SUMMARY

Dated 25 July 2024

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

In respect of an issue of up to
€20,000,000 5.3% Secured Bonds 2034
of a nominal value of €100 per Bond issued and redeemable at par
ISIN: MT0002191238

by

MERCURY FINANCE

MERCURY PROJECTS FINANCE P.L.C.
a public limited liability company duly incorporated under the Laws of Malta, with Company registration number C 89117

with the joint and several Guarantee of Mercury Towers Ltd

Sponsor & Co-Manager	Registrar & Co-Manager	Security Trustee	Legal Counsel
Calamatta Cuschieri	BOV Bank of Valletta	CSB trustees& fiduciaries ltd	salibastafrace LEGAL

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

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

APPROVED BY THE BOARD OF DIRECTORS

Joseph Portelli
Director

signing in his own capacity as director of the Issuer and on behalf of each of Stephen Muscat, Mario Vella and Peter Portelli.

1 INTRODUCTION AND WARNINGS

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds. Except where the context otherwise requires, the capitalised words and expressions usaed in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

Issuer	Mercury Projects Finance p.l.c., a public limited liability company registered in Malta, with company registration number C 89117 and legal entity identifier (LEI) number 391200HPXPO29NMJCF40
Address	1400, Block 14, Portomaso, St Julian's, Malta
Telephone number	+356 21313029
Issuer Website	www.mercury.com.mt
Competent authority approving the Prospectus	The MFSA, established in terms of the Financial Markets Act (Cap. 345 of the laws of Malta)
Address	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta
Telephone number	+ 356 2144 1155
MFSA Website	https://www.mfsa.mt/
Name of the securities	€20,000,000 5.3% Secured Bonds 2034
ISIN of Bonds	MT0002191238
Prospectus approval date	25 July 2024

Prospective investors are hereby warned that:

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

2 KEY INFORMATION ON THE ISSUER

2.1 WHO IS THE ISSUER OF THE BONDS?

Domicile and legal form, LEI and country of incorporation
The Issuer is Mercury Projects Finance p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta). The Issuer was incorporated and is domiciled in Malta with legal entity identifier (LEI) number 391200HPXPO29NMJCF40.

Principal activities of the Issuer
The Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. The assets of the Issuer therefore principally consist of loans granted to companies forming part of the Mercury Group.

Organisational structure of the Group
The Issuer is fully owned by Mercury Towers Ltd (C 77402), which is the Guarantor of the Bond Issue, except for one (1) share which is held by Mr Joseph Portelli, being the ultimate beneficial owner of the Group. Apart from the Issuer, the Guarantor has other subsidiaries, each of which, together with the Guarantor, own different elements of the Mercury House Project. Such subsidiaries, which are all fully owned by the Guarantor, include Mercury Hotel Ltd. (C 100730), Mercury Commercial Mall Ltd. (C 100729) and Mercury Car Park II Ltd (C 100736).

Major shareholders of the Issuer
The Issuer's majority shareholder is the Guarantor which holds all of the issued shares except for one (1) share (namely 249,999 ordinary shares of a nominal value of €1 each), whereas the 1 remaining share (namely 1 ordinary share of €1) is held by Joseph Portelli. The Guarantor is in turn fully owned, and the Group is ultimately beneficially owned, by the said Mr Joseph Portelli.

Key managing directors
The board of directors of the Issuer is composed of the following persons: Mr Joseph Portelli (Executive Director), Mr Stephen Muscat (Independent Non-Executive Director), Mr Mario Vella (Independent Non-Executive Director) and Mr Peter Portelli (Independent Non-Executive Director).

Statutory Auditors
The auditors of the Issuer as of the date of this Summary and since its incorporation are Baker Tilly Malta of Level 5, Rosa Marina Building, 216, Marina Seafront, Pieta' PTA 9041, Malta. The Accountancy Board registration number of Baker Tilly is AB26/84/28.

2.2 WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

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

	FY2023 €000s Audited	FY2022 €000s Audited	FY2021 €000s Audited
Statement of Comprehensive Income			
Profit for the year	83	73	69
Statement of Financial Position			
Total assets	75,274	75,332	23,688
Total equity	575	493	420
Total liabilities	74,698	74,839	23,268
Statement of Cash Flows			
Net cash generated from / (used in) operating activities	10	(73)	55
Net cash used in investing activities	-	(50,000)	-
Net cash (used in) / generated from investing activities	(141)	50,406	(164)

2.3 WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER?

The most material risk factor specific to the Issuer is the following:

Reliance of the Issuer on the Group
The Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. Its assets therefore consist primarily of loans issued to Group companies, and the only revenue generating activities of the Issuer is the receipt of principal and interest income paid on the said loans. The Issuer is therefore economically dependent on the operational results, financial condition and performance of its borrower Group companies, principally the Guarantor, which may in turn be negatively affected by various risks affecting them and their business and operations. Therefore, the risks intrinsic in the business and operations of Group companies, and underperformance of these Group companies, may have an adverse effect on the ability of the Issuer to meet its obligations in connection with the payment of interest and principal under the Bonds.

3 KEY INFORMATION ON THE SECURITIES

3.1 WHAT ARE THE MAIN FEATURES OF THE SECURITIES?

The Bonds are being issued in an aggregate amount of up to €20,000,000 with a nominal value of €100 per Bond issued and redeemable at par and redeemable on 10 September 2034. The Bonds bear interest at the rate of 5.3% per annum on the nominal value of the Bonds, payable on 10 September of each year, with the first interest payment being due on 10 September 2025 and the last interest payment being due on the Redemption Date.

The Bonds shall 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 Bonds shall have the following ISIN: MT0002191238. The Bonds shall be freely transferable.

The 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 Bonds shall be jointly and severally guaranteed in respect of both the interest due and the principal amount by the Guarantor in terms of the Guarantee and they shall also be secured by a first ranking special hypothec on the Security Property for Bonds (essentially the immovable property consisting of 'Mercury House' within the Mercury House Project) to be constituted by the Guarantor in favour of the Security Trustee for the benefit of the Bondholders. In respect of the said 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 said Guarantor, by virtue and to the extent of the said first ranking special hypothec.

There are no special rights attached to the Bonds other than the right of the Bondholders to (i) repayment of capital and payment of interest on the due dates; (ii) the benefit of the Collateral (namely the Guarantee and the first ranking Special Hypothec over the Security Property for Bonds) through the Security Trustee; (iii) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and (iv) such other rights attached to the Bonds emanating from the Prospectus.

3.2 WHERE WILL THE SECURITIES BE TRADED?

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List.

3.3 IS THERE A GUARANTEE ATTACHED TO THE SECURITIES?

THE GUARANTEE
Apart from the above-mentioned first ranking Special Hypothec on the Security Property for Bonds to be granted by the Guarantor, the Bonds will also be secured through the joint and several guarantee of the Guarantor in terms of the Guarantee dated 25 July 2024. Accordingly, 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 Bonds if the Issuer fails to meet any amount, when due. The Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The Guarantee constitutes a direct and unconditional obligation of the Guarantor, and the Guarantor's obligations under the Guarantee shall rank *pari passu* with all its other unsecured and unsubordinated obligations.

THE GUARANTOR
The Guarantor is Mercury Towers Ltd, a private limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta) having company registration number C 77402. The legal entity identifier (LEI) number of the Guarantor is 3912008XQEJHUJ4GAI82. The Guarantor is the parent company of the Group. Apart from the holding of shares in its subsidiary companies (including the Issuer), the Guarantor is itself actively involved in the development and operation of parts of the Mercury House Project and owns and is intended to continue to own, finish (where applicable) and operate certain essential elements of Retained Property within the Project.

KEY FINANCIAL INFORMATION REGARDING THE GUARANTOR

The key consolidated financial information regarding the Guarantor is set out below.

	FY2023 €000s Audited	FY2022 €000s Audited	FY2021 €000s Audited
Statement of Comprehensive Income			
Profit for the year	5,737	8,674	(5,775)
Statement of Financial Position			
Total assets	269,552	179,438	113,045
Total equity	78,772	37,197	34,647
Total liabilities	190,780	142,241	78,398
Statement of Cash Flows			
Net cash generated from / (used in) operating activities	16,235	(8,644)	(19,285)
Net cash used in investing activities	(73,211)	(23,569)	(17,671)
Net cash generated from financing activities	35,366	52,400	37,193

3.4 KEY RISKS RELATING TO THE GUARANTOR AND THE COLLATERAL

ECONOMIC AND FINANCIAL RISKS

Risks arising from war and/or conflict
Wars and conflicts which may from time to time occur in various parts of the world, including current Russia – Ukraine conflict and the Middle Eastern conflict, may present new risks or exacerbate certain risks to which the operations of the Group are subject, including shortage of and/or increase in prices and delay in importation and delivery of material and supplies needed for the finishing of the Project, apart from the negative effects these may have on the economy as a whole and on particular economic drivers, such as tourism.

Risks relating to inflation relevant to the business of the Group
As at the date of this Prospectus, inflation is relatively high and in various regions or countries is on the rise. Inflation may negatively affect the future financial performance of the Group, including through the consequent increase in the prices of goods and services and the cost of new opportunities, higher borrowing costs, and overall decrease in purchasing power.

Risks relating to financing of the Group
As at the date of this Prospectus, the Guarantor has bank debt, as well as the Issuer-Guarantor Loan 2019 and the Issuer-Guarantor Loan 2022 due to the Issuer. The Guarantor's, and consequently the Group's, financial gearing levels will further increase pursuant to the Bond Issue, and may also increase as a result of further future indebtedness. 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. This may have an adverse effect on the profitability of the Guarantor or its Subsidiaries. Furthermore, there can be no assurance that the Group will have access to such further debt financing as may be required from time to time at reasonable terms.

BUSINESS AND OPERATIONAL RISKS

Concentration risk
The Group's business model remains primarily reliant on the Project within the Site. The Group is therefore subject to concentration risk in view of the restriction of its activities and operations to the Project, and this lack of diversification may exacerbate the hospitality, accommodation, retail market and real estate development related risks to which the Project is or may become exposed.

The Group depends on third parties in connection with its business, giving rise to counter-party risks
The Group relies upon third party or related contractors, professionals, suppliers or other service providers for the completion and finishing (where applicable) and subsequent operation of its property developments. This gives rise to counter-party risks where such third parties default on their contractual obligations, including the resulting development cost overruns or delays in completion or loss of revenue, with the resultant negative impact on the Group's business, financial condition and operations. Furthermore, prospective purchasers of the few remaining unsold services apartments and tenants of commercial properties may default on their payment and other obligations towards the relevant Group companies, thus causing potential liquidity shortages for the Group and forcing the same into potential litigation.

Risks relating to the hospitality industry
The Group's future hospitality operations and the results thereof are subject to external factors that could adversely affect its business, many of which are common to the hotel industry and beyond the Group's control, including changes in travel patterns and customer trends, the seasonality and cyclical nature of the tourism industry, the impact of outbreaks of contagious diseases and other unexpected calamities on patterns and/or volume of travel, the introduction of legal requirements or restrictions related to the hospitality industry, increases in operating costs and taxes and increasing competition.

Risks relating to the commercial rental business of the Group
The Group is involved in rental of retail outlets, food and beverage outlets and other commercial units to third parties. This business sector may be affected by a number of factors, including national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation and other economic, political and social factors. An increase in the supply of commercial space could impact negatively upon capital values and income streams of the Group's properties, and the Group's ability to source new lessees upon termination or non-renewal of the then current leases. The business, revenue and projected profits of the Group would also be negatively impacted if lessees fail to honour their respective lease obligations, or terminate or elect not to renew their respective lease upon termination. Furthermore, the Group may be subject to increases in operating and other expenses with respect to the said properties, which may not necessarily be recoverable from the third party tenants.

RISKS RELATING TO THE COLLATERAL

Risks relating to the Guarantee
The strength of the undertakings on the part of the Guarantor under the Guarantee and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor, which will be affected by the level of indebtedness and liabilities incurred by such Guarantor.

Risks relating to the Collateral constituted by the Special Hypothec and the value thereof
The Security Property for Bonds has been professionally valued for a total amount which should be sufficient to cover payment of the Redemption Value of the Bonds. Whilst the Special Hypothec in respect of the Bonds grants the Security Trustee a right of preference and priority for repayment of the Bonds over the creditors of the Guarantor in respect of the Security Property for Bonds, there can be no guarantee that the value of the said Security Property for Bonds over the term of the Bonds will be and/or remain sufficient to cover the full amount of interest and Redemption Value outstanding under the said 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 for Bonds. There is also no guarantee that the value of Security Property for Bonds determined in the independent valuation is necessarily correct or would actually be achieved on the market. The valuation of property is inherently subjective.

Risks relating to ranking of Special Hypothec forming part of the Collateral
The first ranking Special Hypothec to be constituted by the Guarantor over the Security Property for Bonds respectively owned by them in favour of the Security Trustee shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry securing the privileged creditor's claim.

3.5 WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE SECURITIES?

Suitability of the Bonds
An investment in the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to read and understand the Prospectus in full and to consult an investment advisor before making an investment decision with a view to ascertain that s/he has sufficient knowledge and understanding of the Bonds and the merits and risks of investing in the Bonds, and that s/he has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds. Otherwise there is a risk that such an investor may acquire an investment which is not suitable for his/her risk profile.

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. In particular, if interest rates rise, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Moreover, price risks for longer maturity bonds tend to be higher than for shorter maturity bonds.

Risks relating to inflation relevant to an investment in the Bonds
Inflation, namely the rising level of prices for goods and services, currently remains at elevated levels when compared to the past decades. This can have two negative impacts on those who invest in bonds. Inflation typically leads to a rise in short-term interest rates, and intermediate and longer-term rates also tend to go up as a consequence. This rise in interest rates will lead to a fall in the prices of bonds. Furthermore, inflation can wipe away the yields generated by a bond, in view of the loss of purchasing power brought about by inflation.

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/her Bonds at or above the Bond Issue Price or at all. The existence of an orderly and liquid market for the Bonds depends on a number of factors, which are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. The outbreak of the COVID-19 pandemic in Q1 2020, has resulted in a highly volatile economy. This volatility may also increase as a result of wars or conflicts between countries, including the current Russia – Ukraine conflict and the Middle East conflict. There can be no assurance that continued or increased volatility and disruption in the capital markets will not impair the saleability of the Bonds.

4 KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?

APPLICATION FOR THE BONDS

Application for the Bonds must be lodged with any of the Authorised Financial Intermediaries. All Applications are subject to a minimum subscription amount of €5,000 in nominal value of Bonds and in multiples of €100 thereafter.

EXPECTED TIMETABLE

1.	Offer Period:	2 August 2024 to 30 August 2024
2.	Placement Date:	30 August 2024
3.	Intermediaries' Offer Date:	30 August 2024
4.	Commencement of interest:	10 September 2024
5.	Expected announcement of basis of acceptance:	10 September 2024
6.	Expected dispatch of allotment letters:	20 September 2024
7.	Latest date of constitution of Special Hypothec on Security Property for Bonds:	20 September 2024
8.	Latest date of admission of Bonds to listing:	20 September 2024
9.	Latest date of commencement of trading in the Bonds:	23 September 2024

The Issuer reserves the right to close the Offer Period earlier in the event of full or over-subscription, in which case the events set out in step 2 onwards and the Issue Date may be brought forward. The dates specified in step 7 onwards are latest dates for the occurrence of the events mentioned therein, which events may in actual fact take place earlier than such latest dates.

Plan of distribution and allotment and allocation policy
The Bonds are open for subscription by all categories of investors.

The Issuer may enter into conditional Placement Agreement/s with one or more Authorised Financial Intermediary/ies whereby an agreed amount in nominal value of the Bonds shall be made available for subscription to such Authorised Financial Intermediaries, for their own account or on behalf of their clients. The Issuer may enter into subscription agreements with Authorised Financial Intermediaries for an aggregate amount equivalent to the remaining amount of the Bond Issue not covered by the Placement Agreements (if any), for subscription of Bonds by such Authorised Financial Intermediaries for their own account or on behalf of their clients.

The issue and final allotment of the Bonds is conditional upon the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed; and (2) the Bonds being admitted to the Official List. In the event that any of the aforesaid Conditions Precedent is not satisfied, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account.

Total estimated expenses
The total estimated expenses of the Bond Issue are **€750,000.** These will be borne by the Guarantor as further explained in section 4.2 below.

4.2 WHY IS THIS PROSPECTUS BEING ISSUED?

Use and estimated net amount of proceeds
The proceeds from the Bond Issue, will be used by the Issuer to provide a loan facility to the Guarantor, namely the Issuer-Guarantor Loan 2024, to be used as provided below. The Issuer-Guarantor Loan will bear interest at 5.5% per annum payable on 25 August of each year, and the principal amount thereof shall be repayable by not later than 25 August 2034.

In turn, the Issuer-Guarantor Loan 2024 will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

(i) **Refinancing of the Relevant BOV Loan:** the amount of approximately **€5,000,000** will be used to re-finance the outstanding Relevant BOV Loan due by the Guarantor to Bank of Valletta p.l.c., which loan was originally principally utilised to finance part of the completion and finishing costs of the Project;

(ii) **Completion and finishing costs of the Project:** an amount of approximately **€7,750,000** will be used to finance the remaining development (completion and finishing) costs of the Project; and

(iii) **General corporate funding:** the amount of approximately **€7,250,000** together with any residual amounts not utilised for the purposes identified in paragraphs (i) and (ii) above, shall be utilised for general corporate funding purposes of the Group, including the expenses of the Bond Issue.

The expenses of the Bond Issue (expected to amount to €750,000), have been agreed to be borne by the Guarantor, and will thus still form part of the loan made thereto under the Issuer-Guarantor Loan 2024 and shall be included under (iii) above.

Underwriting
The Bond Issue is not subject to an underwriting agreement on a firm commitment basis.

Conflicts of interest
Save for the subscription for Bonds by the Authorised Financial Intermediaries (which include the Sponsor and the Registrar), and any fees payable in connection with the Bond Issue to the Sponsor and the Registrar, so far as the Issuer is aware no person involved in the Bond Issue has any material conflicts of interest pertaining to the offer of Bonds or their admission to trading.

REGISTRATION DOCUMENT

Dated 25 July 2024

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

MERCURY FINANCE

MERCURY PROJECTS FINANCE P.L.C.
a public limited liability company duly incorporated under the Laws of Malta, with Company registration number C 89117

Sponsor & Co-Manager	Registrar & Co-Manager	Security Trustee	Legal Counsel
Calamatta Cuschieri	BOV Bank of Valletta	CSB trustees& fiduciaries ltd	salibastafrace LEGAL

THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVES THIS REGISTRATION DOCUMENT AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT OF THIS REGISTRATION DOCUMENT. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN ANY INSTRUMENT ISSUED BY THE ISSUER AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

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APPROVED BY THE BOARD OF DIRECTORS

Joseph Portelli
Director

signing in his own capacity as director of the Issuer and on behalf of each of Stephen Muscat, Mario Vella and Peter Portelli.

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON MERCURY PROJECTS FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND MERCURY TOWERS LTD. AS GUARANTOR, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND THE PROSPECTUS REGULATION.

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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 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 SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THE PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND WILL BE 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 SECURITIES ISSUED BY THE ISSUER MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THIS REGISTRATION DOCUMENT IS VALID FOR A PERIOD OF TWELVE MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO UPDATE OR SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

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 ANY SECURITIES ISSUED BY THE ISSUER.

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, 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 FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

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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:

2019 Bond Issue	The issue of the 2027 Existing Bonds and of the 2031 Existing Bonds by the Issuer pursuant to the 2019 Prospectus;
2019 Prospectus	The prospectus dated 4 March 2019 issued by the Company in relation to the 2019 Bond Issue;
2022 Bond Issue	The issue of the 2032 Existing Bonds by the Issuer pursuant to the 2022 Prospectus;
2022 Prospectus	The prospectus dated 22 March 2022 issued by the Company in relation to the 2022 Bond Issue;
2027 Existing Bonds	The 3.75% secured bonds due 2027 issued by the Issuer pursuant to the 2019 Prospectus, of a nominal value of €100 per bond and of an aggregate nominal value of €11,500,000, and carrying ISIN MT0002191204;
2027 & 2031 Existing Bonds Security Restructuring Deed	The public deeds in the records of Notary Kristen Dimech of 12 July 2024 and 16 July 2024, by virtue of which the components of immovable property over which the security interest (first ranking special hypothec) securing the 2027 Existing Bonds and the 2031 Existing Bonds has last been redefined and restructured before the date of this Registration Document;
2031 Existing Bonds	The 4.25% secured bonds due 2031 issued by the Issuer pursuant to the 2019 Prospectus, of a nominal value of €100 per bond and of an aggregate nominal value of €11,000,000, and carrying ISIN MT0002191212;
2032 Existing Bonds	The 4.30% secured bonds due 2032 issued by the Issuer pursuant to the 2022 Prospectus, of a nominal value of €100 per bond and of an aggregate nominal value of €50,000,000, and carrying ISIN MT0002191220;

Act	The Companies Act, 1995, Cap. 386, Laws of Malta;
Bersella Holdings Limited	Bersella Holdings Limited, a limited liability company registered under the laws of Malta, with company registration number C 79829, having its registered office at Mangion Building, N/S Off Valletta Road, Luqa LQA 6000, Malta;
Bondholders	The holders of the Bonds, each a "Bondholder";
Bond Issue	The issue of Bonds;
Bonds or **Secured Bonds**	The €20,000,000 secured bonds due in 2034 of a nominal value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 5.3% per annum, as set out in the Securities Note;
BOV Loans	The existing bank financing due by the Group to Bank of Valletta p.l.c. as set out under the heading 'Existing financing of the Guarantor's and other Group companies' activities' in section 6.2 of this Registration Document;
Business Day	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Capital Markets Rules	The capital markets rules issued by the Malta Financial Services Authority in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), as may be amended from time to time;
Car Park Site	Those areas within the underground levels minus seven to minus three (B07 to B03) underlying parts of the Site where the Parking Complex is situated, and connected to the road network via ramps and driveways situated at levels minus two and minus one (B02 and B01) and an opening at level zero (L0) abutting Triq Sant'Andrija, St. Julian's;

CF Leisure Ltd. CF Leisure Ltd., is a limited liability company registered under the laws of Malta, with company registration number C 104594, having its registered office at CF Business Centre, Level 1, Triq Gort, Paceville, San Giljan STJ 9023, Malta;

Collateral The following security granted by the Guarantor in favour of the Security Trustee for the benefit of Bondholders:

(a) the Special Hypothec; and
(b) the Guarantee;

Commercial Mall or **Shopping Mall** The retail and commercial outlets developed by Mercury Commercial Mall Ltd. on the Site, consisting of a number of retail and catering establishments and commercial units within the Project, which are leased by Mercury Commercial Mall Ltd. to various third parties, as provided in section 5.2 of this Registration Document;

Conditions Precedent The conditions set out under paragraph (a) of section 8.2 of the Securities Note, to which the issue and final allotment of the Bonds is subject, namely the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed; and (2) the Bonds being admitted to the Official List;

Deed of Hypothec A notarial deed to be entered into by and between the Issuer, the Guarantor and the Security Trustee whereby inter alia the Issuer will make the Issuer-Guarantor Loan 2024 to the Guarantor and the Guarantor constitutes in favour of the Security Trustee the Special Hypothec as part of the Collateral;

Directors or **Board** The directors of the Issuer whose names are set out under the heading 'Directors of the Issuer and the Guarantor' under section 3 of this Registration Document;

Euro or **€** The official currency of the member States of the European Union that form part of the Euro-zone, including Malta;

Exchange Site	The immovable property adjacent to the Mercury Site, consisting of a divided portion of land at St. Julian's, measuring circa one thousand nine hundred and sixty four square metres (1,964m2), on which Saint George's Exchange, without official number in Triq San Gorg, Saint Julian's was built before its demolition for the purposes of the Project, inclusive of its subsoil and airspace, which was acquired by the Guarantor from SGE Property Company Limited by means of the Exchange Site Public Deed, following an assignment of the promise of sale agreement dated 2 August 2018 that took place on the same Exchange Site Public Deed between Mercury Exchange Ltd and the Guarantor, as more fully and accurately described in the Exchange Site Public Deed and the plans and drawings attached thereto;
Exchange Site Public Deed	The public deed in the records of Notary Kristen Dimech of the twelfth day of August of the year two thousand and twenty-one (12/08/2021), by virtue of which the Guarantor acquired the Exchange Site;
Existing Bondholders	The holders of the Existing Bonds, each an "**Existing Bondholder**";
Existing Bonds	Collectively, the 2027 Existing Bonds, the 2031 Existing Bonds and the 2032 Existing Bonds;
Existing Issuer-Guarantor Loans	Collectively, the Issuer-Guarantor Loan 2019 and the Issuer-Guarantor Loan 2022;
Group or **Mercury Group**	The Guarantor and its direct or indirect Subsidiaries, including the Issuer, and the term "Group Company" shall mean any one of the companies forming part of the Group;
Guarantee	The joint and several guarantees dated 25 July 2024 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 II thereto;
Guarantor	Mercury Towers Ltd, a limited liability company registered under the laws of Malta with company registration number C 77402 and having its registered office at Mercury Towers, J Portelli Offices, St George Street, St Julian's, STJ3202, Malta

Hotel	The Hotel developed on the Site, which is on the date hereof is fully constructed and being finished and handed over, consisting of a 140-room 20-storey hotel within the Project, together with several additional recreational functions and other facilities forming part of or ancillary to such hotel, which Hotel is intended to be operated by the said Mercury Hotel Ltd. under a hotel management agreement with Meliá Hotels International S.A. and Prodigios Interactivos S.A. to manage and operate such Hotel;
Issuer or **Company**	Mercury Projects Finance p.l.c., a limited liability 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;
Issuer-Guarantor Loan 2019	The loan facility between the Issuer (as lender) and the Guarantor (as borrower) by virtue of which the proceeds of the 2019 Bond Issue were made available by the Issuer to the Guarantor and regulated by the public deed in the records of Notary Kristen Dimech of the twenty fifth day of March of the year two thousand and nineteen (25/03/2019);
Issuer-Guarantor Loan 2022	The loan facility between the Issuer (as lender) and the Guarantor (as borrower) by virtue of which the proceeds of the 2022 Bond Issue were made available by the Issuer to the Guarantor and regulated by the public deed in the records of Notary Kristen Dimech of the fourteenth day of April of the year two thousand and twenty-two (14/04/2022);
Issuer-Guarantor Loan 2024	The loan facility between the Issuer (as lender) and the Guarantor (as borrower) referred to in section 4.2 of the Securities Note, by virtue of which the proceeds of the Bond Issue will be made available by the Issuer to the Guarantor;
Malta Financial Services Authority or **MFSA**	The Malta Financial Services Authority, established in terms of Article 3 of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta), and which has been appointed by the Financial Markets Act (Cap. 345 of the Laws of Malta) as the competent authority to approve prospectuses of any offer of securities to the public in Malta;
Malta Stock Exchange or **Exchange** or **MSE**	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;
Memorandum and Articles of Association or **Articles**	The memorandum and articles of association of the Issuer in force at the time of publication of this Registration Document;

Mercury Car Park Limited	Mercury Car Park Limited, is a limited liability company registered under the laws of Malta, with company registration number C 81172, having its registered office at Mangion Building, New Street off Valletta Road, Luqa LQA 6000, Malta;
Mercury Car Park II Ltd	Mercury Car Park II Ltd, is a limited liability company registered under the laws of Malta, with company registration number C 100736, having its registered office at Mercury House, Triq San Gorg, San Giljan, Malta;
Mercury Commercial Mall Ltd.	Mercury Commercial Mall Ltd., is a limited liability company registered under the laws of Malta, with company registration number C 100729, having its registered office at 1400, Block 14, Portomaso, St. Julian's, Malta;
Mercury Contracting Projects Limited or **MCPL**	Mercury Contracting Projects Limited, is a limited liability company registered under the laws of Malta, with company registration number C 77531 and having its registered office at J. Portelli Projects, 1400, Block 14, Portomaso, St. Julian's, Malta;
Mercury Exchange Ltd	Mercury Exchange Ltd, is a limited liability company registered under the laws of Malta, with company registration number C 87640 and having its registered office at J. Portelli Projects, 1400, Block 14, Portomaso, St. Julian's, Malta;
Mercury Hotel Ltd.	Mercury Hotel Ltd., is a limited liability company registered under the laws of Malta, with company registration number C 100730, having its registered office at Mercury House, Triq San Gorg, St. Julian's, Malta;
Mercury Site	The "Site" as defined in the Mercury Site Public Deeds, consisting of a divided portion of land at St. Julian's, measuring circa seven thousand seven hundred and one point eight square metres (7,701.8m2), consisting of various portions of land and levels above and below sea level (airspaces and subterranean portions and levels) which was acquired by the Guarantor from Pender Ville Limited 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 more fully and accurately described in the Mercury Site Public Deeds and the plans and drawings attached thereto;
Mercury Site Public Deeds	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;

Mistral Hotel Ltd	Mistral Hotel Ltd, a limited liability company registered under the laws of Malta, with company registration number C 88387, having its registered office at CF Business Centre, Level 1, Triq Gort, Paceville, San Giljan STJ 9023, Malta;
Offer Period	The period between 8:00 hours on 2 August 2024 and 12:00 hours on 30 August 2024 during which the Bonds are on offer;
Official List	The list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Parking Complex	The aggregate parking facilities developed for the benefit and as part of the Project in the Car Park Site;
Pender Ville Limited	Pender Ville Limited, a limited liability company registered under the laws of Malta, with company registration number C 36675, having its registered office at Pendergardens Business Centre, 14, Level 1, Pendergardens, St. Andrews Road, St. Julian's, Malta;
Peripheral Block	The peripheral block of serviced apartments developed by the Guarantor, which consists of 170 serviced apartments, adjacent to the Hotel podium, which serviced apartments within the Peripheral Block have been sold or will be sold to third parties;
Project or **Mercury House Project**	The Group's project comprising the development of the Site into a mixed use development comprising of inter alia serviced apartments, a commercial mall, a hotel, other catering, leisure, entertainment, health and beauty, retail and commercial activity and underlying car parking facilities, all as described in more detail in section 5 of this Registration Document;
Prospectus	Collectively, this Registration Document, the Securities Note and the Summary;
Prospectus Regulation	Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended and/or supplemented from time to time;

Ratcon Ltd	Ratcon Ltd, a limited liability company registered under the laws of Malta, with company registration number C 91834, having its registered office at CF Business Centre, Level 1, Triq Gort, Paceville, San Giljan STJ 9023, Malta;
Redemption Date	10 September 2034;
Registrar or **Registrar and Co-Manager**	Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta, with company registration number C 2833, having its registered office at 58, Zachary Street, Valletta VLT 1130, Malta;
Registration Document	This document in its entirety;
Relevant BOV Loan	The BOV Loan mentioned in row 10 of the table included under the heading 'Existing financing of the Guarantor's and other Group companies' activities' in section 6.2 of this Registration Document;
Retained Property	The Hotel, the Shopping Mall and other property within the Project are to be retained in ownership by the Group;
Seam Limited	Seam Limited, is a limited liability company registered under the laws of Malta, with company registration number C 103466, having its registered office at Mercury House, Triq San Gorg, St. Julian's, Malta;
Securities Note	The securities note issued by the Issuer dated 25 July 2024, forming part of the Prospectus;
Security Property for Bonds	The following immovable property is owned by the Guarantor: 'Mercury House' being the scheduled Grade Two heritage building, situated on Levels B02, B01, L00, L01 and L02 of the Mercury Site, and measuring in total approximately 2,845m2 (from levels B02 to L02);

Security Property for Existing Bonds

In respect of the 2027 Existing Bonds, the following immovable property is owned by the Guarantor:

'Commercial Space L01' meaning a space situated on Level L01 of the Tower constituting the entry rooms to the flying theatre, as further defined and described in the 2027 & 2031 Existing Bonds Security Restructuring Deed;

'Commercial Space L02' meaning a space situated on Level L02 of the Tower currently being used as offices, as further defined and described in the 2027 & 2031 Existing Bonds SecurityRestructuring Deed ;

the apartment internally numbered 3103, situated within the thirty-first level (L31) of the Tower, as further defined and described in the 2027 & 2031 Existing Bonds Security Restructuring Deed.

