



## EXPLANATORY MEMORANDUM

DATED: 5<sup>th</sup> July 2024

This explanatory memorandum is being issued by Melite Finance p.l.c. (C 88405), a public limited liability company having its registered office at Level 3, Valletta Buildings, South Street, Valletta, VLT 1103, Malta (the “**Company**”), for consideration by those holders of the €9,250,000 secured bonds of the Company of a nominal value of €100 per bond redeemable at their nominal value on 23 November, 2028 bearing interest at the rate of 4.85% per annum and having ISIN number MT0002031202 (the “**Bonds**”), issued pursuant to the prospectus of the Company dated 12 November, 2018, appearing on the register of bondholders of the Company as at the close of business on 5<sup>th</sup> July 2024 (the “**Record Date**”).

The present explanatory memorandum is being issued pursuant to Capital Markets Rule 1.22.3 in connection with the proposed discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange (the “**Explanatory Memorandum**”).



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## 1. IMPORTANT INFORMATION

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**This Explanatory Memorandum, containing important information relative to the resolution to be proposed for approval at the forthcoming bondholders' meeting, as approved by the Board of Directors of the Company, is being dispatched to all persons holding Bonds as appearing on the Company's register of bondholders as at the Record Date (the "Bondholders").**

This Explanatory Memorandum is being issued by the Board of Directors of the Company:

- after having given due consideration to the Capital Markets Rules issued by the Malta Financial Services Authority (the "**MFSA**"), in particular, the requirements set out in Capital Markets Rule 1.22.3 which requires the Company to issue an explanatory memorandum setting out the reasons for an application for discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange;
- following notice to the MFSA that an Explanatory Memorandum would be issued. In terms of the Capital Markets Rules, the MFSA is not required to approve the Explanatory Memorandum. Moreover, the MFSA accepts no responsibility for the contents of the Explanatory Memorandum, 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 Explanatory Memorandum; and
- following submission, in draft form, to Alter Domus Trustee Services (Malta) Limited<sup>1</sup> in its capacity as security trustee with respect to the Bonds, for its consideration of the proposal to be tabled at the Bondholders' meeting.

Where any or all of the Bonds held by a recipient of this Explanatory Memorandum have been sold or transferred by the date of receipt of this Explanatory Memorandum, a copy of this Explanatory Memorandum should be passed on to the person to whom the sale or transfer was effected. Any persons selling Bonds following the Record Date shall, in respect of the Bonds forming the subject of the trade, not be entitled to participate in the Bondholders' meeting.

All the directors of the Company as at the date hereof, namely Jacqueline Briffa, Christian Ganado, Paul Mercieca and Stanley Portelli (together the "**Directors**") accept responsibility for the information contained in this Explanatory Memorandum. To the best of the knowledge and belief of the Directors,

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<sup>1</sup> A private limited liability company registered in Malta with company registration number C 63887 and having its registered office at Vision Exchange Building, Territorials Street, Mriehel, Birkirkara BKR3000, 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), appointed as security trustee in respect of the Bonds pursuant to the security trust deed dated 7<sup>th</sup> November, 2018.



who have taken all reasonable care to ensure that such is the case, the information contained in this Explanatory Memorandum is in accordance with the facts and does not omit anything which is likely to affect the import of such information.

For the duration of fourteen (14) days from the issuance of this Explanatory Memorandum, the memorandum and articles of association of the Company, the consolidated annual financial report of the Company for the financial year ended 31<sup>st</sup> December 2023, and the consolidated unaudited interim financial statements of the Company for the financial period ended 30<sup>th</sup> June 2023 are available for inspection at the Company's registered office.

