



This Circular is important and requires your immediate attention as you shall be required to vote on matters explained in this circular at the AGM. If you remain in doubt as to what voting action to take, you are advised to consult your own independent adviser.

SHAREHOLDERS' CIRCULAR

DATED 16 SEPTEMBER, 2020

This circular is being issued by Plaza Centres p.l.c. (C-564), with registered office at The Plaza Commercial Centre, Level 6, Bisazza Street, Sliema, SLM 1640, Malta (the **“Company”**), and sent to those shareholders appearing on the register of members of the Company as at the close of business on 14 September 2020, and is intended to provide an explanation on matters of extraordinary business which are being proposed to shareholders at the 2020 Annual General Meeting of the Company (the **“Circular”**).

1. IMPORTANT INFORMATION

This Circular approved by the Board of Directors of the Company, contains information about three of the resolutions to be proposed for approval at the forthcoming annual general meeting of the Company (“AGM”). It is being dispatched to all persons appearing on the Company’s register of members as at close of business on 14 September 2020 (the “Members”).

This Circular is being issued in compliance with the Listing Rules issued by the Listing Authority, in particular the requirements set out in Listing Rules 6.1.7 and 6.16 for circulars relating to changes to the memorandum and articles of association, Listing Rule 6.1.11 for circulars relating to business other than ordinary business, Listing Rule 6.12 for circulars required to explain the acquisition by a company of its own shares; and Listing Rule 6.2 on the contents of all circulars.

Where any or all of the shares in the Company held by a recipient of this Circular have been sold or transferred by the date of receipt of this document, a copy of this Circular should be passed on to the person through whom the sale or transfer was effected for transmission of the Circular to the purchaser or transferee.

All the directors of the Company as at the date hereof, namely Charles J. Farrugia, David G. Curmi, Emanuel P. Delia, Etienne Sciberras, Brian R. Mizzi, Alan Mizzi, and Gerald J. Zammit (together the “Directors”) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything which is likely to affect the import of such information.

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2. INTRODUCTION

In addition to the resolutions relating to the ordinary business of the Company being placed before the Members at the AGM, the Directors are also placing, before the Members, resolutions relating to the following matters of special business:

- (a) the approval of the directors’ remuneration policy as required in terms of Listing Rule 12.26A, which requires the approval of an ordinary resolution of the Company in general meeting.
- (b) proposed amendments to the Company’s Memorandum and Articles of Association and the substitution of the Company’s current Memorandum and Articles of Association with that made available to Members at the registered office of the Company and on the Company’s website since the dispatch of the notice convening the AGM, which amendments require the approval of an extraordinary resolution of the Company in general meeting; and
- (c) the authorization being requested by the directors to be able to re-purchase the Company’s shares within the parameters recommended by the directors, to be approved by virtue of an extraordinary resolution of members in general meeting.

3. PROPOSED SPECIAL BUSINESS

EXTRAORDINARY RESOLUTIONS:

(a) AMENDMENTS TO THE COMPANY’S MEMORANDUM AND ARTICLES OF ASSOCIATION

The proposed resolution reads as follows:

That article 87.2 of the memorandum and articles of association of the Company be abrogated and substituted by the following:

“The Directors shall cause an electronic or digital copy of the annual report, including the profit and loss account and balance sheet, together with any Directors’ and auditors’ report attached thereto, to be posted on its website and made available to shareholders in such other form as the directors may from time to time determine, at least before the issuance of the notice of the annual general meeting in which they are due to be laid. The Company shall further: (a) issue a notice or company announcement that the annual report has been uploaded on its website or otherwise made available to the public indicating where the annual report may be accessed; and (b) shall indicate in the notice convening the annual general meeting at which the annual report is due to be laid that a copy of the annual report is available and where.

Notwithstanding the aforesaid, the Company shall provide a printed copy of such Annual Report to any of its Members if so requested in writing.”

Explanatory Note

1. The change proposed to be made to article 87.2 follows the relatively recent amendments made to the provisions of Article 180(2) of the Companies Act (Chapter 386 of the laws of Malta) by virtue of Act XXVI of 2019 – Various Financial Services Laws (Amendment) Act, 2019 to the effect that, unless otherwise provided in the memorandum or articles of the company in question, copies of the annual accounts for the accounting period shall not be required to be sent to members of a company who have been duly given notice of a general meeting of the company at which the company's annual accounts shall be laid, and where the company has made available to its members an electronic copy of such annual accounts, either on its website or otherwise, and has informed its members accordingly, provided that the company must provide a printed copy of such annual accounts to any member upon written request.
2. The Board of Directors noted that the provisions of article 87.2 of the Articles of Association, as currently drafted, would preclude the Company from availing itself of the newly introduced exemption in article 180(2) of the Companies Act.
3. In practical terms this will allow the Company to avoid having to dispatch hard copies of the annual report to shareholders as long as it is available digitally on its website. This is calculated to enable cost savings on design, printing and dispatch of the annual report, apart from being able to adopt more environmentally friendly measures. Of course, any member who wishes to receive a hard copy of the annual report would still be entitled to so by asking the Company to dispatch a hard copy via ordinary mail.
4. Having considered this proposed amendment to article 87.2 of the Articles of Association and the advice received in connection therewith, the Board of Directors recommends the adoption of this resolution by the General Meeting.