In respect of the 2031 Existing Bonds, the following immovable property is owned by the Guarantor:

the apartment internally numbered 3101, situated within the thirty-first level (L31) of the Tower, as further defined and described in the 2027 & 2031 Existing Bonds Security Restructuring Deed;

the apartment internally numbered 3102, situated within the thirty-first level (L31) of the Tower, as further defined and described in the 2027 & 2031 Existing Bonds Security Restructuring Deed; and

the apartment internally numbered 3104, situated within the thirty-first level (L31) of the Tower, as further defined and described in the 2027 & 2031 Existing Bonds Security Restructuring Deed.

In respect of the 2032 Existing Bonds, the following immovable property owned by Mercury Hotel Ltd.:

The following components of the Hotel (as covered by planning permit REF. Planning Authority PA 01892/19), namely:

(i) The airspace commencing from the floor level L02 up to the uppermost level L20 (as such uppermost level L20 was approved in addition to the previous uppermost level L19 by virtue of the full development permit REF. Planning Authority PA 05530/22) which were constructed and being finished within the Hotel building, having an internal floor area measuring approximately 13,133 m2 and external room balconies measuring any and all constructions and improvements thereon from time to time;

(ii) the airspace commencing from the roof of floor level L08 upwards without limitation within the Peripheral Block, having a superficial area of approximately 992m2, and any and all constructions and improvements thereon from time to time; and

(iii) the part of the fourth basement level (B04) which has been developed as a SPA, having an internal floor area measuring approximately 1,093m2, which will form part of the amenities of the Hotel, and any and all constructions and improvements therein from time to time.

Security Trust Deed or **Trust Deed**	The security trust deed entered into in respect of the Bond Issue between the Security Trustee, the Issuer and the Guarantor dated 25 July 2024;
Security Trustee	CSB Trustees and Fiduciaries Limited, is 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 authorised 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);
SGE Property Company Limited	SGE Property Company Limited, is a limited liability company registered under the laws of Malta, with company registration number C 51494, having its registered office at The Bastions, Triq Emvin Cremona, Floriana FRN 1281, Malta;
Site	Collectively, the Mercury Site and the Exchange Site, including the Car Park Site underlying parts thereof;
Special Hypothec	The first ranking special hypothec over the Security Property for Bonds to be granted by the Guarantor in favour of the Security Trustee, for the benefit of Bondholders, to secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds by the Issuer, as set out in section 6.2 of this Registration Document;
Sponsor or **Sponsor & Co-Manager**	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 (Cap. 370 of the laws of Malta) and is a member of the MSE;
Subsidiary	When such term is used in respect of an undertaking (a parent undertaking) it means an undertaking which is such parent undertaking's direct or indirect "subsidiary undertaking", as such latter term is defined in article 2(2)(c) of the Act, and for such purpose the term "parent undertaking" shall have the meaning assigned to it in article 2(2)(a) of the Act;
Summary	The summary issued by the Issuer dated 25 July 2024, forming part of the Prospectus; and

Tower	The twisted shaped high-rise building developed on the Site which is on the date hereof fully constructed, completed and finished externally and being finished internally in respect of some last remaining units, consisting of a 34-storey tower, including an overlying viewing gallery and airspace, as well as 2 underground storeys (but excluding the car park levels) overlying the car park facility, in total from levels B02 to L33, and wherein there have been developed the equivalent of 291 standard size serviced apartments, some of which have been conjoined into bigger apartments, as well as commercial areas (particularly in levels B02 to L02, L10 to L12 and L32 and L33).

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, organisations, 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; and
(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

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN 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 ITS SECURITIES.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER TWO MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) THE ISSUER; OR (II) THE GUARANTOR AND THE GROUP, WITH THE LATTER CATEGORY BEING DIVIDED INTO FURTHER SUB-CATEGORIES. THE RISK FACTOR FIRST APPEARING UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH SUB-CATEGORY AS AT THE DATE OF THIS REGISTRATION DOCUMENT. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER, THE GUARANTOR OR THE GROUP, IF THE RISK FACTOR WERE TO MATERIALISE.

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, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS, AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED BY IT FROM TIME TO TIME 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, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS.

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 OR (II) IS OR SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISORS LISTED IN SECTION 3 BELOW, THE SPONSOR OR ANY OF THE 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.

FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated therein by reference or annexed thereto contain statements that are, or may be deemed to be, forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "forecast", "project", "plan", "anticipate", "expects", "envisage", "intend", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's or the Guarantor's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may, or may not occur, in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's and/or the Guarantor's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer or the Guarantor are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under this section and elsewhere in the Prospectus.

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 and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

2.1 RISKS RELATING TO THE ISSUER

RISKS RELATING TO THE ISSUER'S BUSINESS AND ITS RELIANCE ON THE GROUP

As stated in section 5.1, the Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. The Issuer itself therefore 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 (including the existing Issuer-Guarantor Loan 2019 and Issuer-Guarantor Loan 2022 and the proposed Issuer-Guarantor Loan 2024).

The Issuer is therefore economically dependent principally on the operational results, financial condition and performance of its borrower Group companies, principally the Guarantor, which will in turn economically depend in part on its own operational results and financial performance and in part on the results and performance of its Subsidiaries (from which it expects to receive dividends and/or payments of shareholders' loans, as applicable).

Therefore, the risks intrinsic in the business and operations of Group companies have an 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 (including, in the case of the Guarantor, any payments that it may be required to make under the Guarantee). 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.

2.2 RISKS RELATING TO THE GUARANTOR AND THE GROUP

As noted in sections 2.1, 4.3 and 6.2 of this Registration Document, the Guarantor, being the holding company of the Group apart from being itself an important revenue-generating company within the Group, is ultimately dependent on the results of its own operations and its own performance, as well as the future results and performance of its Subsidiaries from which it expects to receive payments of and under any shareholders' loans made to them to finance their respective projects and/or operations and from which it expects to receive dividends from time to time, which loan payments and dividends will be used *inter alia* to finance payments under the Issuer-Guarantor Loan by the Guarantor to the Issuer. The Guarantor and the various Subsidiaries depend on the viability, profitability and success of their respective business and operations, for their continued liquidity, financial soundness and growth and their ability to make payments to the Guarantor as aforesaid or, in the case of the Guarantor, payments to the Issuer, and also payments to banks and other third parties providing such Group companies with finance. The respective business and operations of the Guarantor and its Subsidiaries and therefore the financial performance of the Group as a whole will be subject to certain risks.

ECONOMIC AND FINANCIAL RISKS

RISKS ARISING FROM WAR AND/OR CONFLICT

Wars and conflicts which may from time to time occur in various parts of the world, including the Russia – Ukraine conflict and the Middle Eastern conflict as at the date of this Registration Document, may present new risks or exacerbate certain risks to which the operations of the Group are subject, including in particular but without limitation, shortage of and/or increase in prices and delay in importation and delivery of material and supplies needed for the finishing of the Project, apart from the negative effects these conflicts may have on the economy as a whole and on particular economic drivers, such as tourism.

RISKS RELATING TO INFLATION

As at the date of this Registration Document, inflation is relatively high and in various regions or countries is on the rise. Inflation may negatively affect the future financial performance of the Group, including through the consequent increase in the prices of goods and services and the cost of new opportunities, higher borrowing costs, and the overall decrease in purchasing power.

RISKS RELATING TO FINANCING OF THE GROUP

The Group's indebtedness could adversely affect its financial position.

As at the date of this Registration Document, the Group, principally the Guarantor has bank debt, as well as the Issuer-Guarantor Loan 2019 and the Issuer-Guarantor Loan 2022 due to the Issuer, representing the proceeds of the 2019 Bond Issue and the proceeds of the 2022 Bond Issue respectively which were made available to the Guarantor for the purposes of the Project.

Whilst some of the current bank financing will be repaid through the proceeds of issue of the Bonds, the Guarantor's, and consequently the Group's, overall financial gearing levels will further increase pursuant to the Bond Issue. This may also increase as a result of further indebtedness which may from time to time in future be obtained by the Group, for the purposes of completion of certain elements of the Project, or for its maintenance or to refinance existing indebtedness or otherwise for its business purposes. 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.

Such indebtedness as aforesaid requires and will continue for a number of years in future to require a substantial portion of the Group's generated cash flows to be used to service the same. Should the Guarantor or its Subsidiaries significantly increase their debt obligations, this may have an adverse effect on the profitability of the Guarantor or its Subsidiaries.

There can be no assurance that the Group will have access to such further debt financing as may be required from time to time at reasonable interest rates and at reasonable terms. 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.

BUSINESS AND OPERATIONAL RISKS

CONCENTRATION RISKS

The Group's business model remains primarily reliant on the Project within the Site and the successful letting to third parties and/or operation of various elements thereof, as a hotel and for retail, leisure and other commercial activities. In addition, the Group's assets and operations are concentrated in Malta, in a specific region thereof, St. Julian's, and are accordingly intimately dependent on the tourism industry and property market in Malta and more specifically in such region.

The Group is therefore subject to concentration risk in view of the restriction of its activities and operations to the Project, and this lack of diversification may exacerbate the hospitality, accommodation, retail market and real estate development related risks to which the Project is or may become exposed, as mentioned below.

THE GROUP DEPENDS ON THIRD PARTIES IN CONNECTION WITH ITS BUSINESS, GIVING RISE TO COUNTER-PARTY RISKS

The Group is subject to various counter-party risks.

The Group relies upon third party or related service providers such as designers, architects, project managers, contractors, subcontractors, suppliers, hotel operators and others for the completion and finishing (where applicable) and 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. Whilst the Project is as at the date hereof almost fully completed and finished, these risks are still relevant, particularly with respect to dependence of third parties for subsequent operation but also, to a limited extent, with respect to remaining finishing works. 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.

Whilst there are currently very few serviced apartments remaining unsold, there is the risk in respect of such unsold property that prospective purchasers thereof 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. Tenants of the commercial units may default on their rental payment obligations towards Mercury Commercial Mall Ltd. or other relevant Group company. These instances may cause potential liquidity shortages for the Group (including, indirectly, the Issuer) and may also force the Group into potential litigation.

RISKS RELATING TO THE HOSPITALITY INDUSTRY

The Hotel operations and the hospitality industry in general are exposed to a number of external factors and risks, including, without limitation:

- changes in travel patterns and customer trends;
- the seasonality and cyclical nature of the tourism industry
- the impact of outbreaks of contagious diseases, wars and possibly of other unexpected calamities on patterns and/or volume of travel;
- the introduction of new laws or more restrictive laws and requirements related to the hospitality industry;
- increases in operating costs and increased taxes;
- the strong and increasing local and global competition in the tourism sector;
- the increased availability and popularity of alternative hospitality solutions and alternative accommodation which represent a competitive threat to hotels.

Any of these factors or a combination thereof may adversely impact room rates and occupancy levels at the Hotel operated by Mercury Hotel Ltd., or otherwise cause a reduction in the Group's revenue from hospitality services, which could have a material adverse effect on the Group's business, financial condition and operational results.

RISKS RELATING TO THE COMMERCIAL RENTAL BUSINESS OF THE GROUP

The Group, principally Mercury Commercial Mall Ltd., have leased and/or may from time to time lease various Retained Property to third parties for commercial operation, including retail outlets, food and beverage outlets and other commercial units. The health of the commercial rental market may be affected by a number of factors, including national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation and other economic, political and social factors. An increase in the supply of commercial space could impact negatively upon capital values and income streams of the Group's properties, and the Group's ability to source new lessees upon termination or non-renewal of the then current leases.

Moreover, the business, revenue and projected profits of the Group would be negatively impacted if lessees fail to honour their respective lease obligations, which failure may be due to several reasons which are beyond the Group's control, including the insolvency and lack of liquidity of the lessees.

The Group is also subject to the risk that lessees 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 lessees prior to the expiration of the lease term, there is a risk of loss of rental income if the lessee 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, which expenses may not necessarily be recoverable from the third party tenants.

RISKS RELATING TO OPERATION OF LEISURE BUSINESS

The Guarantor and Mercury Commercial Mall Ltd. are operating and/or intend to operate, either themselves or through third parties, various entertainment facilities and attractions, including the entertainment arena, the flying theatre and the museum of illusions. These leisure operations and the profits which may be generated by the Group therefrom may be adversely affected by various factors and risks, beyond the Group's control, including changes in leisure trends and appetites of consumers, increased competition from similar and also alternative forms of entertainment attractions, the high costs involved in maintenance and updating of relevant technological equipment and health and safety risks arising from operation and use of certain entertainment attractions.

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 at a given point in time upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of properties, including of Security Property for Bonds, 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. Moreover, property valuations are largely dependent on current and, or expected market conditions which may fluctuate from time to time. There can be no assurance that such valuation of property will reflect actual market values.

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 and operations.

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.

LEGAL AND REGULATORY RISKS

RISKS RELATIVE TO CHANGES IN LAWS AND NEW INDUSTRY STANDARDS AND PRACTICES

The Group and its current and future operations are subject to laws and regulatory requirements applicable to hospitality, real estate letting, entertainment facilities operation, property development and any other business sectors within which they operate, including laws and regulations relating to health and safety, environment, accommodation, bribery and corruption, data privacy and information protection, financial matters, accounting and tax. Furthermore, the regulatory environment in which the Group operates is constantly evolving, with the introduction of new rules and regulations, or the amendment of existing ones, including new initiatives at regional and/or local level which may result in the imposition of new requirements for the Group in terms of sustainability factors and other matters. 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, and in administrative practices, which cannot be predicted and which can negatively affect the business and operations of Group companies. The Guarantor or any of its Subsidiaries may be unable to anticipate the implications of legal and regulatory changes in a given sector, which necessitate a re-evaluation of processes from both a fiscal and operational perspective. This may result in a loss of revenue for the respective sector and the profitability of the Guarantor directly or pursuant to the operations of a Subsidiary.

RISKS RELATING TO HEALTH AND SAFETY

As owners of those Retained Properties which are still being completed and finished, the relevant Group companies must comply and ensure compliance with, and can be exposed to claims relating to, health and safety at work, and may also be exposed to claims for injury or even death at the workplace, all of which could have a detrimental effect on their operations and profits. As regards completed and operational Retained Properties, the respective Group companies owning or operating the same will be required to ensure compliance, by themselves and their employees and agents and/or by the respective tenants (as the case may be), with applicable health and safety standards and practices in the relevant sectors in which they will operate, including the hospitality, food and beverage and leisure business, and failure to comply with such standards or practices could expose such Group companies to third party claims which could in turn have a material adverse effect on their business, profitability and reputation.

LITIGATION RISK

All industries, including the various business sectors in which the Group companies are involved, 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.

RISKS RELATING TO FAILURE TO INCORPORATE EXPECTED SUSTAINABILITY STANDARDS IN BUSINESS MODEL

Expectations for undertakings to incorporate environmental, social and governance ("**ESG**") sustainability factors into their business strategies are growing across the globe and throughout various business sectors, including those relating to property development, tourism, commercial rentals and leisure facility operations in which the Group is involved. The implementation of such factors in the Group's business model is likely to become under increased scrutiny by investors, regulators, and the public at large. The Group's businesses may face an increased demand to increase consciousness and address ESG considerations relating to *inter alia* energy and resource efficiency and use, energy performance, use of renewables, circular economy, waste management, health and safety at work or at the work place, proper management and governance structures and other environmental, social, employment and governance considerations. Failure by the Group to achieve such ESG sustainability expectations may have a negative impact on its reputation in the various business sectors in which it is involved, and an adverse impact on the Group's business activities, revenues, financial condition, and operations.

3 IDENTITY OF THE DIRECTORS, ADVISORS AND AUDITORS

3.1 DIRECTORS OF THE ISSUER AND THE GUARANTOR

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	Office Designation
Joseph Portelli (497193M)	Executive Director
Stephen Muscat (460561M)	Independent non-executive Director
Mario Vella (672753M)	Independent non-executive Director
Peter Portelli (364666M)	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 Rule 5.119 of the Capital Markets Rules.

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

Reference is made to section 9 titled 'Administrative, Management and Supervisory Bodies' which contains a short curriculum vitae of the Directors, a description of the respective principal activities (if any) performed by them outside the Issuer, their potential conflicts of interest and other information relevant to such Directors.

DIRECTORS OF THE GUARANTOR

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

Name and Identity Card number	Office Designation
Joseph Portelli (497193M)	Executive Director
Chloe Portelli (34696G)	Executive Director
Tristen Portelli (13201H)	Executive Director

Reference is made to section 9 titled 'Administrative, Management and Supervisory Bodies' which contains a short curriculum vitae of the directors of the Guarantor.

3.2 COMPANY SECRETARIES OF THE ISSUER AND THE GUARANTOR

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.

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.

3.3 RESPONSIBILITY AND AUTHORISATION STATEMENT

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 (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.

This Registration Document has been approved by the Malta Financial Services Authority as the competent authority in Malta for the purposes of the Prospectus Regulation. The Malta Financial Services Authority has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer.

3.4 ADVISORS

The persons listed hereunder have advised and assisted the Directors in the drafting and compilation of the Prospectus

SPONSOR & CO-MANAGER
Name: Calamatta Cuschieri Investment Services Limited
Address: Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta

REGISTRAR & CO-MANAGER
Name: Bank of Valletta p.l.c.
Address: 58, Zachary Street, Valletta VLT 1130, Malta

FINANCIAL ADVISORS
Name: Grant Thornton Malta
Address: Fort Business Centre, Level 2, Triq L-Intornjatur, Zone 1, Central Business District, Birkirkara CBD1050, Malta.

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

3.5 AUDITORS OF THE ISSUER AND THE GUARANTOR

As at the date of the Prospectus, the statutory auditors of the Issuer are:
Name: Baker Tilly Malta
Address: Level 5, Rosa Marina Building, 216, Marina Seafront, Pieta' PTA 9041, Malta.

The annual statutory financial statements of the Issuer for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 have been audited by Baker Tilly Malta. Baker Tilly Malta 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). The Accountancy Board registration number of Baker Tilly Malta is AB26/84/28.

As at the date of the Prospectus, the statutory auditors of the Guarantor are also Baker Tilly Malta.

The annual statutory financial statements of the Guarantor for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 have been audited by the said Baker Tilly Malta.

3.6 SECURITY TRUSTEE

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

4 INFORMATION ABOUT THE ISSUER AND THE GROUP

4.1 HISTORY AND 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
Legal Entity Identifier ('LEI')	391200HPXPO29NMJCF40
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@mercury.com.mt
Website	www.mercury.com.mt *

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

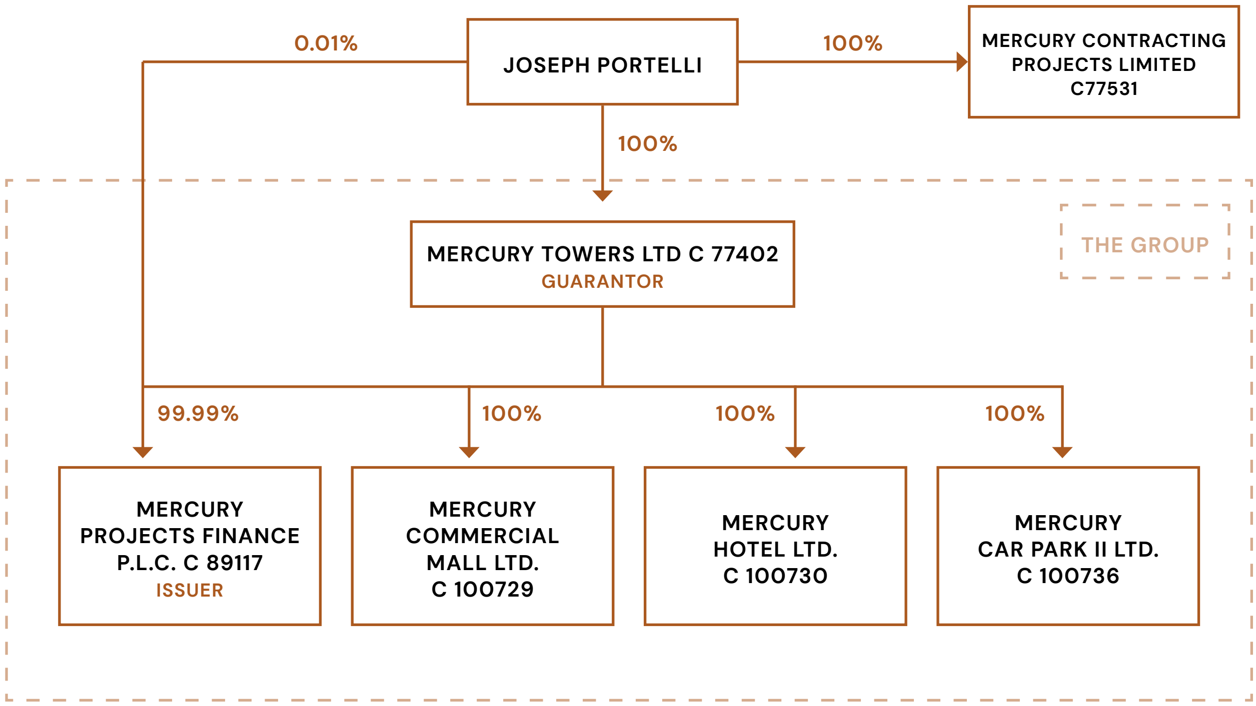
4.2 HISTORY AND DEVELOPMENT OF THE GUARANTOR

Full legal and commercial name of the Guarantor	Mercury Towers Ltd
Registered address	J Portelli Offices, St George Street, St Julian's, STJ3202, Malta
Place of registration and domicile	Malta
Registration number	C 77402
Legal Entity Identifier ('LEI')	3912008XQEJHUJ4GAI82
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
Website	www.mercury.com.mt *

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

4.3 ORGANISATIONAL STRUCTURE OF THE GROUP

The organisational structure of the Group, as at the date of this Registration Document, is illustrated in the diagram hereunder:



The Issuer is, except for one (1) 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 GROUP CURRENTLY CONSISTS OF THE FOLLOWING ENTITIES

- The Guarantor, being the parent company, which is itself actively involved in the property development business and which owns and is intended to continue to own, finish (where applicable) and operate certain essential elements of Retained Property within the Project;
- Mercury Hotel Ltd., a single-member private limited liability company, incorporated under the laws of Malta on 7 December 2021 with registration number C 100730 and with its registered office situated at Mercury House, Triq San Gorg, St. Julian's, Malta, which owns the existing constructions and airspaces of, and is intended to continue to own, finish (where applicable) and operate the Hotel;
- Mercury Commercial Mall Ltd., a single-member private limited liability company, incorporated under the laws of Malta on 15 December 2021 with registration number C 100729 and with the same registered office as the Issuer, which owns parts of, and leases other parts of, the Commercial Mall and certain other commercial elements within the Project, and is intended to continue to own or lease (as applicable) and operate the same;
- Mercury Car Park II Ltd, a single-member private limited liability company, incorporated under the laws of Malta on 15 December 2021 with registration number C 100736 and with its registered office situated at Mercury House, Triq San Gorg, San Giljan, Malta, which owns and operates the Parking Complex within the Project; and
- the Issuer, which does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing vehicle of the Mercury Group, and intended to serve as a vehicle through which the Group will continue to finance its future projects, principally and in the immediate future the Project as set out in detail in section 6.2 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.

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 used to own part of the Parking Complex within the Car Park Site until it transferred the same to its shareholders in March 2023. Mercury Car Park Limited currently has no active operations.

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, on the receipt of interest payments and loan repayment from the Guarantor to which the proceeds of the Bond Issue will be advanced by way of loan under the Issuer-Guarantor Loan 2024.

As the holding company and as an important 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 and the rental payments, as applicable, deriving from its Retained Property mainly within the Tower, Mercury House and the pavilion next to it, as described in section 5.3 of this Registration Document), as well as the future results and performance of its Subsidiaries from which it expects to receive payments of any loans advanced to them and eventually also dividends.

5 BUSINESS OVERVIEW OF THE GROUP AND INVESTMENTS

5.1 PRINCIPAL ACTIVITIES AND MARKETS

The Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. Accordingly, the Issuer is economically dependent principally on the operational results, financial condition and performance of its borrower Group companies.

Subject to the successful issue and allocation of the Bonds, the Issuer will grant the Issuer-Guarantor Loan 2024 to the Guarantor, by virtue of which the proceeds of the Bond Issue will be made available to such Guarantor as set out in more detail in section 4 of the Securities Note.

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 situated at the Site at Paceville, St. Julian's. The Group was in fact specifically set up in view of and for the purposes of, the Project, and such Group principally operates by reference to such Project, and its activities are accordingly focused thereon.

The Project itself consists of mixed-use developments, including accommodation serviced apartment units, commercial, retail and entertainment outlets, as well as a 5-star Hotel, and is complemented by an extensive car parking facility underlying the Site and servicing the owners and users of the various Project elements. 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 of:

(a) the sale of immovable property within the Site, mainly the disposal of the constructed accommodation serviced apartment units in the Tower and the Peripheral Block or of the relative airspaces within which apartments comprised in the Peripheral Block have been constructed, a business activity which as at the date of this Registration Document has been almost fully completed through the sale of almost all the property made available for resale;

(b) the development and retention of parts of the Site for long-term investment, through the operation and/or letting thereof to third parties and the generation of revenues therefrom, mainly the operation of the Hotel, certain leisure and entertainment elements as well as the Parking Complex, and the rental to third parties of the Commercial Mall and other commercial, leisure and entertainment elements within the Project.

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 THE SITE

The 'Mercury House Project' is a commercial, accommodation and leisure (mixed use) development of approximately 119,990m^2 of gross floor area located in the heart of Malta's most popular entertainment district, Paceville, in St. Julian's, which has been developed and is being completed on the Site.

ACQUISITION OF THE SITE AND TRANSFER OF PARTS THEREOF TO GROUP COMPANIES

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).

Acquisition of Exchange Site

The Guarantor acquired the Exchange Site, adjacent to the Mercury Site, by virtue of the Exchange Site Public Deed in August 2021, pursuant to an assignment of the promise of sale agreement dated 2 August 2018 that took place on the same Exchange Site Public Deed between Mercury Exchange Ltd and the Guarantor.

Such acquisition was made for a total price of €14,000,000.

TRANSFERS TO GROUP COMPANIES

Mercury Hotel Ltd.

On 12 March 2022, by virtue of a public deed in the records of Notary Anna Theuma, the Guarantor transferred to Mercury Hotel Ltd., the airspaces and existing constructions of the Site within which the Hotel has been developed and is being finished, consisting essentially of (i) the second floor to fourth floor (L02 to L04) which forms part of the Hotel podium, and the overlying fifth floor up to the twentieth floor (L05 to L20), including the airspaces above them, (ii) the roof at the ninth level (L09) of part of the Peripheral Block, intended for development into the pool and pool amenities to service the Hotel, and (iii) the part of the fourth basement level (B04) which has been converted into a SPA, which will form part and be operated as part of the amenities of the Hotel.

Such transfer was made for a total price of €14,600,000, which remains outstanding and has by virtue of the above-mentioned deeds of sale been made available by the Guarantor to Mercury Hotel Ltd. as an interest-free shareholders' loan.

On 18 December 2023, by virtue of a public deed in the records of Notary Kristen Dimech, the Guarantor also transferred to Mercury Hotel Ltd., the existing constructions of the Site within the Hotel building consisting essentially of the ground floor and first floor (L00 and L01) which will form part of the Hotel podium, but will not comprise any accommodation rooms or suites of the Hotel. Such transfer was made for a total price of €2,238,784.

The Guarantor retained ownership of the whole second basement level (B02) underlying and spanning across the whole Project within the Site which is intended to serve as back of house space and facilities for the various elements of the Project, except for that portion thereof forming part of the entertainment arena which was transferred to Mercury Commercial Mall Ltd. The Guarantor has granted a part of such level on lease to Mercury Hotel Ltd. Furthermore, Mercury Car Park II Ltd has granted on lease to Mercury Hotel Ltd. 16 car parking spaces within the parking Complex for exclusive use by guests of the Hotel.