**This Explanatory Memorandum is important and requires your immediate attention as you shall be required to vote, either in person or by proxy, at the Bondholders' meeting. Bondholders in receipt of the Explanatory Memorandum are advised to consult an appropriate independent adviser in respect of the contents hereof.**

**Instructions on voting, either in person or by proxy, may be found in the notice convening the Bondholders' meeting, dispatched to Bondholders together with this Explanatory Memorandum.**

## 2. BACKGROUND

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The documentation for the Bondholders' meeting of the Company to be held on 23<sup>rd</sup> July 2024 at 14:00 at AX The Victoria Hotel, Gorg Borg Olivier Street, Sliema (the "**Bondholders' Meeting**") contains a "Notice to Bondholders" detailing the text of the resolution which Bondholders will be asked to consider, and if thought fit, approve, at the Bondholders' Meeting, which proposed resolution reads as follows:

***That, in fulfilment of the procedures specified in Capital Markets Rules 1.22.2 and 1.22.3, in terms of Appendix 1.1 to Chapter 1 of the Capital Markets Rules and Capital Markets Rules 1.22 – 1.26, with effect from no later than 30 days following filing of the application for the discontinuation of listing of the Company's €9,250,000 secured bonds of a nominal value of €100 per bond redeemable at their nominal value on 23 November, 2028 bearing interest at the rate of 4.85% per annum and having ISIN number MT0002031202 (the "Bonds") with the Malta Financial Services Authority, and subject to the Company receiving acceptances on its prospective offer to repurchase all Bonds in issue at par from holders of 95% in nominal value of all Bonds in issue, the discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange be and is hereby approved and the Board of Directors of the Company be and is hereby authorised and empowered to take all necessary steps, and to***



***execute all necessary documents, to give effect to the discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange. In the event that the Company receives acceptances on its prospective offer to repurchase all Bonds in issue at par from holders of less than 95% in nominal value of all Bonds in issue, the Board of Directors is hereby authorised to inform the Malta Financial Services Authority that the condition upon which the application for discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange is dependent has not been met, and the Board of Directors of the Company be and is hereby authorised and empowered to take all necessary steps, and to execute all necessary documents, to cancel the application for discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange.***

hereinafter referred to as the “**Resolution**”.

This Explanatory Memorandum sets out, in accordance with Capital Markets Rule 1.22.3, the reasons behind the Company’s application to the MFSA for the discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange.

As communicated by the Company by means of Company Announcement MTE46/2024 dated 15<sup>th</sup> March, 2024, Melite Properties Srl (“**Melite Properties**”), the wholly-owned Italian subsidiary of the Company holding title to 18 stores in various locations in northern Italy, terminated the lease contracts previously entered into with Giadea S.r.l. (“**Giadea**”) in respect of 10 of the said 18 stores (the “**Stores**”). This termination was effected as Giadea had failed to pay the rent due in terms of said lease contracts.<sup>2</sup> The below is an account of the circumstances which have materialised as a consequence of these terminations.

### 2.1 Actions taken by Melite Properties

Following several requests for payment by Melite Properties to Giadea:

- on 2<sup>nd</sup> February, 2024, Melite Properties notified the breach of rent payment to its insurer, requesting the withdrawal of the insurance guarantees for the amounts related to the invoices covering rent due for January and February 2024, and subsequently received a payment of €298,918;

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<sup>2</sup> Specifically, the stores located in (i) Bolzano, Via Portici n. 25, (ii) Pavia, Corso Cavour n. 18, (iii) Como, Via V. Emanuele II, n. 41, (iv) Milano, C.C. Citylife, (v) Milano, C.C. Il Portello, (vi) Milano, Staz. Ferr. P.ta Garibaldi, (vii) Milano, Galleria Passerella 2, (viii) Padova, Stazione Ferroviaria, (ix) Firenze, Via dei Cerretani and (x) Torino, Via Giuseppe Garibaldi n. 10.



- on 7<sup>th</sup> February, 2024, Melite Properties terminated the contracts according to article 1456 of the Italian Civil Code;
- on 8<sup>th</sup> March, 2024, Melite Properties notified the breach of rent payment to the insurance company asking for the withdrawal of additional amounts up to the maximum amount of the insurance guarantees for 8 out of 10 stores for an additional amount of €115,193, which payment was received on 3<sup>rd</sup> May 2024.

