm SAND ON 100mm GRAVEL ON 100mm COMPACTED SOIL UNLESS OTHERWISE SPECIFIED.

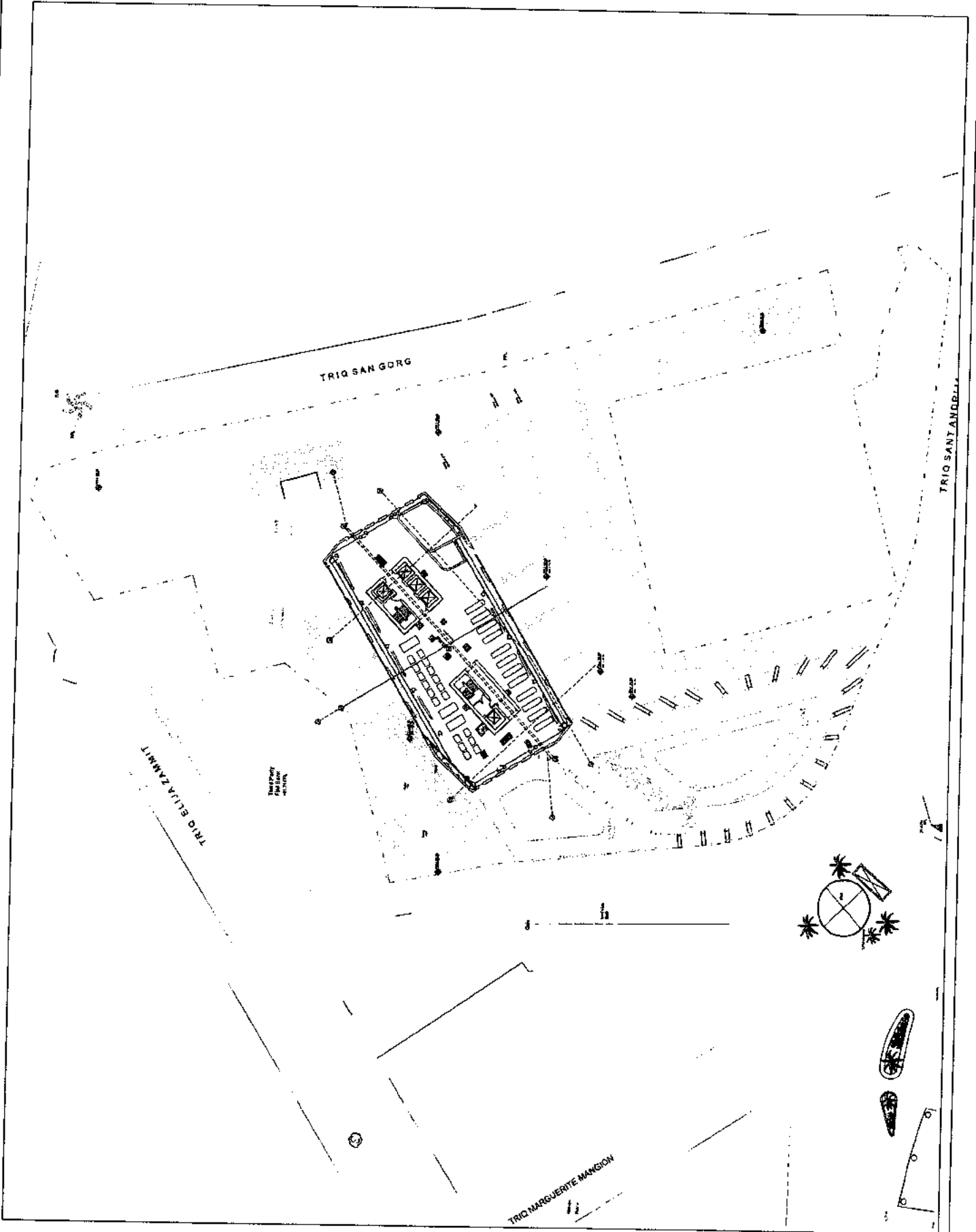


Zaha Hadid Architects





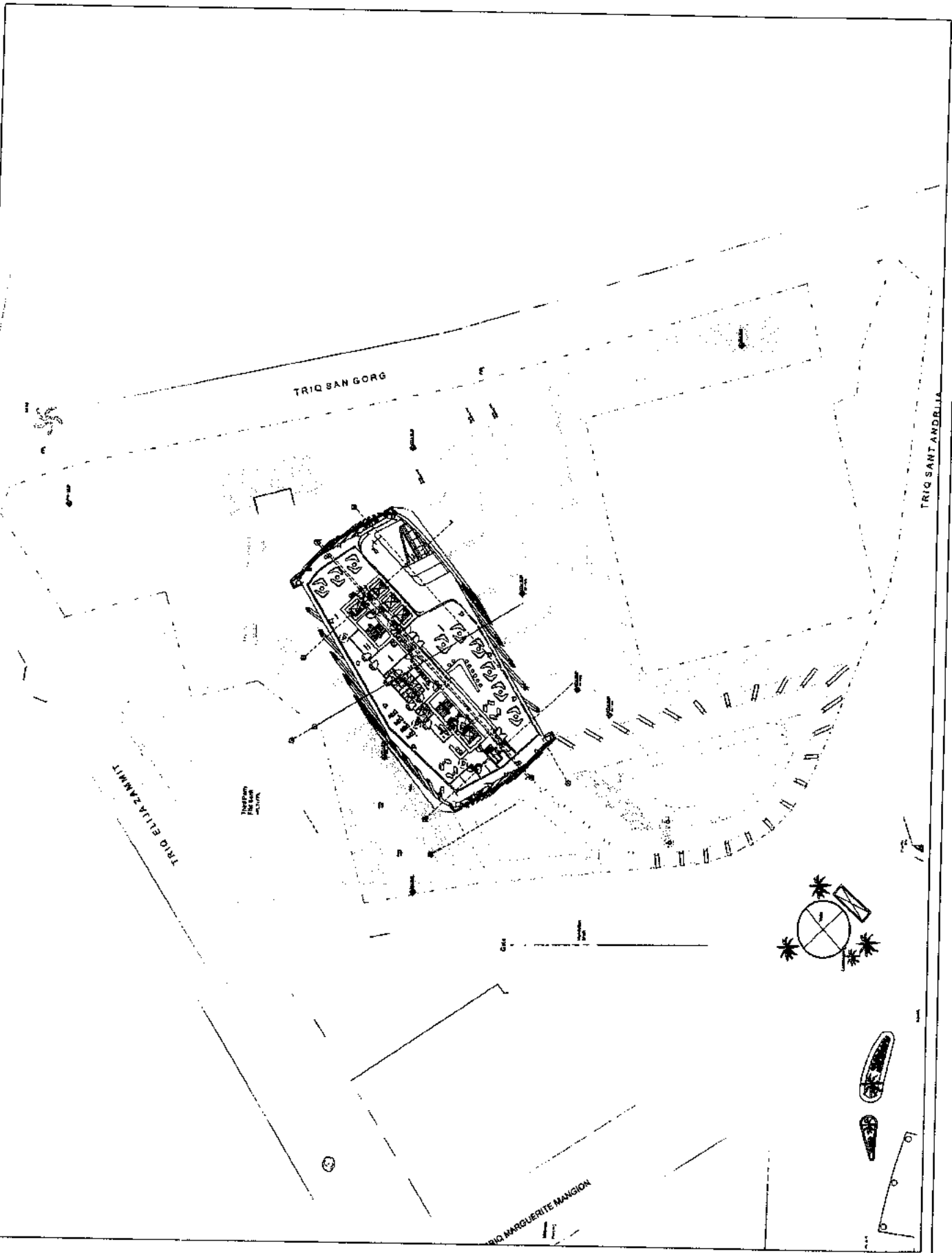
MERCURY TOWER PROJECT  
**Zaha Hadid Architects**  
 PROJECT NO. 010101  
 DATE: 12/2007  
 DRAWING NO. 1010101-01  
 SCALE: 1:500  
 SHEET NO. 1010101-01  
 PROJECT LOCATION: MERCURY TOWER PROJECT  
 LEVEL: 10 - FLOOR PLAN  
 PROJECT NO. 010101



1. The Architect shall be responsible for obtaining all necessary permits and approvals from the relevant authorities.  
 2. The Architect shall ensure that the design complies with all applicable building codes and regulations.  
 3. The Architect shall coordinate with the client and other stakeholders throughout the project.  
 4. The Architect shall provide regular progress reports and updates to the client.  
 5. The Architect shall maintain accurate records of all project communications and decisions.

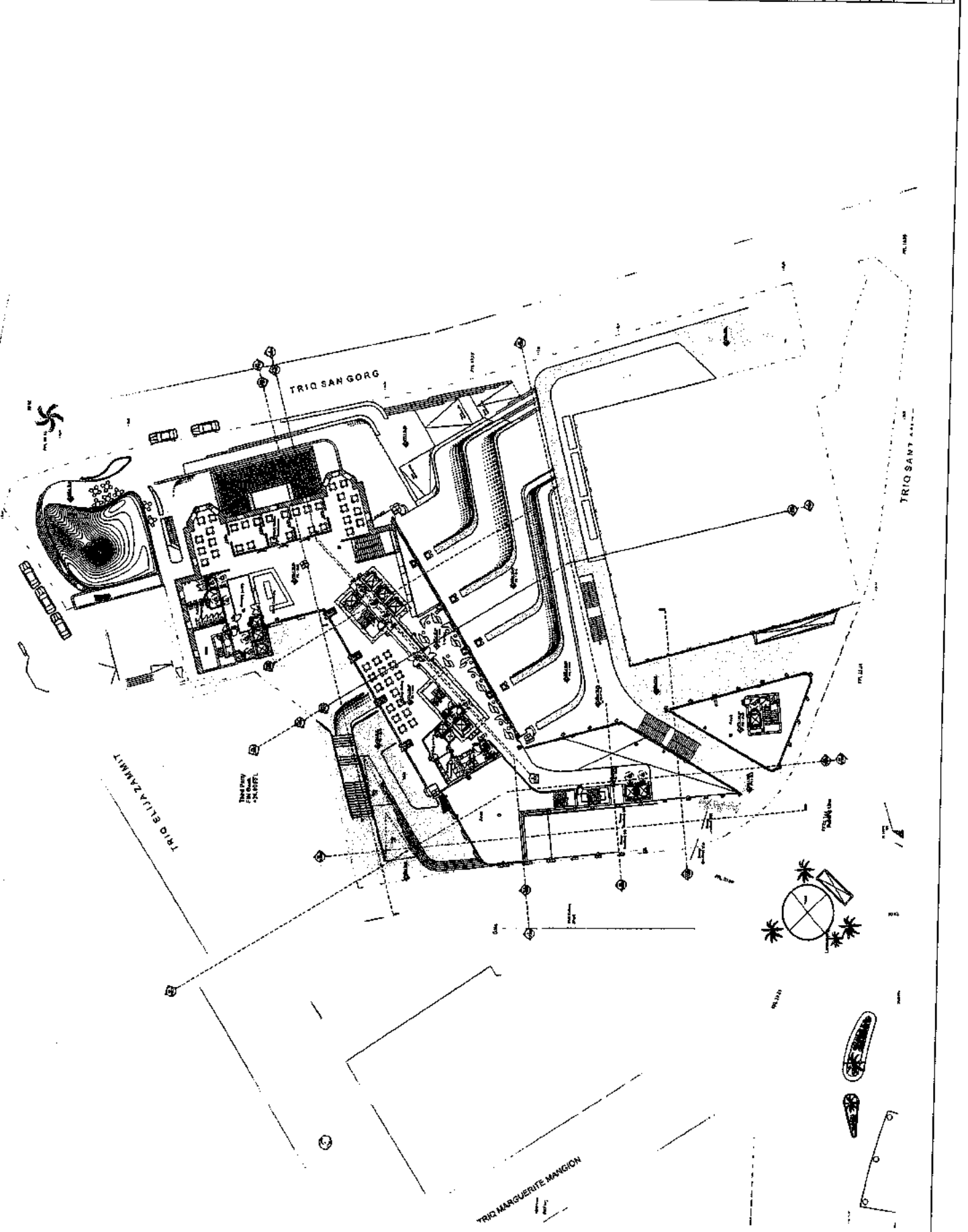
NO.	REVISION	DATE
1	ISSUED FOR PERMITTING	2024-08-15
2	ISSUED FOR CONSTRUCTION	2024-09-01
3	ISSUED FOR AS-BUILT	2024-10-01

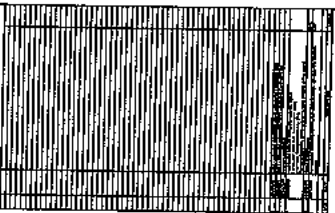
PROJECT: RESIDENT TOWERS PROJECT  
 ARCHITECT: Zaha Hadid Architects  
 CLIENT: [REDACTED]  
 ADDRESS: [REDACTED]  
 DATE: 2024-08-15  
 SCALE: 1:500  
 SHEET NO: 01  
 TOTAL SHEETS: 05  
 PROJECT NO: ZHA-2024-001  
 DRAWING NO: 2024-08-001-01

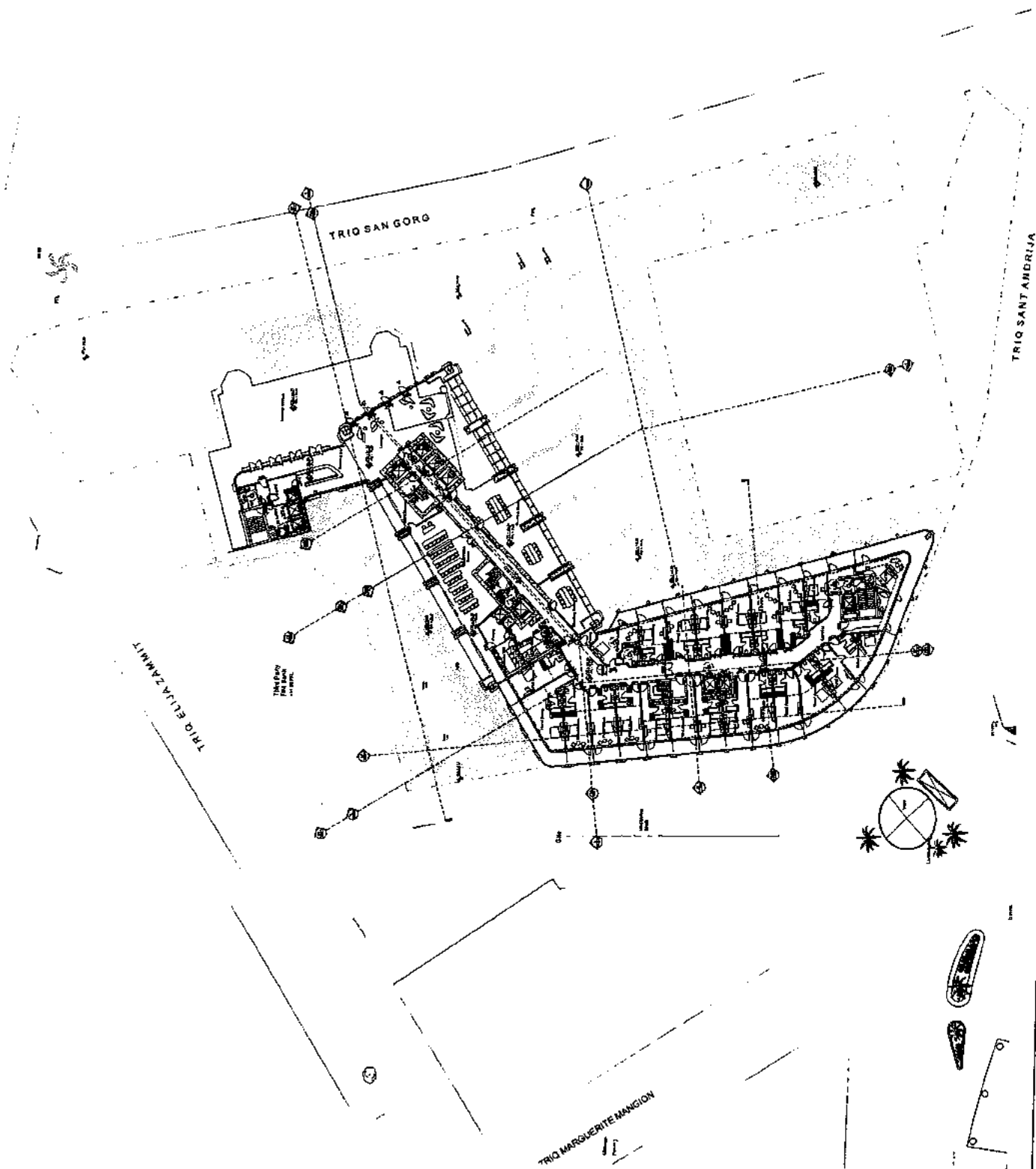


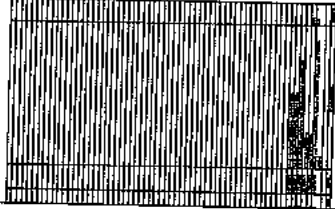


PROJECT INFORMATION PROJECT NO. 113 PROJECT NAME: MARGUERITE TOWERS PROJECT ARCHITECT: Zaha Hadid Architects DATE: 1993		CLIENT: MARGUERITE TOWERS PROJECT ADDRESS: [REDACTED] CITY: [REDACTED]	
DRAWING INFORMATION DRAWING NO. 113-01 DRAWING TITLE: PROPOSED PLANS SCALE: 1:500 DATE: 1993		PROJECT LOCATION SITE NO. 113 AREA: [REDACTED]	

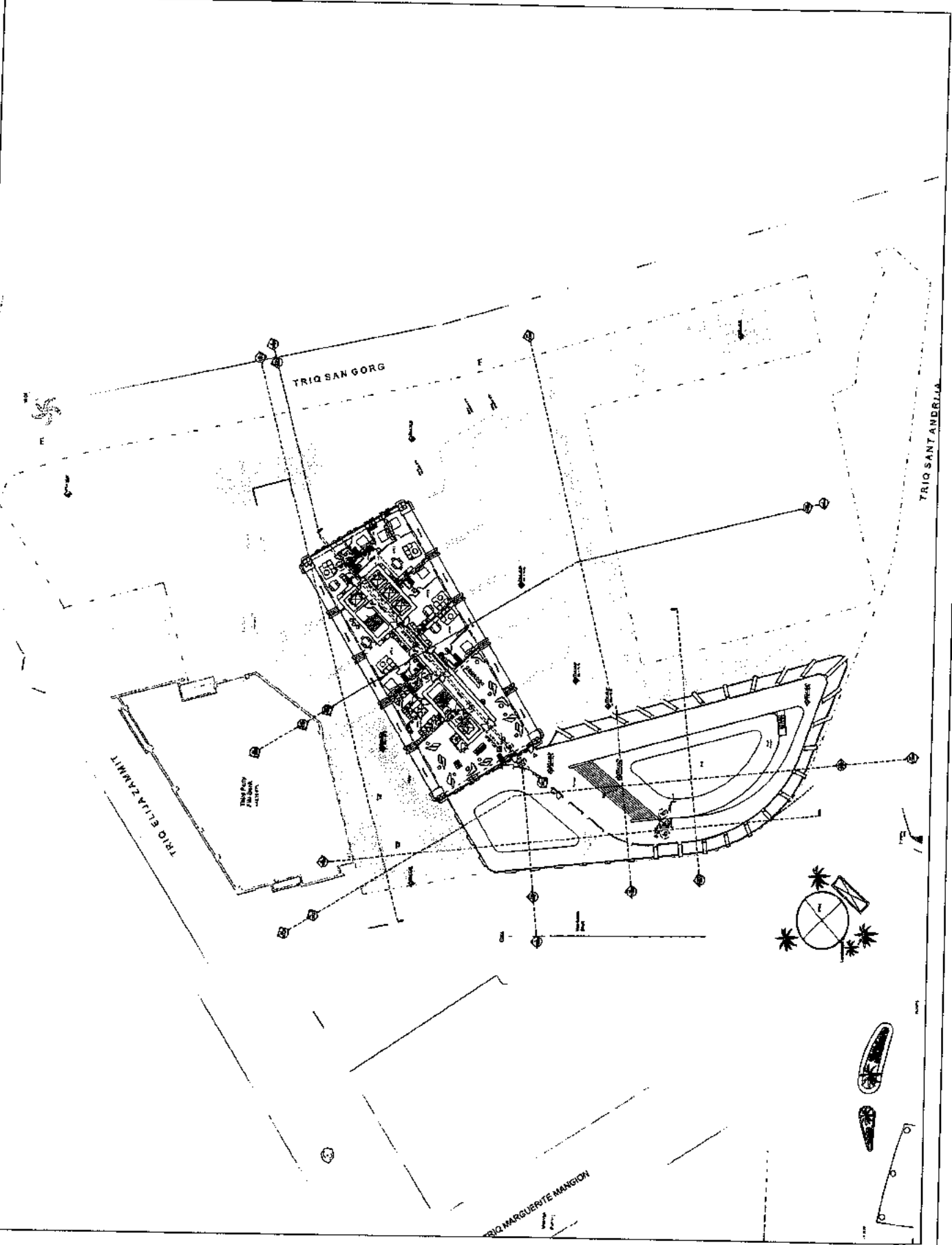


NOTES - 01.1				<b>MERCURY TOWER PROJECT</b> <b>Zaha Hadid Architects</b>	
<small>           1. ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE STATED.            2. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE STATED.            3. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE STATED.            4. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE STATED.            5. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE STATED.            6. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE STATED.            7. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE STATED.            8. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE STATED.            9. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE STATED.            10. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE STATED.         </small>				<small>           PROJECT NO. 01/01/01            DATE 01/01/01            SCALE 1:1000            DRAWN BY [Name]            CHECKED BY [Name]            APPROVED BY [Name]         </small>	
<small>           PROJECT NO. 01/01/01            DATE 01/01/01            SCALE 1:1000            DRAWN BY [Name]            CHECKED BY [Name]            APPROVED BY [Name]         </small>		<small>           PROJECT NO. 01/01/01            DATE 01/01/01            SCALE 1:1000            DRAWN BY [Name]            CHECKED BY [Name]            APPROVED BY [Name]         </small>		<small>           PROJECT NO. 01/01/01            DATE 01/01/01            SCALE 1:1000            DRAWN BY [Name]            CHECKED BY [Name]            APPROVED BY [Name]         </small>	