Whilst the ground floor (L00) within the Hotel podium is owned by Mercury Hotel Ltd. as mentioned above, some areas within this floor (excluding entrance, hallway, lift lobby, staircase, stair landings and other amenities within such floor intended for use by the Hotel staff and/or patrons) is rented to Mercury Commercial Mall Ltd. to be operated as retail commercial outlets.

Mercury Hotel Ltd. has also granted on lease to Mercury Commercial Mall Ltd. the SPA situated within the vaults at the fourth basement level (B04).

Mercury Commercial Mall Ltd.

On 18 December 2023, by virtue of a public deed in the records of Notary Kristen Dimech, the Guarantor transferred to Mercury Commercial Mall Ltd., the following constructions and underground spaces of the Site which form part or (as applicable) are intended to form part of the Commercial Mall and other commercial outlets operated by Mercury Commercial Mall Ltd. and the indoor go-karting entertainment arena, namely:

(i) the underground spaces within which the first basement level up to the first floor (B01 to L01) of the Peripheral Block (the Commercial Mall) has been developed, for a total price of €7,832,963; and

(ii) an underground space within the second and third basement levels (B02 and B03), within which the entertainment arena has been developed, for a total price of €1,837,357.

The Guarantor has granted on lease to Mercury Commercial Mall Ltd. parts of the first basement level (B01) underlying the Tower building, parts of the ground, second and eleventh floors (L00, L02 and L11) of the Tower, the roof top bar at the thirty third floor (L33) of the said Tower and its overlying viewing gallery, the pavilion which is a single-standing building set next to Mercury House, as well as part of Mercury House, which have remained in the ownership of the Guarantor, and Mercury Commercial Mall Ltd. has in turn sub-let these to third parties to be operated by them as catering establishments, retail outlets and/or other commercial elements of the Project.

Furthermore, Mercury Hotel Ltd. has granted on lease to Mercury Commercial Mall Ltd. parts of level zero (L0) of the Hotel podium which are currently sub-let by the latter to third parties as retail outlets, as well as the SPA at fourth basement level (B04) which are also currently sub-let by Mercury Commercial Mall Ltd. to third parties.

The Guarantor has granted on lease to Mercury Commercial Mall Ltd. the Wellness Centre next to the SPA situated at the fourth basement level (B04) and Mercury Commercial Mall Ltd. currently sub-lets the same to third parties.

Mercury Commercial Mall Ltd. has also taken on lease from Mercury Car Park II Ltd the parts of the third basement level (B03) housing the gym and the car wash facility, and Mercury Commercial Mall Ltd. has in turn sub-let these to third parties.

Mercury Car Park II Ltd

Pursuant to two public deeds in the records of Notary Kristen Dimech dated 28 March 2023, Mercury Car Park II Ltd is currently the owner of the totality of the Parking Complex within the Car Park Site, excluding 28 car parking spaces which are owned by Seam Limited, and excluding also other areas within the underground levels minus three to minus seven (B03 to B07) which are retained in ownership by the Guarantor and/or other Group companies to better manage the Project, including the cores, the entertainment area, the garbage disposal plant, the plant and pump rooms, the SPA and Wellness Centre and the storage rooms, as better described in the said public deeds. As of the date of this Registration Document, therefore, Mercury Car Park II Ltd is the owner of 610, out of a total of 638, car spaces comprised in the Parking Complex.

Prior to such public deeds:

(i) the portion of the Car Park Site which underlies parts of the Mercury Site, namely an approximate space of *circa* 4,533m^2 on each of underground levels minus three to minus six (B03 to B06) which were 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 confirmed on appeal on the 7 March 2019, was owned by Mercury Car Park Limited, a company owned as to 68% by Bersella Holdings Limited, as to 25% by the Guarantor and as to the remaining 7% by Mr Marcel Bonnici, current Chief Executive Officer of the Group; and

(ii) the remaining portion of the Car Park Site underlying parts of the Site, namely an approximate space of *circa* 1964m^2 on each of underground levels minus three to minus seven (B03 to B07) which were approved for the construction therein of car parking facilities by virtue of the Full Development Permit issued by the Malta Planning Authority on 17 December 2020 (REF. Planning Authority Permit PA 1892/19) as an extension to the previously approved car parking facilities within the portion referred to in (i) above, was owned by the Guarantor.

By virtue of the above-mentioned public deeds, (a) the portion of the Car Park Site mentioned in (i) above was first transferred by Mercury Car Park Limited to its shareholders (and in the case of Mr Marcel Bonnici, to his company Seam Limited) in undivided shares reflecting their respective shareholding of Mercury Car Park Limited, (b) Bersella Holdings Limited then transferred its 68% undivided share to the Guarantor such that the Guarantor's undivided share in the portion of the Car Park Site mentioned in (i) above became 93%, (c) the Guarantor and Seam Limited agreed to partition their respective 93% and 7% undivided shares into 372 car parking spaces and 28 car parking spaces respectively, such that the Guarantor ended up being the owner of 372 car parking spaces in the portion of the Car Park Site mentioned in (i) above and all of the car parking spaces in the portion of the Car Park Site mentioned in (ii) above, and (d) the Guarantor transferred the Car Park Site to Mercury Car Park II Ltd except for the 28 car parking spaces therein belonging to Seam Limited and other excluded areas within the underground levels minus three to minus seven (B03 to B07) which were retained in ownership by the Guarantor as mentioned above.

As mentioned above, 16 car parking spaces within the Parking Complex have been granted on lease by Mercury Car Park II Ltd to Mercury Hotel Ltd. to be used by guests of the Hotel.

Furthermore, as seen above, Mercury Car Park II Ltd has also granted on lease to Mercury Commercial Mall Ltd. the gym and the car wash facility within the Car Park Site, which gym and car wash facility are currently sub-let by Mercury Commercial Mall Ltd. to third party tenants for respective operation by the latter.

DESCRIPTION OF THE PROJECT

The Project was initially awarded a full development permit by the Malta Planning Authority on 25 January 2018 – REF. Planning Authority Permit PA 06955/17, which at the time covered only the development on Mercury Site. On 17 December 2020, the Malta Planning Authority issued a permit REF. Planning Authority PA 01892/19 through which it awarded full development permit for the rest of the Project, mainly that part thereof developed on the Exchange Site and also to approve three additional floors on the previously approved main Tower as well as change of use for some spaces within the said Tower and other parts of the previously approved Project, including the redesign of the podium to include a 19-storey hotel (Class 3B) as an extension to the approved hotel. On 31 August 2013, another full development permit REF. Planning Authority PA 05530/22 was issued by the Malta Planning Authority to approve an additional floor (20th floor) on the hotel building, as well as change of use for some spaces within the Project.

The complex, which is currently close to being finished, includes a mix of historical and ultra-modern edifices on the Site. At its heart is a 19th century heritage building, also known as Mercury House, which is flanked by a 34-storey Tower, next to which lies a 20-storey Hotel which is in turn flanked by a V-shaped Peripheral Block, with all these buildings abutting onto a piazza, and with underground storeys underlying such entire development. The Project consists of a mixed-use development comprising serviced apartments, a hotel, a commercial mall, other leisure, retail and commercial activity and an underlying car park.

The following are the primary components and main features of the Project:

SERVICED APARTMENTS – TOWER AND PERIPHERAL BLOCK

A featural highlight of the Project is the 34-storey Tower. The Tower is designed by internationally renowned architectural firm Zaha Hadid Architects (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.

Apart from certain floors and/or parts thereof intended to be used for commercial and entertainment purposes, the major part of the floorspace within the Tower consists of the equivalent of 291 standard size serviced apartments, which following the conjoining of certain units within certain floors now amount to 252 apartments, spread over the third floor up to the thirty first floor (L03 to L31) of such Tower, excluding the tenth to the twelfth floors (L10 to L12). As at the date of this Registration Document, all the serviced apartments have been sold by the Guarantor to third parties, although some of these have been retained by the Guarantor, particularly the equivalent of 12 apartments, which have now been conjoined to form 4 bigger apartments, at the uppermost level (L31), 3 of which have been rented as part of the hotel accommodation pooling arrangement explained below. The Guarantor will also retain ownership of the Tower cores and common areas.

In addition to the serviced apartments within the Tower, the Peripheral Block has been developed and is being finished into and comprises a further 170 serviced apartments / suites, which are all intended for sale by the Guarantor to third parties, and a substantial number of these have already been sold through a final deed whilst most of the remining ones are already the subject of preliminary agreements concluded with third parties.

The owners of the apartments and suites had 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. The owners of a number of such apartments, namely 34 apartments owned by third parties plus 3 conjoined apartments owned by the Guarantor, have effectively opted for the latter arrangement. They have therefore let or are in the process of letting these to Mercury Hotel Ltd. for pre-agreed periods under a pre-agreed rental consideration arrangement. The period of lease is typically of 15 years and the rent is based on a percentage return from total yearly apartment / suite revenue.

HOTEL

Another major element of the Project will be the 5-star branded hotel, consisting of a 140-room 20 storey building, situated within the second to the fourth floor (L02 to L04) of the Hotel building, namely within the podium of such building, and the overlying fifth floor up to the twentieth floor (L05 to L20) of such building, which consists of the tower of the Hotel building. The Hotel also extends to the roof of the eighth level (L08) of part of the Peripheral Block, which has been developed and is intended to be used as the pool area of such a Hotel. The Hotel also extends to part of the fourth basement level (B04), which has been converted and will be used as a state-of-the-art SPA located in the limestone vaults used to house the post-World War 2 telecommunications hub and the adjacent Wellness Centre. The Hotel will also have the right of its guests to use the gym at the third basement level (B03).

The accommodation capacity of the Hotel will extend by virtue of the serviced apartments within the Tower and the Peripheral Block whose owners signed up or are in the process of signing up to the hotel accommodation pooling arrangement mentioned above.

The Hotel will be owned and operated by Mercury Hotel Ltd. through a hotel management agreement with the internationally renowned hotel chain Meliá, in particular with Meliá Hotels International S.A. (www.meliahotelsinternational.com/en) (as manager) and Prodigios Interactivos S.A. (as provider), in respect of the Hotel and its facilities, for the management and operation of the Hotel under the brand name of 'ME'.

COMMERCIAL MALL AND OTHER RETAIL AND CATERING OUTLETS

The Project will also include a Commercial Mall, situated within the first basement level up to the first floor (B01 to L01) of the Peripheral Block and abutting onto the piazza, consisting of a variety of clothing and other retail outlets as well as some catering establishments situated within such mall. Such Commercial Mall has a total gross floor area of approximately 7,900m^2, and is owned by Mercury Commercial Mall Ltd. and leased by it to various retailers and other third parties.

The Project also includes some other retail outlets, mainly at level zero (L0) of the Hotel podium and the third basement level (B03) within the pavilion adjacent to Mercury House. These are held by Mercury Commercial Mall Ltd. under title of lease from Mercury Hotel Ltd. and from the Guarantor respectively, and are in turn sub-let by Mercury Commercial Mall Ltd. to third parties.

Furthermore, the Project comprises various restaurants and other catering establishments, apart from those within the Commercial Mall and the Hotel, which will be situated at various levels and areas, including restaurants at the ground, second and eleventh floors (L00, L02 and L11) of the Tower, a uniquely positioned roof top bar spanning across the thirty third floor (L33) of the said Tower and its overlying viewing gallery, together with other catering establishments within parts of the first basement level (B01) underlying the Tower building, as well as catering establishment/s within Mercury House. These are owned by the Guarantor which has leased the same to Mercury Commercial Mall Ltd. which in turn sub-lets the same to third party operators.

LEISURE / ENTERTAINMENT FACILITIES

The Project will also feature and comprise various other ancillary components, facilities and amenities, including the following leisure and entertainment features:

Museum of Illusions

The 19th century villa at the core of the Project, Mercury House, which is owned by the Guarantor, will comprise, apart from a catering establishment and part of the flying theatre as mentioned below, a unique attraction namely the planned museum of illusions. The said Museum of Illusions will offer a variety of 3D illusions inspired by cartoons, art, current events, movies and more as well as various optical illusion experiences. The Museum of Illusions is currently intended to be operated by the Guarantor.

Flying Theatre

This will consist of an attraction walkthrough various spaces within Level 01 of the Tower and Mercury House, with audio-visual presentations of various historical eras and/or points of interest in Malta, and ending in the admission to the flying theatre, which will be a type of entertainment-themed simulator ride, consisting of rigged-seats, and virtual reality or virtual projection combination to create the illusion of flight. The flying theatre is owned and is currently intended to be operated by the Guarantor.

Entertainment Arena

The Project includes, in levels B02 and B03 underlying the Commercial Mall, an indoor go-karting entertainment arena consisting of go-karts, VR simulators, an ice-rink, a suspended obstacle rope course and a dedicated area for children, apart from a catering establishment serving the said arena. The arena was opened in February 2024. It is owned by Mercury Commercial Mall Ltd. and is leased and operated by CF Leisure Ltd., a company in which Joseph Portelli, the beneficial owner of the Group, has a 30% beneficial ownership.

PARKING COMPLEX

The Project will also comprise a five-storey sub-structure Parking Complex, situated within the Car Park Site, which spans across underground levels minus seven to minus three (B07 to B03), and includes approximately 638 car spaces, apart from some lock-up garages which have been sold to some purchasers of serviced apartments. The said Parking Complex is being operated by Mercury Car Park II Ltd under third party management, and is open for use to the general public.

PROJECT PHASING AND EXPECTED TOTAL COSTS OF THE PROJECT

The table below shows, in respect of the various elements of the Project:

(i) the finished status or, as applicable, the approximate stage of development as at the date of this Registration Document; and
(ii) the expected date of completion, where applicable.

Property elements	Current stage of development / Finished status	Expected Completion
Commercial Mall, including piazza and entertainment arena	Finished and operational	Not applicable
Parking Complex	Finished and operational	Not applicable
Tower (excluding commercial outlets within same)	Finished externally and mostly finished internally with some last remaining units being finished	Second half 2024
Peripheral Block (excluding Commercial Mall and other commercial elements)	Finished externally and mostly finished internally with some remaining elements being finished	Second half 2024

Hotel	Fully constructed and in the last stages of finishing	Second half 2024
Other commercial elements outside the Commercial Mall	Fully constructed and in the last stages of finishing, although some outlets in levels B01 and L00 are already finished and operational	Second half 2024
Flying theatre	Fully constructed and in the last stages of finishing	Second half 2024
Museum of Illusions	Fully constructed and being finished	Second half 2024

It is envisaged that the Project will become fully operational by the end of the year 2024.

Originally, it was expected that the Hotel would be completed in 2023 and that earnings from the operations of the Hotel would start in the first quarter of 2024. However, some delays resulted which pushed forward these estimated dates, principally in view of the addition of, and permission to construct, an extra floor to the Hotel building. It was thus agreed with the manager of the Hotel, Meliá Hotels International S.A., to postpone the opening of the hotel to the peak summer period of 2024.

As at the date of this Registration Document, the total capital expenditure, construction and development costs of the Project for the Group (including the 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 incurred by the purchasers of the serviced apartment units directly towards the relevant contractors and/or suppliers) are estimated and budgeted at approximately €280 million, although the actual final 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 consist of the sale 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 SERVICED APARTMENT UNITS

As mentioned earlier, all the apartments available for sale within the Tower (excluding those retained by the Guarantor at the thirty first level (L31)), have been sold to third parties. Some payments out of the price of such apartments, representing final handover payments, remain payable to the Guarantor. As at 31 December 2023, the total amount so receivable by the Guarantor amounted to approximately €3.1 million.

Most of the apartments within the Peripheral Block have already been sold to third parties, with final handover amounts representing part of the price remaining payable. As at 31 December 2023, the number of apartments, out of a total of 170, which were still not sold amounted to 22, 19 of which were at such date the subject of binding preliminary agreements with the relevant proposed buyers, who had by then paid prescribed deposits on account of the price to the Guarantor. As at 31 December 2023, the total amount yet to be received or projected by the Guarantor in respect of apartments within the Peripheral Block, including those which have been definitively sold, those being subject to preliminary agreements and those being not so subject to preliminary agreements, amounts to approximately €3.8 million.

With respect to the majority of units within the Tower and some units within the Peripheral Block, the Guarantor only sold the relative airspace within which the relevant apartment unit has been developed. Where only the airspace is sold as aforesaid, the buyer, concurrently with the relevant preliminary agreement for the sale of the airspace, entered 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. In such cases, the preliminary agreement for an apartment unit therefore consisted of a tripartite agreement between the Guarantor, Mercury Contracting Projects Limited and the buyer, whereby the Guarantor directly agreed on the terms and conditions, including the price, of the relative airspace with the buyer, and concurrently but separately Mercury Contracting Projects Limited was engaged by the buyer and agreed with the buyer the terms and conditions, including price and fees, for carrying out the works. In other cases, however, the Guarantor agreed to sell the relevant apartment unit in the shell form of finished state, and in such cases, the Guarantor itself engaged the above-mentioned Mercury Contracting Projects Limited to carry out the relevant construction and/or finishing works as required.

RETENTION AND LETTING AND/OR OPERATION OF IMMOVABLES

The Guarantor, Mercury Hotel Ltd., Mercury Commercial Mall Ltd. and Mercury Car Park II Ltd will be retaining the ownership of various elements of the Project, for long-term investment, and in some cases will be taking certain elements of the Project on lease from each other, in all cases for the generation of rental and other operational revenues therefrom by such companies respectively and the Group in general. These include principally certain areas and/or floors within the Tower, the Hotel, the Commercial Mall and other commercial areas, the pavilion, Mercury House and the Parking Complex, as described in more detail below.

Serviced Apartments within the Tower

The Guarantor has retained the ownership of *inter alia* the accommodation serviced apartments on the thirty-first floor (L31) of the Tower, apart from some other floors and parts of the Tower and the Tower cores and common areas, and other elements of the Project.

As regards the serviced apartments at level L31 of the Tower, the Guarantor has as at the date of this Registration Document agreed to lease the majority of these (three out of 4 conjoined apartments) to Mercury Hotel Ltd. under the hotel accommodation pooling arrangement described under the heading 'Serviced Apartments - Tower and Peripheral Block' under section 5.2 above and is thus entitled to receive the consideration for such pooling along the lines of the formula being used by the hotel operator to calculate the consideration to other apartment owners participating in such pooling arrangement which, as seen under the said heading 'Serviced Apartments - Tower and Peripheral Block' is a formula essentially based on a percentage of revenue. The Guarantor may also rent the remaining serviced apartment at such Level 31 in its personal capacity, thus generating rental income therefrom.

Hotel

Mercury Hotel Ltd. will own and operate the Hotel (as described under section 5.2 above).

The Guarantor had entered into a hotel management agreement dated 15 August 2018 with Meliá Hotels International S.A. and Prodigios Interactivos S.A., in respect of the hotel and its facilities, whereby the said Meliá Hotels International S.A. and Prodigios Interactivos S.A. had agreed to manage and operate the hotel within the project under the brand name of 'ME', in accordance with the parameters and under the conditions agreed to between the parties. The parties had 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, with the remaining operational revenue being retained by the Guarantor. Following the incorporation of Mercury Hotel Ltd. in 2021 and in view of the transfer by the Guarantor and the said Mercury Hotel Ltd. of the immovables within which the Hotel has been developed, the parties are in the process of updating their contractual relationships such that the hotel management agreement with Meliá Hotels International S.A. and Prodigios Interactivos S.A. is executed with Mercury Hotel Ltd. as party thereto.

The term of the agreement is expected to be of 15 years with effect from the Opening Date, which is anticipated to occur in the second half of 2024, renewable for a further period of 5 years.

Mercury Hotel Ltd. is also concluding agreements with some of the purchasers of the accommodation serviced apartments within the Tower who have agreed to participate in the hotel accommodation pooling arrangement for a revenue-percentage based consideration, as referred to earlier, under the heading 'Serviced Apartments - Tower and Peripheral Block' under section 5.2 above. In this way, Mercury Hotel Ltd. has secured the opportunity to extend the accommodation offered by the Hotel, thereby enhancing the potential operational revenues for itself.

Mercury Commercial Mall Ltd. has also taken on lease the following three components which will be operated by third parties as part of the Hotel amenities:

(i) the gym situated at the third basement level (B03), which is being leased from Mercury Car Park II Ltd against rent payable by Mercury Commercial Mall Ltd., and the latter is in turn sub-letting the same to third parties operating the same; and

(ii) the SPA situated at the fourth basement level (B04), which is being leased from Mercury Hotel Ltd. against rent payable by Mercury Commercial Mall Ltd. which is in turn sub-letting the same to third parties which are operating the same; and

(iii) the Wellness Centre situated at the fourth basement level (B04), which is being leased from the Guarantor against rent payable by Mercury Commercial Mall Ltd., and the latter is sub-letting the same to third parties for operation.

Mercury Hotel Ltd. has entered into an arrangement with Mistral Hotel Ltd and Ratcon Ltd, being two companies in which the beneficial owner of the Group, Joseph Portelli, has a 30% beneficial ownership, which companies own and operate a total of three small to medium sized hotels in St. Julian's, for the sharing of certain human resources between them in the operation of the respective hotels, so as to reduce expenditure through economies of scale and thus enhance profitability. In terms of such arrangement, the said Mistral Hotel Ltd and Ratcon Ltd pay a charge to Mercury Hotel Ltd. as compensation for the time spent by certain employees of the latter in the operation of their respective hotels, which charge is calculated at cost.

Commercial Mall and other retail and catering outlets

Mercury Commercial Mall Ltd. owns the Commercial Mall. As at the date of this Registration Document, all of the retail and food and beverage outlets within the Commercial Mall have been leased by Mercury Commercial Mall Ltd. to third party tenants, for a number of years at a rent which is higher than the base rent agreed with the relevant lessee and a top-up rent based on the respective turnover generated by the relevant outlet. As at the date of this Registration Document, the total contractually agreed base rent for all retail and food and beverage outlets within the Commercial Mall amounts to approximately €3.0 million per annum.

The Project will also generate rental income from various other commercial elements situated in various parts thereof including:

(i) the various restaurants at the ground, second and eleventh floors (L00, L02 and L11) of the Tower, the roof top bar at the thirty third floor (L33) of the said Tower and its overlying viewing gallery, as well as other catering establishments within parts of the first basement level (B01) underlying the Tower building, and also the catering establishment/s within Mercury House, which are leased by the Guarantor to Mercury Commercial Mall Ltd. thus generating rental income for the Guarantor, and are in turn sub-let by Mercury Commercial Mall Ltd. to third party tenants;

(ii) the retail outlet situated within the pavilion adjacent to Mercury House, which is owned by the Guarantor and from which it generates rental income by leasing it to Mercury Commercial Malla Ltd, whilst the latter generates rental income by sub-letting the same to third party tenants; and

(iii) the retail outlets at level zero (L0) of the Hotel podium which are owned by Mercury Hotel Ltd. and leased by it to Mercury Commercial Mall Ltd., which in turn sub-lets the same to third party tenants.

Mercury Commercial Mall Ltd. has contractually agreed to sub-let the outlets and establishments mentioned in (i) to (iii) above to third party lessees for a number of years, at a rent which is the higher of the base rent agreed with the relevant lessee and a top-up rent based on the respective turnover of the outlet. As at the date of this Registration Document, the total agreed base rent for all catering and retail outlets mentioned in (i) to (iii) above amounts to approximately € 2.1 million per annum.

Leisure / entertainment facilities

As stated in section 5.2, the Guarantor owns and is intended to operate the Flying Theatre situated partly within Mercury House and partly within the Tower as well as the Museum of Illusions situated within Mercury House, both of which are in the process of being finished and completed and are expected to be open before end of the current year 2024. The Guarantor is thus expected to generate operational income through entrance fees and other revenue generated from the operation of these facilities.

Furthermore, Mercury Commercial Mall Ltd., as the owner of the entertainment arena at the second and third basement levels, is generating rental income from the leasing of such arena to CF Leisure Ltd., a company in which Joseph Portelli has a 30% beneficial interest. The rent is calculated at the higher of the agreed base rent and a top-up rent based on the turnover generated by the arena. The lease contract and its terms and conditions have been agreed on an arm's length basis and are based on standard rental terms and conditions.

The Guarantor, or any other Group company to which these operations may be transferred from time to time, is also expected to generate rental and/or operational income from the organisation and/or operation of leisure activities, functions and events within the upper and lower piazza and other open spaces within the Project, as well as income from the leasing of advertising space within such open spaces and other designated areas within the Project.

Parking Complex

Mercury Car Park II Ltd is expected to generate an ongoing income stream from the operation of the Parking Complex within the Car Park Site. The car parking fares payable by the general public using the facility are reflective of market rates for car parks in similar localities. The Parking Complex is being operated by Mercury Car Park II Ltd under third party management, under a management agreement for 2 years entered into with a local car park management company which charges a fixed management fee to Mercury Car Park II Ltd.

Furthermore, Mercury Car Park II Ltd is receiving rental income from the lease of the car wash facility within the Car Park Site to Mercury Commercial Mall Ltd., which in turn is generating rental income from the sub-letting of such facility to third parties.

Other elements

The Guarantor has retained ownership of level B02 of the Project structure, which is being finished into a back of house for the whole operation of the Project and will thus partly be used for the Guarantor's own operations, whereas some parts thereof will be granted on lease by the Guarantor to Mercury Hotel Ltd. and possibly other Group companies, thus generating rental income for the Guarantor.

The owners and tenants of various elements within the Project, including owners and/or tenants of the serviced apartments, the Hotel and the commercial outlets, are required to pay a waste management charge to the Guarantor for using the waste disposal unit situated within level B04. The Guarantor's revenue from such waste management operation may also increase as a result of the use of the facility by persons external to the Project, to whom the facility is made available.

Dividends from Subsidiaries

Being the parent company of the Group, the Guarantor is also expected to benefit indirectly from the various letting and/or operational revenues generated by its Subsidiaries through dividends which may be distributed by them from time to time.

CONTRACT OF WORKS WITH MERCURY CONTRACTING PROJECTS LIMITED AND EXPECTED COSTS OF THE RETAINED PROPERTY

Each of the Guarantor, Mercury Hotel Ltd. and Mercury Commercial Mall Ltd. have entered into a general contract of works with Mercury Contracting Projects Limited whereby they have respectively engaged the latter company for the construction (including supply of material), development and finishing of the Retained Property respectively owned by them. Mercury Contracting Projects Limited is the principal contractor engaged for the whole Project (the Retained Property as well as other elements of the Project sold or yet to be sold to third parties). It is fully owned by MrMr Joseph Portelli, Director of the Issuer and of the Guarantor and the other Group companies and is a 100% shareholder of the Guarantor and 100% beneficial owner of the Group. Each of the Guarantor and the other Group companies mentioned above 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.

The approximate costs, paid or payable to Mercury Contracting Projects Limited, in respect of the various Retained Property, part of which (particularly those relating to finishing works) will be financed by the proceeds of the Bond Issue (as set out in section 4.2 of the Securities Note), are estimated to amount to a total of approximately €209 million.

Mercury Contracting Projects Limited has contractually agreed with the Guarantor and each of the Group companies with which it has entered into a contract of works as aforesaid, 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 Security Property for Existing Bonds granted by the Guarantor to the Security Trustee for the benefit of the Bondholders under the Existing Bonds and the Special Hypothec over the Security Property for Bonds to be granted by the Guarantor to the Security Trustee for the benefit of the Bondholders under the Bonds, may be first ranking at law.

The construction, development and finishing costs payable by the Group to Mercury Contracting Projects Limited, as well as the cost of acquisition of the Site, professional fees and other pre-operational costs incurred or to be incurred by the Group, have been and will be financed as set out in section 6.

6 FINANCING AND SOLVENCY

6.1 SOLVENCY AND CREDIT RATINGS

There are no recent events particular to the Issuer or the Guarantor which are to a material extent relevant to an evaluation of their respective solvency.

No credit ratings have been assigned to the Issuer or the Guarantor at the request or cooperation of the said Issuer or (as the case may be) the Guarantor in the rating process.

6.2 FINANCING AND FUNDING STRUCTURE OF THE ISSUER AND THE GROUP

2019 BOND ISSUE AND 2022 BOND ISSUE

As noted earlier, the Issuer does not undertake any trading activities itself and its sole purpose is that of raising finance and advancing same to members of the Group. Its finance raising activities since the date of its incorporation to date have been essentially the 2019 Bond Issue by virtue of the 2019 Prospectus and the 2022 Bond Issue by virtue of the 2022 Prospectus.

2019 BOND ISSUE UNDER THE 2019 PROSPECTUS

Pursuant to the 2019 Bond Issue, the Issuer raised the sum of €22,500,000 through the issue of two series of bonds, as follows:

- the €11,500,000 secured bonds due in 2027 of a nominal value of €100 per Bond having a coupon of 3.75% per annum issued in March 2019 (ISIN: MT0002191204) (2027 Existing Bonds); and
- the €11,000,000 secured bonds due in 2031 of a nominal value of €100 per Bond having a coupon of 4.25% per annum issued in March 2019 (ISIN: MT0002191212) (2031 Existing Bonds).

The said 2027 Existing Bonds and 2031 Existing Bonds are listed on the Official List of the MSE and have been admitted to trading on the said regulated market in Malta.

These bonds are secured as follows:

- both the 2027 Existing Bonds and the 2031 Existing Bonds are secured by a joint and several guarantee dated 4 March 2019 granted by the Guarantor as security for the Issuer's payment obligations under the 2019 Bond Issue, held on trust for the benefit of the Existing Bondholders by the Security Trustee;
- the 2027 Existing Bonds and the 2031 Existing Bonds are further secured by a first ranking special hypothec over the respective Security Property for Existing Bonds securing such series of bonds respectively.

The net proceeds of the 2027 Existing Bonds and the 2031 Existing Bonds were made available by the Issuer to the Guarantor through the Issuer-Guarantor Loan 2019 as a loan facility for the purpose of, and were used, as to the amount of €5,650,000 to re-finance and repay in full the then existing loan facility of the Guarantor from Lombard Bank Malta p.l.c., and as to the remaining €16,400,000 to finance part of the construction and finishing works on various Retained Property which belonged to the Guarantor at the time.