(b) ACQUISITION OF OWN SHARES

The proposed resolution reads as follows:

- 6. That the Company acting through its directors, be and is hereby authorised, for a period of 18 months from the date of this resolution, to re-purchase shares of the Company, provided that:**
 - a. In aggregate it shall not re-purchase more than 10 per cent of the total issued share capital;**
 - b. That shares may only be repurchased at a price not lower than €0.74 per share and not higher than €1.12 per share.**
 - c. That the shares so re-purchased shall be cancelled.**

Explanatory Note

1. As has already been announced the Company has now sold and transferred the property known as Tigne Place in Sliema. Following this transaction the Company has cash reserves in excess of its current or medium term requirements, which the directors believe can be usefully and efficiently deployed, amongst others, by the Company standing in the market over the coming 18 months and, within the price range to be approved by members, re-purchase shares of the Company.
2. The Company will fund the re-purchase through its excess cash reserves and the intention of the Company is to cancel the shares following re-purchase.
3. The directors shall utilize the authority which, the approval of the resolution by shareholders will give them, at such times during the maximum period of 18 months following approval of the resolution, when they consider it opportune and in the best interests of the company and its shareholders to do so. The directors believe that depending on market conditions, the exercise of the authority to repurchase shares in the market ought to create higher earnings per share for those shareholders who decide not to sell their shares as part of the re-purchase exercise.
4. The re-purchase of shares in the Company will reduce the total issued share capital of the Company, and if the total authorization is utilized by the directors over the 18 month period, the nominal value of the issued share capital would be reduced from €5,648,400 to €5,083,560. Given the current financial condition of the Company and that it is the intention of directors of the Company to deploy a significant part of the excess cash resulting from the Tigne Place disposal against a reduction of the Company's bank debt, this should not create any adverse impact on the Company's working capital or gearing position. The directors have no intention to exercise this authorization and mandate in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.
5. The price range for which the directors are seeking the approval from shareholders for their mandate to re-purchase shares in the market is of a low benchmark of €0.74 per share, which is 20 per cent lower than the lowest price in the market as at 21 August 2020 and a high of €1.12 per share which is 20 per cent higher than the highest price in the same period.
6. If the full mandate is used by the directors within the term for which the authorization is valid, the impact of the reduction in share capital on the financial position of the Company, assuming that all of the 10 percent of the issued share capital is re-purchased at maximum price of €1.12, will be of €3,163,104 and the cancellation of 2,824,200 shares.

ORDINARY RESOLUTION: APPROVAL OF DIRECTORS' REMUNERATION POLICY

The proposed resolution reads as follows:

“That the directors’ remuneration policy as set out in the shareholders’ circular be and is hereby approved.”

Explanatory Note

1. Following amendments made to Chapter 12 of the Listing Rules in July 2019, as a result of the transposition of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (the “Shareholder Rights Directive II”), the Directors have drawn up a remuneration policy relating to the remuneration payable to the Directors of the Company (the “Remuneration Policy”) **a copy of which is annexed to this circular and marked Annex 1.**
2. The over-arching objective of the proposed Remuneration Policy is to promote the long-term success and development of the Company, and to attract, motivate and retain individuals with an apt combination of skills, knowledge, experience and expertise. Furthermore, the Remuneration Policy is formulated on the general principle of upholding integrity and good governance in the conduct of the affairs and business of the Company, by establishing clear, comprehensive, and objective parameters upon which the remuneration that may be paid to the Directors of the Company and its subsidiaries are to be made, together with the decision-making process involved.
3. The Directors are proposing that this Remuneration Policy be approved by the Members as required in terms of the Listing Rules. Should the approval by the Members be forthcoming, the effective date of the Remuneration Policy shall be 29 July, 2020, and the Directors of the Company shall be remunerated in accordance with this Remuneration Policy, with effect from the date of approval by the Company in general meeting. The Remuneration Policy shall be reviewed regularly, and any material changes shall be submitted to a vote of the annual general meeting of the Company before adoption, and in any case at least every four (4) years. Should the general meeting not approve the Remuneration Policy, the Company shall continue to pay remuneration to its directors in accordance with its existing practices and shall submit a revised policy for approval at the following general meeting.
4. The Company will pay remuneration to the Directors in accordance with the Remuneration Policy, once approved by the general meeting.
5. As from the AGM to be held in 2021, the audited financial statements of the Company shall contain a remuneration report to be drawn up in accordance with the requirements of Appendix 12.1 of the Listing Rules, for the purpose of providing the Company’s shareholders with a comprehensive overview of the remuneration, including all benefits in whatever form, awarded or accrued during the most recent financial year to individual directors of the Company (including to newly recruited and to former directors), in accordance with the Remuneration Policy.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof will be available for inspection at the Company’s registered office situated at, Plaza Centres p.l.c., The Plaza Commercial Centre, Level 6, Bisazza Street, Sliema SLM 1640, Malta for at least fourteen (14) days from the date of publication of this Circular:

- a) the Company’s existing Memorandum and Articles of Association;
- b) the Company’s draft Memorandum and Articles of Association, as amended should the resolution set out above be passed;
- c) the Remuneration Policy;
- d) the Company’s last annual financial report for the financial year ended 31 December 2019; and
- e) the Company’s interim financial report for the period 1 January 2020 to 30 June 2020.

5. DIRECTORS’ RECOMMENDATION

The Directors, having made the necessary considerations, are of the view that the proposed resolutions, including those not set out in this Circular, are in the best interests of the Company and its shareholders as a whole. **The Directors therefore recommend that the Members vote in favour of the said resolutions at the forthcoming AGM.**

16 September, 2020

Approved and issued by the Board of Directors of Plaza Centres p.l.c.