On 14<sup>th</sup> March, 2024, following the claims of several creditors, including Melite Properties, the Court of Milan declared the so called “*liquidazione giudiziale*” of Giadea and appointed a trustee. Subsequently, Melite Properties’ management entered into negotiations with third parties who were interested in taking over the leaseholds previously held by Giadea. On 7<sup>th</sup> May, 2024, a settlement agreement was entered into between Melite Properties, Giadea and Accessorize Brands Ltd and certain of its related companies (“**ABL**”) pursuant to which ABL agreed to take over the leases to the majority of the Stores (the “**Selected Stores**”). Pursuant to this settlement agreement, and as announced by means of Company Announcement MTE51/2024 dated 14<sup>th</sup> June, 2024, the parties agreed, amongst other things and subject to the satisfaction of certain conditions, to the purchase by ABL of the stock previously held by Giadea at the Selected Stores, the orderly vacation of the Stores previously leased to and abusively retained by Giadea, and the return of the Stores to Melite Properties, thus enabling the Selected Stores to be sub-let to ABL or a related company thereto. On the 27<sup>th</sup> May, 2024, Melite Properties entered into seven lease contacts (*contratti d’affitto di ramo d’azienda*) with Adena Stores Italy Srl, an Italian company controlled by ABL. With effect from 13<sup>th</sup> May, 2024, Adena Stores Italy Srl took over, by way of sub-lease, the leaseholds to seven of the Selected Stores. As at the date hereof, Melite Properties’ management is continuing in its efforts to identify a tenant for the sub-lease of the store located in Torino.

In connection with the leaseholds to two of the Selected Stores located in train stations in Northern Italy (Milano Garibaldi and Padova Stazione), in light of the fact that the consent of the relevant landlord to such sub-leases was not forthcoming, Melite Properties has entered into a termination agreement with the relevant landlord setting out the terms for an early termination of its leases for these stores and, subject to an undertaking to pay to Melite Properties an exit fee, Adena Stores Italy Srl will enter into the relevant lease agreements directly with the landlord for these two stores.

## 2.2 Effect on the financial position of the Company and shareholder support

The termination of the leases and the delay in Melite Properties recovering possession of the Stores for these to be leased again to new third-party tenants led the Company to convene an extraordinary general meeting of the shareholders of the Company, which was held on Friday 19<sup>th</sup> April 2024. As communicated in Company Announcement MTE47/2024 dated 12<sup>th</sup> April, 2024, the Board of Directors of the Company convened the extraordinary general meeting to request that the shareholders of the



Company consider, and if thought fit approve, that financial support be granted to the Company and Melite Properties.

The extraordinary general meeting was adjourned to 26<sup>th</sup> April, 2024 as whereas the shareholders of the Company showed willingness to support the Company further, more time was needed to determine the nature and terms of such support and to allow sufficient time for discussions to be held and concluded between some of the shareholders of the parent company, Melite Retail Limited (C 74224) ("**Melite Retail**"), specifically the following Melite Retail shareholders: Alf. Mizzi & Sons Ltd (C 203) ("**AMS**"), holder of 40.30% of the issued share capital of Melite Retail; Daystar Holdings Limited (C 16466), holder of 7.43% of the issued share capital of Melite Retail; MMGH Ltd (C 343), holder of 9.70% of the issued share capital of Melite Retail; Andrew Ganado Limited (C 29861), holder of 21.65% of the issued share capital of Melite Retail; and GAN Limited (C 27089), holder of 9.11% of the issued share capital of Melite Retail.