The Issuer-Guarantor Loan 2019, which is still outstanding as at the date of the Prospectus, was created and is regulated by public deed in the records of Notary Doctor Kristen Dimech of the 25th March 2019, which provides 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. Such interest payment and repayment terms were designed to ensure that the Issuer would timely receive sufficient funds to finance payments due under the 2027 Existing Bonds and the 2031 Existing Bonds, with a residual amount to finance its corporate funding requirements.

By virtue of a public deed in the records of Notary Anna Theuma of the 14th February 2022, there was a restructuring of the components of immovable property over which the first ranking special hypothec securing the 2027 Existing Bonds and the 2031 Existing Bonds was originally constituted by virtue of the above-mentioned notarial deed dated 25th March 2019. Furthermore, as a result of two public deeds in the records of Notary Kristen Dimech of the 12 July 2024 and 16 July 2024 (the "**2027 & 2031 Existing Bonds Security Restructuring Deed**"), there was another restructuring and redefinition of the components of the immovable property comprising such security, following a professional revaluation of such immovable property. As a result of such restructuring of security, the said 2027 Existing Bonds and the 2031 Existing Bonds are now respectively secured by a first ranking special hypothec over the respective Security Property for Existing Bonds securing such series of bonds respectively.

2022 BOND ISSUE UNDER THE 2022 PROSPECTUS

Pursuant to the 2022 Bond Issue, the Issuer raised the sum of €50,000,000 through the issue of €50,000,000 secured bonds due in 2032 of a nominal value of €100 per Bond having a coupon of 4.30% per annum issued in March 2022 (ISIN: MT0002191220) (2032 Existing Bonds).

The said 2032 Existing Bonds are listed on the Official List of the MSE and have been admitted to trading on the said regulated market in Malta.

These bonds are secured as follows:

- by a joint and several guarantee dated 22 March 2022 granted by the Guarantor as security for the Issuer's payment obligations under the 2022 Bond Issue, held on trust for the benefit of the Existing Bondholders by the Security Trustee;

- by a first ranking special hypothec over the respective Security Property for Existing Bonds securing 2032 Existing Bonds respectively.

The proceeds of the 2032 Existing Bonds were made available by the Issuer to the Guarantor through the Issuer-Guarantor Loan 2022 as a loan facility for the purpose of, and were used, as to the amount of €35,000,000 to finance the construction and finishing of the Hotel, and as to the remaining €15,000,000 for general corporate funding purposes.

The Issuer-Guarantor Loan 2022, which is still outstanding as at the date of the Prospectus, was created and is regulated by public deed in the records of Notary Doctor Kristen Dimech of the 14th April 2022, which provides that the loan will bear interest at 4.5% per annum and payable on 15 April of each year, and the principal amount thereof shall be repayable by not later than 15 April 2032. Such interest payment and repayment terms were designed to ensure that the Issuer would timely receive sufficient funds to finance payments due under the 2032 Existing Bonds, with a residual amount to finance its corporate funding requirements.

EXISTING FINANCING OF THE GUARANTOR'S AND OTHER GROUP COMPANIES' ACTIVITIES

Apart from the outstanding Issuer-Guarantor Loan 2019 financed by the proceeds of the 2019 Bond Issue and the Issuer-Guarantor Loan 2022 financed by the proceeds of the 2022 Bond Issue, the Group, principally the Guarantor, currently also has various outstanding bank financing with or facilities available from Bank of Valletta p.l.c. as shown in the table below (the "**BOV Loans**"):

	Loan	Borrower	Limit	Amount drawn down as at 31.12.2023 (save where otherwise stated)	Purpose of financing	Repayment terms
1.	Loan I	Guarantor	€16,700,000	€16,700,000	Development costs of Commercial Mall	Monthly instalments of €159,000 including interest
2.	Loan II	Guarantor	€13,300,000	€13,300,000	Acquisition of Exchange Site	Monthly instalments of €127,000 including interest
3.	Loan III	Guarantor	€5,000,000	€5,000,000	Development costs of the Project	To be repaid in full by end of December 2024
4.	Loan V	Guarantor	€8,550,000	€8,550,000	Acquisition of part of Car Park Site originally belonging to Mercury Car Park Limited	To be repaid over a period of 14 years including 2 years moratorium on capital, following which monthly payments of €82,000 starting from 30 April 2025

	Loan	Borrower	Limit	Amount drawn down as at 31.12.2023 (save where otherwise stated)	Purpose of financing	Repayment terms
5.	Loan VI	Guarantor	€8,000,000	€6,819,688	Development costs of flying theatre within the Project	To be repaid over a period of 8 years including 1 year moratorium on capital, following which monthly payments of €120,000 starting from 31 January 2024
6.	Loan VII	Guarantor	€14,000,000	€14,000,000	Development costs of the Project	Monthly instalments of €120,000 starting from 30 September 2024, after 1 year moratorium on capital
7.	Loan VIII	Guarantor	€9,000,000	€8,100,000	Development costs of the Project	To be repaid in full by end of December 2025
8.	Loan IX	Guarantor	€10,000,000	€5,980,047	Development costs of the Project	To be repaid over a period of 12 years including 1 year moratorium on capital, following which monthly payments of €90,418 starting from 30 November 2024
9.	Loan X	Guarantor	€3,000,000	€3,000,000 - drawn down in March and April 2024	Interest payments due by Guarantor to the Issuer	To be repaid in full within 2 years from first drawdown
10.	Loan XI	Guarantor	€5,000,000	€5,000,000 - drawn down in May 2024	To finance project expenses	To be repaid in full in 6 months from drawdown out of the proceeds of the Bond Issue
11.	General banking facility	Guarantor	€1,000,000	Various drawdowns – operated as an overdraft	Overdraft for working capital requirements of Guarantor	Repayable on demand
12.	General banking facility	Mercury Hotel Ltd.	€1,000,000	Various drawdowns – operated as an overdraft	Overdraft for working capital requirements of Mercury Hotel Limited in connection with Hotel operations	Repayable on demand

Interest on the above-mentioned BOV Loans except that under row 10 is payable at the rate of 3.25% per annum over Bank of Valletta p.l.c.'s Business Lending Bank Base Rate which is currently at 2.15%. Interest on the BOV Loan mentioned under row 10 is payable at the rate of 3.6% per annum over the said Bank of Valletta p.l.c.'s Business Lending Bank Base Rate.

The current interest ratchet is to be based on the debt-service coverage ratio (DSCR) calculated as follows: the Mercury Group consolidated cash flow from operations, over total recurrent financial obligations (being loan interest and capital repayments together with bond interest). When the DSCR reaches 1.2x the interest rate margin will be reduced to 2.25% over Bank of Valletta p.l.c.'s Base Rate. The calculations will be based on annual audited accounts and will become effective within one month from presentation of the audited accounts.

The BOV Loans mentioned above are secured through various security interests granted over assets of the Guarantor and other companies within the Group or otherwise granted by the said Group, and also in some cases over assets of third parties or entities outside the Group, including the beneficial owner of the Group and related companies. Such security interests include first special hypothecs over various parts of the Project, principally various Retained Property and other properties not yet sold to third parties, but excluding in all cases the Security Property for Existing Bonds and the Security Property for Bonds. Such security interests also include general hypothecs and/or various guarantees given by various Group companies, the beneficial owner of the Group and related companies, as well as a series of covenants and undertakings by the relevant borrowing Group company and/or the beneficial owner, including undertakings that no distribution of dividends, repayments to shareholders, and no transfer, letting, sub-letting or sale of hypothecated property will be made without the consent of Bank of Valletta p.l.c., and not to give any further charges over the hypothecated property even if these rank after the charges registered in favour of such bank.

The BOV Loan mentioned in row 10 of the table above (the "**Relevant BOV Loan**") is intended to be refinanced through part of the proceeds of the Bond Issue, as set out in section 4.2 of the Securities Note.

The Group may from time to time seek further financing from banks as well as from other sources for it operations.

FURTHER FINANCING THROUGH THE BONDS

The Group intends to obtain further financing for the Project through the issue of the Bonds, by virtue of which the Issuer intends to raise €20,000,000 and to make the proceeds from the Bond Issue available to the Group, to finance mainly the completion and finishing works of the Project and the refinancing of part of the BOV Loans which were taken out for such completion and finishing works, as well as other corporate funding requirements, all as set out further below and in section 4.2 of the Securities Note.

The Bonds will be due in ten (10) years, namely in 2034, and will pay a coupon of 5.3% per annum. The Bonds will be listed on the Official List of the MSE and admitted to trading on such regulated market.

The proceeds of the Bonds will be made available by the Issuer to the Guarantor by way of loan under the Issuer-Guarantor Loan 2024, a substantial part of which will be used to finance construction and finishing works and refinancing of part of the BOV Loans as aforesaid.

COLLATERAL FOR BONDS

The Bonds will be secured by the Collateral as provided below.

Security for the fulfilment of the Issuer's obligations under the Bonds is to be granted by the Guarantor in favour of the Security Trustee for the benefit of Bondholders, by way, *inter alia*, of Collateral in the form of a first ranking special hypothec over the Security Property for Bonds (the Special Hypothec), as described hereunder.

Security Property for Bonds	Valuation based on open market value of property in its existing state as at 13.06.2024, as per the Architect's Valuation Report*	Estimated capital value at current prices and on the basis of current market conditions, after development has been completed, as per the Architect's Valuation Report*	Estimated capital value at current prices and on the basis of current market conditions, after development has been completed and the property let (where applicable), as per the Architect's Valuation Report*
'Mercury House' being the scheduled Grade Two heritage building, situated on Levels B02, B01, L00, L01 and L02 of the Mercury Site, and measuring in total approximately 2,845m^2 (from levels B02 to L02);	€21,407,645	€22,600, 000	€22,600,000
TOTAL	**€21,407,645**	**€22,600, 000**	**€22,600,000**

**These valuations are based on the Architect's Valuation Report dated 15 July 2024, which is accessible on the Issuer's website at the following hyperlink: https://mercury.com.mt/investor-relations/.*

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, a copy of which is attached as Annex II of the Securities Note. In addition to the Guarantee and as part of the Collateral the Guarantor has also agreed to grant the above-mentioned first ranking special hypothec over the Security Property for Bonds owned by it for the full amount of the Bond Issue, namely €20,000,000 and interests thereon.

The said Special Hypothec will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds by a preferred claim over the Security Property for Bonds. Accordingly, upon the issue of the 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 Security Property for Bonds for the full amount of €20,000,000 and interests thereon.

CLOSING DYNAMICS

All proceeds from the Bond Issue shall be received by the Registrar which shall apply and forward the same as provided herein.

The issue and final allotment of the Bonds is conditional upon the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed; and (2) the Bonds being admitted to the Official List. In the event that any of the aforesaid Conditions Precedent is not satisfied, the Registrar shall return Bond Issue proceeds to the investors, as provided in section 4.2 of the Securities Note.

Indeed, the 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, the Issuer, the Guarantor and the Security Trustee shall appear on a notarial deed (the "**Deed of Hypothec**"), pursuant to which the Guarantor will constitute and grant to the Security Trustee, and the Security Trustee will obtain, the Special Hypothec over the Security Property for Bonds.

By virtue of such Deed of Hypothec, the Issuer will agree to make the Issuer-Guarantor Loan 2024 to the Guarantor, namely to make available a loan facility in the total amount equal to the proceeds from the Bond Issue. The said loan facility shall be drawn down as follows:

(a) the amount of such loan facility which is intended to be used to refinance the Relevant BOV Loan, which will be held by the Security Trustee, will be drawn down in one drawdown following a request by the Guarantor to the Issuer to be made as soon as possible following the listing of the Bonds on the Official List of the Malta Stock Exchange, in order to pay the Relevant BOV Loan to Bank of Valletta p.l.c., which payment will be made to the said Bank of Valletta p.l.c. by the Security Trustee itself on behalf of and by delegation from the Guarantor;

(b) the remaining amount of such loan facility, including those which are intended to be used for completion and finishing costs and for general corporate funding purposes, as set out in section 4.2 of the Securities Note, which will be held by the Registrar, excluding those required to fund the expenses of the Bond Issue which are expected to amount to approximately €750,000, shall be drawn down in full in one drawdown following a request by the Guarantor to the Issuer made after the listing of the Bonds on the Official List of the Malta Stock Exchange, whereupon the Issuer shall promptly instruct the Registrar to transfer the relevant amount to the Guarantor: provided that such part of the loan facility which is required by the Guarantor to fund the expenses of the Bond Issue (which the Guarantor has agreed to bear itself) shall be forwarded by the Registrar to or to the order of the Issuer upon request.

The Issuer-Guarantor Loan 2024 will bear interest at 5.5% per annum payable on 25 August of each year, and the principal amount thereof shall be repayable by not later than 25 August 2034. Interest shall be payable as aforesaid on the full amount of the loan from inception, notwithstanding the date/s when this is drawn down. The payments becoming due under such Issuer-Guarantor Loan 2024 and the timings thereof are such as to enable the payments due under the Bonds (including interest and repayment of capital due on maturity) to be financed through such payments to be received by the Issuer from the Guarantor under such Issuer-Guarantor Loan 2024, leaving also a residual amount for the Issuer to finance its corporate funding requirements.

If the aforesaid Conditions Precedent are satisfied, the Registrar shall:

- forward the amount of €5,000,000 (which is intended to be used to refinance the Relevant BOV Loan) to the Security Trustee, which shall hold the same in accordance with the provisions of the Security Trust Deed;

- forward the remaining proceeds of the Bond Issue, less the amount equivalent to the expenses of such Bond Issue (as indicated by the Issuer), to the Guarantor, upon instruction of the Issuer; and

- forward the remaining amount equivalent to the expenses of the Bond Issue (expected to be in the region of €750,000) to or to the order of the Issuer, upon request.

FINANCING OF OPERATIONS AND OF PAYMENT OBLIGATIONS UNDER BANK BORROWINGS AND THE BONDS THROUGH THE GROUP'S OPERATIONS

The various business lines within the Group are generating or, as the case may be, are expected to generate operational profits for the respective Group companies, principally, but not limitedly, in the form of sales proceeds receivable by the Guarantor from the sale of remaining services apartments, the hotel operational revenues to be generated by Mercury Hotel Ltd. from the operation of the Hotel, the commercial rental income generated or to be generated by Mercury Commercial Mall Ltd. from the letting of the various retail, catering and other commercial outlets within the Commercial Mall, the entertainment arena and other parts of the Project which are owned or held by it under title of lease from the respective Group company owning the same, the operational revenues to be generated by the Guarantor from leisure, entertainment or other facilities within the Project to be operated by it, the revenues generated or to be generated by Mercury Car Park II Ltd from the operation of the Parking Complex, as well as other operational revenues generated or to be generated from any other business activities from time to time by the Group and the companies forming part thereof.

The above-mentioned operational revenues will be used to finance investments and expenses involved in the business operations and growth of the various Group companies, including payments of rent due by certain Group companies to other Group companies for intra-group rentals of portions of the Project. They are also expected to finance payments under bank borrowings obtained by the Guarantor and other Group companies, payments due by the Guarantor to the Issuer under the Issuer-Guarantor Loan 2024 and the earlier Issuer-Guarantor Loan 2019 and Issuer-Guarantor Loan 2022 which will be necessary to finance payments due by the Issuer to the bondholders under the respective bond issues, as well as payments of dividends and/or payments of shareholders' loans or other payments to the Guarantor by the various Group companies, including those to which the proceeds of the Bond Issue and other bond issues before it would be or have been made available by the Guarantor, thus indirectly financing the payments due under the various bond issues.

It is also not excluded that the Group may seek further debt or other financing from alternative sources in respect of its working capital requirements from time to time.

7 TREND INFORMATION

7.1 ECONOMIC UPDATE[1]

The Bank's Business Conditions Index (BCI) indicates that in April 2024, annual growth in business activity declined marginally, and remained slightly below its historical average, estimated since January 2000.

The European Commission confidence surveys show that sentiment in Malta decreased in April, and remained below its long-term average, estimated since November 2002. The latest deterioration was mostly driven by developments in industry, construction and among consumers.

Additional data show that in month-on-month terms, price expectations increased among consumers, and to a lesser extent in the retail and services sectors, but decreased significantly in the construction sector and, to a lesser extent in industry.

In April, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased compared with March, indicating lower uncertainty. Uncertainty declined in all sectors except construction. In March, both industrial production and retail trade contracted on a year-on-year basis. The unemployment rate remained unchanged at 3.2% in March but stood below that of 3.4% in March 2023.

Commercial and residential building permits in March were lower than a month earlier. Commercial permits were also lower when compared with a year ago, but residential permits were higher. In April, the number of residential promise-of-sale agreements rose on a year earlier, as did the number of final deeds of sale.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 2.4% in April, down from 2.7% in the previous month. Following this decline, HICP inflation in Malta was in line with the euro area average. HICP excluding energy and food in Malta, remained below the euro area average. Inflation based on the Retail Price Index (RPI) decreased to 1.6%, down from 1.9% in March.

During the 12 months to March, Maltese residents' deposits increased, mostly due to higher balances belonging to households and non-financial corporations (NFCs). By contrast, deposits held by financial intermediaries decreased. The annual rate of change moderated compared to February. By contrast, growth in credit to Maltese residents increased at a slightly faster rate compared with a month ago.

In March, the Consolidated Fund recorded a lower deficit compared to a year earlier. This reflects a decline in expenditure coupled with an increase in revenue.

7.2 ECONOMIC OUTLOOK[2]

Incoming information suggests that economic activity in Malta remained rather resilient during the first quarter of this year, due to strong domestic demand. On the other hand, export activity reflects the still persistently weak international environment. While services exports continue to be supported by buoyant activity in both tourism and non-tourism sectors, goods exports are envisaged to decelerate further this year before picking up in 2025.

Economic growth is expected to moderate from the very high growth experienced in the last three years, which partly reflected the economy's recovery from the pandemic. Real GDP (gross domestic product) growth is envisaged to broadly converge to potential output growth by the end of the projection horizon.

At the same time, the disinflationary process has gathered pace, with inflation expected to ease further over the projection horizon. The moderation in inflation is set to lead to a recovery in real disposable income this year, supporting private consumption.

7.3 HOSPITALITY

The Maltese tourism industry has, in recent pre-pandemic years, been renowned for its unabated growth, with each passing year yielding new record highs of inbound tourists visiting the island. Indeed, the tourism industry is considered to be a crucial pillar of the economy as it is estimated to account for around 15% of Malta's GDP and 52,500 jobs[3].

[1] Central Bank of Malta - Economic Update 5/2024

[2] Central Bank of Malta - Economic Projections 2024 - 2026 (2024:2)

[3] Statistica, 2022

Tourism has been on a gradual return to normality following the disruption of the COVID-19 pandemic, which essentially put the whole sector at a halt for two years. This trend is summarised in the below table.

Category	2019	2022	2023	Change 2023/2022
Inbound tourists	2,753,239	2,286,597	2,975,670	30.10%
Tourist guest nights	19,338,860	16,608,131	20,241,803	21.88%
Average length of stay	7.0	7.3	6.8	-0.07%
Tourist expenditure (€'000s)	2,220,627	2,012,540	2,671,431	32.74%
Tourist expenditure per capita (€)	807	880	898	2.05%

Malta's tourism sector managed to oversee a faster-than-expected recovery, reaching pre-pandemic levels of arrivals in 2023 instead of the previously forecast 2025. Data from the National Statistics Office ('NSO') for 2023, revealed that the influx for the year was over 2.9 million tourists – representing an increase of 30% over the previous year (2.2 million tourists). This figure also reveals that it surpassed the pre-pandemic inbound visits in 2019 with an 8% increase. This improvement was mostly driven by an increase in the number of leisure tourists.

According to the European Travel Commission Q4 2023 report, the high travel demand seen in 2023 positively supported European economies, but it also resulted in the return of issues such as overcrowding within some destinations. This was evident in Malta as well. Therefore, managing this is imperative, as tourism is expected to grow in the years ahead.

Inflation has been one of the main influences on travel behaviour throughout 2023, as the prices of travel products and services have been especially high. However, these pressures have started to ease in late 2023, which is noteworthy going into 2024. Long-haul travel to Europe, where pricing is more important due to the expensive nature of these trips, is expected to start making a more significant recovery in 2024, especially from markets in the Asia-Pacific region such as China.

Nonetheless, the outlook for 2024 is uncertain, mainly due to the continued struggle against inflation, the war in Ukraine and weaker-than expected growth in the euro zone despite falling energy prices and healthy labour markets. The European Travel Commission also states that climate-related challenges such as heatwaves, wildfires, and floods hit tourism hotspots during summer of 2023, stressing the need for transformation in the industry to battle climate change.

Yet, an HVS report dated March 2021 states that the hospitality industry is extraordinarily resilient. Past "shock" events and downturns have caused business to plummet; however, the industry performance has always recovered. In fact, the pandemic highlighted the resilience of Malta's tourism sector.

Despite challenges, the industry adapted swiftly, implementing health protocols, promoting domestic tourism, and exploring new markets. In fact, as evidenced by the Malta Hotels and Restaurants Association (MHRA) survey, the Revenue per Available Room ("**REVPAR**"), for 5 star hotels, was lower in 2022 when compared to 2019 due to the lingering effect of the pandemic. However, in 2023, the REVPAR rebounded to €197.8, which is close to the 2019 REVPAR of €201.1, indicating a full recovery from the pandemic.

8 HISTORICAL FINANCIAL INFORMATION

The table below provides a cross-reference list to key sections of the financial statements of: Mercury Projects Finance p.l.c. and Mercury Towers Ltd for the financial years ended 31 December 2021 to 31 December 2023.

	2021 Annual Audited	2022 Annual Audited	2023 Annual Audited
Mercury Projects Finance p.l.c.			
Independent auditor's report	29 – 32	30 – 35	28 – 33
Statement of comprehensive income	9	9	9
Statement of financial position	10	10	10
Statement of changes in equity	11	11	11
Statement of cash flows	12	12	12
Notes to the financial statements	13 - 27	13 - 28	13 - 27
Mercury Towers Ltd			
Independent auditor's report	44 – 46	43 – 46	45 – 48
Statement of comprehensive income	7	7	7
Statement of financial position	8	8 - 9	8 - 9
Statement of changes in equity	9 – 10	10 – 11	10 – 11
Statement of cash flows	11	12	12
Notes to the financial statements	12 – 43	13 – 42	13 – 44

8.1 THE ISSUER

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 financial information included below is extracted from the audited financial statements of the Issuer for the financial years ended 31 December 2021, 2022 and 2023. There were no significant changes to the financial or trading position of the Issuer since 31 December 2023.

As at the date of this Registration Document, there has been no material adverse change in the prospects of the Issuer since the date of the Issuer's last published audited financial statements, nor has there been a significant change in the financial position or performance of the Issuer (or of the Group) since 31 December 2023 (being the end of the last financial period for which the Issuer has published audited financial statements).

The said financial statements have been published and are available on the Issuer's website (www.mercury.com.mt) and are available for inspection at its registered office as set out in section 17 of this Registration Document.

STATEMENT OF COMPREHENSIVE INCOME

€000	FY2021 12 months	FY2022 12 months	FY2023 12 months
Finance income	1,121	2,730	3,371
Finance costs	(899)	(2,377)	(3,049)
Net interest income	**222**	**352**	**322**
Administrative overheads	(79)	(160)	(195)
Operating profit	143	192	127
Tax expense	(74)	(120)	(45)
Profit for the year	**69**	**73**	**83**

STATEMENT OF FINANCIAL POSITION

€000	31 Dec 2021	31 Dec 2022	31 Dec 2023
ASSETS			
Non-current assets			
Interest bearing receivables	22,444	72,444	72,444
Total non-current assets	22,444	72,444	72,444
Current assets			
Other receivables	1,211	2,522	2,594
Cash and cash equivalents	33	366	235
Total current assets	1,244	2,888	2,830
Total assets	**23,688**	**75,332**	**75,274**
EQUITY AND LIABILITIES			
Equity			
Share capital	250	250	250
Retained earnings	170	243	325
Total equity	420	493	575
Non-current liabilities			
Interest bearing borrowings	22,500	72,500	72,500
Total non-current liabilities	22,500	72,500	72,500
Current liabilities			
Other payables	704	2,294	2,198
Taxation payable	65	45	–
Total current liabilities	768	2,339	2,198
Total liabilities	23,268	74,839	74,698
Total equity and liabilities	**23,688**	**75,332**	**75,274**

STATEMENT OF CASHFLOWS

€000	FY2021 12 months	FY2022 12 months	FY2023 12 months
Net cash generated from / (used in) operating activities	55	(73)	10
Net cash used in investing activities	-	(50,000)	-
Net cash (used in) / generated from financing activities	(164)	50,406	(141)
Net (decrease) / increase in cash and cash equivalents	(109)	333	(131)
Cash and cash equivalents at the beginning of the year	142	33	366
Cash and cash equivalents at the end of the year	**33**	**366**	**235**

Since inception, the Issuer successfully raised €72.5 million as follows:

- €22.5 million in March 2019:
  - €11.5 million secured bonds due in 2027 of a nominal value of €100 per bond having a coupon of 3.75% per annum;
  - €11.0 million secured bonds due in 2031 of a nominal value of €100 per bond having a coupon of 4.25% per annum.
- €50 million in March 2022. These bonds were issued as secured, are due in 2032 of a nominal value of €100 per bond, and have a coupon of 4.30% per annum.

The proceeds of both bonds were on-lent to the Guarantor at an agreed rate of interest.

Finance income represents the interest generated on the loans granted to the Guarantor, which totalled €7.2 million between 1 January 2021 and 31 December 2023. Finance income increased in FY2022 following the issue of the €50 million bonds in March 2022. Accordingly, FY2023 represents a stabilised year.

Finance costs comprise interest incurred by the Issuer on its debt securities in issue, which totalled €6.3 million during the same period. After accounting for administrative expenses and taxation, total comprehensive income generated by the Issuer between 1 January 2021 and 31 December 2023 totalled €224k.

8.2 THE GUARANTOR

SELECTED FINANCIAL INFORMATION: THE GUARANTOR

The financial information included hereinafter is extracted from the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2021, 2022 and 2023. The said financial statements have been published and are available on the Issuer's website (www.mercury.com.mt) and are available for inspection at its registered office as set out in Section 17 of this Registration Document. There has not been any significant change in the prospects or in the financial or trading position of Mercury Towers Ltd since 31 December 2023.

As at the date of this Prospectus there has been no material adverse change in the prospects of the Guarantor since the date of the Guarantor's last published audited financial statements, nor has there been a significant change in the financial position of the Guarantor (or of the Group) since 31 December 2023 (being the end of the last financial period for which the Guarantor has published audited financial statements). During FY2024, further components of the Project will become operational whilst property in inventory will materialise, the performance of the Guarantor will change accordingly.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000	FY2021 12 months	FY2022 12 months	FY2023 12 months
Revenue	4,934	37,804	24,807
Cost of sales	(3,913)	(29,041)	(18,696)
Gross profit	**1,021**	**8,764**	**6,111**
Administrative and selling expenses	(737)	(2,516)	(3,617)
Provision for expected credit losses	25	-	-
Other income/ (expenditure)	5	27	(478)
Operating profit	314	6,275	2,016
Gain on transfer of asset under construction	-	6,657	-
Revaluation of investment property	(4,797)	-	13,140
Finance costs	(899)	(2,386)	(3,462)
(Loss)/profit before tax	(5,382)	10,546	11,694
Tax expense	(393)	(1,871)	(5,957)
(Loss)/profit for the year	**(5,775)**	**8,674**	**5,737**
Other comprehensive income/(expense)			
Revaluation gain on PP&E	6,657	(6,657)	43,306
Movement in deferred tax liabilities	(533)	533	(7,468)
Total comprehensive income/(expense)	**6,124**	**(6,124)**	**35,838**
Total comprehensive income	**350**	**2,550**	**41,575**

Between 1 January 2021 and 31 December 2023, the Guarantor generated revenue of €67.5 million, of which €67.2 million related to the sale of property situated in Mercury Tower and €359k related to operations generated from the car park and commercial areas, following the soft launch of these components in November 2023.

In accordance with IFRS 15, revenue from residential units is recognised once the Guarantor signs the final deed of sale with a potential purchaser. As at 31 December 2023, 427 serviced apartments were sold and recognised as revenue by the Guarantor, whilst 22 serviced apartments are on promise of sale and 12 serviced apartments (which have been conjoined into 4 bigger apartments) were retained by the Group. Of the units sold, 398 serviced apartments were received in full as at 31 December 2023, whilst the 10% due upon final delivery of key is still pending on 29 serviced apartments but will be received during FY2024 following the handover of the apartment. Consequently, as at 31 December 2023, the Guarantor recognized €2.2 million as a contract liability on the 29 serviced apartments awaiting the final delivery of key.

The cost of sales on these residential units totalled €51.6 million during the same period, comprising the cost of land, stamp duty, architect, design and professional fees, and construction costs in the case of residential units sold in shell form. As from FY2023, cost of sales also includes the direct costs to operate the car park and commercial areas.

Administration expenses primarily consist of wages and salaries, marketing costs, commissions, professional fees, insurance, bank charges and depreciation and amortisation. These totalled €7.8 million between FY2021 and FY2023. Increases in FY2023 was attributed to higher administrative salaries in preparation for the nearing completion of the Project as well as depreciation on property, plant and equipment as depreciation on the commercial areas and car park commenced given that these assets were operational as at 31 December 2023.

During FY2023, the Group also recognised a gain of €43.3 million on its property, plant and equipment based on a valuation of EM Architects carried out in June 2024, which includes a revaluation gain of €12.8 million on the Entertainment Arena (Level B02 and B03) and €28.9 million on the Commercial Mall (Levels B01, L00 and L01 of the Peripheral Block).