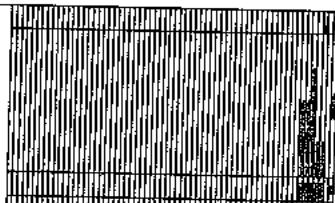


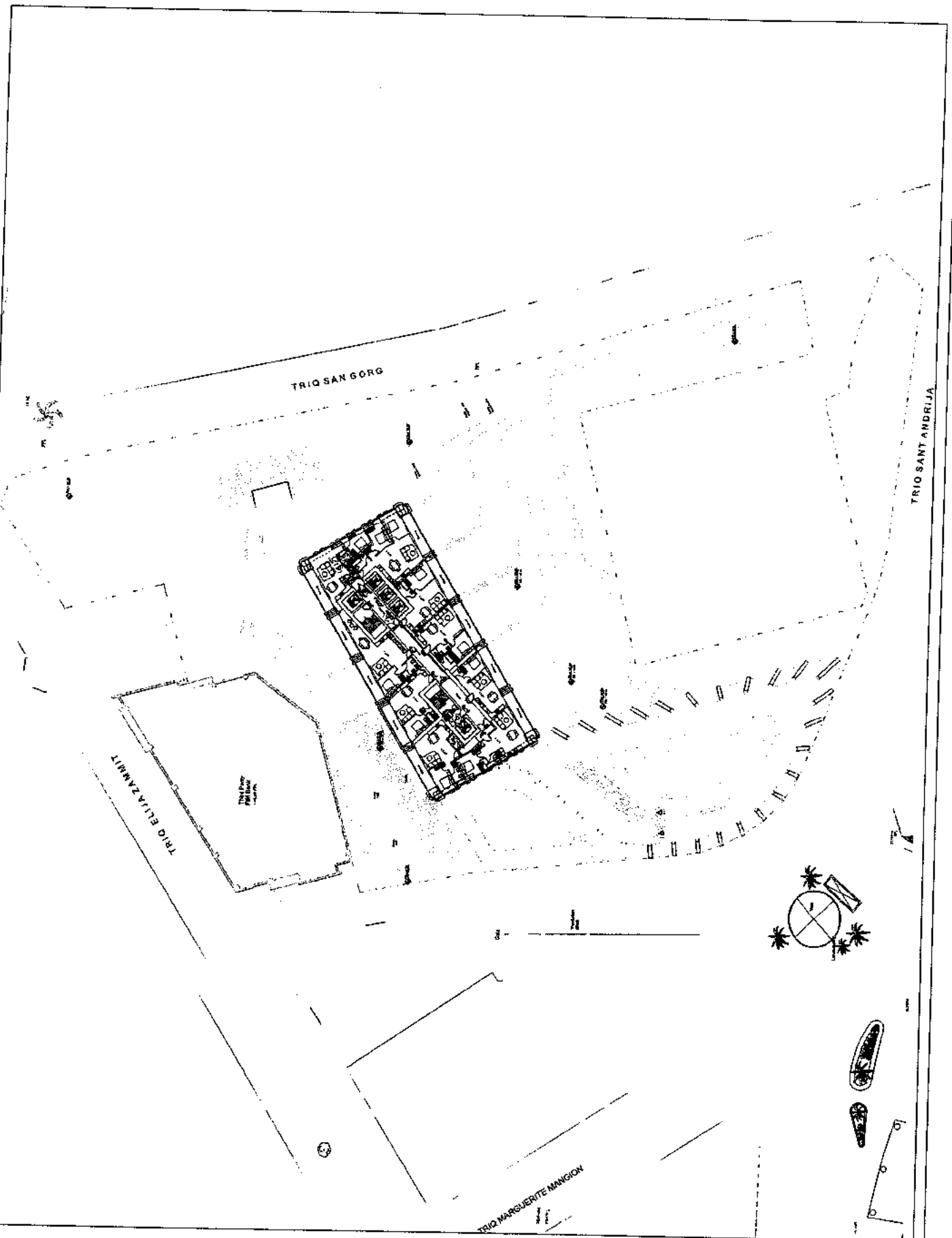


<b>MERCURY TOWER PROJECT</b>	
<b>Zaha Hadid Architects</b>	
Project Name	MERCURY TOWER PROJECT
Client	...
Location	...
Architect	Zaha Hadid Architects
Scale	1:1000
Date	...
Drawn by	...
Checked by	...
Project No.	...
Sheet No.	...
Scale	1:1000
Date	...
Project Name	MERCURY TOWER PROJECT
Client	...
Location	...
Architect	Zaha Hadid Architects
Scale	1:1000
Date	...
Drawn by	...
Checked by	...
Project No.	...
Sheet No.	...
Scale	1:1000
Date	...
Project Name	MERCURY TOWER PROJECT
Client	...
Location	...
Architect	Zaha Hadid Architects
Scale	1:1000
Date	...
Drawn by	...
Checked by	...
Project No.	...
Sheet No.	...
Scale	1:1000
Date	...

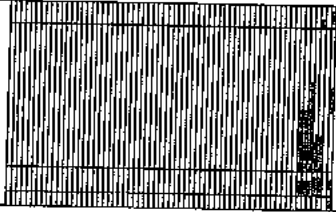




<p>PROJEKSI ARSITEKTUR</p> <p>NO. PROJEKSI: 108</p>			<p>PERENCANAAN ARSITEKTUR</p> <p><b>Zaha Hadid Architects</b></p>	
<p>PROJEKSI ARSITEKTUR</p> <p>NO. PROJEKSI: 108</p>			<p>PROJEKSI ARSITEKTUR</p> <p>NO. PROJEKSI: 108</p>	



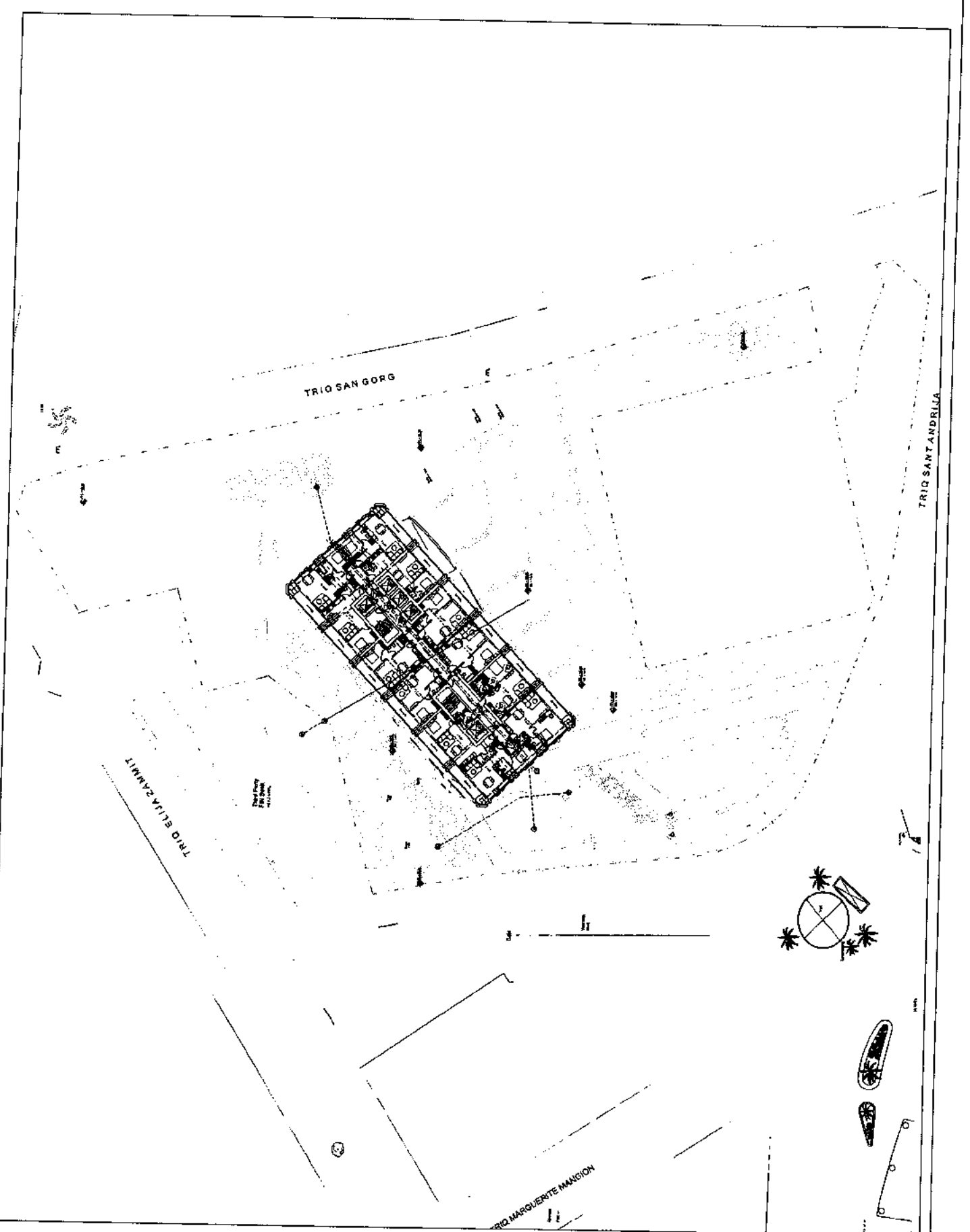
PROPOSED PLANS  
MERRY TONES PROJECT  
LEVEL 11-FLOOR PLAN  
2075-2044-00-1001R

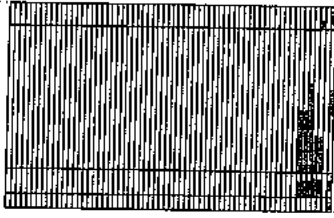


MERRY TONES PROJECT  
**Zaha Hadid Architects**  
 PROJECT NO. 2075-2044-00-1001R  
 SHEET NO. 2075-2044-00-1001R  
 DATE 11/11/2011  
 SCALE 1:1000  
 PROJECT LOCATION  
 PROJECT NO. 2075-2044-00-1001R  
 SHEET NO. 2075-2044-00-1001R  
 DATE 11/11/2011  
 SCALE 1:1000  
 PROJECT LOCATION  
 PROJECT NO. 2075-2044-00-1001R  
 SHEET NO. 2075-2044-00-1001R  
 DATE 11/11/2011  
 SCALE 1:1000  
 PROJECT LOCATION

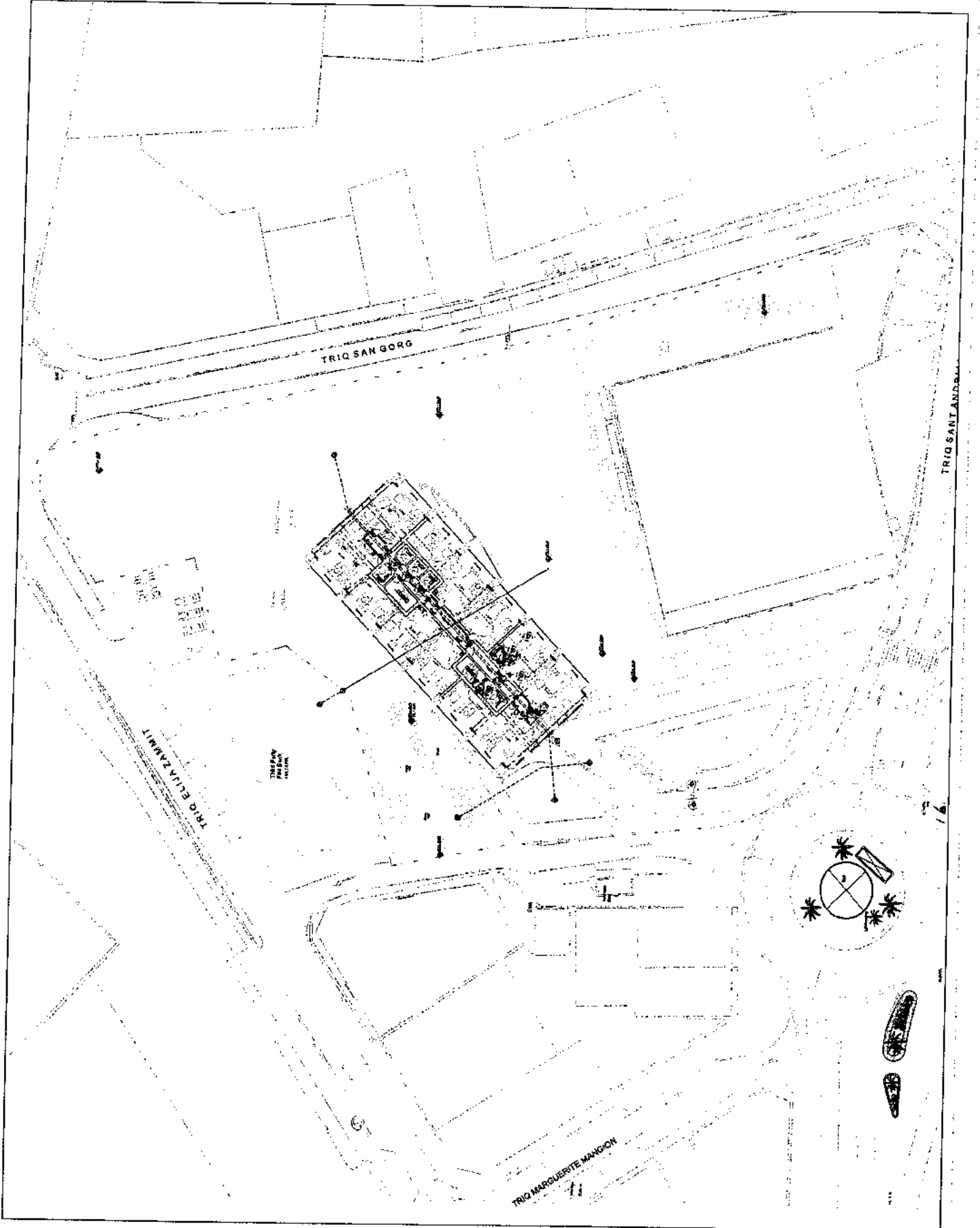


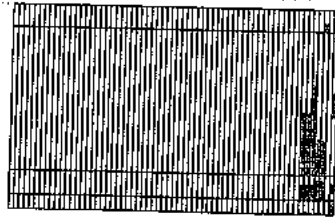
<p>PROYECTO: MERCURY TOWER PROJECT <b>Zaha Hadid Architects</b> DISEÑO: Zaha Hadid Architects LUGAR: [illegible] FECHA: [illegible]</p>		<p>NO. DE PROYECTO: [illegible] FECHA DE ENTREGA: [illegible] FECHA DE ACTUALIZACIÓN: [illegible]</p>		<p>PROYECTOS RELACIONADOS: MERCURY TOWER PROJECT NIVELES 14-18 - FLOOR PLAN 2012-2014-2015</p>	
---	--	---	--	--	--



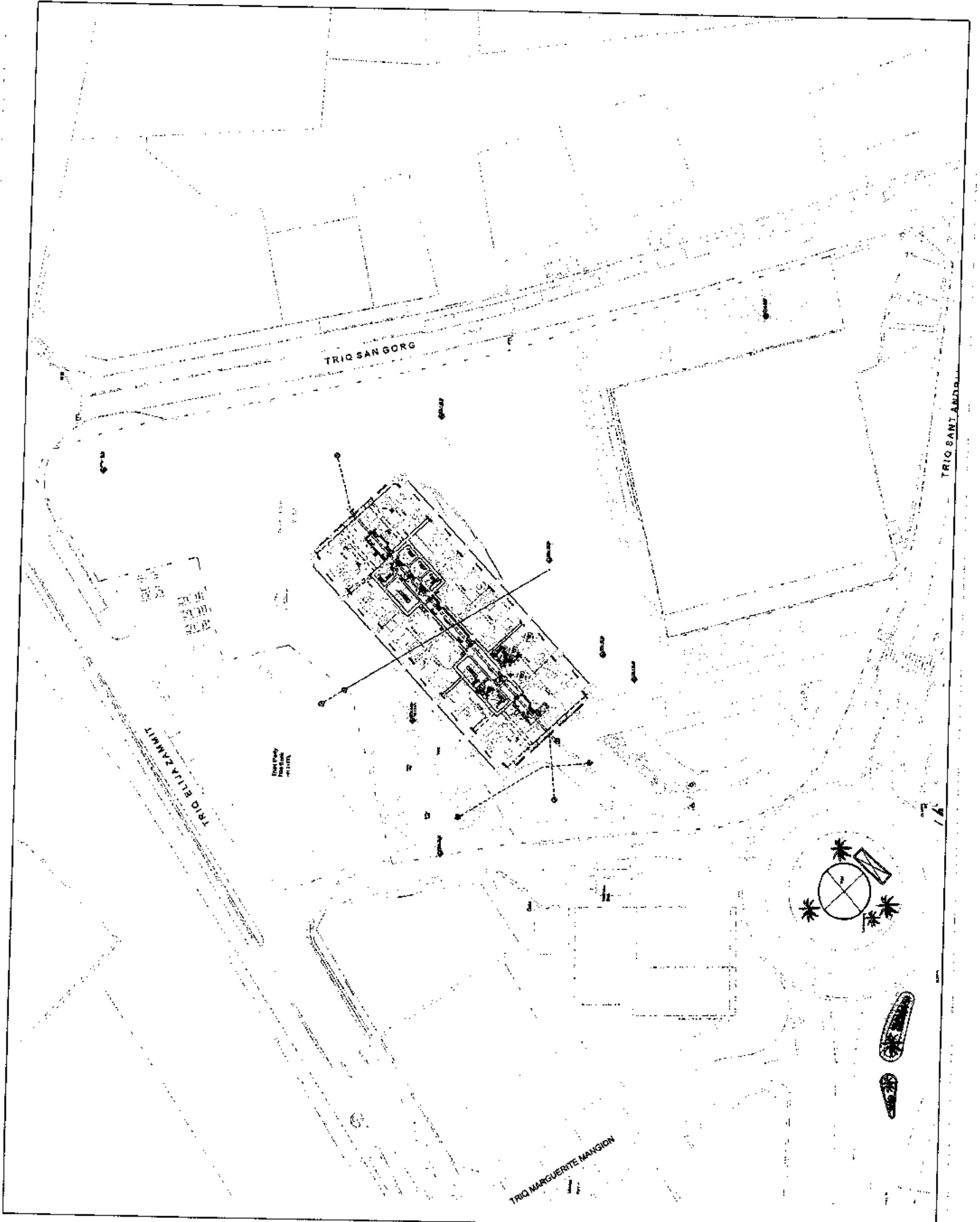


Zaha Hadid Architects



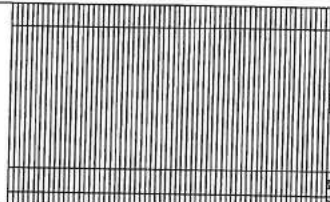


Zaha Hadid Architects





© 2017 Bartenbach Architects. All rights reserved. No part of this document may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage and retrieval system, without the prior written permission of Bartenbach Architects.



