

# SUMMARY

dated 23 July 2021



VBL  
Group

## VBL P.L.C.

(registered as a public limited liability company Company registered under the laws of Malta with Company registration number C 56012)

THE SUMMARY HAS BEEN APPROVED BY THE LISTING AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE LISTING AUTHORITY ONLY APPROVES THIS SUMMARY AS MEETING THE STANDARD OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE COMPANY THAT IS THE SUBJECT OF THIS SUMMARY. THE APPROVAL OF THE LISTING AUTHORITY SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

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

Approved by the Directors

**Andrei Imbroll**

**Geza Szephalmi**

in their capacity as Directors of the Company  
and for and on behalf of: Julian Tzvetkov, Artur Haze, David Galea Souchet, Csaba Bato and Isabella Vella.

## 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 will enable investors to understand the nature and the risks of the Company and the Offer Shares.

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

This Summary contains key information on the Company and the Offer Shares, summarised details of which are set out below:

<b>Company:</b>	VBL p.l.c., a public limited liability company registered in Malta with registration number C 56012
<b>Address:</b>	54, Marsamxett Road, Valletta, Malta
<b>Telephone number:</b>	+356 27133344
<b>LEI number:</b>	485100EOK8ED6FMU4R55
<b>Website:</b>	www.vbl.com.mt
<b>Selling Shareholders</b>	Collectively the shareholders of the Company who are participating in the Sale Shares Offer (each a "Selling Shareholder").

<b>Nature of the securities:</b>	Collectively, up to: <ul style="list-style-type: none"> <li>i. 35,714,286 ordinary shares in the issued share capital of the Company of a nominal value of €0.20 each, being offered to the public by the Company at the Offer Price pursuant to the New Shares Offer; and</li> <li>ii. 35,714,286 ordinary shares in the issued share capital of the Company of a nominal value of €0.20 each, being offered for sale to the public by the Selling Shareholders at the Offer Price pursuant to the Sale Shares Offer, (together the “<b>Offer Shares</b>”), which together with the existing ordinary shares in issue of the Company not forming part of the Sale Shares Offer, and the Conversion Shares, will represent the entire issued share capital of the Company (collectively the “<b>Shares</b>”).</li> </ul>
<b>ISIN of the Shares:</b>	MT0002550102
<b>Details of the competent authority approving the prospectus:</b>	The Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta).
<b>Address, telephone number and official website of the competent authority approving the prospectus:</b>	The Listing Authority, Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara, CBD 1010, Malta.
<b>Prospectus approval date:</b>	23 July 2021

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 Company and the Offer Shares 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 Offer Shares should be based on consideration of the Prospectus as a whole by the investor;
- iii. An investor may lose all or part of the capital invested in subscribing for the Offer Shares;
- 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 such securities.

## 2. KEY INFORMATION ON THE COMPANY

### 2.1. Who is the issuer of the securities?

#### 2.1.1. Domicile and legal form, its LEI and county of incorporation

The Company is VBL p.l.c., a public limited liability company registered in terms of the Companies Act (Cap. 386 of the laws of Malta), having company registration number C 56012. The Issuer was incorporated and is domiciled in Malta. Its LEI number is 85100EOK8ED6FMU4R55.

#### 2.1.2. Principal activities of the Company

The Company is involved in the real estate industry, with a niche focus on identifying, acquiring, developing and managing real estate in Valletta. The Group’s strategy involves creating a diverse portfolio of operational and development assets, consisting of hospitality (accommodation) assets, for both short and long-term lets and commercial real estate, consisting of retail, entertainment and office space.

The Company currently holds 100% of the issued share capital in the following operating subsidiaries:

- i. **VREM Ltd:** VREM Ltd is entrusted with the hospitality and property operations within the Group. VREM Ltd manages and operates the assets of the Company and provides property management services for third-parties;
- ii. **Silver Horse Block Ltd:** Silver Horse Block Ltd was established for the purpose of acting as the dedicated project development of the single largest mixed-use development project in Valletta, known as the “Silver Horse Phase 2” project; and
- iii. **Casa Rooms Ltd:** Casa Rooms Ltd was acquired by the Company in January 2021, and is a property management business, focusing on real estate management and long- and short-lets across Malta. Casa Rooms Ltd is a recognised hospitality services provider in Malta, with 115 properties under management, 30 of which are situated in Valletta.

