REGISTRATION DOCUMENT

dated 4 October 2024

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

by

VBL P.L.C.

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

Legal Counsel	Security Trustee	Sponsor, Manager & Registrar
CAMILLERI PREZIOSI ADVOCATES	TRIDENT TRUST	Calamatta Cuschieri

THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS APPROVED THIS REGISTRATION DOCUMENT 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 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 THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS. THE MALTA FINANCIAL SERVICES AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE CAPITAL MARKETS RULES.

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 ANY SECURITIES ISSUED BY THE COMPANY.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF THE COMPANY AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISOR.

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, John Attard and Isabella Vella.

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON VBL P.L.C., IN ITS CAPACITY AS ISSUER, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKET RULES ISSUED BY THE MALTA FINANCIAL SERVICES AUTHORITY, THE COMPANIES ACT, AND THE PROSPECTUS REGULATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE COMPANY OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY, ITS DIRECTORS, OR ADVISORS.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS REGISTRATION DOCUMENT, 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 REGISTRATION DOCUMENT.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND ANY PERSON WISHING TO ACQUIRE SECURITIES OF THE COMPANY TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF ACQUIRING SECURITIES ISSUED BY THE COMPANY AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND FISCAL OBLIGATIONS 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.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE COMPANY: (I) BY ANY PERSON IN ANY JURISDICTION 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.

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 SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

UNLESS INCORPORATED BY REFERENCE IN THIS REGISTRATION DOCUMENT, THE CONTENTS OF THE COMPANY'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE COMPANY'S WEBSITE DO NOT FORM PART OF THIS REGISTRATION DOCUMENT. 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 SECURITIES OF THE COMPANY. ALL THE ADVISORS TO THE COMPANY NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING ENTITLED "ADVISORS TO THE COMPANY" IN SECTION 3.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLYNOT BE RESPONSIBLE TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN RISE AS WELL AS FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

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 THERETO.

THIS REGISTRATION DOCUMENT IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE COMPANY IS NOT OBLIGED TO SUPPLEMENT THIS REGISTRATION DOCUMENT IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES, OR MATERIAL INNACURACIES WHICH ARISE OR ARE NOTED FOLLOWING THE LATER OF THE CLOSING OF THE OFFER PERIOD OR THE TIME WHEN TRADING ON THE OFFICIAL LIST BEGINS.

A COPY OF THIS REGISTRATION 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 HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE COMPANIES ACT.

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1. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Act or **Companies Act**	the Companies Act (Cap. 386 of the laws of Malta);
Bond Issue	the issue of the Secured Bonds;
Capital Markets Rules	the capital markets rules issued by the Malta Financial Services Authority in terms of the Financial Markets Act;
Company or the **Issuer**	VBL p.l.c., a public limited liability company registered under the laws of Malta bearing company registration number C 56012 and having its registered office at 54, Marsamxett Road, Valletta VLT 1853, Malta;
Directors or **Board**	the directors of the Company whose names are set out in section 3.1 of this Registration Document under the heading 'Directors of the Issuer';
Early Redemption Date	any date falling on or between 25 October 2030 and 25 October 2034, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the Secured Bonds and all interest accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and the term "**Early Redemption**" shall be construed accordingly;
Euro or **€**	the lawful currency of the Republic of Malta;
Executives	collectively, Geza Szephalmi (67571A), Andrei Imbroll (531778M), and Julian Tzvetkov (157717A);
Financial Markets Act	the Financial Markets Act (Cap. 345 of the laws of Malta);
GDPR	Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;
Group or **VBL** or **VBL Group**	the group of companies of which the Company is the parent and the VBL Subsidiaries are the subsidiaries;
Long Term Development Facility	the long-term development and acquisition financing facility of a total of €15,000,000 made available to the Company by Bank of Valletta p.l.c. (C 2833) for the financing of: i. working capital requirements in connection with cashflow gaps; ii. the refurbishing of the Silver Horse Phase 2 into a mix of tourism accommodation units and retail outlets; iii. the refurbishing of the Orangery Lodge Phase 2 into a mix of tourism accommodation units and retail outlets; iv. the refurbishing of the Palazzo Stella Valletta into a mix of tourism accommodation units and retail outlets; v. the refurbishing of the Casa San Domenico into a mix of tourism accommodation units and retail outlets; vi. the settling of a third party loan; and vii. the acquisition of 'The Coliseum Shopping Arcade';
IPO	the initial public offering consisting of; (i) the issue by the Company of up to 35,714,286 new ordinary shares of a nominal value €0.20 per share; and (ii) the offer by certain shareholders of the Company of up to 35,714,286 existing ordinary shares of a nominal value of €0.20 per share, each at an offer price of €0.28 per share, pursuant to a prospectus dated 23rd July 2021;
Memorandum and Articles of Association	the memorandum and articles of association of the Company in force at the date of this Registration Document. The terms "**Memorandum**", "**Articles**" and "**Articles of Association**" shall be construed accordingly;
Malta Financial Services Authority or **MFSA**	the Malta Financial Services Authority, established in terms of the Financial Markets Act as the competent authority to approve prospectuses for the purposes of any offer of securities to the public in Malta;

Malta Stock 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;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE bye-laws;
Orangery Lodge Phase 1 or **OL1**	the property situated in West Street c/w St. Michael Street Valletta measuring *circa* 1056sqm developed in 2015, consisting of eight residential units, which units were sold whereas the common area and airspace were retained for use in OL2;
Orangery Lodge Phase 2 or **OL2**	collectively; i. (i) the property situated in West Street c/w St. Michael Street Valletta measuring *circa* 651sqm adjacent to OL1, currently under development for hospitality and, or residential use; ii. (ii) the retail unit situated at ground floor in West Street Valletta known as "Lucky Store" measuring *circa* 97sqm, currently under development as part of the OL2 project; and iii. (iii) the common area and airspace measuring *circa* 287sqm forming part of and servicing both OL1 and OL2;
Property Valuation Report	the property valuation report, dated 30 August 2024, prepared in accordance with Chapter 7 of the Capital Markets Rules by Dr Edwin Mintoff, Architect and Civil Engineer B.E.&.A (Hons), PhD (Newcastle) A.&.C.E;
Prospectus	collectively this Registration Document, the Securities Note, and the Summary;
Prospectus Regulation	Regulation (EU) No. 2017/1129 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, as amended, and in accordance with the provisions of Commission Delegated Regulation No. 2019/979 and Commission Delegated Regulation No. 2019/980 issued thereunder;
Redemption Date	25 October 2034 or the Early Redemption Date;
Registration Document	this document in its entirety;
Secured Bonds	the €10,000,000 secured bonds of a nominal value of €100 per bond payable in full upon subscription, redeemable at their nominal value on the Redemption Date or an Early Redemption Date, and bearing interest at a rate of 5.2% per annum, as described in further detail in the Securities Note;
Securities Note	the securities note issued by the Issuer dated 4 October 2024, forming part of the Prospectus;
Security Trustee	Trident Trust Company (Malta) Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 51249, and having its registered office at Trident Park, Notabile Gardens, No. 2 – Level 3, Mdina Road, Zone 2, Central Business District, Birkirkara CBD 2010, Malta, authorised to act as trustee in terms of the Trust and Trustees Act, Cap. 331 of the laws of Malta;
Silver Horse Block	Silver Horse Block Ltd, a private limited liability company registered under the laws of Malta bearing company registration number C 81976 and having its registered office at 54, Marsamxett Road, Valletta VLT 1853, Malta;
Silver Horse Development	collectively: SHB1, SHB2, and SHB3;
Silver Horse Phase 1 or **SHB1**	the property situated in Strait Street c/w St. Christopher Street Valletta measuring *circa* 1,331sqm developed in 2016 for commercial use, principally in the retail and F&B sectors, consisting of nine commercial units (jointly referred to as 'The Gut');
Silver Horse Phase 2 or **SHB2**	the property situated in Strait Street c/w St. Christopher Street overlying SHB1 measuring *circa* 5,808sqm of gross development area, currently under development for use in the hospitality sector, which once developed, shall comprise six floors, roof-top garden terrace, and pool area, resulting in a final net area of 5,370sqm;