Finance costs during FY2021 and FY2023 totalled €6.7 million and represent bond interest and bank loans which are not capitalised.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	31 Dec 2021	31 Dec 2022	31 Dec 2023
ASSETS			
Non-current assets			
Property, plant and equipment	13,660	27,567	143,187
Investment property	58,415	68,066	80,595
Intangible asset	-	-	270
Investment in subsidiaries	4	-	-
Investment in associate	2	2	2
Financial assets	-	-	252
Restricted cash	20	20	20
Total non-current assets	72,100	95,655	224,326
Current assets			
Inventories	23,975	15,157	2,081
Trade and other receivables	16,156	47,624	39,444
Cash and cash equivalents	814	21,001	3,702
Total current assets	40,945	83,783	45,227
Total assets	**113,045**	**179,438**	**269,552**

€000	31 Dec 2021	31 Dec 2022	31 Dec 2023
EQUITY AND LIABILITIES			
Equity			
Share capital	10,500	10,500	15,000
Revaluation reserve	6,124	-	35,838
Investment property reserve	18,182	16,985	26,106
Retained earnings	(160)	9,712	1,828
Total equity	34,647	37,197	78,772
Non-current liabilities			
Bank borrowings	28,908	38,889	73,450
Bonds payable	22,500	72,500	72,500
Deferred tax liability	3,806	2,638	14,120
Total non-current liabilities	55,214	114,027	160,069
Current liabilities			
Bank borrowings	9,589	4,394	13,223
Trade and other payables	13,595	23,820	17,488
Total current liabilities	23,184	28,214	30,711
Total liabilities	78,398	142,241	190,780
Total equity and liabilities	**113,045**	**179,438**	**269,552**

As at 31 December 2023, the Group's major assets consist of property, plant and equipment (€143.2 million), investment property (€80.6 million), and trade and other receivables (€39.4 million):

- Property, plant and equipment: Property, plant and equipment includes the cost of airspace, construction and development and capitalized interest on Commercial Mall (€76.2 million), ME Hotel (€50.1 million), and Car Park (€16.9 million).

- Investment property: Investment property includes the cost of airspace, construction and development and capitalized interest of commercial components within Mercury Tower (€53.2 million), serviced apartments within Level L31 (€17.0 million), Museum of Illusions (€4.7 million), Flying Theatre (€4.7 million), some components of the hotel (€0.5 million) and waste management (€0.5 million).

- Trade and other receivables: these principally include trade receivables of €4.3 million due from customers relating to sale of serviced apartments and rental income from the Commercial Mall and €29.3 million of advance payments made to Mercury Contracting Projects Limited, in relation to the construction and development of the Project.

- Inventory: the remaining inventory of €2.1 million as at 31 December 2023 represents the cost of land, professional fees, construction and development on the 22 serviced apartments under PoSA.

Total equity amounted to €78.8 million as at 31 December 2023, comprising of share capital of €15 million, revaluation reserve of €35.8 million, investment property reserve of €26.1 million and retained earnings of €1.8 million. During FY2023, Joseph Portelli injected €4.5 million through a capitalisation of dividends, thus increasing the share capital of the Guarantor from €10.5 million to €15 million.

Total liabilities as at 31 December 2023 amounted to €190.8 million and principally consist of:

- Debt securities of €72.5 million, being the current bonds in issue (the March 2019 Bonds and March 2022 Bonds);
- Trade and other payables of €17.5 million of which €5.9 million are due to MCPL, €3.3 million are deposits received in advance and €4.4 million are accrued interest; and
- Deferred tax liability of €14.1 million, being the deferred taxation element recognized on revaluations calculated as 8% of the uplift in value.

CONSOLIDATED STATEMENT OF CASHFLOWS

€000	FY2021 12 months	FY2022 12 months	FY2023 12 months
Net cash (used in) /generated from operating activities	(19,285)	(8,644)	16,235
Net cash used in investing activities	(17,671)	(23,569)	(73,211)
Net cash generated from financing activities	37,913	52,400	35,366
Net increase /(decrease) in cash and cash equivalents	236	20,187	(21,609)
Cash and cash equivalents at the start of the year	578	814	21,001
Cash and cash equivalents at the end of the year	**814**	**21,001**	**(607)**

Cash flows from financing activities include the drawdown of bank loans and bonds issued in FY2021 and FY2022 as well as repayment of existing loans and finance costs. These funds were used to finance the development of the Mercury Project to date, together with cash generated from operations following the sale of residential units. Cash and cash equivalents net of bank overdraft as at 31 December 2023 amounted to (€607k), but cash and cash equivalents gross of bank overdraft (€4,309k) amounts to €3,702k as at 31 December 2023.

9 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 BOARD OF DIRECTORS OF THE ISSUER

The Issuer is currently managed by a Board consisting of four Directors entrusted with its overall direction and management. 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 Board of Directors of the Issuer currently consists of one executive Director and three non-executive Directors.

The executive Director, Mr Joseph Portelli, who is also an executive director on the board of the Guanator and the other Group companies, as well as and together with the other executive directors of the Guarantor and such other Group companies and 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, bringing to the Board the added value of independent judgment, and also to provide specialist support to the executive Director/s. In line with generally accepted principles of sound corporate governance, a majority of the non-executive Directors (who should constitute at least a third of the Board) shall be person/s independent of the Group. Currently, the Issuer has 3 non-executive Directors who are all deemed independent, as set out in section 3.1 of this Registration Document. The non-executive Directors of the Issuer are Mr Stephen Muscat, Mr Mario Vella and Mr Peter Portelli.

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

Stephen Muscat

Stephen Muscat is a Certified Public Accountant and a graduate of the University of Malta with a BA (Honours) Accountancy degree, a fellow of the Malta Institute of Accountants, the Malta Institute of Taxation and the Institute of Directors (UK). He is the former CEO and Director of Maltacom p.l.c., today GO p.l.c. (C 22334).

Mr Muscat is an authorised Company Service Provider serving as a non-executive director of holding and trading companies. He is also a director of locally licensed financial institutions and a bank. Currently, he is a member of the board of directors and/or chairs the audit committee of public bond issuers trading on the Malta Stock Exchange main market and bond issuers on the Prospects MTF.

Apart from being a Director, Mr Muscat is also a member and Chairman of the Audit Committee of the Issuer.

Mario Vella

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, apart from the Issuer.

Apart from being a Director, Mr Vella is also a member of the Audit Committee of the Issuer.

Peter Portelli

Peter Portelli obtained a degree of BA (Hons) Public Administration from the University of Malta in 1990 and a Master's 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. Since 2015, he has held the position of Executive Secretary of The Strickland Foundation.

Mr Portelli presently sits as non-executive director on a number of corporate boards, including the board of another company the securities of which are listed on the Malta Stock Exchange.

Apart from being a Director, Mr Portelli is also a member of the Audit Committee of the Issuer.

The following is 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, Hal Saghtrija Complex in Zebbug, Gozo as well as a foray into the hospitality sector with Quaint Boutique Hotels in Gozo.

Mr Portelli is also a shareholder and/or beneficial owner and/or director of various other companies involved in property development and real estate / hospitality projects. Amongst others, he is a shareholder and beneficial owner and director of the various companies involved in the CF Group which is developing various immovable projects on the Maltese islands.

Apart from overseeing the day-to-day operations of the Group, Mr Portelli's main responsibilities today are business development and general overview of the operations.

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

9.2 BOARD OF DIRECTORS OF THE GUARANTOR

As at the date of this Registration Document, the board of directors of the Guarantor is composed of three directors, namely the individuals mentioned in section 3.1 of this Registration Document.

The following is the *curriculum vitae* of the directors of the Guarantor:

Joseph Portelli

The curriculum vitae of Joseph Portelli is mentioned in section 9.1 above.

Chloe Portelli

Chloe Portelli is currently reading a Masters in Business Administration at the University of Malta. Simultaneously, she forms part of the Marketing and Communications team at Mercury as Marketing and Events Manager. In this role, Chloe is responsible for all events and activities that relate to Mercury Projects. In addition, she assists in creating marketing strategies that align with the overarching goals of the Group. Before Mercury Project was operational, she dedicated part of her work to the project management team as a procurer, where she was responsible for negotiating, buying, and ensuring timely delivery of furniture from international suppliers before heading full time into marketing. For several years, she managed several small hotels belonging to Mr Joseph Portelli, also known as Quaint Boutique Hotels. Recently, she has been appointed director of Mercury Towers Ltd, the Guarantor, as well as of Mercury Commercial Mall Ltd., Mercury Hotel Ltd. and Mercury Car Park II Ltd.

Tristen Portelli

Tristen Portelli has been involved in heading the project management of the Mercury Project for the past years. He was entrusted with overseeing the construction and finishing of the Project and, together with his team, he was responsible for bringing the Project to a close. He has recently been appointed director of Mercury Towers Ltd, the Guarantor, as well as of Mercury Commercial Mall Ltd., Mercury Hotel Ltd. and Mercury Car Park II Ltd, and will be involved in the overall management of the Mercury Project.

9.3 MANAGEMENT STRUCTURE AND MANAGEMENT TEAM

The Issuer is the finance arm of the Group and as such does not require an elaborate management structure. Its business is managed by its Board of Directors and does not separately employ any senior management. The Directors believe that the current organisational structures are adequate for the current activities of the Issuer. 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.

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

- Marcel Bonnici, who is a full time employee of the Guarantor and acts as the Guarnator's and the Group's Chief Executive Officer;

- Keith Fabri, who is a full time employee of the Guarantor and acts as the Guarnator's and the Group's Chief Finance Officer;

- Neal Debono, who is a full time employee of the Guarantor and acts as the Guarnator's and the Group's Chief Operations Officer.

THE FOLLOWING ARE THE CURRICULUM VITAE OF THESE EXECUTIVES:

Marcel Bonnici

As CEO, Marcel Bonnici assumed the helm in 2019 and has been instrumental in developing a strong and adaptable management structure to foster long-term success for Mercury Towers. His unwavering commitment to excellence has played a pivotal role in shaping Mercury Towers as "Malta's premier destination for retail, food and beverage, wellness, accommodation and entertainment". With a Degree in Economics from the University of Malta and an MBA from the Maastricht School of Management, he supplements his extensive professional experience with a solid academic background. Prior to Mercury Towers, Mr Bonnici held several senior leadership roles, where he honed his expertise in people management, organisational structure and operational excellence.

Keith Fabri

Keith Fabri brings years of experience leading companies to financial success, particularly within the hotel sector. He has collaborated with various international hotel brands, bringing invaluable expertise to his role of CFO at Mercury Towers, as one of Malta's "newest and largest hospitality operations". He most recently held the position of Area Director of Finance for a luxury hotel brand, spearheading the financial operations for a portfolio of five properties. Mr Fabri's role on the Mercury Towers senior leadership team also encompasses acquisitions, an area in which he is deeply knowledgeable. As a seasoned hospitality professional, he is passionate about disruptive business, and setting new service-driven operations up for success.

Neal Debono

Neal Debono obtained a Higher National Diploma in Hospitality Management from the Institute of Tourism Studies (Malta) in 2010 and went on to further his studies with a Degree in Business Administration from Leicester University (UK) in 2014. Subsequently, he obtained a Master's in Business Administration from Henley Management College (UK) in 2018.

Mr Debono started his career in hospitality seventeen years ago and has gradually occupied middle to senior roles within both local and international Hotel Brands including the Grand Hotel Excelsior, The Malta Marriott and the Intercontinental Malta amongst others. Prior to joining the Mercury Group, Mr Debono occupied the position of CEO within the Xara Collection. Mr Debono commenced his engagement with Mercury Group in the position of Chief Commercial Officer and transitioned to become the Chief Operations Officer once all of the rental opportunities were concluded. Reporting to the CEO, his role is to ensure the smooth running of all operational aspects and the ongoing strengthening of commercial ties with current and potential tenants.

As at the date hereof, the Group companies other than the Guarantor and the Issuer, are effectively managed by their executive Directors, Mr Joseph Portelli, Ms Chloe Portelli and Mr Tristen Portelli, with the assistance of the above-mentioned key employees of the Guarantor, who render key management services to the Group as a whole.

9.4 CONFLICTS OF INTEREST

As at the date of the Prospectus, the executive Director of the Issuer, namely Mr Joseph Portelli, is a director and shareholder of the parent company, namely the Guarantor, and also a Director and beneficial owner of all the other Group companies, whereas the other two directors of the Guarantor, namely Ms Chloe Portelli and Mr Tristen Portelli, who are the daughter and son respectively of the said Mr Joseph Portelli, are also directors of Mercury Hotel Ltd., Mercurcy Commercial Mall Ltd. and Mercury Car Park II Ltd. This makes them susceptible to conflicts between the potentially diverging interests of the different members of the Group, including the Issuer-Guarantor Loan 2024 to be advanced by the Issuer to the Guarantor out of the proceeds of the Bond Issue.

The said executive Director of the Issuer and directors of the Guarantor, or any of them, are or may in future be involved, as shareholders, beneficial owners, directors, officers or otherwise in business or in entities outside the Group carrying out business which may be similar to or even competing with the business of the Group, including hotel operation or property development, or in entities supplying works, goods or services to or otherwise carrying out transactions with any Group company. Such involvements of such Director of the Issuer and/or directors of the Guarantor may create conflicts between the potentially diverging interests of the Guarantor and/or any of its Subsidiaries on the one hand and the private interests of the said directors and/or the interests of the entities outside the Group in which such directors are or may be involved as aforesaid.

As mentioned in section 5.3 of this Registration Document, a situation of such potential conflict exists by virtue of the fact that the executive Director and owner, Mr Joseph Portelli, is the 100% shareholder and director of Mercury Contracting Projects Limited, with which the Guarantor and other Group companies have each entered into a contract of works for the construction (including supply of material), development and finishing of their respective Retained Property within the Project. This made logistical and business sense considering that the said Mercury Contracting Projects Limited is appointed as the principal contractor in respect of the whole Project (including those elements thereof sold or to be sold to third parties). Such involvement of Mr Portelli in all these companies may create conflicts between the potentially diverging interests of each of the Guarantor and its Subsidiaries on the one hand and the said Mercury Contracting Projects Limited on the other with respect to the said employer-contractor relationship, throughout its '*iter*', although as mentioned in such section 5.3 the said companies have entered into a contract of works on an arm's length basis based on industry standard terms and conditions.

As further mentioned in sections 5.2 and 5.3, two other situations of such conflict may arise:

(i) from the fact that the entertainment arena, which is owned by Mercury Commercial Mall Ltd., has been leased and is operated by CF Leisure Ltd., a company in which the said Mr Joseph Portelli, the beneficial owner of the Group, has a 30% beneficial ownership, although as mentioned in such sections, the relevant lease contract has been concluded on an arm's length basis; and

(ii) in the context of the human resources sharing arrangement between Mercury Hotel Ltd. and Mistral Hotel Ltd and Ratcon Ltd, being two companies in which the beneficial owner of the Group, Joseph Portelli, has a 30% beneficial ownership, which companies own and operate a total of three small to medium sized hotels in St. Julian's, whereby these two companies pay a charge to Mercury Hotel Ltd. as compensation for the time spent by certain employees of the latter in the operation of their respective hotels, which charge is calculated at cost, as mentioned under the sub-heading 'Hotel' under the heading 'Retention and letting and/or operation of immovables' under section 5.3 hereto.

In 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, where necessary.

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 the different involvements of the Directors are handled 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 and in the interests of the Issuer. 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, the Guarantor and other Group companies on a quarterly basis. To this effect, the Issuer and other Group companies are to submit to the Audit Committee quarterly accounts.

The presence of independent non-executive directors on the Board of the Issuer also aims to minimise the possibility of any abuse of control by its major shareholder and/or beneficial owner. Furthermore, in terms of the Memorandum and Articles of Association of the Issuer, in the event that a Director has a material interest in any contract, arrangement or proposal, such Director is not entitled to vote at a meeting of Directors in respect thereof.

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 of the Issuer and/or directors 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 Prospectus Regulation.

10 BOARD PRACTICES

10.1 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 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 Capital Markets Rules, Mr Stephen Muscat and Mr Mario Vella are independent, non-executive Directors who are competent in accounting and/or auditing matters. The Audit Committee or its Chairman 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 9.1 above.

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

10.2 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

As a consequence of the 2019 Bond Issue and the 2022 Bond Issue and the forthcoming Bond Issue and in accordance with the terms of the Capital Markets 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 Capital Markets Rules (the "**Code**"). The Issuer declares its full support of the Code and undertakes to continue 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 believes that its application results 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 4 "THE RESPONSIBILITIES OF THE BOARD"

Since the Directors are appointed directly by the shareholders of the Issuer, the Board did not develop a succession policy for the future composition of the Board of Directors, whether the executive or the non-executive component thereof.

B. 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 majority of which is composed by independent non-executive Directors), 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.

C. 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.

The Board considers that the size and operations of the Issuer do not warrant the setting up of remuneration and nomination committees. In particular:

(i) the Issuer does not believe it necessary to establish a remuneration committee, given that the remuneration of the directors is required by the Memorandum and Articles of Association of the Issuer to be determined by the company in general meeting. Furthermore, the executive Director of the Issuer, Mr Joseph Portelli, who is a director of the shareholder of the Issuer (namely the Guarantor) and the ultimate beneficial owner of the Group, and therefore can influence the general meeting's decision on remuneration of Directors, has waived and does not receive Director's fees;

(ii) the Issuer does not believe it is necessary to establish a nomination committee as 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.

D. PRINCIPLE 9 "RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET"

Currently there is no established mechanism disclosed in the Memorandum and Articles of Association of the Issuer to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. The Issuer's shares are all held by the Guarantor, except for one share which is held by Mr Joseph Portelli, who in turn is the sole shareholder and director of the said Guarantor and is thus a controlling shareholder of the whole Group, including the Issuer. The Issuer is thus of the view that there is currently no need to establish such mechanism.

On an annual basis, the Issuer explains, in its annual report, 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 Capital Markets Rules' requirements.

11 MAJOR SHAREHOLDERS

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 Ltd J Portelli Offices, St George Street, St Julian's, STJ3202, 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.

Mr Joseph Portelli in turns owns and controls Mercury Towers Ltd and, indirectly therefore, also the Issuer.

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 Capital Markets 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 Capital Markets 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 €20,500,000 divided into 20,500,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €15,000,000 divided into 15,000,000 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, Nadur, Gozo Identity Card Number 497193M	15,000,000 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 evaluation 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 eneterd 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 Guranator with respect to material related party transactions of such Guarantor prior to the Guarantor proceeding with the transaction.

12 LITIGATION

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

13 ADDITIONAL INFORMATION

13.1 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 Guarator, except for 1 share which is subscribed for, allotted and taken up one each 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.

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.

13.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

The Memorandum and Articles of Association of the Issuer are registered with the Registrar of Companies at the Malta Business Registry.

The principal objects of the Issuer are set out in clause 4 of the Issuer's Memorandum and Articles 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 and as set out in section 17 of this Registration Document and at the Malta Business Registry during the lifetime of the Issuer.

13.3 SHARE CAPITAL OF THE GUARANTOR

The Guarantor has an authorised share capital of €20,500,000 divided into 20,500,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €15,000,000 divided into 15,000,000 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 Gurantor 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.

13.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

The Memorandum and articles of association of the Guarantor are registered with the Registrar of Companies at the Malta Business Registry.

The principal object and main trading activity of the Guarantor is set out in clause 4 of the Guarantor's memorandum and articles 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 and as set out in section 17 of this Registration Document and at the Malta Business Registry during the lifetime of the Guarantor.

14 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 respective obligations to security holders in respect of the Bonds being issued pursuant to, and described in, the Securities Note.

15 PROPERTY VALUATION REPORT

The Issuer commissioned Architect Edwin Mintoff to issue a property valuation report in relation to the properties owned by the Group. The business address of Architect Mintoff is at EM Architects, 119, Sliema Road, Gzira, GZR 1635, Malta.

Capital Markets Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The valuation report is dated 15 July 2024.

A copy of the report compiled by Architect Mintoff, is accessible on the Issuer's website at the following hyperlink: https://mercury.com.mt/investor-relations/. A copy thereof shall also be available for inspection at the registered address of the Issuer for the duration period of this Registration Document.

16 THIRD PARTY INFORMATION STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Architect Valuation Report prepared in relation to the Group properties, this Registration Document does not contain any statement or report attributed to any person as an expert.

The valuation report has been included in the form and context in which they appear with the authorisation of Architect Edwin Mintoff, with qualifications: B.E.&A. (Hons). Ph.D. (Newcastle) A. & C.E., of 119, Sliema Road, Gzira, Malta, GZR1635, Malta, operating under warrant number 0163, that has given and has not withdrawn his consent to the inclusion of his report herein.

Architect Edwin Mintoff does not have any material interest in the Issuer save for his appointment and engagement as a property valuer. The Issuer confirms that the valuation report has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from the information contained therein, no facts have been omitted which render the reproduced information inaccurate or misleading.

The sourced information contained in section 7 of this Registration Document has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the published information, no facts have been omitted that would render the reproduced information inaccurate or misleading.

17 DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents shall be available for inspection at the registered address of the Issuer and also on the Issuer's website, on the following hyperlink https://mercury.com.mt/investor-relations/:

a. Memorandum and Articles of Association of the Issuer;
b. Memorandum and articles of association of the Guarantor;
c. Audited financial statements of the Issuer for the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the audited consolidated financial statements of the Guarantor for the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023;
d. Architect Valuation Report dated 15 July 2024 and prepared at the Issuer's request in respect of the Group's properties;
e. Financial Analysis Summary dated 25 July 2024 and prepared by Calamatta Cuschieri Investment Services Limited;
f. The original Guarantee; and
g. The Security Trust Deed.

SECURITIES NOTE

Dated 25 July 2024

This Securities Note is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the Prospectus Regulation. 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 up to: €20,000,000 5.3% Secured Bonds 2034
of a nominal value of €100 per Bond issued and redeemable at par ISIN: MT0002191238 (the "Bonds")

MERCURY FINANCE

MERCURY PROJECTS FINANCE P.L.C.
a public limited liability company duly incorporated under the Laws of Malta,
with Company registration number C 89117

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

*Prospective investors are to refer to the Guarantee contained in Annex II of this Securities Note and section 6.2 of the Registration Document for a description of the Guarantee and the Collateral in general.

Sponsor & Co-Manager	Registrar & Co-Manager	Security Trustee	Legal Counsel
Calamatta Cuschieri	BOV Bank of Valletta	CSB trustees& fiduciaries ltd	salibastafrace LEGAL

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE SECURITIES AS LISTED FINANCIAL INSTRUMENTS. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS ONLY APPROVED THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENTS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER, FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SECURITIES.

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

A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE SECURITIES UNLESS: (I) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (II) THE SECURITIES MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND (III) SUCH PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK 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 FINANCIAL ADVISOR. A PROSPECTIVE INVESTOR SHOULD MAKE HIS OR HER OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

APPROVED BY THE BOARD OF DIRECTORS

Joseph Portelli
Director
signing in his own capacity as director of the Issuer and on behalf of each of Stephen Muscat, Mario Vella and Peter Portelli.

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY MERCURY PROJECTS FINANCE P.L.C. (THE "**ISSUER**") OF UP TO €20,000,000 SECURED BONDS OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5.3% PER ANNUM, PAYABLE ON 10 SEPTEMBER 2024 OF EACH YEAR UNTIL THE REDEMPTION DATE (THE "**BONDS**"). THE ISSUER SHALL REDEEM THE BONDS AND PAY THE FULL NOMINAL VALUE THEREOF ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE.

THIS SECURITIES NOTE SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER DATED 25 JULY 2024.

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 NAMED UNDER THE HEADING "ADVISORS" IN SECTION 3.4 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS 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 MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS SECURITIES NOTE, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS SECURITIES NOTE.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

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 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. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

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 MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND WILL BE 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.

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF TWELVE MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO UPDATE OR SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

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 FALL AS WELL AS RISE, 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 FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

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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:

Applicant/s	A person or persons (in the case of joint applicants) who subscribe(s) for the Bonds;
Application	The application to subscribe for Bonds made by an Applicant/s through any of the Authorised Financial Intermediaries;
Authorised Financial Intermediaries	The financial intermediary/ies whose details appear in Annex I to this document;
Bond Issue Price	The nominal value of each Bond (€100 per Bond);
CSD or **Central Securities Depositary**	The Central Securities Depository of and operated by the Malta Stock Exchange set up and authorised 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;
Event of Default	Shall have the meaning assigned to it in section 6.10 of this Securities Note;
Interest Payment Date	10 September of each year between and including each of the years 2025 and 2034, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Intermediaries' Offer	An offer for subscription of Bonds made by the Issuer to the Authorised Financial Intermediaries through subscription agreements as further detailed in section 8.5 of this Securities Note;
Issue Date	Expected on 20 September 2024;

Placement Agreement/s	The conditional placement agreement/s which may be entered into between the Issuer and any Authorised Financial Intermediaries, as further described in section 8.4 of this Securities Note;
Redemption Value	The nominal value of such Bond (€100 per Bond); and
Terms and Conditions	The terms and conditions of issue of the 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, organisations, 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; and
(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 FALL AS WELL AS RISE, 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 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 THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER TWO MAIN CATEGORIES. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS SECURITIES NOTE. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE VALUE, YIELD, REPAYMENT ABILITY OF THE ISSUER AND OTHER CHARACTERISTICS OF THE BONDS. 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) IS OR SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR ANY OF THE 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.

FORWARD-LOOKING STATEMENTS

This Securities Note contains statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms ''believes'', ''estimates'', ''anticipates'', ''expects'', ''intends'', ''may'', ''will'' or ''should'' or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's and, or the Guarantor's strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's and, or the Guarantor's actual results of operations, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition and performance, and trading results, of the Issuer and, or the Guarantor are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled "Risk Factors" in the Registration Document, for a review of the factors that could affect the Issuer's performance and investment in the Bonds. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

2.1 RISKS RELATING TO THE BONDS

SUITABILITY OF THE BONDS

An investment in the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an investment advisor 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:

(a) 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;

(b) 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 and that the Bonds meet the investment objectives of the prospective investor;

(c) understands thoroughly the terms of the Bonds; and

(d) is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds, and the inherent risks associated with the Group's business. In the event that an investor does not seek professional advice and, or does not read and fully understand the provisions of the Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

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. As at the date of this Securities Note, interest rates have gone through a gradual increase and may continue rising to some extent. Fixed income debt securities are influenced predominantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. 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 (save for 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.

RISKS RELATING TO INFLATION

Inflation currently remains at elevated levels when compared to the past decades. Inflation is the rising level of prices for goods and services. It can have two negative impacts on those who invest in bonds. Inflation typically leads to a rise in short-term interest rates, and intermediate and longer-term rates also tend to go up as a consequence. This rise in interest rates will lead to a fall in the prices of bonds. Furthermore, inflation can wipe away the yields generated by a bond, in view of the loss of purchasing power brought about by inflation.

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 or her Bonds at or above the Bond Issue Price or at all. A trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including supply and demand factors in respect of the Bonds at any given time. These factors are in turn dependent upon the individual decisions of investors as well as market conditions over which the Issuer has no control. Many other factors outside the control of the Issuer may affect the trading market and value of the Bonds, including the time remaining to the maturity 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 company within the Group will have on the market price of the Bonds prevailing from time to time.

Furthermore, the outbreak of the COVID-19 pandemic in 2020, has resulted in a highly volatile economy. Other pandemics or infectious diseases which may arise in future may have similar consequences on the market. The exact nature of the risks of such pandemics and infectious diseases for, and their negative impact on, national economies and on individual businesses, including the Group's business, is difficult to forecast and to guard against and plan for, particularly in view of the uncertainty as to their respective duration and reach. This volatility may also increase as a result of wars or conflicts between countries, including the current Russia – Ukraine and the Middle East armed conflicts. There can be no assurance that continued or increased volatility and disruption in the capital markets will not impair the saleability of the Bonds.

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

Once the Bonds are listed, the Issuer is required to comply 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 Malta Financial Services Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Malta Financial Services Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspension or listing revocations / discontinuations 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 Act and other laws, the Prospectus Regulation and the Capital Markets Rules 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 this Securities Note in the event that it wishes to amend any of the Terms and Conditions of this Bond Issue. 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

The Issuer, the Guarantor and any other Group company 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), save only that 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.

2.2 RISKS RELATING TO THE GUARANTOR AND THE COLLATERAL

RISKS RELATING TO THE BUSINESS OF THE GUARANTOR

The risk factors contained in section 2.2 of the Registration Document (entitled 'Risks relating to the Guarantor and the Group') apply to the business of the Guarantor and the Group. If any of the risks mentioned in section 2.2 of the Registration Document were to materialise, they would have a material adverse effect on the ability of the Guarantor to satisfy its obligations under the Issuer-Guarantor Loan 2024 and under the Guarantee.

RISKS RELATING TO THE GUARANTEE

The 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 and the Redemption Value due under the said Bonds by the Guarantor and the Special Hypothec.

The Bonds are being guaranteed by the Guarantor on a joint and several basis, and accordingly 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 Redemption Value of the said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer.

The strength of the undertakings on the part of the Guarantor under the Guarantee and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor, which will be affected by the level of indebtedness and liabilities incurred by such Guarantor, as well as by the amount of payments received by the Guarantor from other Group companies, in the form of payments under shareholders' loans or other advances made to them or in the form of dividends or otherwise.

RISKS RELATING TO THE COLLATERAL CONSTITUTED BY THE SPECIAL HYPOTHEC OVER THE SECURITY PROPERTY FOR BONDS AND THE VALUE THEREOF

The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer 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 Hypothec over the Security Property for Bonds which the Guarantor will constitute in favour of the Security Trustee for the benefit of the Bondholders.

As noted in section 6.2 of the Registration Document, in its existing state, the Security Property for Bonds has been professionally valued for a total amount which should be sufficient to cover payment of the Redemption Value of the Bonds. Whilst this Special Hypothec in respect of the Bonds grants the Security Trustee a right of preference and priority for repayment of the Bonds over the creditors of the Guarantor in respect of the Security Property for Bonds, there can be no guarantee that the value of the said Security Property for Bonds over the term of the Bonds will be sufficient to cover the full amount of Redemption Value or interest outstanding under the said 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 for Bonds. If such circumstances were to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.

Furthermore, there is no guarantee that the value of Security Property for Bonds determined in the independent valuation is necessarily correct or would actually be achieved on the market. 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 for Bonds, referred to in the Prospectus reflects actual values that would 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 at the time of enforcement of the Special Hypothecs on the Security Property for Bonds.