#### 2.1.3. Major shareholders

As at the date of this Summary, the Selling Shareholders hold, in aggregate, 99.06% of the issued share capital of the Company. The Sale Shares forming the subject of the Sale Shares Offer represent up to 15.53% of the issued share capital of the Company prior to the IPO and are expected to represent up to 12.60% of the issued share capital of the Company post-IPO.

#### 2.1.4. Key managing directors

As at the date of the Prospectus, the Board of Directors of the Company is composed of the following executive directors - Andrei Imbroll (Chairman), Geza Szephalmi (Chief Executive Officer), Julian Tzvetkov (Chief Operating Officer); and non-executive directors – Arthur Haze, David Galea Souchet, Csaba Bato and Isabella Vella.

#### 2.1.5. Statutory auditors

BDO Malta, of Triq It-Torri, Msida, MSD 1824, Malta, have audited the annual statutory consolidated financial statements of the Issuer for the financial years ended 31 December 2017, 2018, 2019 and 2020.

## 2.2. What is the key financial information regarding the Company?

The key financial information regarding the Company on a consolidated basis is set out below:

### VBL GROUP - EXTRACTS FROM THE CONSOLIDATED INCOME STATEMENTS

€'000	FY2020 Audited	FY2019 Audited	FY2018 Audited	FY2017 Audited
Revenue	549	1,426	1,273	1,037
EBITDA*	188	378	337	313
Investment income	(210)	1,418	5,976	11,369
Profit for the year	(362)	1,242	5,116	9,965
Revenue per owned/leased sqm (€)*	156	372	377	359
Earnings per share (€)**	(0.002)	0.005	0.022	0.043

\* Revenue per owned/leased sqm (€) – rental revenue generated from owned and leased property operations divided by the total owned and leased operational area (gross sqm). Owned and leased operational area (gross sqm) is shown as a pro-rata adjusted estimate in the case of properties which were not operational for the full year.

### VBL GROUP - EXTRACTS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December €'000	2020 Audited	2019 Audited	2018 Audited	2017 Audited
Total assets	56,747	55,197	53,251	47,133
Total equity	47,152	47,652	42,431	37,278
Total liabilities	9,596	7,546	10,820	9,855
Net financial debt	3,987	2,958	6,839	5,480

### VBL GROUP - EXTRACTS FROM THE CONSOLIDATED CASH FLOW STATEMENTS

€'000	FY2020 Audited	FY2019 Audited	FY2018 Audited	FY2017 Audited
Net cash generated from / (used in) operating activities	(230)	710	2	319
Net cash used in investing activities	(549)	(924)	(1,174)	(442)
Net cash generated from financing activities	2,140	475	335	525
<b>Net movement in cash and cash equivalents</b>	<b>1,361</b>	<b>261</b>	<b>(838)</b>	<b>401</b>
Opening cash and cash equivalents	351	90	927	526
<b>Closing cash and cash equivalents</b>	<b>1,712</b>	<b>351</b>	<b>90</b>	<b>927</b>

The audit reports on the audited financial statements for the years ended 31 December 2017, 31 December 2018, 31 December 2019 and the 31 December 2020 do not include any material qualifications.

## 2.3. What are the key risks that are specific to the Company?

The most material risk factors specific to the Company and the Group which may negatively impact the operations and financial position of the Company and the Group should the circumstances mentioned therein materialise, are set out below:

### **2.3.1. Property title risk and risk of challenge to validity of title**

A number of the properties targeted and acquired by the Company may have had multiple owners, and a complex root of title, which may not be fully or completely verified. This complexity is accentuated in the case of immovable property situated in Valletta.

There can be no guarantee as to the unqualified validity of the root of title to all of the immovable properties acquired or held by the Group. Accordingly, the Group is susceptible to the risk of claims made by third parties alleging title or other rights or interests over the immovable properties acquired from time to time. Resolving such claims may entail significant costs and time for the Company and may disrupt operations undertaken at the immovable property/ies concerned.

### **2.3.2. Risks inherent in the real estate market**

The Company is exposed to risks inherent in the real estate market and particularly to changes in market conditions in the real estate market in Valletta and, indirectly, Malta, the European Union and the Mediterranean region.

### **2.3.3. Risks relating to the potential inability to conclude real estate developments**

The Company operates in a very niche and highly competitive market. The Company's financial performance and future growth is partly dependent on the ability to acquire, sell and operate its assets on attractive and sustainable commercial terms. There can be no assurance that the Company will continue to be able to identify and acquire assets on attractive commercial terms or even at all.