PROJECT  
MERCURY TOWERS PROJECT

**Bartenbach**

Zaha Hadid Architects

Project Name: Mercury Towers  
Project Address: [Address]  
Project Location: [Location]  
Project Status: [Status]

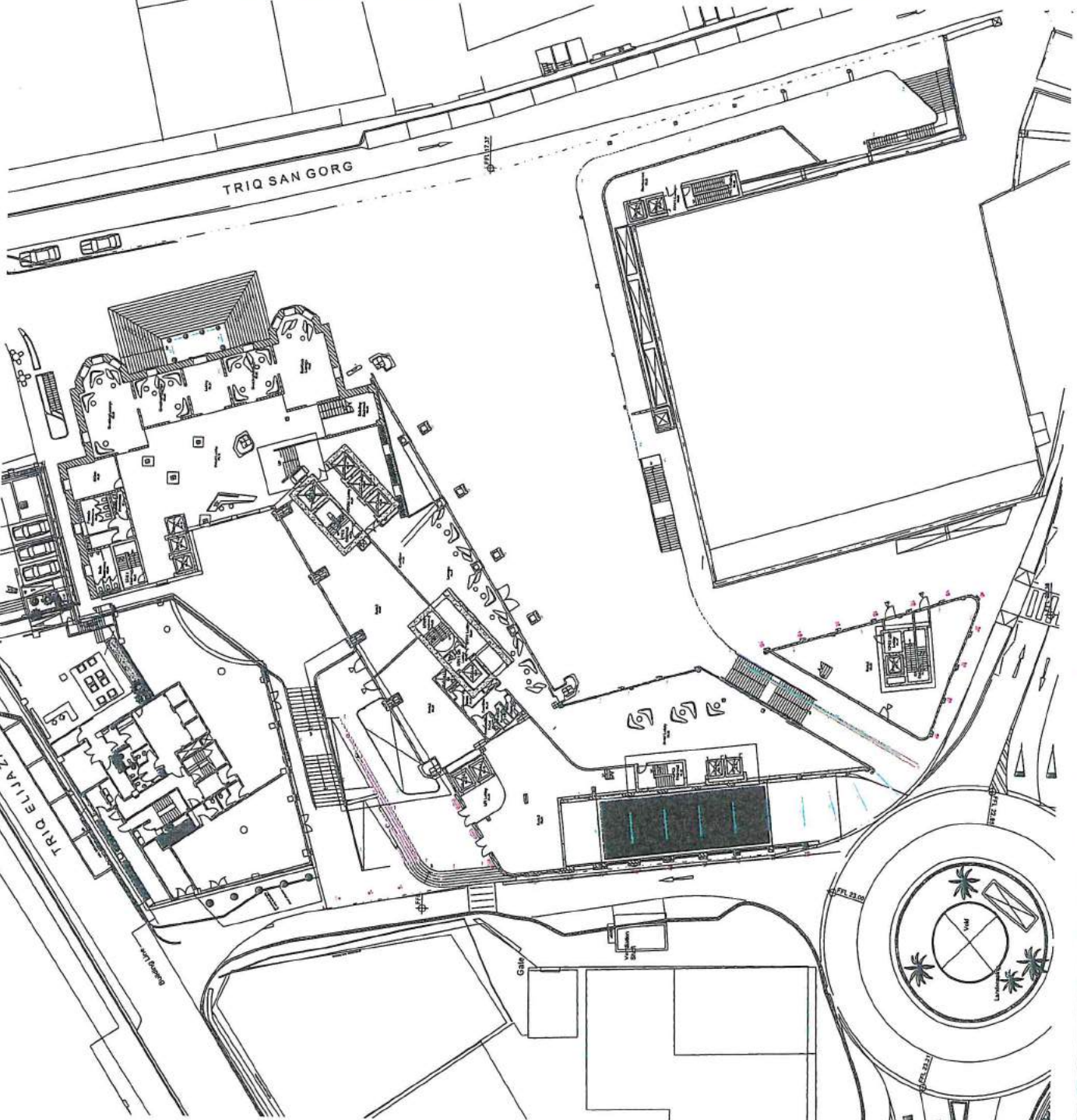
FOR INFORMATION  
2017.04.05  
Checked: [Name]  
Date: [Date]

Project File: 120  
Date: 2017.03.08

Legend for site plan:

- installed in the ground
- installed in the wall or in the ceiling
- handrail
- lowers (outlets)

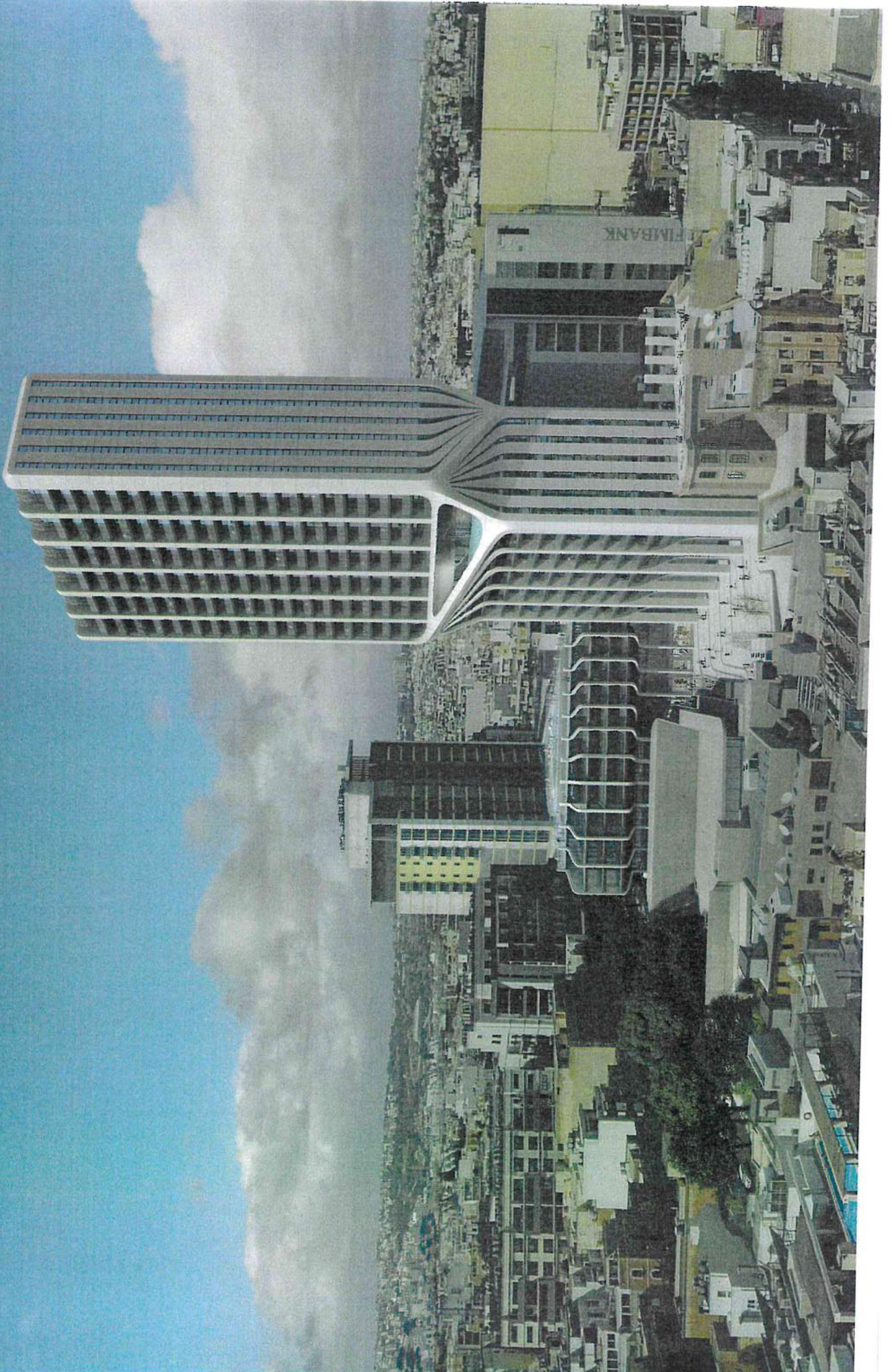
Symbol	Brand/Model	Quantity	Unit
1	LED High Power 100W	7	100W
2	LED High Power 50W	18	50W
3	LED High Power 30W	18	30W
4	LED High Power 15W	3	15W
5	LED High Power 7.5W	3	7.5W
6	LED High Power 3.75W	3	3.75W
7	LED High Power 1.875W	3	1.875W
8	LED High Power 0.9375W	3	0.9375W
9	LED High Power 0.46875W	3	0.46875W
10	LED High Power 0.234375W	3	0.234375W
11	LED High Power 0.1171875W	3	0.1171875W
12	LED High Power 0.05859375W	3	0.05859375W
13	LED High Power 0.029296875W	3	0.029296875W
14	LED High Power 0.0146484375W	3	0.0146484375W
15	LED High Power 0.00732421875W	3	0.00732421875W
16	LED High Power 0.003662109375W	3	0.003662109375W
17	LED High Power 0.0018310546875W	3	0.0018310546875W
18	LED High Power 0.00091552734375W	3	0.00091552734375W
19	LED High Power 0.000457763671875W	3	0.000457763671875W
20	LED High Power 0.0002288818359375W	3	0.0002288818359375W
21	LED High Power 0.00011444091796875W	3	0.00011444091796875W
22	LED High Power 0.000057220458984375W	3	0.000057220458984375W

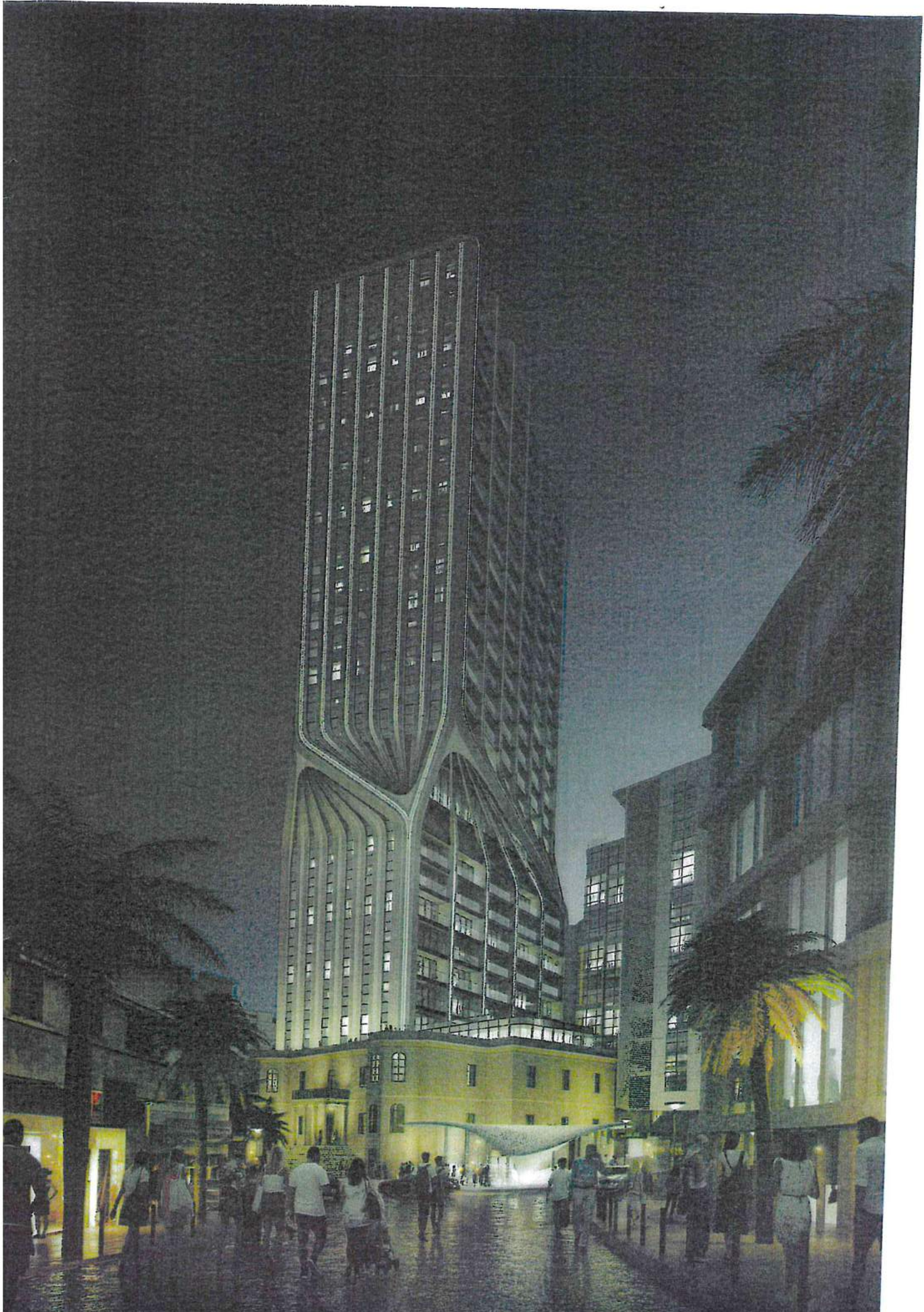












**SECURITIES NOTE**

Dated 4<sup>th</sup> March 2019

This Securities Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended. 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:

**€11,500,000 3.75% Secured\* Bonds 2027**

**of a nominal value of €100 per Bond issued at par**

**ISIN: MT0002191204**

**(the “Series I Bonds”)**

and

**€11,000,000 4.25% Secured\* Bonds 2031**

**of a nominal value of €100 per Bond issued at par**

**ISIN: MT0002191212**

**(the “Series II Bonds” and together with the Series I Bonds the “Bonds”)**

by



**MERCURY PROJECTS FINANCE P.L.C.**

**a public limited liability company duly incorporated under the Laws of Malta, with Company registration number C89117**

**with the joint and several Guarantee\* of Mercury Towers Limited**

**a private limited company registered in Malta with company registration number C 77402**

\*Prospective investors are to refer to the Guarantee contained in Annex III of this Securities Note and Sections 5.5 and 5.6 of the Registration Document for a description of the Guarantee and the Collateral in general.

---



THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

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

APPLICATION HAS BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST.

THE BONDS SHALL CONSTITUTE THE GENERAL, DIRECT AND UNCONDITIONAL OBLIGATIONS OF THE ISSUER AND SHALL BE GUARANTEED IN RESPECT OF BOTH THE INTEREST DUE AND THE PRINCIPAL AMOUNT UNDER SAID BONDS BY THE GUARANTOR AND SECURED BY THE COLLATERAL. THE BONDS WILL RANK *PARI PASSU* WITHOUT ANY PRIORITY OR PREFERENCE AMONG THEMSELVES BUT, IN RESPECT OF THE GUARANTOR AND SAVE FOR SUCH EXCEPTIONS AS MAY BE PROVIDED BY APPLICABLE LAW, SHALL RANK WITH PRIORITY OR PREFERENCE OVER ALL UNSECURED INDEBTEDNESS, BY VIRTUE AND TO THE EXTENT OF THE FIRST SPECIAL HYPOTHEC OVER THE RELEVANT SECURITY PROPERTY WHICH THE GUARANTOR HAS AGREED TO CONSTITUTE IN FAVOUR OF THE SECURITY TRUSTEE FOR THE BENEFIT OF THE BONDHOLDERS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. 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 FINANCIAL ADVISOR.

APPROVED BY THE DIRECTORS



Joseph Portelli



Stephen Muscat



Mario Vella



Peter Portelli

## IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY MERCURY PROJECTS FINANCE P.L.C. (THE "ISSUER") OF TWO SERIES OF BONDS, NAMELY:

1. €11,500,000 SECURED BONDS 2027 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 3.75% PER ANNUM, WITH THE NOMINAL VALUE OF THE BOND BEING REPAYABLE IN FULL AT MATURITY ON THE APPLICABLE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE "SERIES I BONDS"); AND
2. €11,000,000 SECURED BONDS 2031 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.25% PER ANNUM, WITH THE NOMINAL VALUE OF THE BOND BEING REPAYABLE IN FULL AT MATURITY ON THE APPLICABLE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE "SERIES II BONDS").

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 THE TERMS OF THIS SECURITIES NOTE.

THE SECURITIES NOTE HAS BEEN PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED FROM TIME TO TIME BY VARIOUS INSTRUMENTS, INCLUDING BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015).

THIS SECURITIES NOTE SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER DATED [-].

ALL OF THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR UNDER THE HEADING "DIRECTORS" IN SECTION 3.1 OF THE REGISTRATION DOCUMENT, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS SECURITIES NOTE. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS SECURITIES NOTE IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS OF THE ISSUER ACCEPT RESPONSIBILITY ACCORDINGLY.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS, TO PUBLISH OR ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUE OR SALE OF THE BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF PUBLISHED, ISSUED, GIVEN OR MADE, SUCH ADVERTISEMENT, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED UNDER THE HEADING "ADVISORS TO THE ISSUER AND THE GUARANTOR" IN SECTION 3.3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS THE CASE MAY BE, IN RELATION TO THIS ISSUE 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 ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED FINANCIAL INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER 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 THE PURPOSES OF, AN OFFER OR INVITATION FOR SUBSCRIPTION OF BONDS BY ANY PERSON (I) IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN ANY JURISDICTION 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.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY BONDS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS 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) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING (AS AMENDED) OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF THE SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AND/OR IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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 THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, 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 ACT.

**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.**

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.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR GUARANTOR'S WEBSITES (IF ANY) OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTOR'S WEBSITES 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 WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

**THE VALUE OF INVESTMENTS CAN RISE OR FALL 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 INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.**



---

**TABLE OF CONTENTS**
**CONTENTS**

1.	<i>DEFINITIONS</i> .....	1
2.	<i>RISK FACTORS</i> .....	5
2.1	<i>Forward-looking Statements</i> .....	5
2.2	<i>General</i> .....	5
2.3	<i>Risks relating to the Bonds</i> .....	6
3.	<i>PERSONS RESPONSIBLE</i> .....	9
4.	<i>ESSENTIAL INFORMATION</i> .....	10
4.1	<i>Interest of natural and legal persons involved in the Bond Issue</i> .....	10
4.2	<i>Reasons for the offer and use of proceeds</i> .....	10
4.3	<i>Expenses</i> .....	11
4.4	<i>Security</i> .....	11
4.5	<i>Consent for use of Prospectus</i> .....	11
5.	<i>OFFER STATISTICS</i> .....	13
5.1	<i>Offer Statistics – Series I Bonds</i> .....	13
5.2	<i>Offer Statistics – Series II Bonds</i> .....	14
6.	<i>INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING</i> .....	16
6.1	<i>General</i> .....	16
6.2	<i>Registration, form, denomination and title</i> .....	16
6.3	<i>Ranking of the Bonds</i> .....	17
6.4	<i>Rights attaching to the Bonds</i> .....	17
6.5	<i>Interest</i> .....	18
6.6	<i>Yield</i> .....	18
6.7	<i>Redemption and purchase</i> .....	18
6.8	<i>Payments</i> .....	18
6.9	<i>Events of Default</i> .....	19
6.10	<i>Transferability of the Bonds</i> .....	20
6.11	<i>Further issues</i> .....	21
6.12	<i>Resolutions and meetings of Bondholders</i> .....	21
6.13	<i>Bonds held jointly</i> .....	22
6.14	<i>Bonds held subject to usufruct</i> .....	22
6.15	<i>Authorisations and approvals</i> .....	22
6.16	<i>Representations and warranties</i> .....	22
6.17	<i>Notices</i> .....	23
6.18	<i>Governing law and jurisdiction</i> .....	23

7.	<i>TAXATION</i> .....	24
7.1	<i>Malta tax on interest</i> .....	24
7.2	<i>Exchange of information</i> .....	24
7.3	<i>Maltese tax on capital gains on transfer of the Bonds</i> .....	24
7.4	<i>Duty on documents and transfers</i> .....	25
8.	<i>TERMS AND CONDITIONS OF THE BOND ISSUE</i> .....	26
8.1	<i>Expected timetable</i> .....	26
8.2	<i>Terms and conditions of Application</i> .....	26
8.3	<i>Plan of distribution and allotment</i> .....	30
8.4	<i>Placing agreements</i> .....	30
8.5	<i>Pricing</i> .....	31
8.6	<i>Allocation policy</i> .....	31
8.7	<i>Admission to trading</i> .....	31
8.8	<i>Additional Information</i> .....	31
<i>ANNEX</i>	<i>I</i> – <i>SPECIMEN APPLICATION FORMS</i> .....	
	<i>ANNEX II – AUTHORISED FINANCIAL INTERIMEDIARIES</i> .....	
	<i>ANNEX III – GUARANTEE</i> .....	
	<i>ANNEX IV – FINANCIAL ANALYSIS SUMMARY</i> .....	