Silver Horse Phase 3 or **SHB3**	collectively: (i) the properties situated in Strait Street and Old Bakery Street, Valletta known as "Little Horse" and "Stone Mason's House", measuring in aggregate *circa* 992sqm, adjacent to SHB2; and (ii) any other buildings in close proximity of the aforesaid as may be acquired in future, inclusive of properties currently under promise of sale agreements, for development for eventual use in the hospitality sector, either as an extension to SHB2 or on a standalone basis;
Sponsor, Manager & Registrar	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered in Malta bearing company number C 13729, having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, licensed by the MFSA and a member of the MSE;
Summary	the summary issued by the Issuer dated 4 October 2024, forming part of the Prospectus;
Security Trust Deed	the trust deed entered into by and between the Issuer and the Security Trustee dated 30 September 2024;
VBL Subsidiaries	each of VREM and Silver Horse Block;
VBLM	VBLM Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 60381 and having its registered office at 54, Marsamxett Road, Valletta VLT 1853, Malta; and
VREM	VREM Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 73954 and having its registered office at 54, Marsamxett Road, Valletta VLT 1853, 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 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) all references in this Registration Document to *"Malta"* shall be construed as defined in Article 124(1) of the Constitution of Malta;
(e) any phrase introduced by the terms *"including"*, *"include"*, *"in particular"* or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
(f) any reference 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

2.1 INTRODUCTION

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. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE COMPANY 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 FOUR MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) RISKS RELATING TO THE ACQUISITION OF IMMOVABLE PROPERTY; (II) RISKS RELATING TO CONSTRUCTION AND DEVELOPMENT OF IMMOVABLE PROPERTY; (III) RISKS RELATING TO MANAGEMENT AND OPERATION OF IMMOVABLE PROPERTY; AND (IV) RISKS RELATING TO THE GENERAL BUSINESS AND OPERATIONS OF THE GROUP. THE LATTER CATEGORY OF RISK FACTORS IS INTENDED TO ENCAPSULATE THOSE RISK FACTORS THAT CONCERN THE DAY-TO-DAY OPERATIONS AND ACTIVITIES OF THE GROUP, REGARDLESS OF THE LINE OF OPERATIONS CONCERNED AND ARE, THEREFORE, CONSIDERED TO APPLY EQUALLY TO EACH OF THE INDIVIDUAL BUSINESS LINES REFERRED TO IN CATEGORIES (I) TO (III). IN ADDITION, THE BOARD CONSIDERS THAT IN VIEW OF THE CONCENTRATION OF THE GROUP'S IMMOVABLE PROPERTIES IN VALLETTA, IT IS APPROPRIATE TO IDENTIFY THOSE SPECIFIC RISKS THAT ARE IDENTIFIABLE AS BEING ATTRIBUTABLE TO, OR ASSOCIATED WITH, THE MARKET FOR IMMOVABLE PROPERTY SITUATED IN VALLETTA, TAKING INTO ACCOUNT THE UNIQUE CHARACTERISTICS OF VALLETTA. THOSE

RISKS RELATING SPECIFICALLY TO THE VALLETTA IMMOVABLE PROPERTY MARKET THAT ARE IDENTIFIABLE AT THE DATE HEREOF HAVE BEEN INCLUDED WITHIN THE MAIN CATEGORIES REFERRED TO ABOVE, AS APPROPRIATE.

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. SUBSEQUENT RISK FACTORS IN THE SAME SUB-CATEGORY ARE NOT RANKED IN ORDER OF MATERIALITY OR PROBABILITY OF OCCURRENCE. IN MAKING THEIR 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, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS OF THE COMPANY, AND, OR THE GROUP, IF THE RISK FACTOR WERE TO MATERIALISE. WHERE A RISK FACTOR MAY BE CATEGORISED IN MORE THAN ONE CATEGORY, SUCH RISK FACTOR ONLY APPEARS ONCE IN THE MOST RELEVANT CATEGORY OR SUB-CATEGORY FOR SUCH RISK FACTOR.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND, OR THE GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS AS WELL AS THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS AS AT THE DATE OF THIS REGISTRATION DOCUMENT, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND, OR THE GROUP FACES OR COULD FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING ANY WHICH THE DIRECTORS ARE NOT CURRENTLY AWARE OF, OR THAT THE DIRECTORS CURRENTLY DEEM IMMATERIAL, INDIVIDUALLY OR CUMULATIVELY, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, AND, OR TRADING OF THE COMPANY AND, OR THE GROUP.

THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE THEREIN, AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER (I) ARE NOT INTENDED TO CONSTITUTE AND SHOULD NOT BE CONSTRUED AS CONSTITUTING A RECOMMENDATION BY THE ISSUER, THE ADVISORS LISTED IN SECTION 3.3 OF THIS REGISTRATION DOCUMENT, OR ANY FINANCIAL INTERMEDIARY THAT ANY RECIPIENT OF THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER, INCLUDING THE SECURED BONDS. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS OF THE PROSPECTUS; AND (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, *"FORWARD LOOKING STATEMENTS"*.

2.2 FORWARD-LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms *''believes'', ''estimates'', "forecasts", "projects", "envisages", ''anticipates'', ''expects'', ''intends'', ''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 Company and, or the Directors concerning, amongst other things, the Company's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the market 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 Company's actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy 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, liquidity and dividend policy of the Company 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 Company 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.

2.3 MATERIAL RISKS RELATING TO THE ACQUISITION OF IMMOVABLE PROPERTY

The Company and Group are exposed to risks relating to the acquisition of immovable property. These risks include, but are not limited to, the risks which are mentioned below.

2.3.1 Property title risk and risk of challenge to validity of title

The Company is exposed to property title risk and claims.

A number of the properties targeted and acquired by the Company may have had multiple owners, frequently through successive inheritances, 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, due to the increased likelihood of long lines of succession and greater uncertainty as to the root and validity of title in respect of properties that may be centuries old.