### **2.3.4. Risks relating to the disposal of real estate assets**

There can be no assurance that real estate assets in the Company's portfolio will be transferred and disposed of at the carrying value held by the Company at the time or at their estimated value at any other time before a potential transaction. It may prove necessary to dispose of properties at values which the Directors consider are reasonable in the circumstances prevailing at the time, but which represent discounts to book values or earlier property valuation reports, in order to satisfy other commercial demands of the Company and deliver the long term strategy objectives set by the Company's management and the Directors.

### **2.3.5. Risks associated with property development and the construction industry**

The Company undertakes conversion, renovation and development works on real estate assets it acquires or manages, or occasionally on properties owned by third parties. To the extent that the Company does so, it would be subject to the execution risks normally associated with property development, including but not limited to the risk of cost overruns; the risk of insufficiency of resources to complete development projects as planned, or at all; and the risk arising from the fact that the Company is dealing primarily with old, historic properties.

In addition, the risks relating to conversion, renovation, construction and development are accentuated owing to the added restrictions and requirements pertaining to the undertaking of such works on properties situated in Valletta.

### **2.3.6. Risks relating to the Company's dependence on rental revenues, and indirectly on the tenants and operators of the Company's underlying real estate assets**

The Company is dependent on the income generated by the underlying property owned or operated. The receipt of any rental income due and payable in respect of the underlying property, and the possibility that tenants may default on their rental obligations, creates a consequential risk that it could cause a decline in the Company's income, its general financial performance and its ability to sustain dividend payments to shareholders.

The Company is also susceptible to the risks relating to the concentration of the Company's property portfolio in Valletta. Consequently, the Company's management and operations activities are dependent, in part, on the competitive strength of the Valletta market relative to other areas in Malta and overseas.

### **2.3.7. Risks relating to the Company and the Group's dependence on VBLM and the key executive personnel that it provides**

The operations and profitability of the Company are dependent on management's performance. Management and support services are provided by VBLM to the Company in terms of a management services agreement, currently valid for a term of three years from the date of listing of the Company on the MSE, or by 31 December 2024, whichever comes earlier. The majority of the issued share capital of VBLM is owned by the Executives and VBLM is also the largest direct shareholder in the Company. The Executives are considered key for the Company's and the Group's future strategy as they have developed the skills, experience, relationship and contacts on which the Company's and the Group's future strategy relies.

### **2.3.8. Changes to the food and beverage and retail trade industry may have a negative impact on the ability for the Company to secure third-party tenants for a number of its commercial properties**

The Company owns and leases a number of properties in Valletta which are operated by third party tenants in the hospitality and retail trade industry, specifically in the food and beverage sector. Accordingly, the Company's hospitality business is also subject to a number of risk factors that affect the food and beverage industry in general.

### 2.3.9 Risks inherent in property valuations

The assets of the Company consist mainly of immovable real estate situated in Valletta, which is inherently difficult to value with certainty. While the Valletta immovable property market is a market with very specific attributes and which may or may not depend on the rest of the market conditions of this industry in Malta, there is a potential risk that the price at which an asset has been valued before may not be realisable in the event of sale at a later point in time.

### 2.3.10 Impact of the recent COVID-19 pandemic on the Company's general business operations

The continued or renewed imposition of preventative and containment measures as a result of the COVID-19 pandemic has had, and is expected to continue to have, a negative impact on the expectations relating to the hospitality establishments to be managed and operated by the Group, with the susceptibility to the risk of reduced occupancy rates, price reductions, and a reduction in revenue. Moreover, the Group's revenue generated from its property investment and development activities may be negatively impacted through a reduction in price of its units held for resale or leasing to third-parties, as well as the risk of a downward shift in demand, frequency and volume of such revenue-generating property transactions. The Group's property development activities may also be suspended, delayed or abandoned altogether due to directives which may be issued by the relevant public and health authorities.

## 3. KEY INFORMATION ON THE SECURITIES

### 3.1. What are the main features of the securities?

The key features of the Offer Shares are set out below:

<b>ISIN:</b>	MT0002550102
<b>Description, amount and class of the Offer Shares:</b>	<ol style="list-style-type: none"><li>i. up to 35,714,286 ordinary Shares of a nominal value of €0.20 per Share are being offered by the Company pursuant to the New Shares Offer; and</li><li>ii. if the New Shares Offer is fully subscribed, up to 35,714,286 ordinary Shares of a nominal value of €0.20 per Share are being offered by the Selling Shareholders pursuant to the Sale Shares Offer;</li></ol>
<b>Offer Price:</b>	at €0.28 per share;
<b>Minimum amount per subscription:</b>	minimum of 10,000 Shares (being €2,800 worth) and in multiples of 100 Shares thereafter;
<b>Denomination:</b>	Euro (€);
<b>Form:</b>	The Shares in the Company are (and in the case of the New Shares and Conversion Shares, will be) issued in registered form and, until they are admitted to the Official List of the MSE, will be in fully certificated form. Following their admission to the Official List of the MSE: the Sale Shares will, whilst retaining their registered form, no longer be in certificated form and will thereafter be held in book-entry form at the CSD in accordance with the requirements of the MSE, or in such other form as may be determined from time to time by applicable law, the requirements of the MSE or the Company; the New Shares and the Conversion Shares will be in registered form and held in book-entry form at the CSD in accordance with the requirements of the MSE or in such other form as may be determined from time to time by applicable, the requirements of the MSE or the Company;
<b>Rights attaching to the Shares:</b>	The Shares shall carry the right to participate in any distribution of dividend declared by the Company <i>pari passu</i> with any other ordinary shares in the Company. Each Share shall entitle the holder thereof to one vote at meetings of Shareholders. The Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether in the context of a winding up or otherwise, <i>pari passu</i> with all other ordinary shares of the Company;
<b>Transferability:</b>	Save for the restrictions on free transferability applicable to the Locked-In Shareholders in terms of the Lock-In Agreement, the Shares are freely transferable and following Admission shall be transferable only in whole in accordance with the rules and procedures of the Official List of the MSE, as may be applicable from time to time;
<b>Dividend policy:</b>	It is the Board of Directors' objective to recommend a dividend distribution of between 30% and 50% of the recurring free cash flow on an annual basis, subject to statutory requirements and availability of profits for distribution.

### 3.2. Where will the securities be traded?

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

### **3.3. What are the key risks that are specific to the securities?**

The most material risk factors specific to the Shares are set out below:

#### **3.3.1. Suitability of Investment in the Offer Shares**

An investment in the Offer Shares may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Offer Shares before making an investment decision.

#### **3.3.2. No prior market for the Offer Shares**

Due to the absence of any prior public market for the Shares, there can be no assurance that that the price at which the Shares will trade in the market subsequent to Admission will correspond to the Offer Price.

#### **3.3.3. Orderly and liquid secondary market**

There can be no assurance that an active secondary market for the Shares will develop or, if it does develop, that it will continue, and there can be no assurance that an investor will be able to sell or otherwise trade in the Shares at all. Should there not be a liquid market in the Shares, investors may not be able to sell the Shares at, or above, the Offer Price, or at all.

#### **3.3.4. Dividends**

There is no guarantee that dividends will be paid by the Company. Any dividend on the Shares will be limited by the performance of the Company.

#### **3.3.5. Lock-in arrangement**

The Company is unable to predict whether, following the termination of the lock-in restrictions put in place in connection with the Offers, a substantial amount of Shares will be sold in the open market by the Locked-In Shareholders. Any sales of substantial amounts of Shares in the public market by one or more Locked-In Shareholders (or any other Shareholder), or the perception that such sales might occur, could result in a material effect on the market price of the Shares.

## **4. KEY INFORMATION ON THE OFFER AND SALE 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 Offer Shares**

The Shares forming the subject of the Offers are open for subscription to all categories of investors, who may apply for the Offer Shares by completing an Application Form, which may be obtained from, and is to be lodged with, a Financial Intermediary during the Offer Period. Any Financial Intermediary may subscribe for Offer Shares for their own account or on account of their underlying customers, including retail clients.

As at the date of the Prospectus, the Selling Shareholders hold in aggregate 227,835,725 Shares of a nominal value of €0.20 each in the Company, representing 99.06% of the issued share capital of the Company. Following completion of the New Share Issue, the Selling Shareholders will hold, in aggregate, 80.36% of the issued share capital of the Company. Following Admission, and assuming the Offers are fully subscribed and assuming further the issuance of the Conversion Shares, the Selling Shareholders will, in aggregate amongst themselves, retain 192,121,439 Shares of a nominal value of €0.20 each in the Company, equivalent to circa 67.76% interest in the entire issued share capital of the Company.

The expenses payable in respect of both Offers, including selling commissions and professional, publicity, printing, registration, Registrar, sponsorship, management, listing and other miscellaneous expenses or fees (save that selling commissions pertaining to the offer of the Sale Shares by the Selling Shareholders, which commissions shall be payable by the Selling Shareholders), expected to amount up to circa €500,000, shall be borne exclusively by the Company and shall be deducted from the proceeds of the New Shares Offer.