RISKS RELATING TO RANKING OF SPECIAL HYPOTHEC FORMING PART OF THE COLLATERAL
The first ranking special hypothec to be constituted by the Guarantor over the Security Property for Bonds in favour of the Security Trustee shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry securing the privileged creditor's claim. Privileged creditors include, but are not limited to, architects, contractors, masons and other workmen, over an immovable constructed, reconstructed or repaired for the debts due to them in respect of the expenses and the price of their work. Mercury Contracting Projects Limited, as the main contractor responsible for the development of the Project has agreed with the Guarantor to waive its right to the registration of a special privilege with the Public Registry in Malta and has further undertaken to use best efforts to ensure that any of its sub-contractors will waive their right to a special privilege. However, Mercury Contracting Projects Limited may not necessarily manage to obtain such waiver from the sub-contractors and, furthermore, the Guarantor may contract debts with other privileged creditors. Moreover, there may be service providers which already enjoy such special privilege over the Security Property for Bonds according to law, although not yet registered in the Public Registry. In such case, privileged creditors will rank with preference to the Security Trustee in whose favour the Special Hypothec under the Collateral shall be constituted.

3 PERSONS RESPONSIBLE AND CONSENT FOR USE

3.1 PERSONS RESPONSIBLE

This document includes information given in compliance with the Capital Markets Rules and the Prospectus Regulation 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 of the Issuer and the Guarantor' in section 3 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.

3.2 CONSENT FOR USE OF THE PROSPECTUS

CONSENT REQUIRED IN CONNECTION WITH THE USE OF THE PROSPECTUS BY THE AUTHORISED FINANCIAL INTERMEDIARIES

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note 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 Regulation, 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 subscribed as aforesaid taking place in Malta; and
iii. to any resale or placement of Bonds subscribed as aforesaid taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, the Registrar 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 any of the advisors of the Issuer 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 and neither the Issuer nor any of the Issuer's advisors has any responsibility or liability for the actions of any person making such offers.

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 any of its advisors. The Issuer does not accept responsibility for any information not contained in the Prospectus.

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.

In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall 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 shall 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 any of its advisors 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 which will also be made available on the Issuer's website: www.mercury.com.mt

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 9.4 of the Registration Document, and save for the subscription for Bonds by the Authorised Financial Intermediaries, which include the Sponsor & Co-Manager and the Registrar & Co-Manager, and any fees payable in connection with the Bond Issue to the Sponsor & Co-Manager and the Registrar & Co-Manager, 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, will be used by the Issuer to provide a loan facility to the Guarantor, to be used as provided below (the "**Issuer-Guarantor Loan 2024**"). The Issuer-Guarantor Loan 2024 will bear interest at 5.5% per annum payable on 25 August of each year, and the principal amount thereof shall be repayable by not later than 25 August 2034.

In turn, the Issuer-Guarantor Loan 2024 will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

(i) **Refinancing of the Relevant BOV Loan:** the amount of approximately **€5,000,000** will be used to re-finance the outstanding Relevant BOV Loan due by the Guarantor to Bank of Valletta p.l.c., which loan was originally principally utilised to finance part of the completion and finishing costs of the Project;

(ii) **Completion and finishing costs of the Project:** an amount of approximately **€7,750,000** will be used to finance the remaining development (completion and finishing) costs of the Project; and

(iii) **General corporate funding:** the amount of approximately **€7,250,000** together with any residual amounts not utilised for the purposes identified in paragraphs (i) and (ii) above, shall be utilised for general corporate funding purposes of the Group, including the expenses of the Bond Issue which are expected to amount to approximately €750,000 and which were agreed to be borne by the Guarantor.

As set out in section 6.2 of the Registration Document, the Issuer-Guarantor Loan 2024 shall be drawn down as follows:

(a) the amount which is intended to be used to refinance the Relevant BOV Loan as set out in (i) above, which will be held by the Security Trustee, will be drawn down in one lump sum following a request by the Guarantor to the Issuer to be made as soon as possible following the listing of the Bonds on the Official List of the Malta Stock Exchange, in order to pay the Relevant BOV Loan to Bank of Valletta p.l.c., which payment will be made to the said Bank of Valletta p.l.c. by the Security Trustee itself on behalf of and by delegation from the Guarantor;

(b) the remaining amount of the Issuer-Guarantor Loan 2024 which is intended to be used to finance the completion and finishing costs of the Project and for general corporate funding purposes as set out in (ii) and (iii) above, which will be held by the Registrar, excluding those required to fund the expenses of the Bond Issue which are expected to amount to approximately €750,000, shall be drawn down in full in one lump sum following a request by the Guarantor to the Issuer made upon the listing of the Bonds on the Official List of the Malta Stock Exchange, whereupon the Issuer shall promptly instruct the Registrar to transfer the relevant amount to the Guarantor: provided that such part of the Issuer-Guarantor Loan 2024 which is required by the Guarantor to fund the expenses of the Bond Issue (which the Guarantor has agreed to bear itself) shall be forwarded by the Registrar to or to the order of the Issuer upon request.

It is expected that within 15 Business Days from the closing of the Offer Period, the Issuer, the Guarantor and the Security Trustee shall appear on a notarial deed (the **"Deed of Hypothec"**), pursuant to which the Guarantor will constitute and grant to the Security Trustee, and the Security Trustee will obtain, the Special Hypothec over the Security Property for Bonds. By virtue of such Deed of Hypothec, the Issuer will also agree to make the Issuer-Guarantor Loan 2024 to the Guarantor, through which it will make available the proceeds from the Bond Issue by way of loan.

All proceeds from the Bond Issue shall be received by the Registrar which shall apply and forward the same as provided herein.

The issue and final allotment of the Bonds is conditional upon the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed; and (2) the Bonds being admitted to the Official List. In the event that any of the aforesaid Conditions Precedent is not satisfied, the Registrar shall return the Bond Issue proceeds to the investors. Indeed, the 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.

If the aforesaid Conditions Precedent are satisfied, the Registrar shall:

- forward the amount intended to be used to repay the Relevant BOV Loan as referred to in paragraph (a) above to the Security Trustee, which shall hold and apply the same in repayment of the Relevant BOV Loan on behalf of the Guarantor in accordance with the provisions of the Security Trust Deed;

- forward the remaining proceeds of the Bond Issue intended to be used for completion and finishing costs and for general corporate funding purposes as referred to in paragraph (b) above, less the amount equivalent to the expenses of the Bond Issue (as indicated by the Issuer), to the Guarantor, upon instruction of the Issuer; and

- forward the remaining amount equivalent to the expenses of the Bond Issue to or to the order of the Issuer, upon request.

4.3 FUNDING OF COMPLETION AND FINISHING OF THE PROJECT FROM OTHER SOURCES

Assuming that the Bond Issue is fully or at least 65% subscribed, it is anticipated that the proceeds of such Bond Issue, together with other financing previously taken out by the Group for such purpose as referred to in section 6.2 of the Registration Document, will be sufficient to fund the remaining construction and finishing costs of the Project.

4.4 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, manager and registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €750,000. There is no particular order of priority with respect to such expenses.

The expenses pertaining to the Bond Issue shall be borne by the Guarantor and shall form part of the Issuer-Guarantor Loan 2024, provided that these shall, following the satisfaction of the Conditions Precedent, be released and paid by the Registrar to or to the order of the Issuer upon request.

4.5 SECURITY

The Bonds are secured and Bondholders shall have the benefit of the following security:

(a) a first ranking special hypothec over the Security Property for Bonds; 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 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 in proportion to their respective holding of Bonds. No 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 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 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 17 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. The Security Trustee is also authorised to deal or allow the Group to deal with the Security Property and to allow or give effect to a reduction, cancellation and creation or otherwise redefinition of the special hypothec/s burdening any elements of the Security Property for Bonds or a substitution of any part of the Security Property for Bonds with another immovable property owned by the Group, always with due regard to the interests of all the Bondholders and with due protection to their interests, as further explained in section 6.3 of this Securities Note.

5 OFFER STATISTICS

Issue:	€20,000,000 5.3% Secured Bonds 2034.
Amount:	€20,000,000.
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:	MT0002191238.
Bond Issue Price:	At par (€100 per Bond).
Minimum amount per subscription:	Minimum of €5,000 and integral multiples of €100 thereafter.
Offer Period:	The period commencing at 08:00 hours on 2 August 2024 and ending at 12:00 hours on 30 August 2024, both days included. The Issuer reserves the right to close the Offer Period before 30 August 2024.
Plan of Distribution:	The Bonds are open for subscription by all categories of investors, as further described in section 8.3 of this Securities Note.

Placement Agreement/s:	The Issuer may enter into conditional placement agreement/s with one or more Authorised Financial Intermediary/ies whereby an agreed portion of the nominal value of the Bonds will be made available for subscription to such Authorised Financial Intermediaries, for their own account or on behalf of their clients, as further described in section 8.4 of this Securities Note.
Intermediaries' Offer:	The Issuer may enter into subscription agreements with Authorised Financial Intermediaries for an aggregate amount equivalent to the remaining amount of the Bond Issue not covered by the Placement Agreements (if any), for subscription of Bonds by such Authorised Financial Intermediaries for their own account or on behalf of their clients, as further described in section 8.5 of this Securities Note.
Redemption Date:	10 September 2034.
Redemption Value:	At par (€100 per Bond).
Status of the Bonds:	The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer 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 Special Hypothec on the Security Property for Bonds to be constituted by the Guarantor. 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 said Guarantor, by virtue and to the extent of the first ranking special hypothec over the Security Property for Bonds which the Guarantor will constitute in favour of the Security Trustee for the benefit of the Bondholders.
Guarantee:	The joint and several guarantee dated 25 July 2024 granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue.
Status of the Guarantee:	The Guarantee shall constitute a direct, and unconditional obligation of the Guarantor, and the Guarantor's obligations under the Guarantee shall rank pari passu with all its other unsecured and unsubordinated obligations.
Listing:	The Malta Financial Services Authority has approved the 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.
Interest:	5.3% per annum, on the Nominal Value of each Bond.
Interest Payment Date(s):	Annually on 10 September as from 10 September 2025 (the first Interest Payment Date).
Governing Law:	The 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 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 shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the Terms and Conditions of the Bonds herein described and to accept and be bound by the said Terms and Conditions.

6.1 GENERAL

Each Bond forms part of a duly authorised issue of €20,000,000 5.3% Secured Bonds 2034 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €20,000,000 (except as otherwise provided under section 6.12 ("**Further Issues**").

The Issue Date of the Bonds is expected to be 20 September 2024. The Bond Issue is guaranteed by the Guarantor and secured with the Special Hypothec. The Bonds are created under Maltese law.

(a) The currency of the Bonds is Euro (€).
(b) The Bonds are expected to be listed on the Official List on 20 September 2024 and dealing can be expected to commence thereafter.
(c) Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN: MT0002191238
(d) Unless previously purchased and cancelled, the Bonds shall be redeemable at the Redemption Value on the Redemption Date.
(e) The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act, and the Prospectus Regulation.
(f) The minimum subscription amount of Bonds that can be subscribed for by an Applicant is €5,000 and in multiples of €100 thereafter.
(g) 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, 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, at the Applicant's sole risk.
(h) The Bond Issue is not underwritten.
(i) 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.
(j) All Applications shall be subject to the terms and conditions of the Bond Issue as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

6.2 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.

When subscribing for Bonds, Bondholders who opt to subscribe for an online e-portfolio account with the CSD, will be registered for the online e-portfolio facility and shall receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on https://eportfolio.borzamalta.com.mt/. Further detail on the e-portfolio is found on https://eportfolio.borzamalta.com.mt/help.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiples of €100, provided that on subscription the Bonds will be issued for a minimum of €5,000 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 €5,000 to each underlying client (for subscriptions through the Intermediaries' Offer or under the Placement Agreements, as the case may be).

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 6.11 of this Securities Note.

6.3 RANKING OF THE BONDS AND THE COLLATERAL

STATUS OF THE BONDS

The 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 and shall rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer.

GUARANTEE

The Bonds shall be guaranteed in respect of both the interest due and the Redemption Value by the Guarantor on a joint and several basis in terms of the Guarantee. Accordingly, 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 Redemption Value under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer.

The Guarantee shall constitute a direct, and unconditional obligation of the Guarantor, and the Guarantor's obligations under the Guarantee shall rank *pari passu* with all its other unsecured and unsubordinated obligations.

A copy of the Guarantee is included in Annex II to this Securities Note.

FIRST RANKING SPECIAL HYPOTHEC OVER SECURITY PROPERTY FOR BONDS

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 said Guarantor, by virtue and to the extent of the first ranking special hypothec over the Security Property for Bonds which the Guarantor will constitute in favour of the Security Trustee for the benefit of the Bondholders.

Pursuant to the Trust Deed, the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as beneficiaries, a special hypothec over the Security Property for Bonds owned by it.

The Special Hypothec in respect of the Security Property for Bonds, which will be constituted by virtue of the Deed of Hypothec, will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders as beneficiaries, for the repayment of the Redemption Value and interest under the Bonds by a preferred claim over the said Security Property for Bonds.
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 Security Property for Bonds for the full Redemption Value of the Bonds issued, for the benefit of Bondholders.

In the event of the enforcement of the Collateral, Bondholders shall be paid out of the said Security Property for Bonds in priority to other creditors, except for privileged creditors. During the course of completion of the Project, situations may arise whereby the architects, contractors or suppliers may become entitled by law to register a special privilege over the Security Property for Bonds, thereby obtaining a priority in ranking over the Security Trustee. In this respect, the Guarantor has entered into an agreement with Mercury Contracting Projects Limited, being the principal contractor engaged to construct, develop and finish the Project, where the said contractor has undertaken to waive its right to inscribe a special privilege in its favour over the Security Property for Bonds, and has further undertaken to use best efforts to ensure that any of its sub-contractors will waive their right to a special privilege. Whilst this is intended to minimise the possibility that any real rights are created over the Security Property for Bonds that would have the effect of diminishing the value of the Collateral registered in favour of the Security Trustee, there can be no guarantee that Mercury Contracting Projects Limited will manage to obtain such waiver from the sub-contractors or that a sub-contractor conducting works on the said Security Property for Bonds will not constitute a special privilege according to law. Furthermore, the Guarantor may contract debts with other privileged creditors, who may be entitled to and actually register a special privilege over the Security Property for Bonds which ranks in priority to the Special Hypothec under the Collateral. This notwithstanding, as stated in section 4.3 of this Securities Note, the proceeds of the Bond Issue should be sufficient to fund the remaining construction and finishing costs of the Project, and thus it is unlikely that contractors or service providers register or enforce privileges over the Security Property for Bonds, in view of the fact that it is anticipated that these will be paid what is due to them on time.

In terms of the Security Trust Deed, the parties thereto have agreed that (a) at any time before the Collateral shall have become enforceable and the Security Trustee shall have determined or become bound to enforce the same, the Security Trustee may at the cost and request of the Guarantor and with due regard to the interests of all the Bondholders do or concur with the Guarantor in doing certain transactions in respect of the Security Property for Bonds or part thereof, including without limitation, the sale, letting, exchange, surrender, development, dealing with or exercise any rights in respect of all or any part of the Security Property for Bonds upon such terms or for such consideration or in any such manner as the Security Trustee may think fit, always having due regard to the interests of the Bondholders; and (b) the Security Trustee retained the discretion and/or right, upon a request of the Issuer or the Guarantor, to reduce, cancel and create or otherwise redefine the special hypothec/s burdening any elements of the Security Property for Bonds or to substitute any part of the Security Property for Bonds 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 or by the Guarantor with the consent of the Security Trustee, confirming that the value of the elements of the Security Property for Bonds as redefined, reconfigured or relocated (including through substitution of any part thereof with another immovable property as aforesaid) is at least equal to the Redemption Value of the outstanding Bonds in issue at the relevant time. Under the Security Trust Deed the Security Trustee also reserves the right to demand further immovable property owned by the Group as Security Property for Bonds should at any given time the value of the Security Property for Bonds, which shall be determined pursuant to an architect's independent valuation report, by an independent architect to be appointed by the Issuer or the Group with the consent of the Security Trustee be lower than the Redemption Value of outstanding Bonds in issue at the relevant time.

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 Bonds shall bear interest from and including 10 September 2024 at the rate of 5.3% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date.

The first interest payment will be affected on 10 September 2025 (covering the period 10 September 2024 to 9 September 2025), and then annually thereafter on 10 September of each calendar year, with the last interest payment being effected on the Redemption Date.

Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the 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 on the Bonds, the Bond Issue Price and the Redemption Value of the Bonds is 5.3% per annum.

6.7 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled the Bonds will be redeemed at the Redemption Value, namely at their nominal value, together with interest accrued to the respective date fixed for redemption, on the Redemption Date.

Subject to the provisions of this section, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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 Redemption Value 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 from time to time, provided such bank account is denominated in Euro. 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 Redemption Value will be made to the bare owner or as otherwise indicated in 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. 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 Redemption Value 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.

6.9 LIMITS OF THE VALIDITY OF CLAIMS

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 Redemption Value on the Bonds is barred by the lapse of five years.

6.10 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, by notice in writing to the Issuer and the Guarantor, declare the Bonds to have become immediately due and repayable at their Redemption Value 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 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 Redemption Value 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, where applicable, or under the Trust Deed;

(k) the Collateral or any part thereof becomes unenforceable against the Issuer or the Guarantor, as applicable;

(l) the Issuer or the Guarantor, as applicable, 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;

(m) 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 (m) 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 Redemption Value and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the Event of Default 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, as applicable, due to any fortuitous event of a calamitous nature beyond the control of the Issuer or the Guarantor, as the case may be, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer or the Guarantor, as the case may be, 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 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, as applicable.

6.11 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, namely in multiples of €100, in accordance with the rules and regulations of the MSE applicable from time to time. The minimum subscription amount of €5,000 shall only apply during the Offer Period. No minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter, subject to trading in multiples of €100.

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.

6.12 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.

6.13 RESOLUTIONS AND MEETINGS OF BONDHOLDERS

The Bondholders' meeting represents the supreme authority of the Bondholders in all matters relating to the Bonds and has the power to make all decisions altering the terms and conditions of the Bonds.

Where the approval of the Bondholders is required for a particular matter, such resolution shall be passed at a Bondholders' meeting. Resolutions passed at Bondholders' meetings shall be binding upon all Bondholders and prevail for all the Bonds.

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 meeting may be called by the Issuer at its own initiative, but shall also be called by the Issuer upon a request made at any time by one or more Bondholders holding at least fifty per cent (50%) of the outstanding value 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 fifty per cent (50%) 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.

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 6.13 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 and/or in the Security Trust Deed, 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.

The Issuer may provide for virtual or remote meetings of Bondholders, including meetings by telephone or by other audio or audio and visual telecommunication means, provided that any such meetings allow Bondholders to ask questions and to exercise their right to vote at such meetings.

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.

6.14 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 first person, as designated in the respective MSE account number quoted by the Applicant, 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.

6.15 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 of this Securities Note regarding payment of the Redemption Value, 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.

6.16 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 15 July 2024. 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 15 July 2024.

The Malta Financial Services Authority approved the Bonds as eligible to listing on the Official List of the MSE pursuant to the Capital Markets Rules by virtue of a letter dated 25 July 2024.

6.17 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.

6.18 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.

6.19 GOVERNING LAW AND JURISDICTION

The Bonds, all the rights and obligations of the Issuer and the Bondholder, 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 each Bondholder 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 tax legislation of the investor's country of nationality, residence or domicile and of the Issuer's country of incorporation (Malta) may have an impact on the income received from the 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. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer is required to submit to the Maltese Commissioner for Revenue the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer shall also render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including 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. 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.

Relevant legislation includes, but is not limited to:

(i) the Agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014 ("**FATCA Legislation**"); and

(ii) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended) which provides for the implementation of the regime known as the Common Reporting Standard ("**CRS**") – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015.

Under FATCA Legislation, Financial Institutions ("**FIs**") in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by Specified U.S. Persons, as defined under FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under FATCA Legislation, to the Commissioner for Revenue. The latter is in turn required to exchange such information to the US Internal Revenue Service. Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations.
Pursuant to obligations under FATCA Legislation, FIs reserve the right to store, use, process, disclose and report any required information, including all current and historical data related to the past and/or present account(s) held by Reportable Persons, including, but not limited to, the name, address, date of birth, place of birth and US TIN, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Commissioner for Revenue.

The CRS requires Malta based financial institutions ("**FIs**") (defined as such for the purposes of CRS) to identify and report to the Commissioner for Revenue financial accounts held by Reportable Persons, as defined under the CRS Legislation, and certain entities with one or more Controlling Persons which are classified as Reportable Persons in terms of the CRS. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

In particular with respect to CRS, the following information may be reported by FIs to the Commissioner for Revenue in respect of each reportable account maintained by the FIs, (a) the name, address, jurisdiction of tax residence, tax identification number (TIN) and date and place of birth; (b) the account number (or functional equivalent in the absence of an account number); (c) the account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account; (d) the total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the FI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period.

The Commissioner for Revenue shall by automatic exchange framework for reciprocal information exchange, communicate to the other competent authority, any relevant information that may fall to be classified as reportable, and *vice-versa*.

FIs reserve the right to request any information and/or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and CRS and any referring legislation. In the case of failure to provide satisfactory documentation and/or information, an FI may take such action as it thinks fit, including without limitation, the closure of the financial account.

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 UNDER MALTESE LAW. 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:	2 August 2024 to 30 August 2024
2.	Placement Date:	30 August 2024
3.	Intermediaries' Offer Date:	30 August 2024
4.	Commencement of interest:	10 September 2024
5.	Expected announcement of basis of acceptance:	10 September 2024
6.	Expected dispatch of allotment letters:	20 September 2024
7.	Latest date of constitution of Special Hypothec on Security Property for Bonds:	20 September 2024
8.	Latest date of admission of Bonds to listing:	20 September 2024
9.	Latest date of commencement of trading in the Bonds:	23 September 2024

The Issuer reserves the right to close the Offer Period earlier in the event of full or over-subscription, in which case the events set out in step 2 onwards may be brought forward. The dates specified in step 7 onwards are latest dates for the occurrence of the events mentioned therein, which events may in actual fact take place earlier than such latest dates.

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 Applicant.

(a) The issue and final allotment of the Bonds is conditional upon the following events, in the chronological order set out as: (1) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed; and (2) the Bonds being admitted to the Official List. In the event that any of the aforesaid Conditions Precedent is not satisfied, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account.

(b) The Bonds may be applied for by all categories of investors. Investors 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 an Application to an Authorised Financial Intermediary, in the manner instructed thereby, during the Offer Period which will close at 12:00 hours on 30 August 2024, unless closed earlier by the Issuer as provided above.

(c) By submitting an Application, the Applicant is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the Application is made, that 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 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, until which time the Application shall be irrevocable by the Applicant, except where otherwise expressly provided by law:

   (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 (t) 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 6.19 ("**Governing law and jurisdiction**") of this Securities Note.

(e) If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application has been submitted. The person submitting such Application shall 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, or 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 submit an Application. In the case of corporate Applicants or Applicants having separate legal personality, Applications have to include a valid legal entity identifier (LEI) which must be unexpired; and Applications without such information or without a valid LEI will not be accepted. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**Decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be made available.

(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 as further detailed in section 6.14 ("**Bonds held jointly**") of this Securities Note.

(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 as further detailed in section 6.8 ("**Payments**") and section 6.15 ("**Bonds held subject to usufruct**") of this Securities Note. 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 or as otherwise indicated in the joint instructions of all bare owners and usufructuaries.

(h) Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s 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 in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use the Prospectus or make an Application, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or the Prospectus could lawfully be used and the Application could lawfully be made without contravention of any registration or other legal requirements.

(k) Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisors, including tax and legal advisors, as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person, including, without limitation, nominees, custodians, depositaries and trustees, outside Malta wishing to participate in the Bond Issue, to satisfy himself/herself/itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes of any nature whatsoever due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

(l) The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €5,000. Submission of Application must be accompanied by the full price of the Bonds applied for, in Euro. Payments may be made through any method of payment as accepted by the respective Authorised Financial Intermediary.

(m) Subject to all other terms and conditions set out in the Prospectus, the Issuer, the Registrar and the relevant Authorised Financial Intermediary reserve the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer, the Registrar or Authorised Financial Intermediary is not accompanied by the required documents.

(n) Without prejudice to the generality of paragraph (m) above, the Issuer reserves the right, in its discretion, to reject all Applications and revoke the issue and not to allot any Bonds if the Bond Issue is not fully subscribed and taken up during the Offer Period. The Issuer may however, in its discretion, accept Applications made and proceed with the issue and allotment of the Bonds in case the Bond Issue is subscribed only in part during the Offer Period, whatever the amount so subscribed.

(o) Without prejudice to paragraphs (m) and (n) above, the Issuer reserves the right to revoke the issue at any time before the closing of the Offer Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.

(p) The Offer Period shall close immediately upon attaining full subscription or on the last day of the Offer Period, whichever is the earlier. By not later than 10 September 2024, the Issuer shall, through a company announcement which will also be uploaded on the Issuer's website, namely www.mercury.com.mt, announce the basis of acceptance of Applications and allocation policy to be adopted.

(q) 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, at the Applicant's sole risk. The respective Authorised Financial Intermediary or the Issuer shall not be responsible for any charges, loss or delay in transmission.

(r) 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.

(s) It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 ("**MiFIR**"), as well as applicable MFSA Rules for investment services providers.

(t) By completing, signing and delivering and/or otherwise by making an Application, the Applicant:

(i) irrevocably offers to purchase the number of Bonds specified in his/her/its Application, or any smaller number for which the Application is accepted, at the Bond Issue Price subject to the Prospectus, 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, in terms of applicable law. Any such request must be made in writing and sent, as applicable, to the Issuer and the relevant Authorised Financial Intermediary and to the MSE. 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 is true and correct in all respects and in the case where an MSE account number is indicated in the Application, 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 and those held by the MSE in relation to the MSE account number indicated on the Application, 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, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;

(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) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (a) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until a payment is made in cleared funds for such Bonds and such payment is accepted by the respective Authorised Financial Intermediary or by the Issuer acting through the Registrar, which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary or the Issuer acting through the Registrar is indemnified for 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 at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Bonds; or (b) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Bonds, other than return of such late payment, if any;

(viii) 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;

(ix) 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;

(x) 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;

(xi) warrants that all applicable exchange control or other such regulations, including those relating to external transactions, have been duly and fully complied with;

(xii) 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;

(xiii) warrants that, where an Applicant makes an Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and accordingly 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, and undertakes to submit the Applicant's power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;

(xiv) warrants that where the Application is being lodged in the name and for the benefit of a minor, the Application is made by the parent/s or legal guardian/s of the minor;

(xv) 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;

(xvi) agrees that any returned monies will be returned without interest at the Applicant's risk and will be returned by direct credit into the bank account as specified in the Application, and the relevant Authorised Financial Intermediary and the Issuer shall not be responsible for any charges, loss or delay arising in connection therewith;

(xvii) 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;

(xviii) agrees that the advisors to the Bond Issue listed in section 3.4 of the Registration Document, in their capacity as such, will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;

(xix) 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 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;

(xx) agrees that the terms and conditions of the Trust Deed, which is available for inspection as set out in section 17 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 Bonds will be available for subscription by all categories of investors, as follows:

(i) The Issuer may enter into a Placement Agreement with any of the Authorised Financial Intermediaries, for the placement of an agreed portion of the nominal value of Bonds (which will be reserved for such Authorised Financial Intermediaries under the Placement Agreements) to be subscribed to by each such Authorised Financial Intermediary either in its own name or in the name of its underlying clients in terms of the respective Placement Agreement, as further detailed in section 8.4 below; and

(ii) The remaining balance of Bonds shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer, who may subscribe the same in their own name or in the name of their underlying clients in terms of the subscription agreements to be entered into with them, as further detailed in section 8.5 below.

All Applications are subject to a minimum subscription amount of €5,000 in nominal value of Bonds and in multiples of €100 thereafter. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

It is expected that Applicants will be notified of the amount of Bonds allocated to them respectively by means of an allotment letter to be sent upon admittance of the Bond to listing on the Official List. 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 shall not bear interest while retained as aforesaid.

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

8.4 PLACEMENT AGREEMENTS

The Issuer may enter into a Placement Agreement with any one or more of the Authorised Financial Intermediaries, for the placement of an agreed amount in nominal value of Bonds, which will be reserved for such Authorised Financial Intermediaries under the Placement Agreements.

In terms of each Placement Agreement, if any, the Issuer will be conditionally bound to issue, and the relevant Authorised Financial Intermediary will be conditionally bound to subscribe on a best efforts basis to, the number of Bonds indicated therein, subject to the Bonds being admitted to listing on the Official List of the Malta Stock Exchange, and subject to other terms and conditions as will be set out in the Placement Agreements.

In terms of each of the said Placement Agreements (if any), the relevant Authorised Financial Intermediary will have the right to subscribe for Bonds for its own account (where applicable) or for the account of underlying customers, and shall in addition be entitled to either: (i) distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading, or (ii) complete a data file representing the amount being allocated in terms of the respective Placement Agreement as provided by the Registrar by latest 12:00 hours on 30 August 2024, being the Placement Date. In any case, each underlying Application is subject to a minimum of €5,000 in Bonds and in multiples of €100 thereafter.

Authorised Financial Intermediaries which enter into Placement Agreements with the Issuer, if any, will be required to effect payment to the Issuer for the Bonds subscribed to by not later than the Placement Date.

8.5 INTERMEDIARIES' OFFER

The remaining balance of Bonds not covered by the Placement Agreements, if any, will be reserved by the Issuer for subscription by Authorised Financial Intermediaries pursuant to an Intermediaries' Offer. In this regard, the Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries whereby it shall bind itself to allocate Bonds to the Authorised Financial Intermediaries in accordance with the terms of such subscription agreements, up to a maximum amount of Bonds remaining after those reserved for Authorised Financial Intermediaries under the Placement Agreements (if any).