As to root of title searches, it is pertinent to note that: the Directors may not always be in a position to ascertain or provide assurance as to the validity of the root of title to any of the immovable properties acquired or held under title of ownership or temporary emphyteusis; it is not always the case that the searches procured by the Company reveal a clear and complete root of title; in respect of two of the immovable properties forming part of the Group's property portfolio (which two properties amount, in aggregate, to a value of less than 5% of the Company's total investment property value, established in the Property Valuation Report), the publishing notary was exempted from conducting root of title searches to the relevant immovable property.

In light of the aforesaid, 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 under title of ownership or temporary emphytheusis. This uncertainty means that 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 the operations of the Company undertaken at the immovable property/ies concerned, including disruptions that may arise if the Company were to be ordered by the competent judicial, arbitral or other competent authorities to cease operations thereat pending resolution of any such dispute. Furthermore, where a claimant is successful, the Company may be liable to payment of costs of legal proceedings, damages, or other compensation, or may be under an obligation to forfeit such immovable property altogether. The occurrence of these risks relating to proper title may, therefore, have a material adverse effect on the operations, financial performance and financial position of the Company.

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. Such risks may lead to an oversupply of space or a reduction in tenant demand for a particular type of property. Risks inherent in the real estate market may also have an impact on: the quality of property available; the ability of the Company to maintain its service charges and other expenditure and to control the cost of these items; the Company being able to buy, sell, operate or lease existing or new properties on favourable terms; and, or the potential illiquidity of property investments, particularly in times of economic downturn. All of the aforesaid risks may have a material adverse impact on the revenues of the Company, its financial performance and its overall financial condition.

2.3.3 Risks relating to the potential inability to conclude real estate investments and costs incurred in connection therewith

The Company operates in a very niche market, which by its very nature presents a highly competitive environment, given the limited supply of real estate situated in Valletta. 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 target assets on attractive commercial terms or even at all

Furthermore, there is a heightened risk that immovable property situated in Valletta is owned in fractional parts by multiple owners, or successors. The Company may thus be susceptible to more onerous, lengthy and, or complex negotiations relating to the acquisition of such properties, in contrast with the acquisition of those properties where the Company is required to negotiate with one, or only a limited number of, counterparties. The added complexities relating to acquisitions of this nature may have a material effect on the Company's potential future acquisition activities and its ability to acquire immovable properties on commercial favourable terms, or at all.

The Company may incur significant costs in connection with the assessment of potential property acquisition, development and, or investment opportunities. These may involve costs associated with property surveys, valuation reports and title and environmental investigations or legal/transaction costs and similar. If a proposed acquisition, development and, or investment were not to proceed to completion, or where firm commitments entered in relation to such deals after such costs have been incurred and which are subsequently abandoned after costs and expenditure have been incurred or irreversibly committed to, the Company will be unable to recoup such sunk costs or may incur break-up costs, which could have a negative impact on its financial condition and performance.

Furthermore, the pursuit of, and the entering into commitments in relation to, a particular investment opportunity, including the commitment of financial and other resources, may result in the inability to pursue alternative and potentially more viable or commercially more attractive opportunities.

All of the aforesaid risks may have an indirect material adverse impact on the Company's future growth and prospects, in the case where such growth is dependent on new or add-on acquisitions, as well as on its financial performance and its overall financial condition in such cases.

2.3.4 Risks relating to the disposal of real estate assets

The Company may from time to time seek to dispose of real estate assets to optimise or restructure its property portfolio, to generate additional capital for investment, to improve its cashflows, to generate profits for distribution, or because an asset may be under-performing financial targets or be deemed suitable for disposal. 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 be difficult to dispose of the Company's properties at their carrying values on account of: (a) market conditions; (b) the size or value of the overall portfolio; (c) the specialised nature of the properties in question; (d) specific local market conditions or regulatory risks; or (e) other local or international economic factors influencing the Company's operations or assets. 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. Such risks may have an adverse impact on the financial condition of the Company.

2.4 MATERIAL RISKS RELATING TO THE CONSTRUCTION AND DEVELOPMENT OF IMMOVABLE PROPERTY

The Company and Group are exposed to risks relating to the construction and development of immovable property. These risks include, but are not limited to, the risks which are mentioned below.

2.4.1 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. These risks include:

- the risk of cost overruns;
- the risk of insufficiency of resources to complete development projects as planned, in the manner or timeframe envisaged, or at all;
- the risk arising from the fact that the Company is dealing primarily with old, historic properties, which may have unknown structural conditions which cannot be explored or predicted in advance, and which might have significant impact on development time and cost of construction and occasionally jeopardise the planned development;
- the risk of rental or sales transactions not being effected at the prices and within the timeframes envisaged, which may lead to difficulty in obtaining payment from third parties as well as risk of ultimate unfeasibility of development projects;
- general industry trends, including the cyclical nature of the real estate market, economic contractions, change in market conditions including an oversupply of similar properties, a reduction in demand for real estate, changes in local preferences and tastes, increased competition in any of the markets or sectors in which the Company is undertaking real estate development;
- delays or refusals in obtaining all necessary zoning, land use, building, building development, modifications, occupancy or other required governmental permits and authorisations, including such permits or authorisations required from the planning, environmental, tourism, and, or cultural heritage authorities, together with legal complexities and uncertainties regarding the rights of the Company to obtain legal title over certain properties, and inconsistencies and inaccuracies in the land registrations system;
- covenants, conditions, restrictions and easements relating to the properties or their use, whether arising out of law, contractual arrangement, or orders or other decisions of the competent judicial or government authorities;
- laws, rules and regulations, including in relation to financing, environmental matters, zoning ordinances, tax, fiscal policies, insurance and trade restrictions which may impact the development sector; although the local property development market has experienced high levels of activity in recent years, there can be no assurance that similar levels of growth or activity will be maintained, particularly in light of increased scrutiny and regulatory intervention; and, or
- high level of activity in the sector that may place a strain on the availability of human and other capital resources required to undertake and complete the development projects that the Company is committed to, or may wish to undertake, from time to time.

Government restrictions concerning the free movement of people and goods, which might result in delays or changes in terms of established trade supply routes, changes in operational, micro- or macro-economic conditions, as well as market and regulatory changes affecting the construction and property development processes. Any of the above factors could have a material adverse effect on the Company's business, financial condition and results of operations, through increased projected costs and times for completion of ongoing development projects.

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 – a historic and cultural centre that is protected and recognised by UNESCO[1] as a world heritage centre. Accordingly, the Company may be subject to additional requirements relating to proper conservation and restoration, with restrictions on internal structural and layout modifications, as well as applicable restrictions on permitted construction materials or techniques. These factors may increase the costs associated with construction and development of properties situated in Valletta, and the Company is susceptible to heightened risks of fines, penalties, or other sanctions for non-compliance with such requirements or restrictions.

Moreover, the Company may be required to cease or abandon works at its properties in Valletta where items of historical or cultural significant or importance are uncovered during construction and, or development works. Consequently, in the event that such discovery were to be made, and depending on the length of time that the competent authorities may take to properly investigate the discovery, the Company's plans for development and conversion of that particular asset will be delayed, which may have a material impact on the projected cash-flows of the Company and its overall financial and operational performance, and have an overall negative impact on execution or projected completion timeline of the development projects.