Application has been made by the Company for its entire issued share capital to be listed on the Official List (including the Offer Shares and the Conversion Shares). The Listing Authority has approved the Shares for admissibility to listing on the Official List of the Malta Stock Exchange.

#### **Allocation Policy**

The Company shall allocate subscriptions for the Offer Shares on the basis of the following allocation policy:

- i. subscriptions shall first be allocated with priority to the New Shares; and
- ii. if the New Shares Offer is over-subscribed, any subscriptions exceeding the number of New Shares that may be issued and allocated by the Company pursuant to the New Shares Offer will automatically participate in allocation of Sale Shares;

PROVIDED that if the New Shares Offer and the Sales Shares Offer are both oversubscribed, the Company shall reduce the subscriptions made for Offer Shares on, as far as practicable, a pro-rata basis.



The Company considers that through the allocation policy, there will be a sufficiently dispersed shareholder base to facilitate, as far as practicable, an active secondary market in the Shares.

#### Expected timetable

1	Availability of Application Forms	02 August 2021
2	Opening of Offer Period	02 August 2021
3	Closing of Offer Period	24 September 2021
4	Determination of basis of acceptance	01 October 2021
5	Refunds of unallocated monies	12 October 2021
6	Expected admission of the Shares on the MSE	12 October 2021
7	Expected date of commencement of trading of the Shares on the MSE	13 October 2021

The Company and the Selling Shareholders reserve the right to close the Offer Period before 24 September 2021, in which case the remaining events set out in 4 to 7 above, will be brought forward, although the number of working days between the respective events will not be altered.

#### 4.2. Who is the offeror and/or the person asking for admission to trading?

The Selling Shareholders are the existing shareholders of the Company as at the date of the Prospectus, who are offering up to 35,714,286 ordinary Shares in the Company, having a nominal value of €0.20 each, at the Offer Price pursuant to the Sale Shares Offer.

#### 4.3. Why is this prospectus being produced?

The net proceeds from the New Shares Offer, expected to amount to up to €9,500,000, form part of a wider long-term funding and investment plan of the Company that is aimed at funding the strategic development plans of the Company, details of which are set out in section 5 of the Registration Document.

If the New Shares Offer is fully subscribed, subscriptions for the Sale Shares pursuant to the Sale Shares Offer shall be accepted in accordance with the prescribed allocation policy. The Sale Shares Offer represents a partial realisation of the Selling Shareholders' investment in the Company. The Sale Shares Offer would not constitute an issuance of additional shares by the Company and, accordingly, pursuant to the Sale Shares Offer no funds would be raised for use by the Company. The net proceeds from the Sale Shares Offer, if fully subscribed, expected to amount to €9,800,000 (being €10,000,000 less commission expenses attributable to the Sale Shares Offer of up to €200,000) shall be for the benefit of the Selling Shareholders.

In the event that the New Shares forming the subject of the New Shares Offer are not fully subscribed, the Company shall proceed to issue and allot such number of New Shares actually subscribed for in accordance with the prescribed allocation policy, and the Company will reconsider its proposed planned investments and financing plans.

In the unlikely event that following the Offer Period and issuance of the Conversion Shares, the Offer Shares subscribed for and Conversion Shares issued and allotted do not, when aggregated with the shares in the Company in issue as at the date of the Prospectus, result in at least 25% of the issued share capital of the Company being held in the hands of the public on the Official List as required in terms of Listing Rule 3.26.2:

- i. no allotment of Offer Shares will be made;
- ii. for the purposes of the Offers, the subscription of the Offers shall be deemed not to have been accepted by the Company and the Selling Shareholders; and
- iii. all proceeds received from Applicants shall be refunded accordingly.

Following Admission, the full subscription of the Offers and the issuance of the Conversion Shares, the following members of the Board of Directors are expected to retain, in aggregate amongst themselves, around 53.35% of the entire issued share capital of the Company: Dr Andrei Imbroll and Dr Geza Szepalmi and Mr. Julian Tzvetkov, directly as shareholders of the Company as well as indirectly through their holding in VBLM Ltd; and Mr. Arthur Haze, a Director, indirectly through his holding in Raniark Ltd. VBLM Ltd and Raniark Ltd are expected to remain the two single largest Shareholders in the Company.

Save for the above (and save for the possible subscription for Shares by Authorised Financial Intermediaries (which may include Rizzo, Farrugia & Co (Stockbrokers) Ltd., being the Sponsor, Manager & Registrar)), the Directors are not aware of any interest, conflicting or otherwise, considered material to the Offers.