## 1. DEFINITIONS

Capitalised words and expressions used in this Securities Note and which are defined in the Registration Document forming part of the Prospectus shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning herein as the meaning given to such words and expressions in the Registration Document. Furthermore, in this Securities Note the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

<b>Act</b>	The Companies Act, 1995, Cap. 386, Laws of Malta;
<b>Applicant/s</b>	A person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application</b>	The application to subscribe for Secured Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
<b>Application Form</b>	The application form for subscription for Bonds of the relevant Series, a specimen of which is contained in Annex I of this Securities Note;
<b>Authorised Financial Intermediaries</b>	The financial intermediary/ies whose details appear in Annex II to this document;
<b>Bond/s or Secured Bond/s</b>	The Series I Bonds and the Series II Bonds, and “ <b>Series</b> ” means any of such Series;
<b>Bondholders</b>	The holders of the Bonds, each a “ <b>Bondholder</b> ”;
<b>Bond Issue</b>	The issue of Bonds;
<b>Bond Issue Price</b>	In respect of both Series I Bonds and Series II Bonds, means the nominal value of each Bond (€100 per Bond);
<b>Business Day</b>	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Collateral</b>	The following security granted by the Guarantor in favour of the Security Trustee for the benefit of Bondholders: (a) a first ranking special hypothec over the respective Security Property in respect of Series I Bonds and Series II Bonds; and (b) the Guarantee;
<b>CSD or Central Securities Depository</b>	The Central Securities Depository of and operated by the Malta Stock Exchange set up and authorized in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), or any other central securities depository appointed by the Issuer from time to time;
<b>Directors or Board</b>	The directors of the Issuer whose names and addresses are set out under the heading “Identity of the Directors, Senior Management, Advisors and Auditors of the Issuer and Guarantor” in Section 3 of the Registration Document;
<b>Deed of Hypothec</b>	A notarial deed to be entered into by and between the Issuer and the Security Trustee whereby ‘inter alia’ the Issuer constitutes in favour of the Security Trustee that part of the Collateral which according to law requires the execution of a notarial deed;

<b>Euro or €</b>	The official currency of the member States of the European Union that form part of the Euro-zone, including Malta;
<b>Group or Mercury Group</b>	Mercury Towers Limited, a company registered under the laws of Malta with company registration number C 77402 and having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta (as ultimate parent company) and the Issuer, and the term <b>“Group Company”</b> shall mean any one of the companies forming part of the Group;
<b>Guarantee</b>	The joint and several guarantee dated 4 <sup>th</sup> March 2019 granted by the Guarantor as security for the punctual performance of the Issuer’s payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee (which contains a description of the nature, scope and terms of the Guarantee appended to the Securities Note as Annex III thereto);
<b>Guarantor</b>	Mercury Towers Limited, a company registered under the laws of Malta with company registration number C 77402 and having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta;
<b>Interest Payment Date</b>	23 March of each year between and including each of the year 2020 and the year 2027 in the case of the Series I Bonds and each of the year 2020 and the year 2031 in the case of the Series II Bonds, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>Issue Date</b>	The date of issue of the Bonds, expected on 4 <sup>th</sup> April 2019;
<b>Issuer or Company</b>	Mercury Projects Finance p.l.c., a company registered under the laws of Malta with company registration number C 89117 and having its registered office at 1400, Block 14, Portomaso, St. Julian’s, Malta;
<b>Issuer-Guarantor Loan</b>	The loan facility between the Issuer (as lender) and the Guarantor (as borrower) referred to in Section 4.2 of this Securities Note;
<b>Listing Authority</b>	The Board of Governors of the MFSA, appointed as the Listing Authority for the purposes of the Financial Markets Act, 1990, (Cap. 345, Laws of Malta) in terms of Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
<b>Listing Rules</b>	The Listing Rules of the Listing Authority;
<b>Malta Stock Exchange or Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Memorandum and Articles of Association or Articles</b>	The memorandum and articles of association of the Issuer in force at the time of publication of this Securities Note;
<b>MFSA</b>	The Malta Financial Services Authority established in terms of the Malta Financial Services Authority Act, 1988, (Cap. 330, Laws of Malta);
<b>Offer Period</b>	The period between 13 <sup>th</sup> March 2019 and 27 <sup>th</sup> March 2019 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer;
<b>Official List</b>	The list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;

<b>Placement Agreements</b>	The subscription / placement agreement/s between the Issuer and the Authorised Financial Intermediaries, as referred to in Section 8.4 of this Securities Note;
<b>Prospectus</b>	Collectively, the Registration Document, the Securities Note and the Summary Note;
<b>Redemption Date</b>	27 <sup>th</sup> March 2027 in the case of the Series I Bonds and 27 <sup>th</sup> March 2031 in the case of the Series II Bonds;
<b>Redemption Value</b>	In respect of each Bond, means the nominal value of such Bond (€100 per Bond);
<b>Registration Document</b>	The registration document issued by the Issuer dated 4 <sup>th</sup> March 2019, forming part of the Prospectus;
<b>Registrar</b>	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370 of the laws of Malta) and is a member of the MSE;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
<b>Securities Note</b>	This document in its entirety;
<b>Security Property</b>	In respect of Series I Bonds, the following immovable property owned by the Guarantor: <ul style="list-style-type: none"> <li>- The airspace within Mercury Site which will accommodate and wherein there will be developed the planned 12 apartments within the uppermost level (i.e. Level 30) of the Tower, having a planned internal floor area measuring approximately 908 sq.m. and external balconies measuring 120 sq.m and, upon completion, the said 12 apartments themselves;</li> <li>- The restaurant (including lounge area) located at Level 01 in the Tower overlooking the main piazza which measure approximately 470 sq.m. and which on the date hereof is in shell form;</li> <li>- The conference area and meeting rooms and ancillary facilities located at Level 02 in the Tower which measure approximately 498 sq.m. and which on the date hereof are in shell form; and</li> <li>- The airspace within Mercury Site which will accommodate and wherein there will be developed the planned indoor pool, spa, lounge bar and amenities within Level 11 of the Tower, having a planned area measuring approximately 770 sq.m. and, upon completion, the said indoor pool, spa, lounge bar and amenities themselves,</li> </ul>

	<p>(also referred to as “<b>Series I Bonds Security Property</b>”); and</p> <p>in respect of Series II Bonds, the following immovable property owned by the Guarantor:</p> <ul style="list-style-type: none"> <li>- the old building known as ‘Mercury House’ within the Mercury Site, as the same is planned to be developed pursuant to execution of the Project (also referred to as “<b>Series II Bonds Security Property</b>”)</li> </ul>
<b>Security Trust Deed or Trust Deed</b>	The security trust deed entered into between the Security Trustee, the Issuer and the Guarantor dated 4 <sup>th</sup> March 2019;
<b>Security Trustee</b>	CSB Trustees and Fiduciaries Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 40390 and having its registered office at Level 3, Tower Business Centre, Tower Street, Swatar, Birkirkara BKR4013, Malta, duly authorized to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the Laws of Malta);
<b>Series I Bonds</b>	The €11,500,000 bonds due 2027 of a face value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the respective Redemption Date, bearing interest at the rate of 3.75% per annum, as set out in this Securities Note;
<b>Series II Bonds</b>	The €11,000,000 bonds due 2031 of a face value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the respective Redemption Date, bearing interest at the rate of 4.25% per annum, as set out in this Securities Note;
<b>Sponsor or Sponsor and Registrar</b>	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370 of the laws of Malta) and is a member of the MSE;
<b>Summary Note</b>	The summary note issued by the Issuer dated 4 <sup>th</sup> March 2019, forming part of the Prospectus;
<b>Terms and Conditions</b>	The terms and conditions of issue of each of the Series I Bonds and the Series II Bonds, set out in Sections 5, 6 and 8 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 also 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 references to a person includes natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
- (e) any phrase introduced by the term “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding the term;
- (f) any references 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 issue of this Securities Note.

## **2. RISK FACTORS**

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

**AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING BUT NOT LIMITED TO THOSE DESCRIBED BELOW.**

**PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS 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 OR THE BONDS.**

**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.**

**IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE VALUE, YIELD, MARKETABILITY, REPAYABILITY AND OTHER CHARACTERISTICS OF THE BONDS.**

**THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.**

**THE RISKS DESCRIBED BELOW ARE THOSE THAT THE DIRECTORS BELIEVE TO BE MATERIAL AS AT THE DATE HEREOF, BUT THESE RISKS MAY NOT BE THE ONLY ONES AFFECTING THE BONDS. ADDITIONAL RISKS, INCLUDING THOSE WHICH THE DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE BONDS AND/OR THE BONDHOLDERS' RIGHTS THEREUNDER.**

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

**ACCORDINGLY PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT AND IN THE PROSPECTUS BEFORE INVESTING IN THE BONDS. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISKS MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.**

### ***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 forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Directors. No assurance is given that the future results or expectations will be achieved.

### ***2.2 General***

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 respective maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Issuer and the Bonds involves certain risks, including those described below and in the Section entitled “Risk Factors” in the Registration Document.

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 advisor licensed under the Investment Services Act (Cap. 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 in 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 be familiar with the behaviour of any relevant indices and financial markets; and
- (iv) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### **2.3 Risks relating to the Bonds**

#### **Trading and liquidity risks**

There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Bond Issue Price or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer’s Bonds at any given time, which presence is dependent upon the individual decisions of investors as well as market conditions over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds. These factors include the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates generally. 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 or a Group Company will have on the market price of the Bonds prevailing from time to time.

#### **Interest rate risk**

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Fixed income debt securities are influenced predominantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. The price of bonds tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Bonds will tend to rise (saving other factors which may affect price). Moreover, the price changes also depend on the term or residual time to maturity of the Bonds. In general, bonds with shorter terms have less price risks than bonds with longer terms.

#### **Currency risk**

Any investor whose currency of reference is not the Euro shall bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder’s currency of reference.



**Continuing compliance obligations**

Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain ongoing requirements relating, inter alia, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, inter alia, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspension or listing revocation / discontinuation could have a material adverse effect on the liquidity and value of the Bonds.

**Changes in laws and regulations**

The Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the 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 Maltese law or administrative practice after the date of this Prospectus.

**Amendments to Terms and Conditions**

The Issuer may call a meeting of Bondholders in accordance with the provisions of Section 6.12 of this Securities Note in the event that it wishes to amend any of the Terms and Conditions of this Bond Issue or of either of the Series I Bonds or Series II Bonds. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

**Additional indebtedness and security**

Both the Issuer and the Guarantor may incur further borrowings or indebtedness, including through the issue of other debt securities, and may create or permit to subsist security interests upon the whole or any part of their respective present or future undertakings, assets or revenues (including uncalled capital), although no issue may be made that would rank senior to the Bonds in respect of the Collateral.

**Ratings**

The Issuer has not sought, nor does it intend to seek, the credit rating of an independent agency and there has been no assessment by any independent rating agency of the Bonds.

**Risks relating to the Collateral**

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Secured Bonds by the Guarantor and the Collateral. The Secured Bonds shall at all times rank pari passu without any priority or preference among themselves but, in respect of the Guarantor, and save for such exceptions as may be provided by applicable law, they shall rank with priority or preference over all unsecured indebtedness, if any, by virtue and to the extent of the first ranking special hypothecs over the Security Property relative to the Series I Bonds and that relative to the Series II Bonds which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders of the Series I Bonds and the Series II Bonds. In view of the fact that the Secured Bonds are being guaranteed by the Guarantor on a joint and several basis, the Security Trustee, for the benefit of itself and the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Secured Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having

to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

The Guarantee is further supported by the special hypothec that is to be granted over the respective Security Property to secure payments under each of the Series I Bonds and Series II Bonds. In terms of the Security Trust Deed, the Security Trustee retains the discretion to substitute any one of the immovable properties placed as Security Property for any such Series with another immovable property owned by the Group or some affiliated company, subject to a property valuation report by an independent architect to be appointed by the Issuer with the consent of the Security Trustee, confirming that the value of the property substituting and being added to the immovable properties constituting the Security Property is at least equal to the value of the immovable property which has been removed as a Security Property. Whilst this special hypothec in respect of each Series of Bonds grants the Security Trustee a right of preference and priority for repayment of the relevant Series over the creditors of the Guarantor in respect of the Security Property relative to such Series, there can be no guarantee that the value of the said Security Property over the term of the relevant Series of Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the said Series of Bonds. This may be the result of various factors, including general economic factors that could have an adverse impact on the value of the Security Property. If such circumstances were to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds. Upon full payment of principal and interest under the Series I Bonds, the first ranking special hypothec over the Series I Bonds Security Property and securing the said Series I Bonds shall be cancelled, and the Security Trustee shall appear on and sign any notarial deed or other document as may be necessary for this purpose, and such special hypothec will not secure payments under the Series II Bonds which will remain secured by the first ranking special hypothec over the Series II Bonds Security Property.

Furthermore, whilst the independent valuation opines that the value of the Security Property relative to each Series of Bonds in its current state actually exceeds the aggregate nominal value of the relevant Series of Bonds, there is no guarantee that such value determined in the independent valuation would be achieved, particularly if the Collateral is enforced at a time when such Security Property is still not completed and unfinished, in which case various pressures in the market may push the price down (including the perceived weakness in the financial situation of the Group by potential buyers, the hesitation of potential buyers to take up the commitments, efforts and challenges of completing the same, the lost opportunity of fetching a good price typically offered by an immovable which is finished and which can be operated immediately).

The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of properties, including of Security Property, referred to in the Prospectus reflects actual values that could be achieved on 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 valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.

Notwithstanding that the Bonds constitute the general, direct and unconditional obligations of the Issuer and in relation to the Guarantor the general, direct, unconditional and secured obligations, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and the Guarantor which may rank with priority or preference to the Collateral.

### **3. PERSONS RESPONSIBLE**

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Bonds. All of the Directors of the Issuer, whose names appear under the heading “Directors” in Section 3 (“Identity of the Directors, Senior Management, Advisors and Auditors of the Issuer and Guarantor”) of the Registration Document, accept responsibility for the information contained in this Securities Note.

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

## 4. ESSENTIAL INFORMATION

### 4.1 *Interest of natural and legal persons involved in the Bond Issue*

Without prejudice to the potential conflicts of interest of Directors disclosed in Section 8.3 of the Registration Document, and save for the subscription for Bonds by the Authorised Financial Intermediaries (which include the Sponsor), and any fees payable in connection with the Bond Issue to the Sponsor and Registrar, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

### 4.2 *Reasons for the offer and use of proceeds*

The proceeds from the Bond Issue, net of expenses of the Bond Issue, which are expected to amount to approximately €22,050,000, will be used by the Issuer to provide a loan facility to the Guarantor, to be used as provided below (the “**Issuer-Guarantor Loan**”). The Issuer-Guarantor Loan will be regulated as follows: (i) the firstly drawn portion thereof up to the amount of €11,500,000 will bear interest at 4.75% per annum and payable on 13 March of each year, and the principal amount thereof shall be repayable by not later than 13 March 2027; and (ii) the balance thereof will bear interest at 5.25% per annum and payable on 13 March of each year, and the principal amount thereof shall be repayable by not later than 13 March 2031.

In turn, the Issuer-Guarantor Loan will be used by the Guarantor for the following purposes, in the amounts set out below:

- (i) **Re-financing existing bank loans:** an amount of *circa* €5,650,000 will be used to re-finance outstanding banking facilities of the Guarantor with Lombard Bank Malta p.l.c., which funds were originally principally utilised to acquire the Mercury Site;
- (ii) **Construction and finishing of Project elements owned by the Guarantor:** the amount of *circa* €16,400,000 will be used to finance part of the fees and costs due by the Guarantor to Mercury Contracting Projects Limited in respect of development and finishing works on the Retained Property (as defined in the Registration Document) in terms of the contract of works between the two companies.

The Issuer-Guarantor Loan shall be drawn down as follows:

- (a) the amount used to repay the bank loan indebtedness to Lombard Bank Malta p.l.c. will be deemed immediately drawn down upon execution of the notarial deed creating the Issuer-Guarantor Loan; and
- (b) the balance will be advanced in one or more subsequent drawdowns following a request by the Guarantor to the Issuer, in order to pay invoices for construction and finishing works on Retained Property received by the Guarantor from Mercury Contracting Projects Limited in terms of the contract of works between the Guarantor and the said Mercury Contracting Projects Limited and against presentation of such invoices, provided that the Guarantor shall have the right to make an initial drawdown request, at any time after the execution of the notarial deed creating the Issuer-Guarantor Loan, for the full or any part of the amounts already invoiced and/or paid to the said Mercury Contracting Projects Limited at any time up to the execution of the said notarial deed.

All proceeds from the Bond Issue shall be held by the Security Trustee pending perfection of the Collateral to secure the Secured Bonds, in accordance with the provisions of the Security Trust Deed.

In terms of the Prospectus and Security Trust Deed, the Security Trustee shall not release any of the Bond Issue proceeds (after receiving same from the Registrar), except for the payment of the loan to Lombard Bank Malta p.l.c. as provided in (i) above, until such time as the Collateral is duly constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed, including the due renunciation by Mercury Contracting Projects Limited of the special privilege over the Security Property accorded to it by law in respect of works thereon.

The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List; and (ii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed. Subject to the satisfaction of the above-mentioned conditions (which are also mentioned as conditions precedent in Section 8.4 below), the Bonds shall be fully subscribed pursuant to the Placement Agreements (see Section 8.4 below) In the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds to the investors.

### 4.3 Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €450,000. There is no particular order of priority with respect to such expenses.

### 4.4 Security

The Secured Bonds are secured and Bondholders shall have the benefit of the following security:

- (a) a first ranking special hypothec over the Series I Bonds Security Property in respect of Series I Bonds and the holders thereof, and a first ranking special hypothec over the Series II Bonds Security Property in respect of Series II Bonds and the holders thereof; and
- (b) the Guarantee in respect of all Bonds and holders thereof.

The security shall be constituted in favour of the Security Trustee for the benefit of the relevant Bondholders (as applicable) from time to time registered in the CSD.

The Issuer and the Guarantor have entered into a Trust Deed with the Security Trustee for the benefit of the Bondholders and having as trust property security which consists of the covenants of the Issuer and the Guarantor to pay the principal amount under the Secured Bonds on the respective Redemption Date and interest thereon on the respective Interest Payment Dates, the hypothecary rights under the Deed of Hypothec, the undertakings of the Guarantor under the Guarantee and all the rights and benefits under the Security Trust Deed. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders (of the respective Series, as applicable) in proportion to their respective holding of Secured Bonds (of the respective Series, as applicable). Pursuant to the provisions of the Trust Deed, the Security Trustee shall retain all proceeds from the Secured Bonds until such time as the Collateral shall have been duly constituted in favour of the Security Trustee. No Secured Bonds shall be issued and allotted until the Collateral has been duly constituted in accordance with the provisions of the said Trust Deed and the Malta Stock Exchange admits the Secured Bonds to trading as listed instruments.

The Security Trustee's role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds which remain exclusively the obligations of the Issuer (or, in the case of default by the Issuer, of the Guarantor).

The terms and conditions of the Trust Deed, which is available for inspection as set out in Section 18 of the Registration Document, shall be binding on each registered Bondholder as if it had been a party thereto and as if the Trust Deed contained covenants on the part of each registered Bondholder to observe and be bound by all the provisions thereof applicable thereto, and the Security Trustee is authorised and required to do the things required of it by the Trust Deed.

### 4.5 Consent for use of Prospectus

#### **Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:**

The Issuer has entered into the Placement Agreements with the Authorised Financial Intermediaries (See Section 8.4 below). It is the intention of such Authorised Financial Intermediaries that during the Offer Period they shall accept subscriptions for the Bonds from customers. For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries during the Offer Period and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:

- i. in respect of Bonds subscribed for through Authorised Financial Intermediaries during the Offer Period;
- ii. to any resale or placement of Bonds taking place in Malta; and
- iii. to any resale or placement of Bonds taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, the Security Trustee or any of their respective advisors take any responsibility for any of the actions of any Authorised Financial 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 or placement of Bonds.

Other than as set out above, neither the Issuer nor the Sponsor has authorised (nor do they authorise or consent to the use of this 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 and neither the Issuer nor the Sponsor has any responsibility or liability for the actions of any person making such offers.