Furthermore, given the nature of the historic properties in Valletta, such properties typically have multiple owners and a complex and often complicated root of title, together with poor structural or environmental conditions. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of the Company.

2.4.2 Risks associated with conversion of, and re-development works on, acquired real estate

The Company's business contemplates the conversion of, and re-development works on, real estate assets, exposing it to occupational health and safety risks and environmental risks associated with such activities. The nature of the Company's business requires compliance with applicable health and safety legislation and regulation. The failure to comply with such requirements, as well as any other applicable industry or technical standards could expose the Company to sanctions including administrative penalties, and criminal proceedings, as well as from third party claims for, among others, death, personal injury, sickness or other adverse conditions. In addition, failure to adhere with the applicable health and safety legislation and regulation could result in the suspension or revocation of permits and other authorisations held by the Company generally speaking or in respect of individual projects, which suspension or revocation could materially adversely impact the ability of the Company to commence or complete construction and development works over its immovable properties. If any such risk were to materialise, the operations and financial performance of the Company could be materially adversely affected.

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

There is also a growing expectation on businesses to conduct their business in a sustainable and environmentally conscious manner, including by taking pro-active measures to reduce their carbon footprint, maximise the use of recycled and recyclable or biodegradable materials, reduce use of plastic, and increase the use of alternative means of energy, such as solar power energy. This trend is not only drawn from a growing concern surrounding the depletion of the natural environment and natural resources, the adverse effects of climate change, and the consequential negative effects of unsustainable practices, but also induced by legal and regulatory requirements. The failure of the Group to ensure that it satisfies environmental and sustainability laws and regulations, or meet market pressures and consumer expectations concerning sustainability could, in future, in the event of the introduction of measures aimed at fostering increased sustainability and environmental protection, have a material adverse effect on the Group's business, financial condition and, or results of operations, including a loss of business or business retention, exposure to regulatory fines, and inability of the Group to obtain the necessary permits or other authorisations to carry out its planned investments.

1 United Nations Educational, Scientific and Cultural Organisation.

2.5 MATERIAL RISKS RELATING TO THE MANAGEMENT AND OPERATION OF IMMOVABLE PROPERTY

The Company and Group are exposed to risks relating to the management and operation of immovable property. These risks include, but are not limited to, the risks which are mentioned below.

2.5.1. 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 of the Company in that it could cause a decline or variation in the Company's income, its general financial performance, and its ability to sustain dividend payments to shareholders.

There can be no assurance that tenants will not fail to perform on their obligations, whether due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Company's control. Such failures may have a material adverse effect on the financial condition of the Company, the results of its operations, and its prospects.

In particular, the Company is susceptible to the risk that:

- tenants may terminate, or elect not to renew, their respective lease agreements, and, if so, that new tenants of equivalent standing (or at all) will not be found to take up replacement leases;
- tenants with the benefit of contractual break rights may also exercise these to bring the lease to an end before the contractual termination date;
- even if renewals are effected or replacement leases concluded, there can be no assurance that such renewals or replacement leases will be on terms as favourable as those which exist now or before such termination, nor that the financial strength of tenants who renew their leases or new tenants who replace them will be equivalent to those now existing or existing before such termination;
- a number of existing and, or future leases expire at the same time or within a short period of each other, either with respect to any particular property or across all or a large number of properties, thereby concentrating any such occupancy risk within a limited time period; and, or
- during periods while the property is not rented or leased out, the Group will not receive the related rental income and may incur additional expenses until the property is re-let.

While the Group aims at diversifying its rental income portfolio (residential, commercial, retail, office), VBL's current business is predominantly focused on short-let hospitality rentals and long-let rentals primarily in the commercial/retail segment.

The Group is exposed to long-term tenants and operators engaged in the entertainment and commercial sectors (non-hospitality assets), with rental income generated from various properties situated in Valletta, making up *circa* 14% of the rental income revenue generated in FY2022 and *circa* 13% of the rental income revenue generated in FY2023.

The health of the retail rental market may have a direct or indirect effect on the ability of the Company to grant concessions on commercially attractive terms, if at all. The health of the retail rental market may be affected by a number of factors, including, *inter alia*, consumer demand, tastes, shopping preferences, trends, inflation, fluctuation in interest rates, exchange rates, financing costs, direct and indirect taxation, other rules and, or regulations, energy and fuel costs, transport, unemployment, wage rates, availability of credit and financing, government spending and budget priorities, local or government developments, and other general market and economic conditions specific to Malta, the EU, or the Mediterranean region. These are particularly accentuated owing to the size of the Maltese market and could be further accentuated because of the concentration risk to Valletta. A significant downturn in the performance of the retail sector or the tenants could have a material adverse effect on the Company's business, financial position and results of operation.

Beyond the risks relating to the composition of the rental income portfolio of the Company, the Company is also susceptible to the risks relating to the concentration of the Company's property portfolio used for leasing and hospitality activities 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, which is subject to fluctuations in demand for, and supply of, properties in Valletta, as well as general market conditions pertaining to Valletta from time to time. A deterioration in the market conditions prevailing in the market for property in Valletta could have a material impact on the operations and financial performance of the Company.

2.5.2 Risks relating to the hospitality and tourism industry

The Group's hospitality operations and the results thereof are subject to a number of internal and external factors that could adversely affect its business, many of which are common to the hospitality and tourism industry and beyond the Group's control. The impact of any of these factors (or a combination of them) may adversely impact room rates and occupancy levels at the Company's and the Group's residential properties, or otherwise cause a reduction in its revenue or profitability, which could have a material adverse effect on the Company's and the Group's business, financial condition, and results of operations.

The following factors may have a negative impact on the hospitality and residential sectors of the Company's and the Group's business:

- changes in travel patterns or seasonal variations, as well as consumer preferences concerning price, quality, location, and type of hospitality packages, any increase in or the imposition of new taxes or surcharges or other expenses relating to air travel and fuel, and cutbacks and stoppages on Malta-bound airline or sea travel routes, as well as the imposition of travel restrictions, bans or other measures by the relevant authorities which could have a bearing on the number of tourists coming to Malta;
- changes in laws and regulations, including those concerning the management and operations of hotel and other hospitality establishments, employment, the preparation and sale of foods and beverages, health and safety, alcohol licensing, environmental concerns, fiscal policies, zoning and development, and the related costs of compliance which could affect the operations, or viability thereof, of the Group and its tenants;
- changes in laws and regulations affecting directly or indirectly the tourism and hospitality industries;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures, or other travel restrictions), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns or even reduce the number of business and leisure travellers;
- the ability of VBL to attract positive peer reviews and achieve and maintain industry awards and rankings;
- increases in operating costs due to general market conditions, inflation, employment costs, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs which could impact margins and could therefore impact the viability (or otherwise) of the operations of VBL and its tenants;
- socio-demographical changes (ageing markets, family life-cycles and changing structures), and economical changes (recessions, increase in oil prices and exchange rates);
- changes in the sales terms and conditions of main sales channels, the respective fees and commissions payable to intermediate operators; the termination, non-renewal and, or the renewal on less favourable terms of agreements entered into with local or international intermediaries, including tour operators, or other material agreements such as management or operation agreements, services agreements, travel agent or platform booking agreements, and other distribution channel agreements;
- increased competition from providers of alternative accommodation, including accommodation made available by private individuals or via online peer-to-peer platforms, which individuals or platforms may offer alternative accommodation at more competitive rates than those of VBL; and
- health-related economic or social restrictions, including unanticipated local or international government or administrative restrictions affecting free movement of people and goods.