As communicated pursuant to Company Announcement MTE49/2024 dated 27<sup>th</sup> April, 2024, at the adjourned extraordinary general meeting, the following shareholders of Melite Retail, being indirect shareholders of the Company, informed the Company as follows:

- i. AMS affirmed its commitment to provide the requisite support to the Company and safeguard the interests of holders of the Bonds. For the purpose of providing such support, AMS agreed to lend €9,250,000 (the "**Loan Amount**") to the Company (the "**AMS Loan**"). The purpose of the AMS Loan shall be for the Company to make an offer in the market to repurchase in full the outstanding Bonds in issue (the "**Buy Back**"), for eventual cancellation. The Buy Back would be offered at par notwithstanding that the Bonds had been trading below par since mid-2020 (market price as at time of the announcement: €85.00). The AMS Loan was made conditional on Bondholder and regulatory approval of a resolution to discontinue the listing of the Bonds and on the Buy Back exceeding a pre-set minimum level of acceptances. Melite Retail shall provide security for this loan by way of a pledge over all the ordinary shares which it holds in the Company, in favour of AMS. Taking into account the security provided by the other Melite Retail shareholders as indicated in paras (ii) and (iii) below, AMS is effectively relying solely on the Company's assets for repayment of 77.7% of the AMS Loan;
- ii. Daystar Holdings Limited and MMGH Ltd shall each support the Company in procuring the AMS Loan by providing security in the form of guarantees amounting to 7.6% and 9.7% (respectively) of any eventual shortfall in the repayment of the AMS Loan by the Company to AMS; and
- iii. Andrew Ganado Limited and GAN Limited shall each support the Company in procuring the AMS Loan by providing an undertaking to apply any funds receivable by them from Melite



Properties in terms of existing loan agreements between the said companies (as lenders) and Melite Properties (as borrower) in providing a guarantee to AMS in respect of the AMS Loan in an amount which shall not exceed such amounts actually received by said companies from Melite Properties, which would be equivalent to up to 3.6% (Andrew Ganado Limited) and 1.4% (GAN Limited) of the Loan Amount.

### 2.3 Entry into financing agreements

The Company (as borrower), AMS (as lender), and Melite Retail (as security provider), entered into a loan agreement on 4<sup>th</sup> July 2024 (the “**Loan Agreement**”), in terms of which AMS made the AMS Loan available to the Company subject to the fulfilment of the following conditions:

- i. A resolution for the discontinuation of the listing of the Bonds be validly passed at a Bondholders’ Meeting in accordance with the requirements of the Capital Markets Rules; and
- ii. Confirmation from at least 95% of the nominal value of the Bonds in issuance (at a date which will be pre-established in the offer made to the Bondholders)<sup>3</sup> that the Bondholders are agreeing to sell back the Bonds to the Company.

As security for the due and punctual performance of the obligations arising from the Loan Agreement, the Company entered into a share pledge agreement with Melite Retail (as pledgor) and AMS (as pledgee) on 4<sup>th</sup> July 2024 pursuant to which 5,874,406 ordinary shares of a nominal value of €1.00 per share, each fully paid up, in the Company held by Melite Retail (the “**Shares**”) were pledged in favour of AMS. The pledge confers upon AMS the right to obtain payment out of the Shares (whether through the sale or disposal thereof, appropriation or otherwise) with preference over other creditors as provided by the Civil Code (Cap. 16 of the laws of Malta) in virtue of the special privilege accorded by law under article 2099(a) of the Civil Code, as well as the right of retention over the Shares until such time as all the obligations arising from the Loan Agreement have been fully and irrevocably performed. In terms of the share pledge agreement, additionally AMS shall:

- i. exercise all voting and, or consensual rights and powers pertaining to the Shares or any part thereof for all purposes, including without prejudice to the generality of the foregoing, the right to nominate and appoint directors in the Company<sup>4</sup>;

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<sup>3</sup> Such date has since been set for the 9<sup>th</sup> August 2024.

<sup>4</sup> In effect, AMS will be able to exercise all those powers which are currently exercisable by Melite Retail as shareholder of the Company, provided that AMS undertakes not to exercise or apply any of its voting rights or powers to vary the distribution of dividends in any manner.