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

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, it must not be relied upon as having been authorised by the Issuer or Sponsor. 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 Financial Intermediary, the Authorised Financial Intermediary will provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made. Any resale, placement or other offering of Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor has any responsibility or liability for such information.

Any Authorised Financial Intermediary using this 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 this Prospectus for such resale, placement or other offering 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 Financial Intermediaries unknown at the time of approval of this Securities Note will be made available through a company announcement through the MSE which will also be made available on the Issuer's website: [www.mercuryfinance.com.mt](http://www.mercuryfinance.com.mt)

## 5. OFFER STATISTICS

### 5.1 Offer Statistics – Series I Bonds

Issue:	€11,500,000 3.75% Secured Bonds 2027.
Amount:	€11,500,000.
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.
Denomination (currency):	Euro (€).
ISIN:	MT0002191204.
Bond Issue Price:	At par (€100 per Bond).
Minimum amount per subscription:	Minimum of €2,000 and integral multiples of €100 thereafter.
Offer Period:	13 March 2019 to 27 March 2019 (or such earlier date as may be determined by the Issuer in the event of over-subscription), both days included.
Plan of Distribution:	The Series I Bonds have been conditionally placed with the Authorised Financial Intermediaries pursuant to the Placement Agreements as provided in Section 8.4 below. The Authorised Financial Intermediaries intend to re-sell the Bonds, in whole or in part to underlying customers.
Redemption Date:	27 March 2027.
Redemption Value:	At par (€100 per Bond).
Status of the Bonds:	The Series I Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves. The Bonds shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor in terms of the Guarantee and secured by the respective special hypothec on the respective Security Property. In respect of the Guarantor, save for such exceptions as may be provided by applicable law, the Bonds shall rank with priority or preference to all present and future unsecured obligations of the Guarantor, by virtue and to the extent of the first ranking special hypothec over the Series I Bonds Security Property which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders of Series I Bonds.
Listing:	The Listing Authority has approved the Series I Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List.
Placement Agreements:	The Issuer has entered into conditional placement agreement/s with the Authorised Financial Intermediaries whereby the Secured Bonds have been made available for subscription during the Offer Period.
Interest:	3.75% per annum, on the Nominal Value of each Series I Bond.
Interest Payment Date(s):	Annually on 27 March as from 27 March 2020 (the first Interest Payment Date).

Governing Law:	The Series I Bonds are governed by and shall be construed in accordance with Maltese law.
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Series I Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

## 5.2 Offer Statistics – Series II Bonds

Issue:	€11,000,000 4.25% Secured Bonds 2031.
Amount:	€11,000,000.
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.
Denomination (currency):	Euro (€).
ISIN:	MT0002191212.
Bond Issue Price:	At par (€100 per Bond).
Minimum amount per subscription:	Minimum of €2,000 and integral multiples of €100 thereafter.
Offer Period:	13 March 2019 to 27 March 2019 (or such earlier date as may be determined by the Issuer in the event of over-subscription), both days included.
Plan of Distribution:	The Series II Bonds have been conditionally placed with the Authorised Financial Intermediaries pursuant to the Placement Agreements as provided in Section 8.4 below. The Authorised Financial Intermediaries intend to re-sell the Bonds, in whole or in part to underlying customers.
Redemption Date:	27 March 2031.
Redemption Value:	At par (€100 per Bond).
Status of the Bonds:	The Series II Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves. The Bonds shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor in terms of the Guarantee and secured by the respective special hypothec on the respective Security Property. In respect of the Guarantor, save for such exceptions as may be provided by applicable law, the Bonds shall rank with priority or preference to all present and future unsecured obligations of the Guarantor, by virtue and to the extent of the first ranking special hypothec over the Series II Bonds Security Property which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders of Series II Bonds.
Listing:	The Listing Authority has approved the Series II Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List.



Placement Agreements:	The Issuer has entered into conditional placement agreement/s with the Authorised Financial Intermediaries whereby the Secured Bonds have been made available for subscription during the Offer Period.
Interest:	4.25% per annum, on the Nominal Value of each Series II Bond.
Interest Payment Date(s):	Annually on 27 March as from 27 March 2020 (the first Interest Payment Date).
Governing Law:	The Series II Bonds are governed by and shall be construed in accordance with Maltese law.
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Series II Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

## **6. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING**

Each Bond of each Series 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 Secured Bonds of the relevant Series herein described and to accept and be bound by the said Terms and Conditions.

### **6.1 General**

Each Series I Bond forms part of a duly authorised issue of 3.75% Secured Bonds 2027 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €11,500,000 (except as otherwise provided under Section 6.11 “Further Issues”).

Each Series II Bond forms part of a duly authorised issue of 4.25% Secured Bonds 2031 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €11,000,000 (except as otherwise provided under Section 6.11 “Further Issues”).

The Issue Date of the Bonds of each Series is expected to be 4 April 2019. The Bonds are created under Maltese law.

- (a) The currency of the Bonds is Euro (€).
- (b) Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN: MT0002191204 for Series I Bonds and ISIN: MT0002191212 for Series II Bonds.
- (c) Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the respective Redemption Date.
- (d) The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- (e) Save for the placement arrangement/s entered into with the Authorised Financial Intermediaries, the Bond Issue is not underwritten.
- (f) There are no special rights attached to the Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in Section 6.3 hereunder.

### **6.2 Registration, form, denomination and title**

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by 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.

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.

Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder’s statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on the afore-mentioned website.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiples of €100 in the case of both the Series I Bonds and the Series II Bonds, provided that on subscription the Bonds will be issued for a minimum of €2,000 in the case of both the Series I Bonds and the Series II Bonds per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

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 (including the Issuer) 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 Section 6.10 of this Securities Note.

### **6.3 Ranking of the Bonds**

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves. The Secured Bonds of both Series shall be guaranteed in respect of both the interest due and the principal amount under said Secured Bonds by the Guarantor in terms of the Guarantee. In respect of the Guarantor, the Secured Bonds shall rank with priority or preference to all other present and future unsecured obligations of the Guarantor, save for such exceptions as may be provided by applicable law, by virtue and to the extent of the first ranking special hypothec over the Series I Bonds Security Property as regards the Series I Bonds, and the Series II Bonds Security Property as regards the Series II Bonds.

Pursuant to the Trust Deed, the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders of the relevant Series as beneficiaries, a special hypothec over the respective Security Property.

The special hypothec in respect of the Security Property of each Series will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders of the relevant Series as beneficiaries, for the repayment of the principal and interest under the Bonds of the relevant Series by a preferred claim over the respective Security Property.

Accordingly, following the issue of the Bonds and application of the proceeds as set out above, the Security Trustee:

- will have the benefit of a special hypothec over the Series I Bonds Security Property for the full amount of €11,500,000 (being the total nominal value of the Series I Bonds), for the benefit of Bondholders of Series I Bonds; and
- will have the benefit of a special hypothec over the Series II Bonds Security Property for the full amount of €11,000,000 (being the total nominal value of the Series II Bonds), for the benefit of Bondholders of Series II Bonds.

Upon full payment of principal and interest under the Series I Bonds, the first ranking special hypothec over the Series I Bonds Security Property and securing the said Series I Bonds shall be cancelled, and the Security Trustee shall appear on and sign any notarial deed or other document as may be necessary for this purpose, and such special hypothec will not secure payments under the Series II Bonds which will remain secured by the first ranking special hypothec over the Series II Bonds Security Property.

Furthermore, Mercury Contracting Projects Limited, being the principal contractor engaged to construct and develop the Project has undertaken to waive its right to inscribe a special privilege in its favour over the Security Property.

### **6.4 Rights attaching to the Bonds**

This Securities Note in its entirety contains the Terms and Conditions of issue of the Bonds, which constitute the terms and conditions of 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:

- (a) the repayment of capital;
- (b) the payment of interest;
- (c) the benefit of the Collateral through the Security Trustee;
- (d) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- (e) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

## **6.5 Interest**

The Secured Bonds shall bear interest from and including 27 March 2019:

- (i) in the case of the Series I Bonds, at the rate of 3.75% per annum on the nominal value thereof; and
- (ii) in the case of the Series II Bonds, at the rate of 4.25% per annum on the nominal value thereof,

payable annually in arrears on each Interest Payment Date.

The first interest payment will, in the case of both Series of Bonds, be effected on 27 March 2020 (covering the period 27 March 2019 to 26 March 2020), and the last interest payment will, in the case of Series I Bonds, be effected on the respective Redemption Date, namely 27 March 2027 (covering the period 27 March 2026 to the said Redemption Date) and, in the case of Series II Bonds, be effected on the respective Redemption Date, namely 27 March 2031 (covering the period 27 March 2030 to the said Redemption Date).

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.

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 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

## **6.6 Yield**

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is:

- (i) in the case of Series I Bonds, 3.75% per annum; and
- (ii) in the case of Series II Bonds, 4.25% per annum.

## **6.7 Redemption and purchase**

Unless previously purchased and cancelled:

- (i) the Series I Bonds will be redeemed at their nominal value (together with interest accrued to the respective date fixed for redemption) on 27 March 2027; and
- (ii) the Series II Bonds will be redeemed at their nominal value (together with interest accrued to the respective date fixed for redemption) on 27 March 2031.

Subject to the provisions of this Section 6.7, the Issuer may at any time purchase Bonds of any Series in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders of the relevant Series alike.

All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

## **6.8 Payments**

Payment of the principal amount of Bonds 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 designates in the Application Form and/or such other 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. 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 of the principal amount 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.

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.

All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations. 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 or of any other applicable jurisdiction having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

In terms of article 2156 of the Civil Code (Cap. 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 years.

### **6.9 Events of Default**

Pursuant to the Trust Deed, the Security Trustee may in its absolute discretion, and shall upon the request in writing of not less than 75% in value of the registered Bondholders or (as the case may be) of the registered Bondholders of the relevant Series at the relevant time, by notice in writing to the Issuer and the Guarantor declare the Bonds, or either the Series I Bonds or the Series II Bonds, to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events (“**Events of Default**”):

- (a) the Issuer fails to pay any interest under the Bonds or under Bonds of any Series when due and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- (b) the Issuer fails to pay the Redemption Value of a Bond when due and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- (c) the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the Security Trustee;
- (d) there shall have been entered against the Issuer or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be made or is taken for the payment of money in excess of €5,000,000 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;
- (e) the Issuer or the Guarantor is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent, within the meaning of Article 214(5) of the Act;
- (f) an order is made or an effective resolution passed for the dissolution, termination of existence, liquidation or winding-up of the Issuer or the Guarantor, except for the purpose of a reconstruction, amalgamation or division;
- (g) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or the Guarantor;
- (h) the Issuer ceases or threatens to cease to carry on its business or a substantial part thereof;
- (i) the Issuer or the Guarantor commits a breach of any covenants or provisions contained in the Trust Deed and on its part to be observed and performed and the said breach still subsists for sixty (60) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds);

- (j) it becomes unlawful at any time for the Issuer or the Guarantor to perform all or any of its obligations hereunder or under the Trust Deed;
- (k) the Issuer or the Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Trust Deed;
- (l) 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 the Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government,

provided that in the case of paragraphs (c), (d) and (g) to (l) the Security Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Bonds or, as the case may be, under the Bonds of the relevant Series, shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

Provided that in the event of any breach by the Issuer or the Guarantor of any of the covenants, obligations or provisions contained herein or in the Trust Deed due to any fortuitous event of a calamitous nature beyond the control of the Issuer or (as the case may be) the Guarantor, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer or (as the case may be) the Guarantor 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. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times, to the extent deemed to be in the best interests of Bondholders, act on and in accordance with any directions it may receive in a meeting of Bondholders or (as the case may be) of the Bondholders of the relevant Series satisfying the conditions set out in the Trust Deed. The Security Trustee shall not be bound to take any steps to ascertain whether any event of default or other 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 the Issuer and the Guarantor are each observing and performing all the obligations, conditions and provisions on their respective parts contained in the Bonds and the Trust Deed.

### **6.10 Transferability of the Bonds**

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy or winding up of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

The cost and expenses of effecting 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 Issuer.

The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

### **6.11 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, provided that no issue may be made that would rank senior to the Bonds in respect of the Collateral.

### **6.12 Resolutions and meetings of Bondholders**

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 effect any change to the applicable Terms and Conditions of the Bonds.

The Security Trust Deed also provides for the power of the Security Trustee, at the cost of the Issuer and at its own initiative to call meetings of Bondholders prior to exercising any power or discretion under such Deed or to write to all Bondholders requesting their directions. Furthermore, the Security Trust Deed provides for an obligation of the Security Trustee to call a meeting of Bondholders upon a request made at any time by one or more Bondholders holding at least ten per cent (10%) of the outstanding value of the Bonds. The Security Trust Deed provides that the Security Trustee shall not be bound to act on behalf of the Bondholders under such Deed unless it receives duly authorised directions as stipulated in the said Deed, and in such case only to the extent deemed to be in the best interests of Bondholders.

Where the matter to be consulted upon or requiring consent or approval of Bondholders or the change to the Terms and Conditions relates exclusively to one Series of Bonds, to the rights attaching to one such Series and/or the holder of one such Series, then the matter shall be discussed, resolved and voted upon at a meeting called solely for the holders of the relevant Series, and in such case all the provisions of this Section 6.12 or any other provision of the Prospectus relating to meetings of Bondholders shall apply 'mutatis mutandis' to such Series specific meeting and references therein to Bonds and Bondholders (including quorum and voting thresholds or majorities calculated by reference to a percentage of the nominal value of Bonds) shall be construed as references to the relevant Series of Bonds and to the holders thereof respectively.

A meeting of Bondholders shall be called by the Directors by giving 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 to the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this Section 6.12 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

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 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 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, 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, the adjourned meeting.

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.

Once a quorum is declared present by the chairman 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 which are required to be taken at the meeting, the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of 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.

The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer.

Unless otherwise expressly stated and required in respect of a specific issue/s herein, the proposal placed before a meeting of Bondholders shall only be considered approved if at least 60% in nominal value of the 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.

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.

### ***6.13 Bonds held jointly***

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

### ***6.14 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. Without prejudice to what is provided in Section 6.8 regarding payment of principal, the usufructuary shall, for all intents and purposes, be deemed vis-a-vis the Issuer to be the holder of the Bond so held and shall have the right to receive interest on the Bond and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

### ***6.15 Authorisations and approvals***

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 22 February 2019. 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 22 February 2019.

### ***6.16 Representations and warranties***

The Issuer represents and warrants to the Bondholders and to the Security Trustee for the benefit of the Bondholders, who shall be entitled to rely on such representations and warranties, that:

- (a) 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



- (b) 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 Bond Issue.

The Prospectus contains all relevant material information with respect to the Issuer and the Guarantor 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 the issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

### ***6.17 Notices***

Notices will be mailed to Bondholders 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 at his registered address and posted.

### ***6.18 Governing law and jurisdiction***

The Bonds, all the rights and obligations of the Bondholders and the Issuer and the Guarantor, and any non-contractual matters arising out of or in connection therewith, shall be governed by and construed in accordance with Maltese law.

Any dispute, 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 and/or any non-contractual matters arising out of or in connection therewith shall be brought exclusively before the Maltese courts. The Issuer and (in terms of the Guarantee) the Guarantor and each Bondholder therefore irrevocably submits to the exclusive jurisdiction of the Courts of Malta to hear and determine any dispute, action, suit or proceedings as aforesaid.

## **7. TAXATION**

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

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

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

### ***7.1 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 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 (Cap. 123 of the Laws of Malta), interest shall be paid to such Bondholder 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 (Cap. 123 of the Laws of Malta). Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted but will not specify the identity of the recipient.

In the case of a valid election made 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 income tax return and be subject to tax at the standard rates applicable to such Bondholder at that time. Additionally in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. 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)(i) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act 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.

### ***7.2 Exchange of information***

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Revenue. The Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

### ***7.3 Maltese tax 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 is chargeable in respect of transfer of the Bonds.

#### **7.4 Duty on documents and transfers**

In terms of the Duty on Documents and Transfers Act (Cap. 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”. Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Cap. 345 of the Laws of Malta) since the Bonds constitute financial instruments of a quoted company (as defined in such Act), redemptions and transfers of the Bonds should, in any case, be exempt from duty.

**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## 8. TERMS AND CONDITIONS OF THE BOND ISSUE

### 8.1 *Expected timetable*

1	Offer Period:	13 March 2019 to 27 March 2019
2	Commencement of interest:	27 March 2019
3	Expected date of constitution of special hypothecs on Security Property	3 April 2019
4	Expected date of notification of registration:	4 April 2019
5	Expected date of admission of Bonds to listing:	4 April 2019
6	Expected date of commencement of trading in the Bonds:	5 April 2019

The Issuer reserves the right to close the Offer Period earlier in the event of over-subscription, in which case the events set out in steps 3 onwards and the Issue Date may be brought forward. The events set out in steps 4 onwards and the Issue Date may also be brought forward in the event that the special hypothecs on Security Property is constituted before the date indicated above.

### 8.2 *Terms and conditions of Application*

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 Security Trustee and Bondholders on the other.

- (a) The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List of the MSE; and (ii) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days of the close of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- (b) The Issuer has entered into Placement Agreements with the Authorised Financial Intermediaries for the subscription of the Bonds. Members of the general public who wish to subscribe for Bonds are to contact any of the Authorised Financial Intermediaries through whom they may participate in the Bond Issue. Investors may apply for the subscription of Bonds by submitting a duly completed Application Form for the relevant Series of Bonds in the Series-specific form set out in Annex I hereto to an Authorised Financial Intermediary. Applications may be lodged with any Authorised Financial Intermediary by not later than 12:00 hours on 27 March 2019.
- (c) By submitting a signed Application Form, the Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made that: (i) the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer, the Registrar and the Authorised Financial Intermediary reserve 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, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial 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).
- (d) The contract created by the Issuer's acceptance of an Application filed by a prospective Bondholder through an Authorised Financial Intermediary shall be subject to all the Terms and Conditions set out in this Securities Note and the Memorandum

---

and Articles of Association of the Issuer. By signing and submitting the Application, the Applicant (and in the case of joint applications, each individual joint Applicant) will be entering into a legally binding contract with the Issuer (which shall become binding on the Issuer if and when such Application is accepted by the Issuer, acting through an Authorised Financial Intermediary, until which time the Application shall be irrevocable by the Applicant):

- (i) whereby the Applicant acknowledges, declares and agrees (and will automatically be deemed to be acknowledging, declaring and agreeing) that he/she/it has made the Application solely on the basis of, and that he/she/it shall at all times be bound by and comply with, and shall be subscribing, acquiring and/or holding the relevant Bonds on the basis of, such Terms and Conditions;
  - (ii) whereby he/she/it makes and gives (and will automatically be deemed to be making and giving) to the Issuer the declarations, confirmations, representations, warranties and undertakings contained in paragraph (p) below in this Section 8.2 and all other applicable declarations, confirmations, representations, warranties and undertakings contained in the Prospectus and/or in the Application;
  - (iii) which contract, and any non-contractual matter arising out of or in connection with it, shall be governed and construed in all respects in accordance with the laws of Malta, and any disputes arising out of or in connection with such contract or any non-contractual matter arising out of or in connection therewith shall be subject to the exclusive jurisdiction of the courts of Malta, as provided in section 6.18 (“Governing law and jurisdiction”).
- (e) If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the declarations, confirmations, representations, warranties and undertakings contained in these terms and conditions, in the Prospectus and/or in the Application 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 and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- (f) 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. Reference is made to Section 6.13 (“Bonds held jointly”).
- (g) In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. Reference is made to Section 6.8 (“Payments”) and Section 6.14 (“Bonds held subject to usufruct”). The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).
- (h) Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains legal age, 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 legal age.
- (i) 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 its possessions, or any area subject to its jurisdiction (the “United States”) 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.
- (j) No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- (k) It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to the 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.