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

2.5.3 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. Since its inception, executive management and other support services have been provided to the Company by VBLM pursuant to a management services agreement. The parties have extended this agreement, originally valid until October 2024, along similar terms for an additional period of three years, until 31 December 2027. 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, rendering it a related party to the Company. The Executives are considered key for the Company's and the Group's future strategy as they are the executives who have developed the skills, experience, relationship and contacts on which the Company's and the Group's future strategy relies. Should either party terminate the said management services agreement prior to the expiry of its renewed term, or, should VBLM decide not to further renew the agreement following the lapse of the renewed term thereof, the Company would need to seek a new provider of management support services, or engage individuals to occupy executive management roles within the Company. There is a risk that the Company may be unable to replace the services provided by VBLM within a short period of time or on equal or more favourable terms. This could have a material adverse effect on the Company's and the Group's business and results of the respective operations.

2.5.4 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, typically rented on long-term lease agreement. Accordingly, the Company's long-term rental business is also subject to a number of risk factors that affect the food and beverage industry in general, including:

- general economic conditions of the market and changes in consumer confidence, disposable income and discretionary spending patterns;

- competition with respect to price, service, location, food quality and consistency; changes in demographic trends, traffic patterns and the type, number and location of competing catering establishments;
- health concerns, disease and potential litigation in relation to sanitary issues arising within outlets operated in the food and beverage industry;
- changes to the regulatory framework setting out the requirements and obligations applicable to, *inter alia*, catering operators and employers in general; and
- government restrictions on international travel, free movement of people, other economic or social measures aimed at countering the spread of pandemics or other similar situations in the future.

Adverse changes in one or more of these factors could reduce income generated at the catering and, or retail establishments owned by the Company but operated by third party tenants, which may in turn, reduce the willingness or ability of such third-party tenants to renew or maintain existing tenancy agreements or to enter into new tenancy agreements for the operation of such properties.

2.5.5 The Company's business may be affected by currency fluctuations and fluctuations in the reference currency of the Company's principal tourist markets

Fluctuations in international currencies may render Malta as a less attractive vacation destination, which could have an effect on the operating performance of the Company. The Company's main tourist markets are the EU, UK, North America and increasingly the Far East. A major tourist market for the Company's hospitality accommodation is the EU, representing an average of 80-90% of the average number of the Company's hospitality guests annually, equivalent to an average of similar volume of the revenue generated by the Company's hospitality accommodation properties. A prolonged and weakened position, or a weakening of the USD, Sterling, Japanese Yen, or other major currencies may negatively impact the ability of the Company's hospitality accommodation properties to attract customers from these strategically important target tourist market. Such risk is similarly applicable in the case of other currencies susceptible to significant fluctuation, such as the Turkish Lira, Indian Rupee, or Chinese Yuan.

2.5.6 Risks relating to the Company's reliance on IT systems and other technology arrangements

As the Company's hospitality division utilises, and is increasingly dependent on, the efficient and uninterrupted operations of its computer systems, software and telecommunications networks, access to the internet, as well as the systems and services of other third parties (collectively, the "**IT Systems**"), its activities may become subject to a failure, disruption or other interruption of its IT Systems. Such event may arise as a result of a variety of factors that may be out of the Company's control, as a result of (without limitation) natural disasters, electricity outages and, or technical malfunctions which could be malicious, due to negligence or force majeure (including, but not limited to, the risk of cyber-attacks such as malware attacks, ransomware, phishing, hacking or any other form or type of cyber-attack, data theft or other unauthorised use of data, errors). In addition, service level IT security and maintenance agreements and disaster recovery plans intended to ensure continuity and stability of these systems may not necessarily prove adequate to avoid any type of disruption to the Company's business. If such failure, disruption or other interruption, even temporary, were to occur, the activities of the Company could be effected for the period of time for which such event subsists, which lack of access could adversely affect the Company's online reservation systems and its ability to deal with its stakeholders in a timely, proper and effective manner. Disruptions of this nature could adversely affect the Company's relations with suppliers, customers and other stakeholders, the results of its operations and its financial condition.

2.5.7 Risks relating to the collection, processing and storage of personal data

Whenever personal data is collected, processed and stored by the Company and the Group, the activity conducted is subject to the rules governing the processing of personal data in terms of the Data Protection Act (Cap. 586 of the laws of Malta), subsidiary legislation issued thereunder (collectively, the **"DPA"**) and the GDPR.

The Company and the Group are subject to a number of obligations concerning the processing of personal data under such regulation which if breached, could result in the Company being liable to fines that could affect the financial position of the Company.

The Company and the Group in general has adapted its internal procedures to comply with the DPA and the GDPR. However, the Company remains exposed to the risk that personal data collected could be damaged, lost, disclosed, or otherwise unlawfully processed for purposes other than as permitted in the DPA and the GDPR. The possible damage, loss, unauthorised processing or disclosure of personal data could have a negative impact on the activity of the Group's activities, including the need to incur costs for adapting to new regulations.

2.6 MATERIAL RISKS RELATING TO THE COMPANY'S AND GROUP'S GENERAL BUSINESS OPERATIONS

The Company and Group are exposed to risks relating to their respective general business operations. These risks include, but are not limited to, the risks which are mentioned below.

2.6.1 The Company's business is vulnerable to various variable and, or increased operational costs and may be unable to react to such increases in view of contractually fixed revenues in certain segments of its operations

The Company's operating and other expenses could increase without a corresponding increase in turnover or revenue due to the nature of the projects undertaken or other external market conditions, which might not be offset by the Company in the course of its operations. The factors which could materially increase some operating and other expenses include: general market conditions; change in exchange rates; customs and import tariffs; subcontractors' availability or their operational environment; increases in the rate of inflation, in particular where the income stream of the Company does not increase correspondingly or is generated in a different currency or expected to realise in a different timeline, than the timing of the actual costs incurred; increases in property fees, charges and taxes and other statutory or regulatory charges; changes in laws, regulations or government policies; environmental or other regulations; increases in insurance premia; unforeseen increases in the costs of improving and, or maintaining properties; unforeseen capital expenditure, execution risks, delays or environmental risks; reputational risks and execution, strategic and business risks materialising; and unanticipated expenses as a result of acts of nature and their consequences.

Such increases could have a material adverse effect on the Company's financial position and operational performance.

2.6.2. The Company's business exposes it to certain fixed costs, which may not be reduced in the short-term

In addition, a significant portion of the Company's costs is fixed, and operating results are accordingly vulnerable to short-term changes in its revenues. The Company's inability to react swiftly to changes in its revenue by reducing its operating expenses could have a material adverse effect on its business, financial position and results of operation.