The subscription agreements shall be subject to the terms and conditions of the Prospectus and will be conditional on the Bonds being admitted to listing on the Official list of the Malta Stock Exchange, and other conditions set out in the relevant subscription agreement. Moreover, the subscription agreements shall become binding on each of the Issuer and the respective Authorised Financial Intermediary upon signing, provided that the Authorised Financial Intermediary would have paid the Registrar all subscription proceeds in cleared funds by latest 30 August 2024, this being the Intermediaries' Offer Date.

The minimum amount which each Authorised Financial Intermediary may apply for in terms of the applicable subscription agreement is €5,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant in the case of applications under nominee.

Completed subscription agreements, together with evidence of payment, are to reach the Registrar by the Intermediaries' Offer Date. The Issuer acting through the Registrar shall communicate the amount allocated under each subscription agreement by latest 2 September 2024. Where the Authorised Financial Intermediary has been allocated a lesser number of Bonds than the amount being subscribed for, such unsatisfied amount shall be refunded by the Registrar to the Authorised Financial Intermediary to the account specified in the respective subscription agreement by latest 3 September 2024.

In terms of the subscription agreements to be entered into, Authorised Financial Intermediaries will have the right to subscribe for the Bonds either for their own account or for the account of underlying customers and shall in addition be entitled to distribute any portion of the Bonds subscribed to their underlying clients upon commencement of trading or to complete a data file representing the amount being allocated in terms of the respective sales agreement as provided by the Registrar by latest 4 September 2024.

8.6 PRICING

The Bonds are being issued at par, that is, at €100 per Bond with the full amount payable upon subscription.

8.7 ALLOCATION POLICY

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

(i) the aggregate amount covered by Placement Agreements, if any, will be reserved for, and shall be allocated to, the Authorised Financial Intermediaries entering into the relevant Placement Agreements, in accordance with such Placement Agreements as further detailed in section 8.4 of this Securities Note;

(ii) the remaining balance of Bonds which are not subject to Placement Agreements, if any, shall be allocated to Authorised Financial Intermediaries pursuant to the Intermediaries' Offer subject to an allocation policy as determined by the Issuer, as further detailed in section 8.5 of this Securities Note.

The Issuer shall announce the result of the Bond Issue through a company announcement on the Issuer's website by not later than 10 September 2024.

8.8 ADMISSION TO TRADING

The Malta Financial Services Authority has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 25 July 2024.

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 20 September 2024 and trading is expected to commence on 23 September 2024.

8.9 ADDITIONAL INFORMATION

Except for the financial analysis summary set out as Annex III, 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.

No credit ratings have been assigned to the Bonds at the request or cooperation of the Issuer in the rating process.

ANNEX I
AUTHORISED FINANCIAL INTERMEDIARIES

Bank of Valletta p.l.c.
(Applications accepted from Investments Centres and Wealth Mgmt)
475, Triq il-Kbira San Guzepp
Sta Venera SVR 1011, Malta
Tel: 2275 1732

Calamatta Cuschieri Investment Services Limited
Ewropa Business Centre,
Triq Dun Karm,
Birkirkara BKR 9034, Malta
Tel: 25688688

Michael Grech Financial Investment Services Limited
The Brokerage,
St Marta Street,
Victoria, Gozo VCT 2550
Tel: 22587000

ANNEX II
GUARANTEE

THIS GUARANTEE and **INDEMNITY AGREEMENT** is dated 25 July 2024 and made between:

(i) **Mercury Towers Ltd,** a company incorporated under the laws of Malta with registration number C77402 and whose registered office is at J Portelli Offices, St George Street, St Julian's, STJ3202, Malta, (the "**Guarantor**") represented by ____ as duly authorised;

(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 Dr Franklin Cachia and Mr. Jean Claude Cardona, as duly authorised.

WHEREAS:

A. **Mercury Projects Finance p.l.c.** (the "**Issuer**") shall issue up to €20,000,000 Secured Bonds at an annual interest rate of 5.3% to be redeemed and finally repaid on 10 September 2034 (the "**Secured Bonds**") by virtue of, and subject to the terms and conditions of, a prospectus dated 25 July 2024 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, as a condition for the issuance of the Secured Bonds 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 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 the Redemption Value of Secured Bonds subscribed for and issued pursuant to the Bond Issue, 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 and/or other provider/s of Collateral which shall be additional to the maximum amount herein referred to.

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 and/or other provider/s of Collateral 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 or any other person 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;

(b) demand or accept repayment, in whole or in part, of any Indebtedness now or hereafter due to the Guarantor from the Issuer 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 arising pursuant to the Guarantee or any payment made by the Guarantor thereunder;

(d) claim any set-off or counter-claim against the Issuer nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or benefit or share any payment from or in composition with the Issuer.

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 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 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 (7th) 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: J Portelli Offices, St George Street, St Julian's, STJ3202, Malta
Fax number: n/a
E-mail address: accounts@mercury.com.mt
To the attention: Ms. Chloe Portelli

If to the Security Trustee:

Address: Level 3, Tower Business Centre, Tower Street, Swatar, Birkirkara BKR4013, Malta
E-mail address: trustee@csbgroup.com; franklin.cachia@csbgroup.com
To the attention: Dr. Franklin Cachia

10 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 Ltd **(Guarantor)**

Dr Franklin Cachia and Mr. Jean Claude Cardona
duly authorised, on behalf of CSB Trustees and Fiduciaries Limited **(Security Trustee)**

ANNEX III
Financial Analysis Summary

The Directors
Mercury Projects Finance p.l.c.
1400, Block 14,
Portomaso,
St. Julian's, Malta

Calamatta Cuschieri

25 July 2024

Re: Financial Analysis Summary – 2024

Dear Board Members,

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Mercury Projects Finance p.l.c. (the "**Issuer**") and Mercury Towers Ltd (the "**Guarantor**"), where the latter is the parent company of the "Group". The data is derived from various sources, or is based on our own computations as follows:

a) Historical financial data for the three years ended 31 December 2021, 2022 and 2023 has been extracted from the audited financial statements of the Issuer and Guarantor for the three years in question.

b) The forecast data for the current financial year 2024 has been provided by management.

c) Our commentary on the Issuer and Guarantor's results and financial position is based on the explanations provided by management.

d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors and is meant to complement, and not replace, the content of the full Prospectus. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

Patrick Mangion
Head of Capital Markets

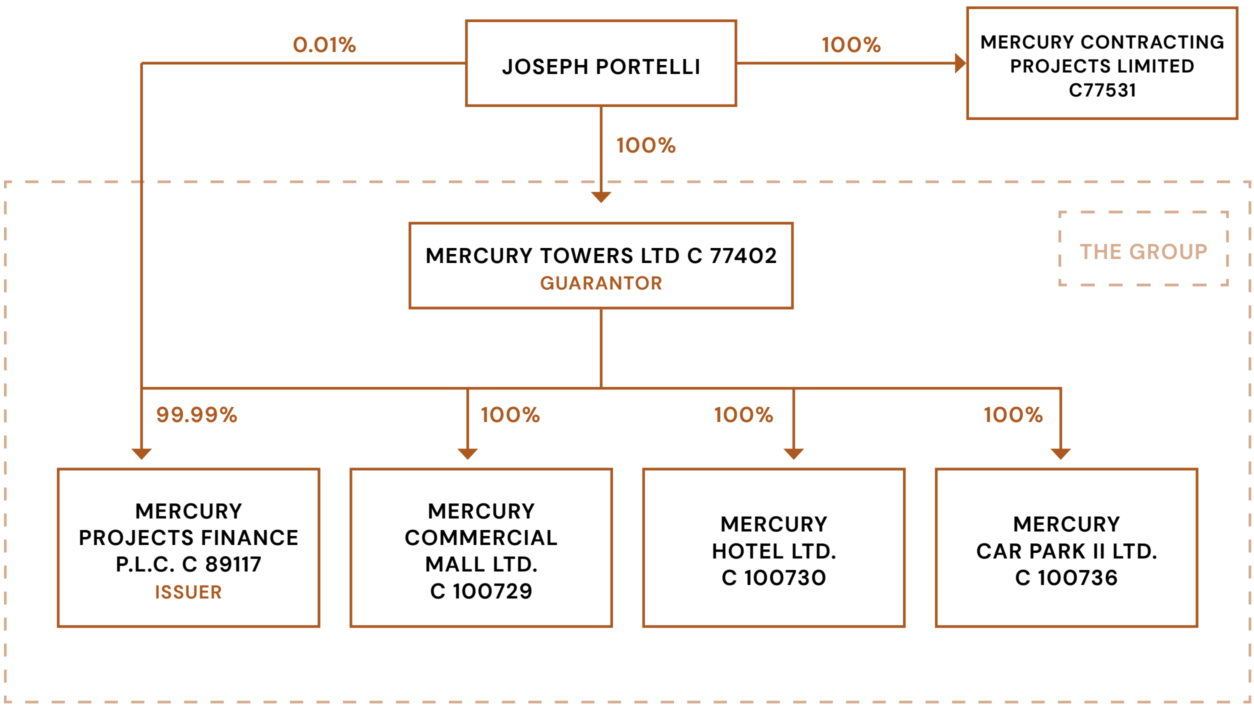
Calamatta Cuschieri Investment Services Limited | Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta | P.O. Box 141, Marsa MRS 1000, Malta
Phone: (+356) 25 688 688 | Web: www.cc.com.mt | Email: info@cc.com.mt

Table of Contents

1 INFORMATION ABOUT THE GROUP

1.1 THE GROUP'S KEY ACTIVITIES AND STRUCTURE

THE GROUP STRUCTURE IS AS FOLLOWS:



The "**Group**" of companies (or the "**Mercury Group**") comprises Mercury Projects Finance p.l.c. (the "**Issuer**"), Mercury Towers Ltd, acting as the Guarantor of the outstanding bonds of the Issuer, Mercury Car Park II Ltd, Mercury Hotel Ltd., and Mercury Commercial Mall Ltd.

The key activities of the Group consist of the development and operation of a mixed-use project (the "**Project**") that *inter alia* involves the development of a 34-floor tower (including serviced apartments), a 5-star luxury hotel spanning over the podium area, retail and commercial spaces spanning across the entire project, a commercial mall, a rooftop bar, as well as an underlying car park. As at the date of this Analysis, the commercial mall and a number of commercial outlets are in operation (since November 2023).

The Issuer, with company registration number C 89117, is a public limited liability company registered in Malta on 16 January 2019. The Issuer is, except for one share that is directly held by Mr Joseph Portelli, a wholly-owned subsidiary of Mercury Towers Ltd, which 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 ("**MTL**"), is a private limited liability company incorporated and registered in Malta on 28 September 2016, with company registration number C 77402. The Guarantor owns land in St. Julian's for the purpose of completing the Project in question. The Guarantor, has as at the date hereof an authorised share capital of €20,500,000 divided into 20,500,000 ordinary shares of €1 each and an issued share capital of €15,000,000 divided into 15,000,000 ordinary shares of €1 each, all fully paid up. Mr Joseph Portelli is the sole shareholder of the Guarantor.

Mercury Car Park II Ltd owns the car park underlying the entire development as further detailed in section 1.4 below.

Mercury Hotel Ltd. ("**MHL**"), a wholly owned subsidiary of MTL, owns and will operate the hotel, as explained in more detail in section 1.4 of this Analysis.

Mercury Commercial Mall Ltd., also a subsidiary of MTL, is the proprietor and operator of the commercial mall. The retail outlets were rented to third parties in shell form internally whilst the common areas of the mall and the outlets' exterior (where applicable) were fully finished.

Finally, Mercury Contracting Projects Limited ("**MCPL**"), albeit not part of the Group, is fully owned by Mr Joseph Portelli and is trusted with carrying out the development and the finishing of the Project.

1.2. DIRECTORS AND KEY EMPLOYEES

Board of Directors – Issuer
As of the date of this Analysis, the board of directors of the Issuer is composed as follows:

Name	Office Designation
Mr Joseph Portelli	Chairman and Executive Director
Mr Stephen Muscat	Independent Non-executive Director
Mr Mario Vella	Independent Non-executive Director
Mr Peter Portelli	Independent Non-executive Director

The business address of all of the directors is the registered office of the Issuer. Dr Joseph Saliba is the company secretary of the Issuer.

Board of Directors – Guarantor
As of the date of this Analysis, the board of directors of the Guarantor is composed as follows:

Name	Office Designation
Mr Joseph Portelli	Executive Director
Ms Chloe Portelli*	Executive Director
Mr Tristen Portelli*	Executive Director

**Ms Chloe Portelli and Mr Tristen Portelli were appointed as directors on 14 June 2024*

The business address of the directors of the Guarantor is the registered office of the Issuer. Dr Ian Stafrace is the company secretary of the Guarantor.

The board of directors of the Guarantor will be supported by the new management team appointed in 2023 to oversee the Group companies' day-to-day management and will be responsible for the general executive management, sales and business development, as well as for eventual hotel operations.

Management team members are:

Name	Office Designation
Mr Marcel Bonnici	Chief Executive Officer
Mr Neal Debono	Chief Operating Officer
Mr Keith Fabri	Chief Finance Officer

As of the date of this Analysis, the Issuer does not have any employees of its own, whereas the Guarantor has 24 full-time employees (2022: 2).

1.3 MAJOR ASSETS OWNED BY THE GROUP

As a special purpose vehicle set up to act as the financing company for the Project, the Issuer does not have any substantial assets other than the loans receivable from the Guarantor. The major assets of the Group are the underlying land and building on which the Project is being constructed.

The Guarantor owns land in St. Julian's measuring *circa* 9,665m^2, which it acquired on a freehold title over two phases. 7,701.8m^2 of said land was acquired in two stages, in December 2016 and June 2017, for a total price of *circa* €24.3m. A plot of land measuring 1,964m^2 was then acquired in August 2021 for €14m.

The land, the constructed portion of the Project, and the airspace have been classified as "property, plant, and equipment", "investment property" and "inventory" in the financial statements of the Group.

- Property, plant, and equipment ("**PPE**"): €143.2m, as at 31 December 2023 (2022: €27.6m) consisting of property which will be retained by the Group to be used in the supply of services (operated as a hotel and car park). Further explanation on the value of PPE in sub-section 2.5. of this Analysis.

- Investment property: €80.6m, as at 31 December 2023 (2022: €68.1m) which comprises the retained property which will be leased out to third parties. As of 31 December 2023, this consisted of serviced apartments on Level 31 of Mercury Tower, the Twist, Mercury House, the Pavilion, the Commercial Mall, and the rooftop bar on Level 33.

- Inventory: €2.1m as at 31 December 2023 (2022: €15.2m) includes the Group's inventory which consists of the various serviced apartments available for sale.

As at the date of this Analysis, elements of the Project are finished and available for use.

1.4 OPERATIONAL DEVELOPMENTS

The Group was set up in view and for the purpose of, and will principally operate by reference to, the Project. 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, retail property, and entertainment projects.

The most recent developments of the Group are described hereunder:

MERCURY PROJECT

The development and finishing of the Project are carried out by MCPL, a related party that is wholly owned by Mr Joseph Portelli. This is governed through a contract of works agreement entered into between MCPL and MTL in 2016.

To date, the Commercial Mall and the car park are finished and in operation, while the Mercury Tower, the Peripheral Block, the Mercury Hotel and the Pavilion are in the finishings stage. Installation of the glass fibre reinforced concrete façade, glass balustrades, and aluminium apertures of the Mercury Tower and Peripheral Block are now in their advanced stages. Mercury House, a listed building, is being fully restored. Management confirmed that the handing over of the apartments within the Mercury Tower commenced in Q1 2023, with only a few remaining.

The Commercial elements on the Lower Ground floor are in operation while the ones in Level 11 and Level 33 are in the finishing stages and are expected to be operational by the end of 2024.

Finishing works on the Mercury Hotel are currently in progress. Management confirmed that construction works were completed and finishing works are in progress. The handing over of commercial elements commenced in Q1 2023. All commercial spaces within the commercial mall were handed over to their respective tenants. Management confirmed that the Commercial Mall opened its doors to the public in Q4 2023, as scheduled, with the Mercury Hotel opening rescheduled to summer 2024, when the entire project is expected to be inaugurated.

MERCURY TOWER

The Mercury Tower (the "**Tower**") is a 34-storey building above ground level, and also includes 6 storeys underground, four of which are designated as parking spaces. The gross floor area of the units within the tower (excluding parking spaces) is 20,591m^2. The Tower consists of 291 branded serviced apartments the majority of which were sold to third parties (279 apartments), with the remaining 12 apartments retained by the Guarantor. As at the date of this Analysis, all apartments have been sold and the deed of transfer has been signed.

Apart from the serviced apartments, the Mercury Tower also includes:

- A commercial area at level 11 (the Twist), which incorporates an outdoor pool, is a unique and versatile event space and has been rented out to third parties to be operated as a restaurant;
- A rooftop bar at level 33 (entrance on level 32); a viewing gallery which will be accessible to guests and patrons alike, also rented out to third parties;
- Three levels of commercial space (level B01 to level 1) will form part of the commercial offering and are connected to other commercial parts of the development. The outlets in level B01 were operational in November 2023;
- Office space situated on level 2 and
- Levels 10, 12, and (part of) level 32 of the Mercury Tower shall include plant rooms and storage facilities.

PERIPHERAL BLOCK

The peripheral residential block is an adjacent 9-storey block and includes a total of 170 serviced apartments across seven levels (levels 2 to 8). The serviced apartments have an average net internal area of circa 60m2. As of the date of this Analysis, 155 apartments have been sold and 13 were under a promise of sale agreement, while 2 remain available for sale.

Management confirmed that finishing works on the Peripheral Block are almost completed following delays in the installation of the façade and other works. The delays were caused by workers being sent back to Turkey to assist their families after the devastating earthquake that hit the region.

Three levels of commercial space (levels B01 to level 1) of the peripheral residential block forms part of the Commercial Mall. The peripheral block also houses 2 outdoor pools for hotel guests and residents.

HOTEL

Another branch of the Project comprises a 20-storey 5-star branded hotel, consisting of 140 rooms (the "Hotel"). Its accommodation capacity will extend by virtue of the serviced apartments whose owners sign up for a hotel accommodation pooling arrangement.

The Hotel is owned and will be operated by MHL through a hotel management agreement with the internationally renowned hotel chain Meliá, in particular with Meliá Hotels International S.A. (as manager) and Prodigios Interactivos S.A. (as provider). Following advice from the operator, the operations are expected to commence by summer 2024.

COMMERCIAL OUTLETS

The Project will also comprise a mix of retail and catering outlets, distributed on levels B01, the ground floor, and level 1 of the tower, podium, and in the peripheral building. The commercial outlets will consist of a number of shops with a total floor area exceeding 7,900m^2. The commercial shopping mall and entertainment arena will mainly be located over four floors across Mercury House, Mercury Tower, the Hotel, and the Peripheral Block (underlying Mercury Suites).

The commercial mall also includes the Flying Theatre and Museum of Illusions, both of which are situated within the Mercury House. The entertainment arena, known as Planet Play started operating in Q1 2024.

ANCILLARY COMPONENTS

The Project also includes a number of ancillary components.

- The Mercury House, a restored 19th century building intended to comprise an element of food and beverage activity. It will also comprise part of the planned Mercury Experience (described hereunder)

- The Mercury Experience, an attraction with audio-visual presentations of various historical eras and/or points of interest in Malta, and ending in the admission to the flying theatre, which will be a type of entertainment-themed simulator ride, consisting of rigged-seats and virtual reality/projection to create the illusion of flight.

- The Pavilion, a stand-alone building situated next to Mercury House intended to be operated by an anchor tenant as a flagship store.

- The rooftop bar and viewing gallery located in the uppermost two floors of the Tower, offering a 360° view from what is so far the highest building in Malta, accessible to guests and patrons alike.

CAR PARK

The Project also comprises a sub-structure car park, underneath all the sites spanning from levels B07 to B03. The car park now includes a total of 638 car spaces. None of the 638 car spaces will be sold and will be used as a public car park to complement the commercial offering.

Management noted that, out of the aforementioned 638 car spaces, 28 are owned by a third-party.

1.5 CONFLICT IN UKRAINE

Management confirmed that, following thorough assessment of the Group's operations, it was noted that there is minimal reliance on the Russian/Ukrainian region for supplies of construction materials, and the Group was not impacted by sanctions on Russian nationals. The only consequences relate to shipping delays referred to in the prior sub-sections above.

1.6 LISTED DEBT SECURITIES OF THE ISSUER

Mercury Projects Finance p.l.c. currently has the following outstanding debt securities:

	ISIN	€m
3.75% Mercury Projects Finance plc Secured € 2027	MT0002191204	11.5
4.25% Mercury Projects Finance plc Secured € 2031	MT0002191212	11.0
4.3% Mercury Project Finance plc Secured € 2032	MT0002191220	50.0

1.7 USE OF PROCEEDS

The proceeds from the proposed €20.0m bond Issue (the "**Bond Issue**") as identified in the prospectus dated 25 July 2024 published by the Issuer (the "**Prospectus**"), will be used by the Issuer to provide a loan facility to the Guarantor, to be used as provided below (the "**Issuer-Guarantor Loan 2024**").

In turn, the Issuer-Guarantor Loan 2024 will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

(i) approximately, €5.0m will be used to re-finance the outstanding Relevant BOV Loan due by the Guarantor to Bank of Valletta p.l.c., which loan was originally principally utilised to finance part of the completion and finishing costs of the Project;

(ii) approximately, €7.75m will be used to finance the remaining development (completion and finishing) costs of the Project; and

(iii) the amount of €7.25m together with any residual amounts not utilised for the the previous points (i) and (ii) in this subsection, shall be utilised ffor general corporate funding purposes of the Group, including the expenses of the Bond Issue which are expected to amount to *circa* €750k and which were agreed to be borne by the Guaratnor.

2 HISTORICAL PERFORMANCE AND FORECASTS

The Issuer's historical financial information for the three years ending 31 December 2021, 2022 and 2023, as set out in the audited financial statements of the Issuer may be found in sub-sections 2.1. to 2.3. of this Analysis. These sub-sections also include the projected performance of the Issuer for the period ending 31 December 2024. Moreover, the Group's historical financial information for the three years ending 31 December 2021, 2022 and 2023, together with the Group's projected performance for the period ending 31 December 2024 are set out in sub-sections 2.4. to section 2.6.

The projected financial statements detailed below relate to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

2.1 ISSUER'S INCOME STATEMENT

Income Statement for the year ended 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Finance income	1,121	2,730	3,371	3,622
Finance costs	(899)	(2,377)	(3,049)	(3,280)
Net finance income	**222**	**353**	**322**	**343**
Administrative expenses	(79)	(160)	(195)	(193)
Profit before taxation	**143**	**193**	**127**	**150**
Taxation	(74)	(120)	(44)	(52)
Profit after taxation	**69**	**73**	**83**	**97**

Given its role as the finance vehicle of the Group, the Issuer generates income from the differential in interest rates between the coupon on its listed bonds and the interest income charged to the Guarantor on the funds advanced.

Finance income and finance costs both increased from FY2022 to FY2023, as the latter was the first full financial interest period of the bonds issued during 2022. These are expected to increase further in FY2024 and thereafter following additional interest incurred on the €20 million bond issue.

Administrative expenses have also increased from FY2022 following an increase in directors' fees and listing fees. These expenses are assumed to remain stable in FY2024.

In FY2023 the Issuer reported a lower tax charge than in the previous year following a change in tax calculation wherein all expenses were deemed to be deductible.

Profit for the year increased slightly, in line with the changes mentioned herein.

2.2 ISSUER'S STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31 December	2021A	2022A	2023A	2024F
ASSETS	€000s	€000s	€000s	€000s
Non-current assets				
Loans and receivables	22,444	72,444	72,444	92,444
Total non-current assets	**22,444**	**72,444**	**72,444**	**92,444**
Current assets				
Other receivables	1,211	2,522	2,565	2,932
Tax recoverable	-	-	29	-
Cash and cash equivalents	33	366	235	221
Total current assets	**1,244**	**2,888**	**2,829**	**3,152**
Total assets	**23,688**	**75,332**	**75,273**	**95,597**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	250	250	250	250
Retained earnings	170	243	325	423
Total equity	**420**	**493**	**575**	**673**
Non-current liabilities				
Interest bearing borrowings	22,500	72,500	72,500	92,500
Total non-current liabilities	**22,500**	**72,500**	**72,500**	**92,500**
Current liabilities				
Other payables	703	2,294	2,198	2,424
Current tax liability	65	45	-	-
Total current liabilities	**768**	**2,339**	**2,198**	**2,424**
Total liabilities	**23,268**	**74,839**	**74,698**	**94,924**
Total equity and liabilities	**23,688**	**75,332**	**75,273**	**95,597**

The Issuer's non-current assets are mostly made up of loans advanced to the Guarantor, in line with the sole function of the Issuer. As at 31 December 2023, these loans represented *circa* 96% of total assets. The value of these loans increased by €50m in FY2022 following the issue of bonds by the Issuer, proceeds of which were all loaned out to the Guarantor. There were no changes in these loans during FY2023. Looking forward into FY2024, the Issuer is forecasting an increase of €20m in loans to the Guarantor following the €20 million bond issue.

Current assets are mainly made up of accrued interest on the aforementioned loans, and cash and cash equivalents. The Issuer reports total current assets of €2,829 in FY2023 as compared to €2,888 in FY2022 denoting a very minor decrease in balance. Accrued interest is expected to increase slightly in FY2024 following the aforementioned expected increase in debt.

Total equity in FY2023 amounted to €575k . This consists of the Issuer's share capital of €250k and retained earnings of €325k. Total equity is expected to increase to €673k in FY2024 following a slight projected increase in retained earnings.

The non-current liabilities of the Issuer are its listed securities, as listed in sub-section 1.6. of this Analysis. These were unchanged from FY2022 to FY2023, and are expected to increase by €20.0m due to the bond issue. The only other liabilities of the Issuer are the outstanding interest commitments, which are expected to increase slightly in FY2024 due to the expected financing.

2.3 ISSUER'S STATEMENT OF CASH FLOWS

Statement of Cash Flows for the years ended 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
Profit before tax	143	192	127	150
Movement in working capital:				
Movement in finance income	-	(1,608)	-	(367)
Movement in finance expense	-	1,478	-	256
Movement in other receivables	-	(10)	-	29
Movement in other payables	(5)	14	2	(30)
Taxes paid	(83)	(139)	(119)	(52)
Net cash generated from / (used in) operating activities	**55**	**(73)**	**10**	**(14)**
Cash flows from investing activities				
Loans advanced to related parties	-	(50,000)	-	(20,000)
Net cash generated used in investing activities	**-**	**(50,000)**	**-**	**(20,000)**
Cash flows from financing activities				
Proceeds from Bond Issue	-	50,000	-	20,000
Movement on parent company account	(164)	406	(141)	-
Net cash generated from / (used in) financing activities	**(164)**	**50,406**	**(141)**	**20,000**
Net movements in cash and cash equivalents	**(109)**	**333**	**(131)**	**(14)**
Opening cash and cash equivalents	142	33	366	235
Closing cash and cash equivalents	**33**	**366**	**235**	**221**

The Issuer's main cash movements, other than that of raising and repaying debt instruments, is to advance loans to the Guarantor against an annual interest charge ranging between 4.50% and 5.25% per annum.

There were no major cash movements from operating activities during FY2023, and management is not expecting any in FY2024 either.

The Issuer did not register any major cash flows from investing or financing activities during FY2023, but is forecasting to loan out €20.0m to the Guarantor during FY2024 through proceeds from the bond.

The Issuer ended the year under review with a cash balance of €235k, and is projecting to close FY2024 with approximately the same amount.

2.4 GROUP'S INCOME STATEMENT

Income Statement for the year ended 31 December	FY2021A	FY2022A	FY2023A	FY2024F
	€000s	€000s	€000s	€000s
Revenue	4,934	37,804	24,807	29,158
Cost of sales	(3,913)	(29,041)	(18,696)	(12,025)
Gross profit	**1,021**	**8,763**	**6,111**	**17,133**
Other income / (expenditure)	-	27	(478)	555
Total operating costs	(707)	(2,506)	(2,379)	(6,302)
EBITDA	**314**	**6,284**	**3,254**	**11,386**
Depreciation	-	(10)	(1,238)	(4,736)
EBIT	**314**	**6,274**	**2,016**	**6,650**
Net finance costs	(899)	(2,386)	(3,462)	(8,228)
Gain on transfer of asset under construction	-	6,657	-	-
Revaluation of investment property	(4,797)	-	13,140	-
Profit / (loss) before tax	**(5,382)**	**10,545**	**11,694**	**(1,578)**
Taxation	(393)	(1,871)	(5,957)	4,118
Profit / (loss) after tax	**(5,775)**	**8,674**	**5,737**	**2,540**

Ratio Analysis	2021A	2022A	2023A	2024F
Profitability				
Growth in Total Revenue (YoY Revenue Growth)	-75.1%	666.2%	-34.4%	17.5%
Gross Profit Margin (Gross Profit / Revenue)	20.7%	23.2%	24.6%	58.8%
EBITDA Margin (EBITDA / Revenue)	6.4%	16.6%	13.1%	39.1%
Operating (EBIT) Margin (EBIT / Revenue)	6.4%	16.6%	8.1%	22.8%
Net Margin (Profit after taxation / Revenue)	-117.0%	22.9%	23.1%	8.7%
Return on Common Equity (Profit after taxation / Average Equity)	-19.6%	24.1%	9.9%	3.1%
Return on Assets (Profit after taxation / Average Assets)	-6.0%	5.9%	2.6%	3.1%

During FY2023, the Group generated €24.8m in revenue (FY22: €37.8m). Up to FY2022, the Group's sole revenue stream was the sale of property. The inventory levels of said property are expectedly decreasing year-on-year, with management expecting to have sold all remaining apartments by FY2024.

Starting from FY2023, the Group is generating revenue from the operation and rental of the newly-opened commercial areas, including the car park, as explained in section 1.4. of this Analysis. The aforementioned operations commenced in November 2023, so this revenue stream is expected to increase substantially going forward.

Another revenue stream is expected during FY2024 following the planned official opening of the Mercury Hotel in summer of 2024[1].