- (l) Subject to all other terms and conditions set out in the Prospectus, the Issuer, the Registrar and an Authorised Financial Intermediary reserve the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, 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, the Registrar or Authorised Financial Intermediary is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- (m) The Secured Bonds of each Series will be issued in multiples of €100. The minimum subscription amount of Secured Bonds of each Series that can be subscribed for by Applicants is €2,000. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. Submission of Application Forms must be accompanied by the full price of the Secured Bonds applied for, in Euro. Payment may be made either in cash or by cheque as required by the respective Authorised Financial Intermediary. In the event that any cheque accompanying an Application Form is not honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the relative Application Form.
- (n) In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for (and the Issuer and Authorised Financial Intermediaries reserve the right to do so in case of oversubscription or otherwise in their absolute discretion), 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 credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five Business Days from the date of final allocation. The respective Authorised Financial Intermediary or the Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- (o) For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Legal Notice 372 of 2017, as subsequently amended), all Authorised Financial 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 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of applicable data protection legislation, in particular the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679, as amended from time to time, (as applicable), for the purposes, and within the terms, of the MSE's Data Protection Policy as published from time to time.
- (p) By completing and delivering an Application Form through an Authorised Financial Intermediary, the Applicant:
  - (i) irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the Terms and Conditions and the Memorandum and Articles of Association;
  - (ii) 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;
  - (iii) authorises the Issuer, the Authorised Financial Intermediary and/or the Registrar and the MSE, as applicable, to process the personal data that the Applicant provides, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679, as may be amended from time to time. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed in relation to the Bond Issue. Any such request must be made in writing and sent (as applicable) to the Issuer or the Authorised Financial Intermediary, at the respective address indicated in the Prospectus, or to the MSE at its registered office at the relevant time (currently situated at its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta). The request must further be signed by the Applicant to whom the personal data relates;
  - (iv) warrants that the information submitted by the Applicant in or together with the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details

(including the Applicant's name and surname and address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;

- (v) confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer 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;
- (vi) authorises the CSD, the Registrar and the Issuer to include his/her/its name or in the case of joint Applications, the first named Applicant, in the register of Bondholders in respect of the Bonds allocated to the Applicant;
- (vii) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- (viii) agrees to provide the Registrar and/or the Issuer and/or the Authorised Financial Intermediary, as the case may be, with any information which it/they may request in connection with the Application;
- (ix) 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 Application in any relevant 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 Bond or his/her Application;
- (x) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xi) 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) as well as not to be 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;
- (xii) agrees that unless such Application is made with Calamatta Cuschieri Investment Services Limited as Authorised Financial 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 suitability for the Applicant;
- (xiii) agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
- (xiv) agrees that any returned monies including refund of all unapplied Application monies will be returned at the Applicant's risk and will be returned by direct credit into the bank account as specified in the Application Form;
- (xv) 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;
- (xvi) agrees that the Application, the acceptance of the Application and the contract resulting therefrom, all the rights and obligations of the Applicant and the Issuer and the Guarantor, and any non-contractual matters arising out of or in connection therewith, shall be governed by and construed in accordance with Maltese law and, and that he/she/it submits to the jurisdiction of the Maltese Courts which shall have, and the Applicant agrees that such Courts will have, exclusive jurisdiction to hear and determine any dispute, action, suit or proceeding arising out of or in

connection with any such Application, acceptance of Application and contract resulting therefrom, rights and obligations and non-contractual matters as aforesaid;

- (xvii) agrees that the terms and conditions of the Trust Deed, which is available for inspection as set out in Section 18 of the Registration Document, shall be binding on it once it becomes a registered Bondholder as if it had been a party thereto and as if the Trust Deed contained covenants on its part as a registered Bondholder to observe and be bound by all the provisions thereof applicable thereto, and agrees that the Security Trustee is authorised and required to do the things required of it by the Trust Deed.

### **8.3 Plan of distribution and allotment**

The Bond Issue, including Series I Bonds and Series II Bonds, which has a total value of €22.5 million, will be distributed via the Authorised Financial Intermediaries mentioned in Annex II pursuant to the conditional Placement Agreements entered into with Issuer. The full amount of the Series I Bonds (€11.5 million) and of the Series II Bonds (€11 million) has been placed with such Authorised Financial Intermediaries. Accordingly, the Bond Issue has been fully placed with the Authorised Financial Intermediaries.

In terms of each Placement Agreement entered into with the Authorised Financial Intermediaries, the Issuer bound itself to issue, and such Authorised Financial Intermediaries bound themselves to subscribe for the Bonds, subject to the Bonds being admitted to trading on the Official List of the Malta Stock Exchange and the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed and to the satisfaction of other conditions stated therein.

In terms of the Placement Agreements, the Authorised Financial Intermediaries, may subscribe for Bonds for their own account (where applicable) or for the account of underlying customers, including retail customers, and shall in addition be entitled to either distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or instruct the Issuer and the Registrar to issue a portion of the Bonds subscribed by them directly to their underlying customers and/or submit Application Forms directly in the name of their underlying customers.

In each case, subscription amounts made by Applicants through Authorised Financial Intermediaries, including those made under nominee holdings, shall be in multiples of €100 Bonds, subject to a minimum subscription amount of €2,000 in Bonds by each individual Bondholder/underlying customer.

It is expected that an allotment advice will be dispatched to Applicants by the CSD shortly after listing of the Bonds. 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 (Cap. 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: (i) the Bonds being admitted to the Official List; and (ii) the Collateral being constituted in favour of the Security Trustee.

### **8.4 Placing agreements**

The Issuer has entered into placement agreement/s with Authorised Financial Intermediaries for the placement of the Bonds.

In terms of the placement agreement/s, the Issuer is conditionally bound to issue, and the Authorised Financial Intermediary is conditionally bound to subscribe to, the number of Bonds indicated therein. Provided that the Bonds are admitted to listing on the Official list of the Malta Stock Exchange and the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed, and subject to other conditions set out in the Placement Agreements, the Bonds shall be fully subscribed to by the Authorised Financial Intermediaries. The subscription obligations of the Authorised Financial Intermediaries under the Placement Agreements will become unconditional on the Authorised Financial Intermediaries upon such conditions being fulfilled, and the Issuer's obligations thereunder shall be subject to the Issuer having received all subscription proceeds in cleared funds.

The overall amount of the placing commissions payable under the Placement Agreements is €225,000.



### **8.5 Pricing**

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

### **8.6 Allocation policy**

The Issuer shall allocate the Bonds to Authorised Financial Intermediaries indicated in Annex II hereto pursuant to the Placement Agreements entered into by them with the Issuer, details of which can be found in Section 8.4 above.

Subsequently, the Authorised Financial Intermediaries shall be responsible for the allocation of the Bonds amongst their respective Applicants. Such allocation shall at all times be subject to the minimum investment amount for the subscription of Bonds, set at €2,000 per underlying Applicant.

### **8.7 Admission to trading**

The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 4 March 2019.

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 4 April 2019 and trading is expected to commence on 5 April 2019.

### **8.8 Additional Information**

Except for the financial analysis summary set out as Annex IV, the Securities Note does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included 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 such report herein.

Calamatta Cuschieri Investment Services Limited does not have any material interest in the Issuer or Guarantor. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note 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 – SPECIMEN APPLICATION FORMS**

# Mercury Projects Finance plc

€11,500,000 3.75% Secured Bonds 2027

## APPLICATION FORM

Application No. \_\_\_\_\_

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

<b>A</b>	<b>APPLICANT (see notes 2 to 7)</b>		
	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Corporate <input type="checkbox"/> CIS
<b>B</b>	TITLE (Mr/Mrs/Ms/...)		
	FULL NAME & SURNAME / REGISTERED NAME		
	ADDRESS		
			POST CODE
	MSE A/C NO. (if applicable)		I.D. CARD / PASSPORT / COMPANY REG. NO.
	E-MAIL ADDRESS		TEL NO. MOBILE NO.
	Already Registered for e-Portfolio <input type="checkbox"/>	Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>
<b>C</b>	<b>ADDITIONAL (JOINT) APPLICANTS (see note3)</b> <span style="float: right;">(please use additional application form if space is not sufficient)</span>		
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
<b>D</b>	<b>MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4)</b> <span style="float: right;">(to be completed ONLY if the Applicant is a minor)</span>		
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
<b>E</b>	I/We apply to purchase and acquire the amount set out below (see Notes 8 and 9)		
	AMOUNT IN FIGURES €	AMOUNT IN WORDS	
	In respect of a €11,500,000 3.75% Secured Bonds 2027 issued by Mercury Projects Finance plc (minimum of €2,000 in multiples of €100 thereafter) at the Bond Issue Price (at par) as defined in the Prospectus dated the 4 <sup>th</sup> March 2019 (the "Prospectus") in terms of the Terms and Conditions as set out in the Prospectus.		
<b>F</b>	<b>RESIDENT - WITHHOLDING TAX DECLARATION (see note 9 &amp; 10)</b> <span style="float: right;">(to be completed ONLY if the Applicant is a Resident of Malta)</span>		
	<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.		
	<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).		
<b>G</b>	<b>NON-RESIDENT DECLARATION FOR TAX PURPOSES (see Note 12)</b> <span style="float: right;">(to be completed ONLY if the Applicant is a Non-Resident)</span>		
	TAX COUNTRY	TOWN OF BIRTH	
	T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
	PASSPORT/NATIONAL I.D. CARD NUMBER	ISSUE DATE	
	<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.		
	<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.		
<b>H</b>	<b>INTEREST, REFUND AND REDEMPTION MANDATE (see Note 11)</b> <span style="float: right;">(completion of this panel is mandatory)</span>		
	BANK	IBAN	
	I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.		
	_____ Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)		_____ Financial Intermediary
	FINANCIAL INTERMEDIARY'S STAMP		FINANCIAL INTERMEDIARY'S CODE

## Notes on how to complete this Application Form and other information

1. The following is to be read in conjunction with the Prospectus dated 4 March 2019 regulating the Bond Issue. In particular this Application is governed by the Terms and Conditions of Application contained in Section 8.2 of the Securities Note dated 4 March 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).  
Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B) will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form (in Panel B). Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. Application must be for a minimum of €2,000 and thereafter in multiples of €100. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Registrar – Mercury Projects Finance p.l.c.". In the event that the cheque accompanying the Application Form is not honored on the first presentation the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 7 of the Prospectus, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of 'recipient' in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), Interest shall be paid to such a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. If any Application is not accepted, after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in the Application Form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.  
The contents of Notes 9, 10 and 12 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
13. The Offer Period will open on the 13 March 2019 and will close on the 27 March 2019. Completed Application Forms are to be delivered to the offices of any of the Authorised Financial Intermediaries listed in Annex II of the Securities Note by not later than 12:00 of 27 March 2019. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount committed in terms of the respective Placement Agreement as mentioned in Section 8.4 of the Securities Note by latest 12:00 on 27 March 2019. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus.
14. By completing and delivering an Application Form you (as the Applicant(s)):
  - a. acknowledge that the Issuer or its duly appointed agents including the CSD and the Registrar, or the Authorised Financial Intermediary through whom the Application Form is delivered may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
  - b. acknowledge that the Issuer or its duly appointed agents including the CSD and the Registrar, or the Authorised Financial Intermediary (as applicable) may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by them. Any such requests must be made in writing and addressed to the Issuer, its agents, the CSD, the Registrar or the Authorised Financial Intermediary (as applicable) at their respective address as mentioned in the Prospectus. The request must be signed by yourself as the Applicant to whom the personal data relates.

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

# Mercury Projects Finance plc

€11,000,000 4.25% Secured Bonds 2031

APPLICATION FORM

Application No. \_\_\_\_\_

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

A	<b>APPLICANT (see notes 2 to 7)</b>			
	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Corporate	<input type="checkbox"/> CIS
B	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME / REGISTERED NAME		
	ADDRESS			
				POST CODE
	MSE A/C NO. (if applicable)		I.D. CARD / PASSPORT / COMPANY REG. NO.	
	E-MAIL ADDRESS		TEL NO.	MOBILE NO.
	Already Registered for e-Portfolio <input type="checkbox"/>		Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>
	<b>ADDITIONAL (JOINT) APPLICANTS (see note 3)</b> (please use additional application form if space is not sufficient)			
C	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.	
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.	
D	<b>MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4)</b> (to be completed ONLY if the Applicant is a minor)			
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.	
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.	
	E I/We apply to purchase and acquire the amount set out below (see Notes 8 and 9)			
	AMOUNT IN FIGURES €		AMOUNT IN WORDS	
	In respect of a €11,000,000 4.25% Secured Bonds 2031 issued by Mercury Projects Finance plc (minimum of €2,000 in multiples of €100 thereafter) at the Bond Issue Price (at par) as defined in the Prospectus dated the 4 March 2019 (the "Prospectus") in terms of the Terms and Conditions as set out in the Prospectus.			
F	<b>RESIDENT - WITHHOLDING TAX DECLARATION (see note 10)</b> (to be completed ONLY if the Applicant is a Resident of Malta)			
	<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.			
G	<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).			
	<b>NON-RESIDENT DECLARATION FOR TAX PURPOSES (see Note 12)</b> (to be completed ONLY if the Applicant is a Non-Resident)			
	TAX COUNTRY	TOWN OF BIRTH		
	T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH		
	PASSPORT/NATIONAL I.D. CARD NUMBER	ISSUE DATE		
	<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.			
	<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.			
	<b>H INTEREST, REFUND AND REDEMPTION MANDATE (see Note 11)</b> (completion of this panel is mandatory)			
	BANK	IBAN		
	I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.			
I	_____ Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)		_____ Financial Intermediary	
	FINANCIAL INTERMEDIARY'S STAMP		FINANCIAL INTERMEDIARY'S CODE	

## Notes on how to complete this Application Form and other information

1. The following is to be read in conjunction with the Prospectus dated 4 March 2019 regulating the Bond Issue. In particular this Application is governed by the Terms and Conditions of Application contained in Section 8.2 of the Securities Note dated 4 March 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).  
Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B) will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form (in Panel B). Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. Application must be for a minimum of €2,000 and thereafter in multiples of €100. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Registrar – Mercury Projects Finance plc". In the event that the cheque accompanying the Application Form is not honored on the first presentation the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 7 of the Prospectus, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of 'recipient' in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), Interest shall be paid to such a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. If any Application is not accepted, after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in the Application Form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.  
The contents of Notes 9, 10 and 12 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
13. The Offer Period will open on the 13 March 2019 and will close on the 27 March 2019. Completed Application Forms are to be delivered to the offices of any of the Authorised Financial Intermediaries listed in Annex ii of the Securities Note by not later than 12:00 of 27 March 2019. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount committed in terms of the respective Placement Agreement as mentioned in Section 8.4 of the Securities Note by latest 12:00 on 27 March 2019. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus.
14. By completing and delivering an Application Form you (as the Applicant(s)):
  - a. acknowledge that the Issuer or its duly appointed agents including the CSD and the Registrar, or the Authorised Financial Intermediary through whom the Application Form is delivered may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
  - b. acknowledge that the Issuer or its duly appointed agents including the CSD and the Registrar, or the Authorised Financial Intermediary (as applicable) may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the. Any such requests must be made in writing and addressed to the Issuer, its agents, the CSD, the Registrar or the Authorised Financial Intermediary (as applicable) at their respective address as mentioned in the Prospectus. The request must be signed by yourself as the Applicant to whom the personal data relates.

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

## **ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES**

- **Calamatta Cuschieri Investment Services Limited**  
Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta  
Tel: 25688130

**ANNEX III – GUARANTEE**



**THIS GUARANTEE and INDEMNITY AGREEMENT** is dated 4 March 2019 and made between:

- (i) **Mercury Towers Limited**, a company incorporated under the laws of Malta with registration number C77402 and whose registered office is at 1400, Block 14, Portomaso, St. Julians, Malta, (the “**Guarantor**”) represented by \_\_\_\_\_ as duly authorized;
- (ii) **CSB Trustees and Fiduciaries Limited**, a company incorporated under the laws of Malta with registration number C 40390 and whose registered office is at Level 3, Tower Business Centre, Tower Street, Swatar, Birkirkara BKR4013, Malta (the “**Security Trustee**”) represented by \_\_\_\_\_ as duly authorized.

**WHEREAS:**

- A. Mercury Projects Finance p.l.c. (the “**Issuer**”) shall issue up to €22,500,000 Secured Bonds, consisting of up to €11,500,000 Bonds at an annual interest rate of 3.75% to be redeemed and finally repaid on 27 March 2027 (the “**Series I Bonds**”) and up to €11,000,000 Bonds at an annual interest rate of 4.25% to be redeemed and finally repaid on 27 March 2031 (the “**Series II Bonds**”) and together with the Series I Bonds referred to as the “**Secured Bonds**”) by virtue of, and subject to the terms and conditions of, a prospectus dated 4 March 2019 issued by the Issuer in connection with the issue of such Secured Bonds (such prospectus, as the same may be amended, varied or supplemented from time to time, hereinafter referred to as the “**Prospectus**”);
- B. the majority of the Issuer’s shares are owned by the Guarantor;
- C. the Prospectus provides that, and it is a condition precedent for the issuance of the Secured Bonds that, inter alia, the Guarantor executes and grants this Guarantee and Indemnity Agreement (hereinafter referred to as “**Guarantee**”) whereby it jointly and severally guarantees the punctual performance of the Issuer’s payment obligations under the Bond Issue in favour of the Security Trustee for the benefit of the Bondholders; and
- D. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee.

**NOW, THEREFORE, IT IS BEING HEREBY AGREED AND COVENANTED AS FOLLOWS:**

**1. INTERPRETATION**

In this Guarantee, unless the context otherwise requires:

“**Indebtedness**” means all moneys, obligations and liabilities now or at any time hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and/or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability;

“**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

Capitalised terms used herein which are defined in the Prospectus shall, unless otherwise defined herein or unless the context otherwise requires, have the same meanings herein as in the Prospectus.

The Guarantor hereby acknowledges and declares that it has received a copy of the Prospectus as approved and issued by the Issuer.

## **2. GUARANTEE**

### **2.1 COVENANT TO PAY**

In satisfaction of the conditions precedent for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised, as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

### **2.2 LIABILITY AMOUNT**

This is a continuing Guarantee for the whole amount of Indebtedness due or owing by the Issuer under the Secured Bonds but, notwithstanding anything contained in this Agreement, the amount due by the Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €22,500,000 apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and/or the Guarantor which shall be additional to the maximum sum herein stated.

### **2.3 INDEMNITY**

As a separate and independent stipulation, the Guarantor agrees, as a principal obligation, to indemnify the Security Trustee on demand for all costs, charges and expenses incurred by it relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and/or the Guarantor as well as for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee.

## **3. CONTINUING AND UNCONDITIONAL LIABILITY**

3.1 The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid or until such time as the maximum amounts referred to in clause 2.2 above are paid by the Guarantor hereunder, and will not be prejudiced or affected by, 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 any other person liable for any reason whatsoever; or
- (c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer, or the Guarantor; or
- (d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable 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 exact payment from the Issuer or any other person liable; or
- (e) the release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Issuer or any other person liable; or
- (f) any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the Security Trustee.

3.2 This Guarantee provides the Security Trustee with the right of immediate recourse against the Guarantor, and the Security Trustee shall not be obliged before taking steps to enforce any of its rights and remedies under this Guarantee:

- (a) to make or file any claim in a bankruptcy, liquidation, administration or insolvency of the Issuer or any other person; or
- (b) to make, demand, enforce or seek to enforce any claim, right or remedy against the Issuer or any other person.

#### **4. WAIVER OF GUARANTOR'S RIGHTS AND GUARANTOR'S WARRANTIES**

4.1 Without prejudice to clause 2.2 above, this Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or the Guarantor shall have made any irrevocable payment of the Indebtedness.

4.2 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee:

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness;
- (b) demand or accept repayment, in whole or in part, of any Indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or for repayment of same or demand any collateral in respect of same or dispose of same;
- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness arising pursuant to the Guarantee or any payment made by the Guarantor thereunder;
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness;

4.3 Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full the Guarantor further agrees that:

- (a) if an Event of Default under the Prospectus occurs, any sums which may thereafter be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing;
- (b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the Indebtedness, including any co-guarantors, shall be suspended.

#### **5. ADDITIONAL GUARANTEE.**

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

#### **6. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT.**

6.1 This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

6.2 The Guarantor shall not be entitled to assign or transfer (by novation or otherwise) any of its rights or obligations under this Guarantee.

## **7. REPRESENTATIONS AND WARRANTIES.**

7.1 The Guarantor represents and warrants:-

- (a) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (b) 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 constitutional document and the laws of its incorporation;
- (c) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (d) that this Guarantee does not and will not constitute default with respect to or violate any law, rule, regulation, judgment, decree or permit to which the Guarantor is or may be subject; or the Guarantor's constitutional document; 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;
- (e) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature;
- (f) that, save for any other priority and preference created by virtue of the Deed of Hypothec, the obligations binding it under this Guarantee rank at least pari passu with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by law;
- (g) that it is not in 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;
- (h) 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;
- (i) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

7.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, 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.

## **8. DEMANDS AND PAYMENTS**

8.1 Without prejudice to clause 2.2 above, all the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated and due on the seventh (7<sup>th</sup>) day following the Security Trustee's first written demand to the Guarantor to pay. All demands shall be sent to the address or facsimile number or email address as are stated below as the same may be changed by notice in writing by one party to the other.