2.6.3 Risks inherent in property valuations

The assets of the Company consist mainly of immovable real estate, which is inherently difficult to value with certainty. More specifically, the Company has significant exposure to the real estate market in Valletta. While this 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.

Due to their nature, investments in immovable property are relatively illiquid and more difficult to realise than most equities or bonds traded publicly. If an asset cannot be liquidated in a timely manner, then it may be harder to attain a reasonable price. The Company's business strategy which focuses on development and renovation of larger real estate blocks sometimes resulting in general rehabilitation of entire neighbourhoods, also imposes a factor or uncertainty when assessing individual asset values during the process cycle.

The Company's main market of operation is Valletta, which is a UNESCO world heritage site, and is a protected, unique and fortified city. Real estate assets of this kind are inherently difficult to value due to the individual nature of each property and the unique environment in which they are found. As a result, the property valuations are subject to a level of uncertainty and are a matter of an independent valuer's opinion and actual market conditions. There is no assurance that the estimates resulting from the valuation process will reflect the actual sale price even where a sale occurs shortly after the valuation date.

In providing a market value of the property, the independent architect has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends, as reality may not match the assumptions (in particular, when there has been limited transactional evidence against which property valuations can be benchmarked) or due to other changes such as deterioration in market and economic conditions and heightened market and financial markets volatility. There can be no assurance that such valuation of property and property-related assets will reflect eventual actual market values, or that the estimated yield and estimated annual rental income will prove to be attainable, even where the disposal or lease of such property occurs only shortly after the relevant valuation date. Furthermore, if the Group acquires properties based on inaccurate valuations, the Group's net assets and results of operations may be materially adversely affected. In addition, property valuations are dependent on the level of rental income receivable and anticipated to be receivable on that property in the future and, as such, declines in rental income could have an adverse impact on revenue and the value of the Group's properties.

2.6.4 The Company may not be able to secure sufficient project financing

Historically, the Company has financed its operations from shareholders' and other own funds. Additionally, the Company has also raised capital following the IPO and further issues of new ordinary shares since IPO. More recently, the Company has secured significant external funding in the form of the Long Term Development Facility. Historically, the Company has had a very conservative approach to leverage, and its level of indebtedness remains low compared to industry standards (debt to equity ratio *circa* 12-13%). During the pandemic period, the Company had obtained a mid-term working capital loan facility under the Malta Development Bank ("**MDB**") CoVID-19 Guarantee Scheme, subsidised financing scheme. The Long Term Development Facility was also secured to enable to fund the Company's expansion and development plans. The Company may also, from time to time, require additional external financing for the continued operation of its business and investments, including the acquisition or development or improvement of existing or new properties, on commercially reasonably terms. Any future borrowings might be carried out on the local or international banking market, via private placements and, or via publicly traded instruments. As previously announced the Company is considering a number of possible strategic options, including the possibility of raising further capital from strategic and, or financial investors or carrying out equity transactions, including options which might result in a change to the shareholding structure. No decision to the selection of specific strategic options has been made so far and there is no certainty if and when such decisions will be made in the future.

No assurance can be given that sufficient financing will be available on commercially reasonable terms. If such financing were to be obtained, the Company may be subject to various restrictive covenants and undertakings, including covenants relating to maintaining pre-established financial ratios, restrictions on the granting of security over its immovable properties or other assets, and, or undertakings to obtain the prior approval of its financiers to carry out pre-defined activities. Such restrictions, or the inability of the Company to obtain the necessary approvals from its financiers, may have an adverse effect on the business, operations and strategic development plans of the Company.

In addition, the Company may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risks (such as the risk associated with fluctuations in fair values of investments), credit risk (the risk of loss by the Company due to its debtors not respecting their commitments), foreign exchange rate risk, and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows). Any downturn or weakness in the capital markets or banking environment may limit the Company's ability to raise capital for completion of projects that have commenced or for the development of future properties.
Failure to obtain, or delays in obtaining, the capital required to complete current or future development and improvement projects on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Company's growth and adversely affect its business, financial condition, results of operations and prospects.

Any of the above risk factors could have an adverse effect on the Group's operational result, financial position and performance, and trading prospects.

3. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER

3.1 DIRECTORS OF THE ISSUER

As at the date of this Registration Document, the Board of the Issuer consists of the following persons:

Name	Designation	Date of Appointment
Geza Szephalmi (Maltese identity card number 67571A)	Chairman and Executive Director	18 April 2012
Andrei Imbroll (Maltese identity card number 531778M)	Chief Executive Officer and Executive Director	18 April 2012
Julian Tzvetkov (Maltese identity card number 157717A)	Chief Finance Officer and Executive Director	31 May 2013
Artur Haze (Swedish passport number 35393493)	Non-executive Director, member of the Audit Committee	14 September 2020 (Artur Haze was previously director between 2012-2016)
David Galea Souchet (Maltese identity card number 0348390M)	Independent, Non-executive Director, Chairman of the Audit Committee	23 March 2021
Isabella Vella (Maltese identity card number 564564M)	Independent, Non-executive Director, member of the Audit Committee	23 March 2021
John Attard (Maltese identity card number 378707L)	Independent, Non-executive Director, member of the Audit Committee	6 July 2023

The business address of the Directors is the same as that of the Company.

The secretaries of the Company are: Dr Joseph Borg Bartolo, (171567M), 8, Casa San Lawrenz, Triq il-Gholja Ta' San Lawrenz, Siggiewi, Malta, and Dr Mikiel Calleja, (527383M), 3, Highbury Court, Triq ir-Ratal, Swieqi, Malta.

3.2 RESPONSIBILITY AND AUTHORISATION STATEMENT

The Directors of the Company, whose names appear in section 3.1 above, 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.

In this Registration Document, the Property Valuation Report referred to in section 15 of this Registration Document has been prepared by architect Dr Edwin Mintoff, Architect and Civil Engineer B.E.&.A (Hons), PhD (Newcastle) A.&.C.E, at the request of the Company.

Any information which has been sourced from a third party has been reviewed by the Directors, who have taken reasonable care to ensure that such information has been accurately reproduced and that as far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

3.3 ADVISORS TO THE COMPANY

LEGAL COUNSEL

Name:	Camilleri Preziosi
Address:	Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta.

SPONSOR, MANAGER & REGISTRAR

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

FINANCIAL ADVISERS

Name:	Deloitte Advisory and Technology Limited
Address:	Deloitte Place, Triq L-Intornjatur, Zone 3, Central Business District Birkirkara CBD 3050, Malta

3.4 STATUTORY AUDITORS

Name:	RSM Malta
Address:	Mdina Road, Zebbug ZBG 9015, Malta

RSM Malta is a firm registered as a partnership of certified public accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta), with accountancy board registration number AB/26/84/53. The financial information relating to the Issuer for the financial years ended 31 December 2021, 2022, and 2023 was audited by RSM Malta.