After accounting for cost of sales of €18.7m, the Group reported a gross profit of *circa* €6.1m during FY2023, with gross profit margin increasing slightly from 23.2% to 24.6%. Gross profit margin is expected to more than double in FY2024 following the forecasted increase in revenue as previously explained, as well as the fact that the new revenue streams are less costly than that of property development for resale.

Operating costs, which primarily consist of wages and salaries, professional fees, bank charges, insurance, audit fees, and other fees which cannot be capitalised as part of the Project, stood at *circa* €2.4m in FY2023. These costs were relatively unchanged from the previous year. Looking forward to FY2024, following the full year of operation of the commercial area as well as approximately half a year of hotel operating costs, this is expected to increase substantially.

In line with the explained decrease in revenue, EBITDA decreased from €6.3m in FY2022 to €3.3m in FY2023. This, however, is expected to increase exponentially following the forecast increase in revenue and lower cost of sales outweighing the increase in operating costs.

Up to FY2021, the Group did not incur any depreciation due to the nature of its assets, being property developed for sale and investment property not yet available for use. Following the development of assets for rental or eventual operation, the Group started reporting a trivial amount of depreciation relative to its asset base. Going forward, depreciation is expected to be higher due to the higher value of the assets for rental and operation.

Financing costs amounted to €3.5m in FY2023. These figures reflect the interest paid on the Issuer's bonds. These increased in FY2023 as it was the first full interest period for the Issuer's bond issued in FY2022. The €20 million bond issue will increase finance costs. Management noted that other interest currently being incurred by the Group is at present being capitalised, given that the Project is still under construction.

The Group reported a gain of €13.1m being the revaluation of investment property following the completion of the commercial areas (specifically the Commercial Mall and the Car Park) towards the end of FY2023.

The majority of the tax charge refers to the deferred tax charge on the revaluation of property. The income tax credit forecast for FY2024 arises from tax credits for which the Group will become eligible on commencement of operations of the hotel.

The Group reported a profit after tax of €5.7m for FY2023, as result of the aforementioned changes in revenue, costs, and one-off income from the revaluation of investment property.

2.4.1 GROUP'S VARIANCE ANALYSIS

Income Statement	2023F	2023A	Variance
	€000s	€000s	€000s
Revenue	35,860	24,807	(11,053)
Cost of sales	(23,734)	(18,696)	5,038
Gross profit	**12,126**	**6,111**	**(6,015)**
Other income / (expenditure)	-	(478)	(478)
Total operating costs	(3,438)	(2,409)	1,029
EBITDA	**8,688**	**3,224**	**(5,464)**
Depreciation and amortisation	(62)	(1,208)	(1,146)
EBIT	**8,626**	**2,016**	**(6,610)**
Net finance costs	(3,892)	(3,462)	430
Revaluation of investment property	-	13,140	13,140
Profit before taxation	4,734	11,694	6,960
Taxation	(3,314)	(5,957)	(2,643)
Profit after taxation	**1,420**	**5,737**	**4,317**

[1] In 2024 the Group is undergoing a transitional phase. As from FY2025, revenue generation will shift from property sales to commercial and hospitality operations. This is expected to result in enhanced profits.

Revenue and gross profit for FY2023 were lower than expected following delays in the signing of property deeds, which resulted in more units remaining in stock as at end of year. As stated in sub-section 2.4. above, these units are expected to be sold by end of FY2024.

The Group reported other expenditure of €478k in FY2023, which was not previously forecast. It also reported operating costs of €1.0m less than expected. Management explained that the aforementioned €478k other expenditure were part of the projected operating costs but were reported as other expenses at the end of the year. The remaining decrease in operating costs is attributable to delays in the recruitement of members of management.

Mainly as a result of the delay in the signing of property deeds, the Group reported an EBITDA of €3.2m for FY2023 when compared to the forecasted €8.7m.

Depreciation for FY2023 was substantially higher than previously projected, as the Group has accounted for a full year's depreciation on the car park and commercial mall following their commencement of operation in Q4 2023.

With regard to finance costs, the Group reported an amount slightly less than previously forecast, with management attributing this to higher interest rates assumed for the FY2023 forecasts.

The Group revalued its investment property during FY2023. This is explained in further detail in sub-section 2.5. below. This revaluation had not been forecast.

Taxation for the year was substantially higher than forecast. This was a result of the increase in deferred tax asset charged on the revaluation gain.

The Group therefore reported a favourable variance of €4.3m in profit after tax.

2.5 GROUP'S STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
ASSETS				
Non-current assets				
Property, plant and equipment	13,660	27,567	143,187	202,542
Intangible assets	-	-	270	240
Investment property	58,415	68,066	80,595	71,278
Investment in subsidiaries	4	-	-	-
Investment in associate	2	2	2	2
Other receivables	-	-	252	252
Restricted cash	20	20	20	21
Deferred tax asset	-	-	-	5,221
Total non-current assets	**72,101**	**95,655**	**224,326**	**279,555**
Current assets				
Inventories	23,974	15,157	2,081	-
Trade and other receivables	16,155	47,624	39,413	6,380
Tax recoverable	-	-	31	-
Cash and cash equivalents	814	21,001	3,702	1,777
Total current assets	**40,943**	**83,782**	**45,227**	**8,157**
Total assets	**113,044**	**179,437**	**269,553**	**287,712**

Statement of Financial Position as at 31 December	2021A	2022A	2023A	2024F
EQUITY AND LIABILITIES	€000s	€000s	€000s	€000s
Capital and reserves				
Share capital	10,500	10,500	15,000	21,000
Revaluation reserve	6,124	-	35,838	35,838
Investment property reserve	18,182	16,985	26,106	26,106
Retained earnings	(160)	9,711	1,828	4,368
Total equity	**34,646**	**37,196**	**78,772**	**87,312**
Non-current liabilities				
Borrowings	28,908	38,889	73,450	67,304
Bonds payable	22,500	72,500	72,500	92,500
Deferred tax liability	3,806	2,638	14,120	14,120
Total non-current liabilities	**55,214**	**114,027**	**160,070**	**173,924**
Current liabilities				
Borrowings	9,589	4,394	13,223	13,638
Trade and other payables	13,530	23,775	17,488	12,815
Taxation payable	65	45	-	23
Total current liabilities	**23,184**	**28,214**	**30,711**	**26,478**
Total liabilities	**78,398**	**142,241**	**190,781**	**200,399**
Total equity & liabilities	**113,044**	**179,437**	**269,553**	**287,712**

Ratio Analysis	2021A	2022A	2023A	2024F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	63.5%	71.8%	66.4%	66.3%
Gearing 2 (Total Liabilities / Total Assets)	69.4%	79.3%	70.8%	69.7%
Gearing 3 (Net Debt / Total Equity)	173.7%	254.8%	197.4%	196.6%
Net Debt / EBITDA	191.7x	15.1x	47.8x	15.1x
Current Ratio (Current Assets / Current Liabilities)	1.8x	3.0x	1.5x	0.3x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.7x	2.4x	1.4x	0.3x
Interest Coverage (EBITDA / Cash interest paid)	0.3x	2.6x	1.1x	3.8x

The Group's assets are principally PPE, investment property, inventories, trade and other receivables and cash and cash equivalents. As at 31 December 2023, the Group's total assets stood at €269.6m (FY2022: €179.4m).

As at 31 December 2023, the Group's PPE amounted to €143.2m, representing *circa* 53% of total assets . PPE of the Group includes the cost of the airspace of the Mercury Project, along with the construction and development of the components that will be operated by the Group. PPE increased greatly from the €27.6m reported as at 31 December 2022, mainly due to the increase in value following developments within the Project. This was higher than what the Group previously forecast following the revaluation on the Commercial Mall and Car Park, with the former being reclassified from investment property to PPE during the year. The value of the Group's PPE is expected to increase further in FY2024 given the completion of the Project.

Investment property, which represents *circa* 30% of total assets, was reported at €80.6m in FY2023 (FY2022: €68.1m). Investment property is made up of the cost of the airspace of the Mercury Project, along with its construction and development of the components that will be leased out to, and operated by third parties. The increase in the value of investment property was due to further developments of the aforementioned components. It is expected that, during FY2024, there will be a shift of assets from investment property to PPE. Specifically, the Flying Theatre and the Museum of Illusions, being part of the commercial mall as explained in sub-section 1.4., will be accounted for as investment property as from FY2024.

Other non-current assets include intangible assets and other receivables, with the former being amortised licence fees and the latter being a tax incentive granted to Mercury Hotel Ltd.

The current assets of the Group are mainly its inventories, trade and other receivables, and cash and cash equivalents (the latter will be explained in sub-section 2.6. below).

Inventories, which are the apartments within the Mercury Tower for sale, decreased year-on-year, with management expecting the last 22 units to be sold during FY2024. The value of inventories at the end of FY2023 was approximately €2.1m, and this is expected to be nil by the end of FY2024.

Trade and other receivables amounted to €39.4m as at the end of FY2023. These represent advances by the Group to Mercury Contracting Projects Limited (a related company) for contracting works to be done during the year under reveiew, as well as deferred bond issue costs amortised over the term of the Issuer's bonds. This was expected to be substantially higher, with management attributing this to a contractor balance previously assumed to be set off against a contractor credit balance. Given the projected completion of the project, trade and other receivables are forecast to decrease substantially, with the balance mainly consisting of €5.9m amortised bond issue costs remaining by the end of FY2024.

As at 31 December 2023, the Group's share capital amounted to €15.0m. The increase from €10.5m reported at the end of FY2022 is due to an interim dividend of €4.5m which was capitalised accordingly. This is expected to increase by the end of FY2024 due to a planned capital injection of €6.0m.

As explained previously in this sub-section, the Group's PPE increased following the construction and development of components to be operated internally. The post-completion increase in value has, in turn, increased the Group's revaluation reserve. The Group's investment property reserve increased for the same reason but for components to be operated by third parties. The Group's projections did not assume such increases. The Group does not expect anticipate any further increases in the value of PPE and investment property during FY2024.

The liabilities of the Group mainly consist of financial debt, trade and other payables, and deferred tax liabilities. Financial debt is made up of the Issuer's €72.5m bonds currently on the market, and total borrowings amounting to €86.7m, made up of bank loans and a temporary overdraft. The aforementioned bank borrowings were higher than previously projected, with management attributing this to an additional bank facility obtained to cover new investments in operations within the Mercury Project. As mentioned in section 1.7 of this analysis, a temporary €5.0m banking facility will be repaid using the proceeds from the proposed €20.0m bond issue during FY2024.

Deferred tax liability at the end of FY2023 was reported at €14.1m. This was substantially higher than both FY2022 levels as well as what the Group previously projected for FY2023. Management explained that this is directly related to the previously-mentioned revaluations on PPE and investment property.

Trade and other payables amounted to €17.5m as at end of FY2023. This shows a decrease of *circa* €6.3m from the FY2022 equivalent, with the major contributor to said decrease being the settlement of dues to contractors throughout the year. Going forward, trade and other payables are expected to decrease further to €12.8m, made up mostly of €9.1m due to related contractor incurred for the continuing development of the project.

Despite the increase in borrowings as explained in this sub-section, the increase in equity following revaluations has decreased the Group's gearing to 66.4% (FY2022: €71.8%). This is expected to increase slightly by the end of FY2024, mainly due to the issue of the €20.0m bond. The Group expects to meet all its financing obligations through a combination of capital injections and profits generated from operations.

2.6 GROUP'S STATEMENT OF CASH FLOWS

Statement of Cash Flows for the year ended 31 December	FY2021A	FY2022A	FY2023A	FY2024F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
Operating profit / (loss) before working capital movements	289	6,285	3,254	11,386
Movement in working capital:				
Movement in inventory	(15,056)	8,818	13,076	7,097
Movement in trade and other receivables	(8,794)	(31,465)	8,211	6,696
Movement in trade and other payables	4,506	9,311	(7,363)	(1,608)
Contract liability	101	932	1,076	-
Tax paid	(331)	(2,525)	(2,019)	(1,081)
Net cash generated from / (used in) operating activities	**(19,285)**	**(8,644)**	**16,235**	**22,491**
Cash flows from investing activities				
Acquisition of investment property	-	-	(25,921)	-
Acquisition of property	(17,667)	(23,569)	(46,990)	(36,363)
Acquisition of subsidiary	(4)	-	-	-
Acquisition of intangible assets	-	-	(300)	-
Net cash generated from / (used in) investing activities	**(17,671)**	**(23,569)**	**(73,211)**	**(36,363)**
Cash flows from financing activities				
Issue of share capital	10,000	-	4,500	6,000
Repayment of bank borrowings	(10,406)	(5,195)	-	(15,811)
Movements in borrowings	38,497	9,980	43,390	10,080
Movements from loans from related parties	-	-	(252)	-
Dividends paid	-	-	(4,500)	-
Interest paid	(899)	(2,377)	(3,049)	(3,024)
Bank interest paid	-	(8)	(413)	(4,798)
Net proceeds of bond	-	50,000	-	19,500
Net cash generated from / (used in) financing activities	**37,192**	**52,400**	**39,676**	**11,947**

Statement of Cash Flows for the year ended 31 December	FY2021A	FY2022A	FY2023A	FY2024F
	€000s	€000s	€000s	€000s
Net movements in cash and cash equivalents	**236**	**20,187**	**(17,300)**	**(1,925)**
Cash and cash equivalents at start of year	578	814	21,001	3,702
Cash and cash equivalents at end of year	**814**	**21,001**	**3,701**	**1,777**

Ratio Analysis	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Cash Flow				
Free Cash Flow (Net cash from operations + interest - Capex)	(36,952)	(32,213)	(56,676)	(13,872)

The Group reported *circa* €3.3m operating profit before working capital changes for FY2023. After adjusting for working capital movements, non-cash items and the payment of tax, the Group reported an inflow from operating activities of €16.2m.

This inflow was mainly a result of a decrease in inventories following sale of apartments throughout the year under review, as well as a decrease in trade and other receivables, particularly when compared to the substantial increase between FY2022 and FY2023. This was partially offset by a decrease in trade and other payables.. These movements in working capital are explained in sub-section 2.5. above.

Investing activities of the Group resulted in an outflow of €73.2m. As explained throughout this Analysis, the development of components within the Mercury Project was ongoing throughout the majority of FY2023, requiring a substantial amount of cash. Management explained that the cash outflows for investing activities were higher than previously forecast mainly due to the fact that certain areas within the Mercury Project were relocated to PPE following the decision to operate internally, as well as a higher level of cash payments in order to complete components of the Mercury Project in a timely manner following delays. This was partially offset by less outflows for the acquisition of property, as the works on PPE were slower than was anticipated. Management is expecting to use less cash in investing activities during FY2024 given the advanced status of the developments within the Mercury Project.

The Group reported an inflow from financing activities of €39.7m in FY2023. The major financing activity affecting year-end cash was the movement in borrowings following additional financing facilities and the new bond issue taken up by the Group throughout the year under review.

The Group had a net cash outflow of €17.3m during FY2023 which, after taking into consideration the cash balance of €21.0m at the beginning of FY2023, resulted in a year-end balance of €3.7m. As previously explained in this sub-section, the most substantial cash outflows during the year were for investing activities.

3 KEY MARKET AND COMPETITOR DATA

3.1 GENERAL MARKET CONDITIONS

The Issuer 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. 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 Issuer's planning during development, this shall have an adverse impact on the financial condition of the Issuer and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

MALTA ECONOMIC UPDATE[2]

The Bank's Business Conditions Index (BCI) indicates that in May 2024, annual growth in business activity was broadly unchanged around its historical average estimated since January 2000.

The European Commission confidence surveys show that sentiment in Malta increased in May, but remained below its long-term average, estimated since November 2002. Sentiment mostly improved in industry.

Additional data show that in month-on-month terms, price expectations decreased across all sectors, bar the construction sector. The largest decreases were in the services sector and among consumers.

In May, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased compared with April, indicating lower uncertainty. Uncertainty decreased mostly in the services and construction sectors.

In April, industrial production and retail trade rose on a year-on-year basis. The unemployment rate increased to 3.1% in April from 3.0% in March but stood below that of 3.3% in April 2023.

Commercial building permits in April were higher than a month earlier and were also higher compared to a year earlier. On the other hand, residential building permits were lower on both monthly and annual bases. In May, the number of residential promise-of-sale agreements fell on a year earlier as did the number of final deeds of sale, though the decline in the latter was less pronounced.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 2.3% in May, slightly down from 2.4% in the previous month, and below the euro area average by 0.3 percentage points. HICP excluding energy and food in Malta also remained below the euro area average. Inflation based on the Retail Price Index (RPI) eased to 1.5%, from 1.6% in April, the lowest rate since June 2021.

In April, Maltese residents' deposits increased above their level a year ago for the fifth consecutive month, following declines in the latter half of 2023. Growth over the year to April was mostly driven by balances belonging to households and non-financial corporations. By contrast, deposits held by financial intermediaries decreased. Meanwhile, credit to Maltese residents also increased in annual terms, reflecting higher lending to both the government sector and other sectors.

ECONOMIC PROJECTIONS[3]

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) is expected to grow by 4.3% in 2024. Growth is then projected to ease to 3.5% in both 2025 and 2026. This implies a marginally downward revision in 2024 and 2025, when compared to the Bank's previous projections, while for 2026 the outlook is revised upwards.

In 2023, growth was primarily driven by net exports, while domestic demand is envisaged to be the main driver of growth in 2024. Private consumption growth continues at a brisk pace, and private investment, is expected to gradually recover. Net exports are also projected to contribute positively, driven mainly by services exports. Growth in 2025 and 2026 is expected to continue to be led by domestic demand.

Employment growth is set to moderate, albeit from high rates, in the projection horizon, while the average wage is expected to grow at a faster rate in 2024, partly in response to the pronounced inflation in the recent past and a tight labour market.

Annual inflation based on the Harmonised Index of Consumer Prices is projected to drop significantly, from 5.6% in 2023 to 2.4% in 2024, before reaching 1.9% by 2026. Compared to previous projections, inflation has been revised down by 0.5 percentage point in 2024, largely reflecting the unexpected rapid drop experienced in the initial months of the year. The general government deficit-to-GDP ratio is set to decline to 4.1% in 2024, and to narrow further over the rest of the forecast horizon, to stand at 3.1% by 2026.

The general government debt-to-GDP ratio is set to increase throughout the forecast horizon, reaching 54.3% by 2026. When compared with the previous projection round, the projected deficit ratio is higher, while the debt ratio is broadly unchanged.

Risks to activity are broadly balanced over the projection horizon. Downside risks largely emanate from possibly adverse trade effects related to ongoing geopolitical tensions. On the other hand, the labour market could exhibit even stronger dynamics than envisaged in this projection round, both in terms of employment and wages. This could then result in stronger private consumption growth.

[2] Central Bank of Malta – Economic Update 6/2024
[3] Central Bank of Malta – Outlook for the Maltese economy – 2024 - 2026

Risks to inflation are balanced over the project horizon. Upside risks to inflation could stem from extreme weather events and effects of geopolitical developments. Other upside risks to headline inflation include the potential impact of measures to combat climate change. Furthermore, wage pressures could be stronger than envisaged in the baseline. On the downside, imported inflation could fall more rapidly than expected, while services inflation could normalise more quickly than envisaged in this projection round.

On the fiscal side, risks are tilted to the downside (deficit-increasing). These mainly reflect the likelihood of slippages in current expenditure, including higher-than-expected outlays on energy support measures if commodity prices are higher than envisaged. They also reflect the likelihood of additional increases in pensions and public sector wages in the outer years of the forecast horizon. Should these risks materialise, they are set to be partly offset by the likelihood of additional fiscal consolidation efforts to comply with the EU's fiscal rules.

HOSPITALITY SECTOR

The tourism sector in Malta
Comparison between the data of 2022 and 2023 provides valuable insights into the trajectory of the local tourism industry over the span of a single year, reflecting the pace and direction of recovery following the disruptions caused by the pandemic.

Inbound tourist arrivals experienced a notable surge from 2,287k in 2022 to 2,976k in 2023, marking an impressive increase of 30.1%. This significant uptick underscores the industry's robust recovery momentum and highlights the successful implementation of strategic initiatives aimed at rejuvenating tourism demand and stimulating visitor traffic.

Correspondingly, the metric of tourist guest nights witnessed a substantial growth, escalating from 16,600k in 2022 to 20,242k in 2023, reflecting a noteworthy increase of 21.9%. This surge in guest nights not only indicates a resurgence in tourist engagement but also underscores the sustained interest and participation in the local tourism offerings, contributing to the overall vibrancy of the sector.

However, amidst the recovery, there was a notable decline in the average length of stay, dropping from 7.3 days in 2022 to 6.8 days in 2023, representing a significant decrease of 6.8%. This decline may raise concerns regarding visitor engagement and expenditure patterns, necessitating a deeper examination into the underlying factors driving this trend and potential strategies to address it.

On the economic front, tourist expenditure exhibited a remarkable increase from €2,013m in 2022 to €2,671m in 2023, depicting a substantial surge of 32.7%. This surge in spending reflects the revitalization of tourism-related economic activities and underscores the sector's pivotal role in driving economic growth and employment.

Furthermore, the metric of tourist expenditure per capita demonstrated a modest increase, rising from €880 in 2022 to €898 in 2023, representing a marginal increment of 2.0%. While this increase reflects improved spending capacity and propensity among tourists, further analysis is required to discern the underlying factors influencing spending behaviour and patterns. The trends are also summarised in the following table, illustrating the number of tourist arrivals over the last four years:

Category	2020	2021	2022	2023	2022 vs 2023
Inbound tourists*	659	968	2,287	2,976	30.1%
Tourist guest nights*	5,227	8,390	16,600	20,242	21.9%
Avg. length /stay	7.9	8.7	7.3	6.8	(6.8)%
Tourist expenditure**	455	871	2,013	2,671	32.7%
Tourist exp. per capita (€)	691	899	880	898	2.0%

*in thousands
**in € millions

JANUARY – APRIL 2024[4]

Inbound tourists for the first four months of 2024 amounted to 888,118, an increase of 25.1% over the same period in 2023. Total nights spent by inbound tourists went up by 12.7%, almost reaching 5.1 million nights.

Total tourist expenditure was estimated at €646.8m, 26.2% higher than that recorded for the same period in 2023. Total expenditure per capita increased to €728 from €722 for the same period in 2023.

The number of tourists visiting Gozo and Comino, including both same-day and overnight visitors, totaled 431,367, or 48.6% of total tourists

3.2 COMPARATIVE ANALYSIS

The purpose of the table below compares the debt issuance of the Group to other debt instruments. Additionally, we believe that there is no direct comparable company related to the Issuer and as such we included a variety of Issuers with different maturities.

More importantly, we have included different issuers with similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

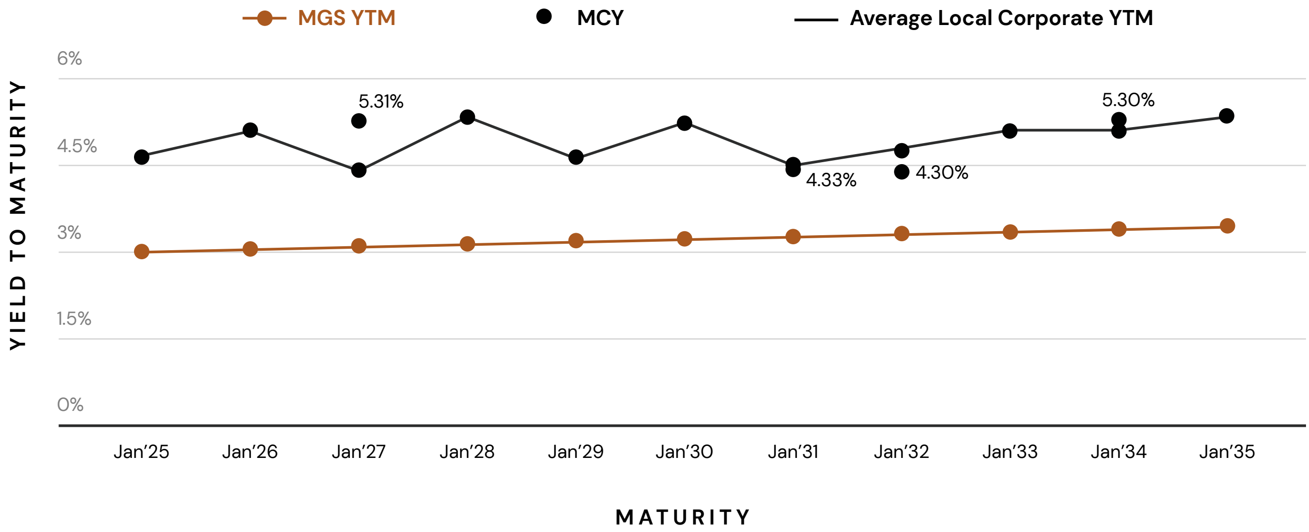
[4] National Statistics Office, Malta NR 103/2024

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€' millions)	(€' millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
5.75% International Hotel Investments plc Unsecured € 2025	45,000	3.98%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
4.25% CPHCL Finance plc Unsecured € 2026	40,000	4.09%	1.6x	1,913.3	891.9	53.4%	42.3%	10.1x	1.1x	-1.3%	-3.4%	20.9%
4% International Hotel Investments plc Secured € 2026 (xd)	55,000	4.52%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
4% Shoreline Mall plc Secured € 2026	14,000	6.13%	N/A	73.8	17.0	77.0%	68.8%	(93.5)x	0.9x	-2.4%	N/A	0.0%
4% International Hotel Investments plc Unsecured € 2026	60,000	4.13%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.46%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	5.31%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4% Eden Finance plc Unsecured € 2027	40,000	4.38%	5.7x	223.3	136.7	38.8%	27.1%	4.3x	0.2x	2.8%	8.4%	36.6%
4% Stivala Group Finance plc Secured € 2027	45,000	4.30%	27.0x	469.7	328.5	30.1%	22.9%	1.5x	1.2x	21.0%	208.5%	14.5%
4.15% Phoenicia Finance Company plc Unsecured € 2023-2028	5,711	4.18%	2.6x	128.1	47.0	63.3%	59.0%	11.9x	0.3x	0.7%	1.6%	29.9%
4% SP Finance plc Secured € 2029	12,000	4.09%	2.2x	43.3	17.9	58.6%	51.2%	9.3x	0.5x	-0.7%	-1.3%	0.0%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.87%	27.0x	469.7	328.5	30.1%	22.9%	1.5x	1.2x	21.0%	208.5%	14.5%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.75%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.33%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.65%	0.4x	45.6	11.1	75.6%	69.8%	56.6x	2.3x	-11.0%	-19.6%	20.9%
3.65% Mizzi Organisation Finance plc Unsecured € 2028-2031	45,000	4.43%	1.8x	312.4	87.8	71.9%	58.4%	14.9x	0.8x	-1.9%	-1.1%	30.5%
3.65% IHI plc Unsecured € 2031	80,000	4.47%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
3.5% AX Real Estate plc Unsecured € 2032	40,000	4.45%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
4.5% Shoreline Mall plc Secured € 2032	26,000	5.60%	N/A	73.8	17.0	77.0	68.8%	(93.5)x	0.9x	-2.4%	N/A	0.0%
4.65% Smartcare Finance plc Secured € 2032	7,500	4.65%	0.4x	45.6	11.1	75.6%	69.8%	56.6x	2.3x	-11.0%	-19.6%	20.9%
5% Von der Heyden Group Finance plc Unsecured € 2032	35,000	4.92%	1.2x	155.9	32.7	79.0%	76.3%	22.9x	0.5x	-8.2%	-18.0%	9.6%
4.3% Mercury Projects Finance plc Secured € 2032	50,000	4.30%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
5% CF Estates Finance plc Secured € 2028-2033	30,000	5.00%	1.59x	81.1	7.5	90.7%	87.3%	16.4x	2.0x	-5.2%	-1.7%	N/A
5.85% AX Group plc Unsecured € 2033	40,000	5.27%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
6% International Hotel Investments plc 2033	60,000	5.30%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
5.75% Phoenicia Finance Company plc Unsec Bonds 2028-2033	50,000	5.17%	2.6x	0.1	0.0	63.3%	59.0%	11.9x	0.3x	0.7%	1.6%	29.9%
5.3% Mercury Projects Finance p.l.c. Secured Bonds 2034	20,000	5.30%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
	Average*	4.56%										

Source: Latest available audited financial statements. Last closing price as at 11/07/2024

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

YIELD CURVE ANALYSIS



Source: Malta Stock Exchange, Central Bank of Malta and Calamatta Cuschieri Estimates

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective industry, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the Issuer's existing yields of its outstanding bonds.

As at 11 July 2024, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 2-4 (2026-2028) years was 124 basis points. The 3.75% MCY PLC Secured Bonds 2027 is currently trading at a YTM of 513 basis points, meaning a spread of 217 basis points over the equivalent MGS. This means that this bond is trading at a premium of 93 basis points in comparison to the market.

As at 11 July 2024, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 6-8 years was 94 basis points. The 4.25% MCY PLC Secured Bonds 2031 is currently trading at a YTM of 433 basis points, meaning a spread of 102 basis points over the equivalent MGS. This means that this bond is trading at a premium of 8 basis points in comparison to the market.

Meanwhile, as at 11 July 2024, the 4.3% MCY PLC Secured Bonds 2032 is currently trading at a YTM of 430 basis points, meaning a spread of 95 basis points over the equivalent MGSs. This means that the bond is trading at a discount of 72 basis points in comparison to the market.

As at 11 July 2024, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 9-10 years is 143 basis points. The proposed Mercury Projects Finance p.l.c bond is being priced with a 5.3% coupon issued at par, meaning a spread of 171 basis points over the equivalent MGS, and therefore at a premium to the average on the market of 28 basis points. It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers.

4 GLOSSARY AND DEFINITIONS

INCOME STATEMENT

Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
Gross Profit	Revenue less Costs of Sales
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
EBIT (Operating Profit)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Profit After Taxation	The profit made by the Group/Company during the financial year net of any income taxes incurred.

PROFITABILITY RATIOS

Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).

CASH FLOW STATEMENT

Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/ Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

BALANCE SHEET

Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.

FINANCIAL STRENGTH RATIOS

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

OTHER DEFINITIONS

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