8.2 All sums payable by the Guarantor under this Guarantee shall be paid in full to the Security Trustee in the currency in which the Indebtedness is payable:

- (a) without any set-off, condition or counterclaim whatsoever; and
- (b) free and clear of any deductions or withholdings whatsoever except as may be required by law or regulation which is binding on the Guarantor.

8.3 If any deduction or withholding is required by any law or regulation to be made by the Guarantor, the amount of the payment due from the Guarantor shall be increased to an amount which (after making any deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required.

8.4 The Guarantor shall promptly deliver or procure delivery to the Security Trustee of all receipts issued to it evidencing each deduction or withholding which it has made.

## 9. NOTICES.

Every notice, request, demand, letter or other communication hereunder shall be in writing, in the English language, and shall be delivered by hand or by pre-paid post, fax or email at the address, fax number or email address of the addressee set out below or as otherwise notified to the sender. Any such notice sent by prepaid post shall be deemed to have been received five (5) days after dispatch and evidence that the notice was properly addressed stamped and put into the post shall be conclusive evidence of posting. Any such notice sent by email or fax, or delivered by hand shall be deemed to have been received on the date on which it is sent or delivered, and failure to receive any confirmation shall not invalidate such notice.

If to the Guarantor:

Address: 1400, Block 14, Portomaso, St. Julians, Malta

Fax number:

E-mail address:

To the attention:

If to the Security Trustee:

Address: Level 3, Tower Business Centre, Tower Street, Swatar, Birkirkara BKR4013, Malta

Fax number:

E-mail address:

To the attention:

## 13. APPLICABLE LAW AND JURISDICTION.

This Guarantee and any non-contractual matters in relation thereto shall be governed by and construed in accordance with the laws of Malta.

The parties agree that the Courts of Malta have exclusive jurisdiction to settle any disputes in connection herewith and in connection with any non-contractual matters in relation hereto, and accordingly submit to the jurisdiction of such Courts.

The parties waive any objection to the Maltese Courts on grounds of inconvenient forum or otherwise as regards proceedings in connection herewith and agree that a judgement or order of such a Court shall be conclusive and binding on them and may be enforced against them in the Courts of any other jurisdiction.

---

duly authorised, on behalf of **Mercury Towers Limited (Guarantor)**

---

duly authorised, on behalf of **CSB Trustees and Fiduciaries Limited (Security Trustee)**

**ANNEX IV – FINANCIAL ANALYSIS SUMMARY**

---

**FINANCIAL ANALYSIS SUMMARY**  
**Mercury Projects Finance p.l.c.**  
4<sup>th</sup> March 2019

---

The Directors  
Mercury Projects Finance p.l.c.,  
J Portelli Projects,  
1400, Block 14, Portomaso,  
St. Julian's, PTA 9044, Malta

4<sup>th</sup> March 2019

Dear Sirs,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Mercury Projects Finance p.l.c. ("the Issuer") and Mercury Towers Ltd ("the Guarantor"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the period ending 31 December 2017 has been extracted from the audited financial statements of Mercury Towers Ltd for the financial period 28 September 2016 to 31 December 2017.

(b) The forecast data for the current financial year 2018 and 2019 have been provided by management.

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

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

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

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

Yours sincerely,



Nick Calamatta



## Table of Contents

<i>Part 1 - Information about the Group</i> .....	<i>1</i>
1.1 Issuer and Guarantor’s Key Activities and Structure.....	1
1.2 Directors and Key Employees.....	2
1.3 Major Assets owned by the Group.....	3
1.4 Operational Developments.....	4
<i>Part 2 – Historical Performance and Forecasts</i> .....	<i>6</i>
2.1 Issuer Projected Statement of Comprehensive Income.....	6
2.2 Issuer Projected Statement of Financial Position.....	7
2.3 Issuer Projected Statement of Cash Flows.....	8
2.4 Guarantor’s Statement of Comprehensive Income.....	9
2.5 Guarantor’s Statement of Financial Position.....	10
2.6 Guarantor’s Statement of Cash Flows.....	12
2.7 Summary and Ratio Analysis.....	13
<i>Part 3 – Key Market and Competitor Data</i> .....	<i>15</i>
3.1 General Market Conditions.....	15
3.2 Comparative Analysis.....	17
<i>Part 4 - Glossary and Definitions</i> .....	<i>19</i>

---

## Part 1 - Information about the Group

### 1.1 Issuer and Guarantor's Key Activities and Structure

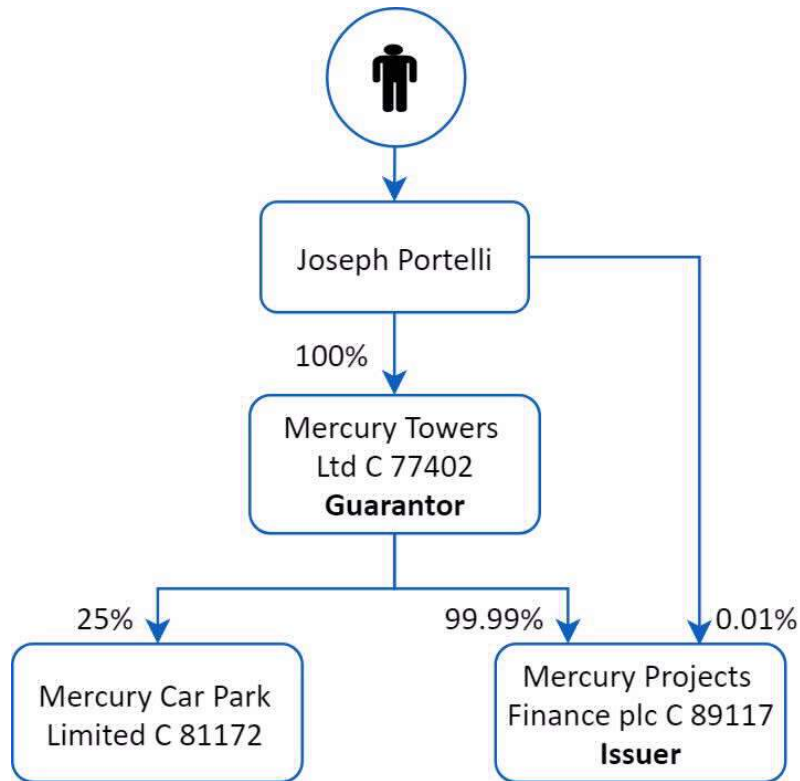
The "Group" of companies consists of the Issuer, the Guarantor and Mercury Car Park Limited.

The Issuer, Mercury Projects Finance plc, with company registration number C 89117, is a limited liability company registered in Malta on 16 January 2019. The Issuer is, except for one share that is held by Mr Joseph Portelli, a wholly owned subsidiary of the Guarantor, which latter entity is the parent company of the Group. The Issuer, which was set up and established to act as a finance vehicle, has as at the date hereof an authorised share capital of €500,000 divided into 500,000 ordinary shares of €1 each and has an issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up.

The Guarantor, Mercury Towers Ltd, is a private limited liability company incorporated and registered in Malta on 28 September 2016, with company registration number C 77402. The Guarantor, which is the parent company of the group, owns land in the heart of St. Julian's measuring c. 7,702 sqm, which it acquired on a freehold title over two stages, in December 2016 and June 2017 respectively. The land is earmarked for the construction, development and operation of mixed use development project (the "Project") comprising, amongst others, a tower (incl. apartments), a boutique hotel, retail and commercial activity, as well as an underlying car park. In February 2018, the Planning Authority approved the Group's plans for the above-mentioned development, and issued a development permit for the Project.

The authorised and issued share capital of the Guarantor is €500,000 divided into 500,000 ordinary shares having a nominal value of €1 each. As from 20 December 2018, Mr. Joseph Portelli became the sole shareholder of the Guarantor. Originally, Mr. Joseph Portelli and BB Investments Limited, a company wholly owned by Mr. Adrian Buttigieg, equally owned the Guarantor. Subsequently on 20 December 2018, Mr. Portelli acquired the 250,000 ordinary shares held by Mr. Buttigieg in the Guarantor.

The Group structure is as follows:



## 1.2 Directors and Key Employees

### Board of Directors - Issuer

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

Name	Office Designation
Joseph Portelli	Chairman and Executive Director
Stephen Muscat	Independent non-executive Director
Mario Vella	Independent non-executive Director
Peter Portelli	Independent non-executive Director

The business address of all of the directors is the registered office of the Issuer. Refer to section 7 of the registration document for the curriculum vitae of the directors. Dr. Joseph Saliba is the company secretary of the Issuer.

### **Board of Directors – Guarantor**

As at the date of the prospectus, the Guarantor is constituted by the following persons:

Name	Office Designation
Joseph Portelli	Executive Director

The business address of the director is the registered office of the Issuer. Refer to section 7 of the registration document for the curriculum vitae of the directors. Dr. Ian Stafrace is the company secretary of the Guarantor.

The sole executive director is responsible for the executive management of the Issuer and the Group, and together with other senior members of the executive team is responsible for the Issuer’s and the other Group Companies’ day to day management. The executive director is responsible for the general executive management and sales and business development as well as for hotel operations. Other members of the Group’s management team, apart from the two executive directors are; Silvan Mizzi who acts as the Guarantor’s and the Group’s Chief Financial Officer, and Lorraine Ellul Bonavia, who is responsible for the general legal and administrative affairs of the Guarantor and the Group.

As at the date of the prospectus, the Issuer does not have any employees of its own and the Group has two full-time employees.

### **1.3 Major Assets owned by the Group**

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company.

The Group is currently principally involved in the real estate sector, with a view of entering the hospitality and leisure sector in the near future. The Guarantor owns land in the heart of St. Julian’s measuring c. 7,702 sqm, which it acquired on a freehold title over two stages, in December 2016 and June 2017 respectively. The land is earmarked for the construction, development and operation of mixed use development project (the “Project”) comprising, amongst others, a tower (incl. apartments), a boutique hotel, retail and commercial activity, as well as an underlying car park. In February 2018, the Planning Authority approved the Group’s plans for the above-mentioned development, and issued a development permit for the Project.

Mercury Car Park Limited in which the Group holds a 25% equity interest, owns and will operate the car park, which is part of the Project and will give access to over 400 parking spaces situated on levels -3 to -6 of the property.

The major asset of the Group is comprised of the land in St Julians, which is owned by the Guarantor and has been classified as “investment property” and “property held for resale” in the following table:

Asset	Balance as at 31 December 2017	Balance as at 30 June 2018
Investment Property	€9.4 million	€10.9 million
Property held for resale	€21.1 million	€21.2 million
Investment in Mercury Car Parks Limited (25%)	n/a	€0.01 million

#### 1.4 Operational Developments

The Group was set up in view and for the purposes of, and will principally operate by reference to, the Project. The Group has a limited operational history and is of recent origin, with the longest existing member of the Group being the Guarantor, set up in September 2016, and the Issuer being a newly set up subsidiary of such Guarantor. Albeit, the ultimate beneficial owner of the Group, Mr. Joseph Portelli has a long trading history in the acquisition, development, management and operation of real estate developments including hotels, residential, office and retail property and entertainment projects and outlets.

As intimated above the mercury site was acquired in two stages, for the total price of €24.3 million. The first acquisition in December 2016 was made for the total price of €17.4 million and was mainly financed through the deposits received by the Guarantor on the preliminary agreements for the sale of airspaces for development of apartments within the Tower. The second acquisition was made on June 2017 for the price of €6.8 million, excluding the interest accrued on the payments due between the first and second deed amounting to €305,385, which were financed through a bank loan advanced to the Guarantor.

The Project is designed by internationally renowned architectural firm Zaha Hadid Architects and is one of the final projects signed off by Zaha Hadid herself. The Project was awarded full development permit by the Malta Planning Authority on 7 February 2018 – REF. Planning Authority Permit PA 06955/17.

The finished complex will include a mix of historical and ultra-modern edifices on its site. At its heart is a 19th century heritage building, also known as Mercury House, which will be flanked by a 31-storey Tower as well as 2 underground storeys with a boutique hotel situated in its podium and in parts of the said Tower, and will also be serviced by an underlying 4-storey car parking facility.

The following are the main featural highlights of the Project:

## **Tower**

The Tower is going to be spread over 31-stories above ground level, and 6-stories underground, four of which are designated as parking spaces. The Gross floor area of the tower (excluding parking spaces) is of 19,754 square meters. The tower will mainly consist of 275 branded serviced apartments, the majority of which are intended for sale to third parties (most of these have already been concluded subject to preliminary agreements), although some of these are intended to be retained by the Guarantor. Predominantly the uppermost level, which is intended to be used as part of the hotel accommodation pooling arrangement explained below, and levels 10 to 12 and -2 to 2 thereof, which are allocated to be used as an integral part of the Hotel and its amenities.

The owners of the apartments will have the choice to either keep such apartments for their personal purposes (including rental in their personal capacity), or else to pool these as part of an extended 5-star serviced accommodation for the Hotel users. Also, to be operated as part of the Hotel, who will therefore let these to the Guarantor for pre-agreed periods under a pre-agreed rental consideration arrangement.

## **Hotel**

Another major element of the Project will be a 5-star branded hotel, consisting of a 52-room stand-alone building at the podium of the Tower and connected and joined to such Tower, and extending into levels -2 to 2 and 10 to 12 of the said Tower. Its accommodation capacity will extend by virtue of the serviced apartments whose owners sign up to the hotel accommodation pooling arrangement mentioned above.

The Hotel will be owned and operated by the Guarantor which has entered into a hotel management agreement dated 14 August 2018 with the internationally renowned hotel chain Meliá, in particular with Meliá Hotels International S.A. (as Manager) and Prodigios Interactivos S.A. (as Provider), in respect of the Hotel and its facilities.

## **Commercial Outlets**

The Project will also comprise a mix of retail and catering outlets, situated across the open large piazza onto which the Tower and the Hotel will abut. It is currently planned that the commercial outlets will consist of nine shops with a total floor area exceeding 1,120 square meters and four catering establishments with a total floor area exceeding 1,500 square meters, although such plans may change from time to time by joining or further splitting such elements or otherwise.

## **Open areas and amenities**

The buildings will be located around several open and landscaped areas, including piazzas, which will occupy approximately half of the total floor area. Moreover, the entire complex will sit on and be serviced by a four-storey underground car park with over 400 parking spaces, which are generally meant for use by owners and users of the various components of the Project and the public. As noted earlier, the car park will be owned and operated by a company separate from the Group (albeit partly owned by the Guarantor).

## Part 2 – Historical Performance and Forecasts

The Issuer was incorporated on 16 January 2019 and, accordingly, has no trading record or history of operations. Furthermore, the Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies. For the purpose of this document, the focus is on a review of the performance of the Guarantor, which constitutes the entire group of companies. The Guarantor’s historical financial information for the period ended 31 December 2017, as audited by KPMG, is set out in the audited consolidated financial statements of the Guarantor. Forecasts are based on management projections.

### 2.1 Issuer Projected Statement of Comprehensive Income

Projected Statement of Comprehensive Income	2018F	2019P
	€000s	€000s
Finance income	-	920
Finance costs	-	(860)
Administrative expenses	-	(51)
Profit before tax	-	9
Taxation	-	(16)
<b>Profit after tax</b>	-	<b>(7)</b>

The Issuer is projected to incur a loss in the financial period ending 2019 as the taxation expenses will be higher than the profit before tax. Finance costs represents the interest charge on the bond issue and finance income relates to a spread charged over the Issuer’s effective coupon rate (covering the amortisation of bond issue costs).

## 2.2 Issuer Projected Statement of Financial Position

<b>Projected Statement of Financial Position</b>	<b>2018F</b>	<b>2019P</b>
	<b>€000s</b>	<b>€000s</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Loans and receivables	-	22,050
Deferred tax asset	-	-
	-	<b>22,050</b>
<b>Current assets</b>		
Accrued income	-	920
Cash and cash equivalents	-	207
	-	<b>1,127</b>
<b>Total Assets</b>	<b>-</b>	<b>23,177</b>
<b>Equity and liabilities</b>		
Share capital	-	250
Retained earnings	-	(7)
Total equity	-	<b>243</b>
<b>Non-current liabilities</b>		
Amortised bond issue	-	22,086
<b>Current liabilities</b>		
Trade and other payables	-	9
Accrued bond interest	-	824
Current tax liability	-	16
	-	<b>848</b>
<b>Total liabilities</b>	<b>-</b>	<b>22,934</b>
<b>Total Equity &amp; Liabilities</b>	<b>-</b>	<b>23,177</b>

The Issuer's major asset shall comprise the loans advanced to its parent company. The major liability shall comprise of Series I Bond and Series II Bond, on which a coupon rate of 3.75% and 4.25% is payable to bond holders annually respectively.

As the newly incorporated financing arm of the Group, the gearing levels (Total Liabilities / Total Assets) of Mercury Projects Finance plc are projected at 99.0% as at 31 December 2019. The Issuer's gearing levels are projected to decrease marginally thereafter, up until redemption of the Series II Bond in 2030.



## 2.3 Issuer Projected Statement of Cash Flows

<b>Projected Statement of Cash Flows</b>	<b>2018F</b>	<b>2019P</b>
	<b>€000s</b>	<b>€000s</b>
<b>Cash flows from operating activities</b>		
EBITDA	-	(51)
Movement in trade and other payables	-	8
<b>Net cash used in operating activities</b>	-	<b>(43)</b>
<b>Cash flows from investing activities</b>		
<u>Loans and receivables</u>		
Advances to Mercury Towers Ltd	-	(22,050)
Interest received	-	-
<b>Net cash used in investing activities</b>	-	<b>(22,050)</b>
<b>Cash flows from financing activities</b>		
Equity injections / contributions	-	250
<u>Bond</u>		
Net proceeds	-	22,050
Interest paid	-	-
<b>Net cash generated from/(used in) financing activities</b>	-	<b>22,300</b>
<b>Net movements in cash and cash equivalents</b>	-	<b>207</b>
Opening cash and cash equivalents	-	-
<b>Closing cash and cash equivalents</b>	-	<b>207</b>

The net cash generated from operating activities represents the net finance margin between the Issuer's coupon expenses and interest charged to its fellow subsidiaries, the administration expenses, the taxation paid on the Issuer's profit, and the one time movement representing the projected increase in trade and other payables.

The net cash flows from investing and financing activities reflect the two bond issues amounting to €11 million and €11.5 million, net of €0.45 million issue costs, and its distribution between the Group's subsidiaries. The projections also include the €0.25m of share capital, issued and fully paid upon the setting up of Mercury Projects Finance plc on 16 January 2019.

The issuer is projected to have an average interest cover ratio (Finance Income / Finance Costs) 1.07x in 2019, representing the margin from the inter-company loan given by the Issuer to the Guarantor over the life of the bonds.

## 2.4 Guarantor's Statement of Comprehensive Income

The Guarantor, Mercury Towers Ltd was recently incorporated on 28 September 2016 and hence only one set of audited unconsolidated financial statements for the period ended 31 December 2017 is available. Consequently, we have presented the historical performance for the period ended 31 December 2017 compared with the projected performance for the years ending 31 December 2018 and 31 December 2019 in the following financial performance.

Statement of Comprehensive Income	2017 Audited	2018 Forecast	2019 Projected
	€000s	€000s	€000s
Revenue	1,300	4,693	26,205
Cost of sales	(1,300)	(3,158)	(15,593)
<b>Gross profit</b>	-	<b>1,535</b>	<b>10,612</b>
Other operating income	8	-	-
Administrative and operating costs	(51)	(434)	(2,220)
<b>EBITDA</b>	<b>(43)</b>	<b>1,101</b>	<b>8,392</b>
Depreciation	-	-	(3)
<b>EBIT</b>	<b>(43)</b>	<b>1,101</b>	<b>8,389</b>
Finance costs	(115)	(150)	(164)
Loss/(Profit) before taxes	(158)	951	8,225
Taxation	-	(375)	(2,079)
<b>Loss/(Profit) for the period/year</b>	<b>(158)</b>	<b>576</b>	<b>6,146</b>

Revenue which amounted to €1.3 million in 2017, was netted off with cost of sales representing the cost to acquire the Car Park Site, as part of the mercury site acquisition, and the subsequent sale of the said car park to TTRS Holdings Limited. TTRS Holdings Limited was subsequently acquired by amalgamation by the company Mercury Car Park Limited.

Administrative expenses for 2017 amounted to €51,000, which largely comprised of bank charges (€30,000) incurred in connection with a bank facility of €7.2 million that was utilised to part-finance the acquisition of the land in 2017, as well as legal and professional fees (€20,000). Whilst the Guarantor had no employees during the period under consideration, the Guarantor's sole shareholder, namely Mr Joseph Portelli, was heavily involved in day-to-day operations. During July 2018, two full-time equivalents were employed to handle administrative and finance related tasks for the Guarantor.