3.5 SECURITY TRUSTEE

Name:	Trident Trust Company (Malta) Limited (C 51249)
Address:	Trident Park, Notabile Gardens, No. 2 – Level 3, Mdina Road, Zone 2, Central Business District, Birkirkara CBD 2010, Malta

Trident Trust Company (Malta) Limited is licensed by the MFSA to act as a trustee in terms of the Trusts and Trustees Act (Cap. 331 of the laws of Malta).

4. INFORMATION ABOUT THE COMPANY

4.1 GENERAL INFORMATION

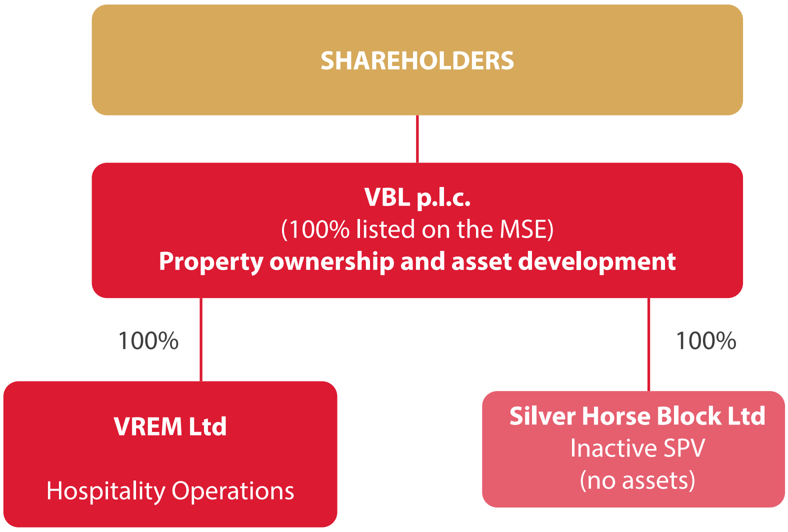
Legal & commercial name of Company:	VBL p.l.c.
Registered address:	54, Marsamxett Road, Valletta, Malta
Place of domicile & registration:	Malta
Registration number:	C 56012
Legal Entity Identifier (LEI):	485100EOK8ED6FMU4R55
Telephone number:	00356 27133344
Email:	info@vbl.com.mt
Website:	www.vbl.com.mt
Date of Incorporation:	18 April 2012
Status:	Public limited liability company registered in terms of the Act.

Unless it is specifically stated herein that particular information is incorporated by reference into the Prospectus, the contents of the Company's website or any other website directly or indirectly linked to the Company's website, or any other website referred to herein, 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 website as a basis for a decision to invest in the securities.

4.2 ORGANISATIONAL STRUCTURE

The Issuer was established as a private limited liability company in Malta on 18 April 2012 and commenced operations in that same year as an investor in individual units of immovable property in the city of Valletta.

The organisational structure of the Company as at the date of this Registration Document is illustrated in the diagram below:



As at the date of this Registration Document, the Company is the parent company of the Group.
The Company owns a significant amount of real estate property and is not dependent in any manner on any of the entities within the group of companies of which it currently forms part. The Company has two fully owned subsidiaries:

- **VREM**, which is the Group's main hospitality and property management company; and
- **Silver Horse Block**, a 100% owned, yet inactive development project company, with no assets or activity as of the date of this Registration Document.

VBL is also related party to VBLM, which provides management support services to VBL. This is explained in detail in section 4.3 below. Until such time as such agreement remains in force, the Company is, in so far as the management and operation of its assets are concerned, dependent on VBLM.

4.3 MANAGEMENT AND SUPPORT SERVICES AGREEMENT WITH VBLM

Since its foundation, the Group has been managed by a dedicated management company, VBLM. VBLM is also a shareholder of the Company and is itself owned, managed, and controlled by the Executives. Its sole activity is the management of the VBL Group.

The provision of management services by VBLM to the VBL Group is based on a management services agreement between VBL and VBLM. The current management services agreement, effective from 1 January 2021 until October 2024 (the "**Management Services Agreement**"), has been extended for an additional period of three years until 31 December 2027, along similar terms, ensuring continuity and transparency in line with the Company's established governance standards and practices. VBLM and the Company will therefore continue their cooperation, ensuring that the strategic and business objectives of the Company are fully aligned with the manager's interest, based on long term continuity and stability of the Company.

Pursuant to the Management Services Agreement, VBLM provides the Company, and other entities falling within the Group, with, *inter alia*, the following executive, strategic management, and support services:

i. executive management and day-to-day supervision and execution of the objectives and defined operational tasks;
ii. implementing the short, medium, and long-term strategy of the Group;
iii. overseeing the operations of the Group and ensuring that these are in line with its approved strategy, objectives, and business plan;
iv. engaging or employing highly skilled or qualified managers or other individuals or contractors as may be required from time to time, to supplement the senior management of the Group;
v. advising the Group on real estate opportunities or other operational matters which present themselves on the market;
vi. promoting the services and products offered by the Group; and
vii. undertaking any other service which the Group may require from time to time in order to achieve its objectives, including providing highly skilled professionals to serve as members of senior management and, or to occupy board positions.

The remuneration due by the Company to VBLM under the Management Services Agreement is comprised of a combination of fixed and variable remuneration, as follows: a retainer fee (fixed annual fee, adjusted annually in line with the official inflation index published by the National Statistics Office), a variable fee (equivalent to 50% to 100% of the retainer fee, for achievement of agreed-upon specific tasks, payable annually following evaluation and approval by the Board; and a performance fee (related to the achievement of the mid- and long-term value growth achieved by VBLM, in an amount equivalent to 10% of the incremental difference of the market capitalisation value as at the time of the IPO and as at expiry or early termination date of the Management Service Agreement, as applicable.

The remuneration payable to the Executives for the fulfilment of their executive management functions is paid out from the management fees payable by VBL to VBLM pursuant to the Management Service Agreement.

The Management Services Agreement is aimed at ensuring that the senior executive management team, which has steered VBL in attaining successful growth and development since the inception of the VBL Group, and who have been key to establishing sound and stable operations that has resulted in the prevailing financial and strategic market positioning of the Company, remains on board and is committed to deliver the long-term operational and strategic objectives of the Company in line with the approved strategic development plans. This element of continuity is considered by the Board to be in the best interests of the Company and the VBL Group, supporting the continuation and evolvement of its existing well-established structure, and to further implement the Company's business strategy and growth, while mitigating risks associated with key personnel and senior management.

In terms of the Management Services Agreement, VBL retains the authority, at its sole and absolute discretion, to terminate the Management Services Agreement in the event that VBLM fails to perform its material obligations thereunder and fails to remedy the same within the allowed cure period, including failure to meet the pre-defined objectives, deliverables, and, or key performance indicators imposed upon VBLM. In case of any termination event, measures are to be maintained to ensure a smooth transition, and VBLM is required to continue to provide the management and support services until a suitable replacement is engaged by the Company.