- ii. receive all dividends due on the Shares<sup>5</sup>;
- iii. receive all capital distributions paid on the Shares upon the reduction of capital or redemption of any Shares to be held as security for Melite Retail's obligations in terms of the share pledge agreement, or otherwise applied as may be agreed with AMS<sup>6</sup>; and
- iv. together with Melite Retail, receive notices of meetings required by Maltese law and, or the memorandum and articles of association of the Company and have the right to attend the meetings.<sup>7</sup>

#### 2.4 Discontinuation of listing of the Bonds

As communicated pursuant to Company Announcement MTE49/2024 dated 27<sup>th</sup> April, 2024, subject to the Resolution below being validly passed by Bondholders at the Bondholders' Meeting, it is the intention of the Company to submit an application to the MFSA for the discontinuation of listing of its outstanding Bonds from the Official List of the Malta Stock Exchange in terms of Capital Markets Rule 1.22 – 1.26.

In this respect, Capital Markets Rules 1.22 – 1.26 (both inclusive) set out the procedure that is to be followed where the discontinuation of listing of securities takes place upon an issuer's request. Said rules require the issuer to obtain the approval of the MFSA prior to the discontinuation of listing being rendered effective. In particular, Capital Markets Rule 1.25 provides that where, following the submission of an application for discontinuation of listing, the MFSA determines that the information provided to it satisfies the requirements set out in the relevant Capital Markets Rules, the MFSA is to publish a notice announcing the discontinuation of listing of the relevant security, and the effective date of discontinuation of listing which shall be 90 days following the date of submission of the application made by the issuer.

As set out in the Resolution the submission of the Company's application for the discontinuation of listing of its Bonds shall be made in the context of the proposed Buy Back, the terms of which are further set out in section 2.5 below. To this end, and on the understanding that the Buy Back would be expected to be concluded within a period of around 10 days, on 21<sup>st</sup> May 2024 the Company submitted a formal request to the MFSA, requesting that, in the event that the Resolution were to be

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<sup>5</sup> Should the Company be in a position to declare any dividends, these dividends would be paid to AMS and therefore be transferred out of the Melite Finance Group.

<sup>6</sup> Any capital distributions by the Company will therefore be held by AMS, a company outside the group of companies consisting of the Company as the parent company and its subsidiary Melite Properties, unless otherwise agreed with AMS, until such time as the obligations arising from the Loan Agreement are fulfilled.

<sup>7</sup> Reference is made to footnote 4 above.



passed as aforesaid and the application for the discontinuation of listing be submitted with the MFSA, a dispensation from Capital Markets Rule 1.25 be granted to the Company such that the abovementioned 90 day period is reduced to a period of 30 days, and this under the powers given to the MFSA in terms of Capital Markets Rule 1.27 (Dispensation and Modification of Capital Markets Rules). The 90-day rule in question is generally considered to be an important safeguard for minority holdings in an issuer who/which may be prejudiced by the delisting process, when a significant number of such minority holdings may be expected to subsist post-delisting. In the present circumstances, in light of the high threshold of buy-backs to be achieved before such buy-backs may be considered to have become effective, the Company is expected to be the holder of the majority (if not all) of the Bonds at the point in time that the discontinuation of listing is itself rendered effective. Accordingly, the application of a 90-day period for the discontinuance of listing to become effective is considered excessive, unwarranted, and unnecessary.

The Board of Directors of the Company, having made the necessary considerations, is of the view that the discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange would be in the best interests of both the Company and the Bondholders.

### 2.5 Terms of the Buy Back

Subject to the Bondholders approving the Resolution at the Bondholders' Meeting, the Company shall invite bondholders appearing on the Company's register of bondholders as at 24<sup>th</sup> July 2024 (the "**Eligible Bondholders**") to accept the Company's offer to acquire the Bonds held by them during a period which is expected to run from 29<sup>th</sup> July 2024 at 09:00 to 8<sup>th</sup> August 2024 at 17:00 (both days included) (the "**Buy Back Period**") at the price of €100 per Bond (the "**Repurchase Price**"). The market price of the Bonds as at the date of this Explanatory Memorandum is €90 per Bond, 10% below the nominal value of the Bonds (€100 per Bond). Indeed, the Bonds have been trading below par since 11<sup>th</sup> May 2020 (lowest price of €70 per Bond reached on 12<sup>th</sup> May 2021) with the average market price of the Bonds since May 2021 hovering around €85 per Bond. The Repurchase Price is inclusive of:

- i. a redemption price for the Bonds which is equivalent to *circa* 107% of the market price of the Bonds as at the date of this Explanatory Memorandum; and
- ii. all interest which will have accrued as at 22<sup>nd</sup> August 2024, being the effective date of the Buy Back.

Subject to the adoption of the Resolution by Bondholders at the Bondholders' Meeting, as further set out in section 4 below, the Company shall on 26<sup>th</sup> July 2024 dispatch by mail to Eligible Bondholders an acceptance form (the "**Acceptance Form**") and an explanatory covering letter. Eligible Bondholders interested in participating in the Buy Back will have until 8<sup>th</sup> August 2024 to return the Acceptance Form, duly executed, to the Company at its registered office through the self-addressed envelope



provided. Acceptance Forms shall be remitted by the Company to Lombard Bank Malta p.l.c. (C 1607), acting as registrar and collecting & paying agent for the Buy Back (the “**Registrar and Collecting & Paying Agent**”).

The Company, acting through the Registrar and Collecting & Paying Agent, shall only accept to repurchase the Bonds:

- i. following the submission by Eligible Bondholders of a valid Acceptance Form pursuant to which Eligible Bondholders accept to sell all (but not part of) the Bonds held by them to the Company; and
- ii. following confirmation by the Registrar and Collecting & Paying Agent that Eligible Bondholders holding in aggregate 95% in nominal value of all of the Bonds in issue have accepted to sell all (but not part of) the Bonds held by them to the Company (the “**Minimum Threshold**”).

Subject to the Minimum Threshold being met, Eligible Bondholders who submit their Acceptance Form on or prior to 8<sup>th</sup> August 2024 will receive the payment for the Bonds acquired by the Company on 22<sup>nd</sup> August 2024.

## 2.6 Suspension of Trading

The Company considers it crucial for the success of the Buy Back (including being in a position to determine whether the Minimum Threshold has been met), and for the protection of the integrity of the market, that secondary market trading of the Bonds be suspended during the course of the Buy Back.

In this respect, on the 10<sup>th</sup> June 2024 the Board of Directors of the Company voluntarily submitted a formal request with the MFSA and the Malta Stock Exchange for the suspension of trading of the Bonds from the Official List of the Malta Stock Exchange in accordance with Capital Markets Rule 1.16. The request was upheld by the Malta Stock Exchange and the MFSA. The requested suspension is for a period commencing upon announcement by the Company that the resolution for the discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange has been approved (naturally assuming that this will be the case) and ending immediately prior to the discontinuation of listing of the Bonds taking effect or at such time as the request for suspension is withdrawn (specifically, in the event that the Board of Directors concludes that it will not be possible to reach the Minimum Threshold), whichever is the earlier.

Suspension in the trading of the Bonds will mean that Bondholders will not be able to dispose of their Bonds throughout the period during which the suspension remains in effect.



### 3. BOARD APPROVALS

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On 5<sup>th</sup> July 2024, the Board of Directors of the Company met and resolved, *inter alia*:

- i. that subject to the Company obtaining the necessary approvals from the Bondholders at the Bondholders' Meeting and from the MFSA in accordance with the Capital Markets Rules, and subject to the Buy Back being accepted by Bondholders holding in aggregate at least 95% of the nominal value of all of the Bonds in issue, the listing of the Bonds from the Official List of the Malta Stock Exchange shall be discontinued in accordance with Capital Markets Rules 1.22 to 1.26 (both inclusive);
- ii. to call a Bondholders' meeting to be held on 23<sup>rd</sup> July, 2024 at 14:00 hrs at AX The Victoria Hotel, Gorg Borg Olivier Street, Sliema for the purpose of the Bondholders considering and, if thought fit, approving the following resolution:

*“That, in fulfilment of the procedures specified in Capital Markets Rules 1.22.2 and 1.22.3, in terms of Appendix 1.1 to Chapter 1 of the Capital Markets Rules and Capital Markets Rules 1.22 – 1.26, with effect from no later than 30 days following filing of the application for the discontinuation of listing of the Company’s €9,250,000 secured bonds of a nominal value of €100 per bond redeemable at their nominal value on 23 November, 2028 bearing interest at the rate of 4.85% per annum and having ISIN number MT0002031202 (the “Bonds”) with the Malta Financial Services Authority, and subject to the Company receiving acceptances on its prospective offer to repurchase all Bonds in issue at par from holders of 95% in nominal value of all Bonds in issue, the discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange be and is hereby approved and the Board of Directors of the Company be and is hereby authorised and empowered to take all necessary steps, and to execute all necessary documents, to give effect to the discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange. In the event that the Company receives acceptances on its prospective offer to repurchase all Bonds in issue at par from holders of less than 95% in nominal value of all Bonds in issue, the Board of Directors is hereby authorised to inform the Malta Financial Services Authority that the condition upon which the application for discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange is dependent has not been met, and the Board of Directors of the Company be and is hereby authorised and empowered to take all necessary steps, and to execute all necessary documents, to cancel the*



*application for discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange.”*

- iii. that subject to the Company obtaining the necessary approval from Bondholders at the Bondholders’ Meeting, approve the intention of the Company to submit an application for the discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange to the MFSA in accordance with Capital Markets Rule 1.23 and any one (1) director of the Company be authorised and empowered to sign, execute, and deliver same to the MFSA; and within 24 hours of such Bondholder approval being obtained, distribute to all Bondholders a circular providing information about the resolution becoming effectual, and any one (1) director of the Company be authorised and empowered to sign, execute, and deliver such circular to the Bondholders with a copy to the MFSA;
- iv. to appoint Lombard Bank Malta p.l.c. (C 1607) as registrar and collecting & paying agent;
- v. that subject to Bondholders approving the Resolution, to invite Eligible Bondholders to accept the Company’s offer to acquire the Bonds held by them during a period which is expected to run from 29<sup>th</sup> July 2024 at 09:00 to 8<sup>th</sup> August 2024 at 17:00 (both days included) at the Repurchase Price, and to dispatch by mail to Eligible Bondholders on on 26<sup>th</sup> July 2024 the Acceptance Form and an explanatory covering letter for Eligible Bondholders interested in participating in the Buy Back to return, by 8<sup>th</sup> August 2024, duly executed to the Company at its registered office through the self-addressed envelope provided; and
- vi. that the Company, acting through the Registrar and Collecting & Paying Agent, shall only accept to repurchase the Bonds: (i) following the submission by Eligible Bondholders of a valid Acceptance Form pursuant to which Eligible Bondholders accept to sell all (but not part of) the Bonds held by them to the Company; and (ii) following confirmation by the Registrar and Collecting & Paying Agent that the Minimum Threshold has been met.



#### **4. APPROVAL REQUIRED FROM BONDHOLDERS**

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At the upcoming Bondholders' Meeting, the Bondholders shall be asked to formally approve the Resolution in order to satisfy the requirements set out in the Capital Markets Rules in respect of an application for the discontinuation of listing of the Bonds from the Official List of the Malta Stock Exchange.

The following rules shall apply to the Bondholders' Meeting:

- i. there must be present a quorum of Bondholders, present in person or by proxy, holding in aggregate more than 51% of the nominal value of the Bonds outstanding at the date of the Bondholders' Meeting<sup>8</sup>;
- ii. the vote must be taken by means of a poll called exclusively for this purpose;
- iii. the Resolution must be approved by Bondholders represented and entitled to vote holding in aggregate not less than 75% of the nominal value of the outstanding amount of the Bonds; and
- iv. the Resolution must not be disapproved by Bondholders represented and entitled to vote holding in aggregate 5% or more of the nominal value of the Bonds.