The land acquired by Mercury Towers Ltd is earmarked for the development of hospitality and commercial activity (which is classified as "property, plant and equipment"), as well as apartment units for-resale (classified as "inventory held for sale"). In this respect, the portion of finance costs pertaining to property, plant and equipment has been capitalised by the Guarantor whilst the finance costs pertaining to inventory held for re-sale has been expensed accordingly.

EBITDA for 2018 and 2019 originates from the sale of airspace pertaining to the apartment units. It is important to note that revenue is recognised upon the signing of a contract of sale with a counterparty "Potential Purchaser", where €4.5 million (96.4% of total revenue) and €23.5 million (89.5% of total revenue) of the revenue levels for 2018 and 2019 respectively, relate to units that are subject to a promise of sale agreement as at 31 May 2018.

## 2.5 Guarantor's Statement of Financial Position

Statement of Financial Position	2017 Audited	2018 Forecast	2019 Projected
	€000s	€000s	€000s
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	-	13,596	26,671
Investment property	9,374	1,674	1,852
Investment in associate	-	2	1,302
Deferred tax asset	-	-	33
	9,374	15,272	29,857
<b>Current assets</b>			
Inventory of units held for resale	21,114	20,751	5,681
Trade and other receivables	1,532	1,603	285
Cash and cash equivalents	69	377	7,836
	22,715	22,732	13,803
<b>Total Assets</b>	<b>32,089</b>	<b>38,004</b>	<b>43,660</b>
<b>Equity and liabilities</b>			
Share capital	500	500	500
Retained earnings	(158)	296	6,442
<b>Total equity</b>	<b>342</b>	<b>796</b>	<b>6,942</b>
<b>Non-current liabilities</b>			
Borrowings	5,900	-	-
Amortised bond issue	-	-	22,086
	5,900	-	22,086
<b>Current liabilities</b>			
Borrowings	1,244	5,659	-
Trade and other payables	24,603	11,668	12,190
Deposits held on account	-	19,872	1,594
Accrued bond interest	-	8	831
Current tax liability	-	-	16
	25,847	37,208	14,632
<b>Total liabilities</b>	<b>31,747</b>	<b>37,208</b>	<b>36,718</b>
<b>Total equity &amp; liabilities</b>	<b>32,089</b>	<b>38,004</b>	<b>43,660</b>

The Guarantor's main asset comprises of land held for development, which is currently still in its development phase. In view of this, the Guarantor's operating activity since its date of incorporation has been limited. Total assets stood at €32.0 million as at 31 December 2017, of which €30.4 million represented the cost of land. The portion of land earmarked for hospitality and commercial activity (*which is classified as investment property and hence a non-current asset*) stood at €9.4 million, whilst the portion earmarked for the development of apartment units (*which is classified as inventory and hence a current asset*) amounted to €21.0 million. The remaining asset balance of €1.6 million largely comprises of amounts receivable from Mercury Car Park Limited of €1.3m, which relates to the acquisition of airspace pertaining to the car park.

The acquisition of the land was financed through a combination of bank finance and shareholder funding, as well as through the deposits received from the potential purchasers of apartment units within the tower. In this respect, total liabilities amounted to €31.7 million as at 31 December 2017, of which €7.2 million comprises of bank borrowings and €21.7 million relates to the deposits received from potential purchasers of apartment units.

Total equity amounted to €342,000 as at 31 December 2017, comprising of share capital of €500,000 and accumulated losses of €158,000, the latter reflective of the fact that the Guarantor is still in its construction and development phase.

Property, plant and equipment incorporates:

- the land component pertaining to the hotel;
- development costs incurred on the hotel;
- ongoing capital expenditure requirements envisaged in operational period.
- 

The above-mentioned components pertaining to the commercial/retail units, which shall be leased out to third party tenants, is duly recognised as investment property.

Similarly, inventory of units held for sale represents the cost of units acquired from Mercury Contracting Projects Limited, being a related party to the Group, in completed form (i.e. since the properties had been unsold as at the date of construction together with the apportionment of the cost of land pertaining to the airspace of the said units, as a result of which the Guarantor was not in a position to sell airspace to third parties). These units are also projected to have been completely sold by the end of 2020.

## 2.6 Guarantor's Statement of Cash Flows

Statement of Cash Flows	2017 Audited	2018 Forecast	2019 Projected
	€000s	€000s	€000s
<b>Cash flows from operating activities</b>			
<b>EBITDA</b>	(43)	1,101	8,392
Movement in inventory	(21,114)	287	15,071
Movement in trade and other receivables	(1,533)	2,144	18
Movement in trade and other payables	24,603	11,043	522
Movement in deposits	-	(8,004)	(18,278)
Taxation paid	-	(375)	(2,097)
<b>Net cash generated from operating activities</b>	<b>1,913</b>	<b>6,196</b>	<b>3,628</b>
<b>Cash flows from investing activities</b>			
Capital expenditure (incl. capital interest)	(9,374)	(5,075)	(12,519)
<b>Net cash used in investing activities</b>	<b>(9,374)</b>	<b>(5,075)</b>	<b>(12,519)</b>
<b>Cash flows from financing activities</b>			
Issue of shares	1	-	-
Advances by shareholder	499	-	-
<b>Movements in bank loan</b>	<b>7,144</b>		
Repayments	-	(1,358)	(5,659)
Interest paid	(115)	(143)	(40)
Net proceeds from the bond	-	-	22,050
<b>Net cash generated from/(used in) financing activities</b>	<b>7,529</b>	<b>(1,501)</b>	<b>16,351</b>
<b>Net movements in cash and cash equivalents</b>	<b>69</b>	<b>(380)</b>	<b>7,459</b>
Opening cash and cash equivalents	-	757	377
<b>Closing cash and cash equivalents</b>	<b>69</b>	<b>377</b>	<b>7,836</b>

The Group experienced an inflow of cash from operating activities, which is the net result of the movements of working capital for the period ended 31 December 2017. As intimated above the cash outflow from inventory and trade and other receivables represents the expenditure incurred on the portion of land that is earmarked for the development of apartment units and the receivable from Mercury Car Park Limited in connection to the transfer of airspace pertaining to the car park respectively. The cash inflow from trade and other payables represents the deposits received from the potential purchasers of apartment units.

In 2017, Cash used in investing activities represents the outflow on the portion of land earmarked for hospitality and commercial activity which stood at €9.4 million. Cash generated from financing activities represents the proceeds received from the bank loan. Cash used in investing activities comprises of capital expenditure, which takes into account capitalised interest, in accordance with the requirements of "IAS23: Borrowings costs".

Repayments amounting to €5.7 million of bank borrowings in 2019, reflects €5.7 million repaid using the net proceeds from the bond issue.

## 2.7 Summary and Ratio Analysis

Guarantor	2017	2018	2019
	Audited	Forecast	Projected
	€000s	€000s	€000s
<b>Income Statement</b>			
Revenue	1,300	4,693	26,205
<i>Growth in Revenue (YoY Revenue Growth)</i>	n/a	261.0%	458.4%
Operating Income (EBIT)	(43)	1,101	8,389
<i>Operating Margin (EBIT / Revenue)</i>	-3.3%	23.5%	32.0%
EBITDA	(43)	1,101	8,392
Net Income	(158)	576	6,146
<i>Net Margin (Net Income / Revenue)</i>	-12.2%	12.3%	23.5%
<b>Balance Sheet</b>			
Cash and Cash Equivalents	69	377	7,836
Total Current Assets	22,715	22,732	13,803
Total Non-Current Assets	9,374	15,272	29,857
Total Assets	32,089	38,004	43,660
Total Current Liabilities	25,847	37,208	14,632
Total Non-Current Liabilities	5,900	0	22,086
Total Debt	7,144	5,659	22,086
Total Equity	342	796	6,942
Net Debt	7,075	5,282	14,250
<b>Cashflow Statement</b>			
Cash from Operations	1,798	6,053	3,588
Capex	9,374	5,075	12,519
Free Cash Flow	(7,576)	978	(8,931)
<b>Ratios</b>			
<b>Profitability</b>			
Return on Common Equity (Net Income / Total Equity)	-46.2%	101.2%	158.9%
Return on Assets (Net Income / Total Assets)	-0.5%	1.5%	14.1%
EPS (Net Income / No of Shares)	(0.32)	1.15	12.29
<b>Solvency</b>			
Gearing 1 (Net Debt / Total Equity)	2068.7%	663.5%	205.3%
Gearing 2 (Total Liabilities / Total Assets)	98.9%	97.9%	84.1%
Net Debt / EBIT	(164.5)x	4.8x	1.7x
Current Ratio (Current Assets / Current Liabilities)	0.9x	0.6x	0.9x
Net Debt / CFO	3.9x	0.9x	4.0x
Interest Coverage (EBITDA / Interest Paid) <sup>1</sup>	(0.4)x	7.7x	209.8x

<sup>1</sup> A portion of bond interest in the construction and development phase has been capitalised in accordance with the requirements of "IAS23: Borrowings costs"

Issuer	2018 Forecast	2019 Projected
	€000s	€000s
<b>Income Statement</b>		
Revenue	n/a	920
Net Income	n/a	(7)
<i>Net Margin (Net Income / Revenue)</i>	n/a	-0.8%
<b>Balance Sheet</b>		
Cash and Cash Equivalents	n/a	207
Total Assets	n/a	23,177
Total Debt	n/a	22,086
Total Equity	n/a	243
Net Debt	n/a	21,879
<b>Cashflow Statement</b>		
Cash from Operations	n/a	(43)
<b>Ratios</b>		
<b>Solvency</b>		
<i>Net Debt / Assets</i>	n/a	94.4%
<i>Interest Coverage (Finance Income / Finance Costs)</i>	n/a	1.1

---

## Part 3 – Key Market and Competitor Data

### 3.1 General Market Conditions

The Group is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget and their profitable operation. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Group's planning during development, this shall have an adverse impact on the financial condition of the Group and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

#### **Economic Update<sup>2</sup>**

While remaining strong, the pace of economic expansion in Malta slowed down marginally in the first quarter of 2018. The Bank's Business Conditions Index also moderated, though it continued to signal above-average economic conditions.

Real gross domestic product (GDP) rose by 4.4% in annual terms, following an increase of 4.6% in the preceding quarter. Economic growth was driven by net exports. In contrast, domestic demand contracted as a decrease in investment offset growth in government and private consumption, while effect of changes in inventories on economic activity was minimal.

The moderation in GDP growth reflected that in potential output, which is estimated to have decelerated from 5.1% in the last quarter of 2017, to 4.5% in the quarter under review. The Bank's measure of the output gap indicates that the extent of overutilization of the economy's productive capacity has decreased from the high levels recorded in 2015 and 2016, but remains close to the level prevailing in 2017.

Price pressures remained moderate, with annual inflation based on the Harmonised Index of Consumer Prices (HICP) remaining unchanged at 1.3% in March compared with December. Services inflation remained the main contributor to overall inflation. Nonetheless, inflation in this subcomponent eased, as did energy inflation. Meanwhile, food inflation remained broadly unchanged, while inflation in non-energy industrial goods (NEIG) picked-up. The Bank's estimate of core inflation, which excludes the more volatile components, stood slightly below the headline figure in March, at 1.1%.

In 2019, real GDP growth is projected to moderate further to 4.8%. Private consumption is projected to remain the main driver of growth, while investment is expected to increase mainly on the back of the construction sector. Net exports are expected to contribute only modestly to GDP growth, as domestic demand fuels imports.

#### **Hospitality<sup>3</sup>**

---

<sup>2</sup> Central Bank of Malta – Quarterly Review No.3 2018



In the first quarter of 2018, activity in the tourism sector remained strong, in line with developments observed in previous quarters. Inbound tourists, nights stayed in Malta and expenditure all increased at double-digit rates in annual terms.

The number of inbound tourists rose by 18.8% compared with the same period a year earlier, reaching 414,400. Tourists visiting Malta for leisure purposes continued to be the drivers behind this increase, as those travelling for business purposes and other motives declined on a year earlier.

In the three months to March, the number of nights that tourists spent in Malta totalled 2.7 million, representing an increase of 18.4% on the corresponding period of 2017. In annual terms, nights spent in private accommodation registered a rise of 27.6% while those in collective accommodation increased by 13.5%.

Meanwhile, tourist expenditure in Malta increased by 14.4% on a year earlier, reaching €271.5 million. In absolute terms, spending on package and non-package holidays increased by broadly the same amount. Both categories recorded strong increases of 24.7% and 20.2% respectively, in annual terms. The “other” component of tourism expenditure increased, by a more modest 3.2%.

As tourist expenditure increased at a slower pace compared with arrivals, expenditure per capita decreased to €655, from €680 in the first quarter of 2017. Meanwhile, the average length of stay remained unchanged at 6.5 nights, whereas expenditure per night fell from €104.64 to €101.13.

The NSO’s Property Price Index increased at a slightly faster pace during the first quarter of 2018. The index, which is based on actual transactions involving apartments, maisonettes and terraced houses, increased by 5.2% on a year earlier, after rising by 4.9% in the fourth quarter of 2017. For quarter three of 2018, the rate of increase in Malta was slightly higher than that registered in the euro area, which stood at 4.5%.

---

<sup>3</sup> Central Bank of Malta – Quarterly Review No.3 2018

### 3.2 Comparative Analysis

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

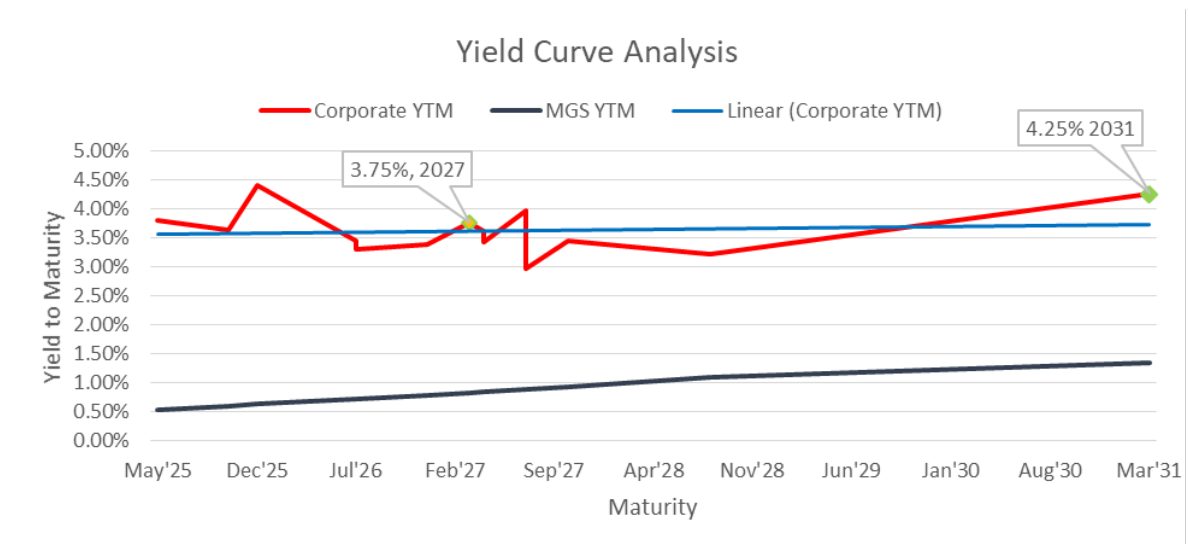
Security	Nom Value	Last Price*	Yield to Maturity*	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Total Equity	Net Debt / EBIT	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's		(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
5.75% International Hotel Investments plc Unsecured € 2025	45,000	110.58	4.61%	3.1	1,602.3	884.6	44.8%	57.1%	15.1	1.5	1.9%	6.1%	53.5%
4.5% Hili Properties plc Unsecured € 2025	37,000	105.00	3.82%	1.2	135.9	38.4	71.8%	232.8%	20.4	0.5	10.1%	53.1%	30.9%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000	105.00	4.19%	1.8	28.6	15.9	44.2%	67.9%	13.4	8.6	-1.1%	-43.7%	47.1%
4% MIDI plc Secured € 2026	50,000	103.50	3.40%	(.5)	235.3	86.6	63.2%	64.7%	(20.1)	2.4	27.0%	n/a	-46.5%
4% International Hotel Investments plc Secured € 2026	55,000	104.50	3.26%	3.1	1,602.3	884.6	44.8%	57.1%	15.1	1.5	1.9%	6.1%	53.5%
4% International Hotel Investments plc Unsecured € 2026	40,000	104.10	3.57%	3.1	1,602.3	884.6	44.8%	57.1%	15.1	1.5	1.9%	6.1%	53.5%
<b>3.75% Mercury Projects Finance plc Secured € 2027 **</b>	<b>11,500</b>	<b>100.00</b>	<b>3.75%</b>	<b>7.7</b>	<b>38.0</b>	<b>0.8</b>	<b>97.9%</b>	<b>663.5%</b>	<b>4.8</b>	<b>0.6</b>	<b>101.2%</b>	<b>12.3%</b>	<b>261.0%</b>
4.35% SD Finance plc Unsecured € 2027	65,000	105.10	3.80%	5.5	217.6	65.7	69.8%	92.1%	4.9	0.3	11.0%	14.5%	9.3%
4% Eden Finance plc Unsecured € 2027	40,000	104.00	3.31%	4.5	169.9	90.2	46.9%	57.5%	9.7	0.7	3.1%	7.8%	16.6%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	103.00	3.98%	1.8	28.6	15.9	44.2%	67.9%	13.4	8.6	-1.1%	-43.7%	47.1%
3.75% Tumas Investments plc Unsecured € 2027	25,000	105.75	3.10%	10.1	198.8	89.2	55.1%	51.8%	2.7	1.6	13.0%	20.1%	31.4%
4% Stivala Group Finance plc Secured € 2027	45,000	104.05	3.28%	9.5	179.7	145.1	19.3%	7.5%	2.8	1.6	76.5%	483.9%	6595.4%
4% Exalco Finance plc Secured € 2028	15,000	106.25	3.33%	3.7	55.4	35.5	36.0%	31.8%	6.3	0.3	9.4%	33.6%	24.7%
<b>4.25% Mercury Projects Finance plc Secured € 2031 **</b>	<b>11,000</b>	<b>100.00</b>	<b>4.25%</b>	<b>7.7</b>	<b>38.0</b>	<b>0.8</b>	<b>97.9%</b>	<b>663.5%</b>	<b>4.8</b>	<b>0.6</b>	<b>101.2%</b>	<b>12.3%</b>	<b>261.0%</b>
<b>Average of Comparables **</b>			<b>3.64%</b>	<b>3.9</b>	<b>504.7</b>	<b>269.7</b>	<b>48.7%</b>	<b>70.4%</b>	<b>8.2</b>	<b>2.4</b>	<b>12.8%</b>	<b>49.5%</b>	<b>576.4%</b>

Source: Audited financial statements, 2017

\*as at 18/02/2019

\*\* Mercury comparables relate to the Group forecast performance for 2018.

\*\*\* Average of comparables exclude the performance of Mercury.



As at 18 February 2019, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 9 years was 266 basis points. The new 2027 Mercury bond is being priced with a 3.75% coupon issued at par, meaning a spread of 293 basis points over the equivalent MGS, and therefore at a premium to the average on the market.

As at 18 February 2019, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 10-12 years was 252 basis points. The new 2031 Mercury bond is being priced with a 4.25% coupon issued at par, meaning a spread of 290 basis points over the equivalent MGS, and therefore at a premium to the average on the market.

## Part 4 - Glossary and Definitions

<b>Income Statement</b>	
Revenue	Total revenue generated by the Group from its business activities during the financial year, that is, from its real estate development and hotel operations
Operating Expenses	Operating expenses include the cost of real estate developments and hotel operations
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
<b>Profitability Ratios</b>	
Operating profit margin	Operating profit margin is operating income as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Profit before Tax (PBT)	Profit before tax is the profit achieved during the financial year after deducting all relevant expenses including interest expenses. This however does not include tax expense.
Earnings per share (EPS)	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date
<b>Efficiency</b>	
Return on Common Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by the average shareholders' equity of two year's financial performance.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
<b>Cash Flow Statement</b>	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
<b>Balance Sheet</b>	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Current assets are all assets of the Company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.

Current liabilities	All liabilities payable by the Company within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Total debt of a company less cash and cash equivalents.
Non-current liabilities	The Company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
<b>Financial Strength Ratios</b>	
Liquidity ratio	The liquidity ratio (also known as current 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 a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's cash interest paid of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets.
Gearing ratio 1	Is calculated by dividing a company's net debt by shareholders' equity.
Gearing ratio 2	Is calculated by dividing a company's total liabilities by total assets.