An indicative timeline of all actions which the Company will be undertaking during the process for applying for the discontinuation of listing of the Bonds as well as the Buy Back is set out in Annex 1.

#### **5. DIRECTORS' RECOMMENDATION**

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The Board of Directors, having made the appropriate evaluations and having considered the advice received in connection therewith, is of the view that the Resolution in the best interests of the Company and its Bondholders as a whole. The Board of Directors is, therefore, strongly recommending that the Bondholders vote in favour of the Resolution at the forthcoming Bondholders' Meeting.

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<sup>8</sup> Details on voting in person or by proxy at the Bondholders' Meeting and the proceedings to be undertaken before, during and after the Bondholders' Meeting are contained in the "Notice to Bondholders" convening the Bondholders' Meeting dispatched to Bondholders entitled to receive such "Notice to Bondholders" together with this Explanatory Memorandum.



If you are in doubt as to what action to take in relation to this recommendation, you are advised to seek independent professional advice.

## **6. DOCUMENTS AVAILABLE FOR INSPECTION**

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The following documents or certified copies thereof will be available for inspection at the Company's registered office situated at Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta, for at least 14 days from the date of publication of this Explanatory Memorandum:

- i. the Memorandum and Articles of Association of the Company;
- ii. the consolidated audited financial statements of the Company for the financial year ended 31 December, 2023; and
- iii. the consolidated unaudited interim financial statements of the Company for the financial period ended 30 June, 2023.

The above listed documents may also be accessed on the website of the Company, on <http://meliteproperties.com/>.

## **7. CONTACT INFORMATION**

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Should Bondholders have any queries in relation to the contents of this Explanatory Memorandum, they are to seek advice from their advisors. Should Bondholders rather raise such queries directly with the Board of Directors, as the authors of this document, they may establish contact by email on [corporate@meliteproperties.com](mailto:corporate@meliteproperties.com) with a view to holding a meeting with representatives of the Board.

*Approved and issued by Melite Finance p.l.c. (C 88405), with registered office situated at Level 3, Valletta Buildings, South Street, Valletta, VLT 1103, Malta.*



### Annex 1 – Proposed timeline of events

Date	Action
Thursday 22 <sup>nd</sup> August 2024	Effective Date of the transfer of the Bonds to the Company and Discontinuation of Listing of the Bonds.  Issuance of payments by the registrar and collecting and paying agent to accepting Bondholders.
Friday 9 <sup>th</sup> August 2024	Confirmation by Company that minimum threshold of acceptances by Bondholders (on which the AMS financing is contingent) has been met.
Monday 29 <sup>th</sup> July 2024 – Thursday 8 <sup>th</sup> August 2024	Bond buy back period.
Wednesday 24 <sup>th</sup> July 2024	Commencement of suspension of trading.
Tuesday 23 <sup>rd</sup> July 2024 (afternoon)	Submission of Application for Discontinuation of Listing of the Bonds with the MFSA.
Tuesday 23 <sup>rd</sup> July 2024 (afternoon)	Issuance of Circular informing Bondholders on resolution which has become effectual.
Tuesday 23 <sup>rd</sup> July 2024 (afternoon)	Company announcement providing an update to the market on the outcome of the Bondholders’ meeting and coming into effect of suspension of trading.
Tuesday 23 <sup>rd</sup> July 2024 (14:00)	Bondholders’ Meeting.
Monday 8 <sup>th</sup> July 2024	Notice of Bondholders’ Meeting sent to Bondholders together with a text of the Resolution and an Explanatory Memorandum.
Friday 5 <sup>th</sup> July 2024	Record Date for Bondholders’ Meeting.
Friday 5 <sup>th</sup> July 2024	Board of Directors meeting held and Company announcement issued.
Thursday 4 <sup>th</sup> July 2024	Company announcement setting date of Board of Directors meeting.