VBLM reports to the Board on the performance and delivery of the management and support services in accordance with the internal rules and procedures that may be implemented by the Board from time to time for this purpose. Moreover, the Board reviews and evaluates the performance of VBLM on a regular basis. Any changes to the terms of the Management Services Agreement are subject to the vetting and approval of the Audit Committee and the independent Directors.

5. BUSINESS OVERVIEW

The Group's overarching objective is the investment, development, and operation of real estate, focused in the city of Valletta, where it has developed into one of the largest private investors (by number of developed residential units, finished residential units, available development units, and the number of individual owned properties in Valletta, to the best of the Issuer's knowledge) and operators of properties focusing exclusively or predominantly on the hospitality, retail, and office segments of the Valletta market.

5.1 PRINCIPAL MARKET

The Company's and the Group's primary market is Valletta, where through initial investment in the real estate market the Company has already become a dominant player in the investment, development, and property-operations market of Valletta, while it is becoming an increasingly important player in the tourism and services market, including the leasing of commercial, retail, and office space.

The Group competes with other developers seeking to identify real estate in Valletta for re-development and operation. The environment is a competitive market with a limited stock of property within a walled city, with narrow streets and limited access, often resulting in logistics and organisational challenges, successfully handled by the Group's own expertise and know-how. The Directors are of the view that the experience and expertise developed by the Group in this market, derived from the fact that the Group has its own systems, know-how and infrastructure, concentrated and focused, covering the area of the capital city, together with the ability to resolve complex title issues on historic properties, which typically characterise Valletta properties that are the owned by a multitude of persons following years' long succession issues, places the Group at a significant competitive advantage over its peers.

The Directors consider that the real estate market in Valletta, although sensitive to the general macro-economic trends of the overall property market in Malta is, to a large extent, a market with its own unique characteristics. The status of Valletta as a UNESCO World Heritage site, the history of the city and the numerous historic sites, the historic value of the real estate in the city, the fact that the city is walled and the real estate acquisition and development opportunities are limited, the legal complexity of acquisitions, and the status of being the Maltese capital city, political and administrative centre, are all factors which the Directors believe will retain the commercial, social, and economic dynamics of the property market in Valletta distinct from the rest of the Maltese economy and most particularly the "commodity-type" real estate assets of other geographical areas in Malta. The Company's business prospects are intimately connected with the level of economic activity in Valletta, both in the identification and acquisition of properties as well as in the level of economic activity in Valletta that effects the operation and management of accommodation and commercial properties.

In this context, Valletta, and likewise the Company, will undeniably continue to be susceptible to the general economic trends in Malta – such as tourist arrivals, a change in the current trend of population growth, and trends in Malta's economic outlook. However, the Directors believe that the impact of these trends may be mitigated by the other factors that retain Valletta as a unique city with limited number of properties that should contribute towards maintaining the capital value of property, even with a downturn in general economic outlook.

The Group is also involved in the operation and management of residential, commercial, and office space. The Directors believe that Valletta's importance as a cultural and tourist destination and administration centre in a unique historic city will sustain the demand for quality accommodation, retail, and office properties. The Directors believe that the momentum created by, and the significant investment made in, infrastructure development, heritage preservation and renovation, as well as significant awareness, marketing and publicity investments in preparation to events such as the Valletta Cultural Capital of Europe (V18) and its aftermath, have reaffirmed Valletta as a unique brand for Malta, and completed the transition of Valletta into an important cultural and entertainment destination sustained with further investment and growth in the number of exclusive venues, quality accommodation/hotels, restaurants, and offices.

While VBL will retain its focus on further strengthening and expanding its position in its core market, Valletta, the Company does not exclude the option in the future to utilise the know-how and experience developed on its core market to potentially discover other niche markets with similar unique characteristics and specific profiles, where it can continue growing on the long-run.

5.2 PRINCIPAL ACTIVITIES

Over the course of its over 12 years of operations, the Group has established itself as one of the most active investors in immovable property in Valletta (based on the number of developed residential units, finished residential units, available development units, and the number of individual owned properties in Valletta, and as featured on Online Travel Agencies under the guise of brands such as Valletta Boutique Living, VallettaStay.com, Casa Rooms Valletta, or VBL Group), with a successful track record of identifying, acquiring, developing and managing real estate all around Valletta, including the regeneration of areas previously considered of low interest to investors and consumers. The Group's competitive strength derives from the fact that it has established and developed a complex, all-round organisation able to provide full-service spectrum required for the successful operations and management of assets, while its modern systems, know-how, and infrastructure are concentrated and focused exclusively on the capital city.

The Group's strategy is premised upon five core pillars:

i. **Acquire:** acquisition of dilapidated property, often characterised by legacy tenants, complex legal issues and complexities surrounding title to property, which are acquired at commercially attractive prices;
ii. **Conceptualise:** a dedicated specialist in-house project team designs and formulates a unique concept for each property, taking into account the market conditions, property's specific parameters and defining features and the added value to be generated for the vicinity and neighbourhood;
iii. **Restructure:** unlocking value through the resolution of legacy and title complexities to create an up-lift in development potential;
iv. **Develop:** construction and finishing works are outsourced to third-party contractors, whilst maintaining control over organisation, project financing, quality control and delivery management; and
v. **Operate:** finished properties are predominantly held for rental (short-lets and long-lets or long-term commercial leases), in line with the corporate strategy of attaining a minimum target yield over the lifetime of the developed property. The Group's hospitality arm also operates third party properties under various schemes, leveraging on its existing sales and operational systems and structures and optimising revenue generation abilities.

The Group's principal activities undertaken in the implementation of the above-described strategy may be summarised as follows:

A. The identification and acquisition of real estate assets in the city of Valletta, and the consolidation of acquired properties to achieve sizeable development projects, spanning from the planning and permitting stage to the preparation and development of the projects in question – as described in detail in section 5.2.1;

B. The execution, on a project-by-project basis, of the restructuring, conceptualisation, re-development and renovation of acquired real estate assets, including consideration and adjustment to market conditions, demand and in line with the endeavours for regeneration and improvement of related city areas, improving overall quality of life for the local community and residents – as described in detail in section 5.2.2; and

C. The renting, leasing, operation, and management of regenerated and developed real estate assets with a view to generating growing recurring rental income; or the sale, and occasionally management for the new owners, of the re-developed assets, where the commercial opportunity to dispose of the asset secures higher margins than its on-going operation. This operational division also includes the management of other third-party real estate assets for accommodation, commercial and, or office space and the provision of professional operation and management services of established hotels and hostels, by leveraging on VBL's existent operational structures and highly skilled management team, while providing high value-added services and overall solution to owners of such assets – as described in detail in section 5.2.3.

The Group has developed a fully integrated skills and management structure with in-house capabilities in each of the principal activities undertaken by the Group spanning the asset acquisition, asset development, and management and operation activities. The Group has established a vertically integrated business process, based on a very well defined and focused target market, where it has proven skills to deliver on all aspects the whole cycle, whereby ensuring the high quality of products and, or services based on established in-house systems and structures, supported by a selection of trusted long-term business partners and sub-contractors to ensure efficiency and to reduce dependency on more vulnerable, short-term commercial relations, thus also ensuring that maximum benefit is derived from all margins.

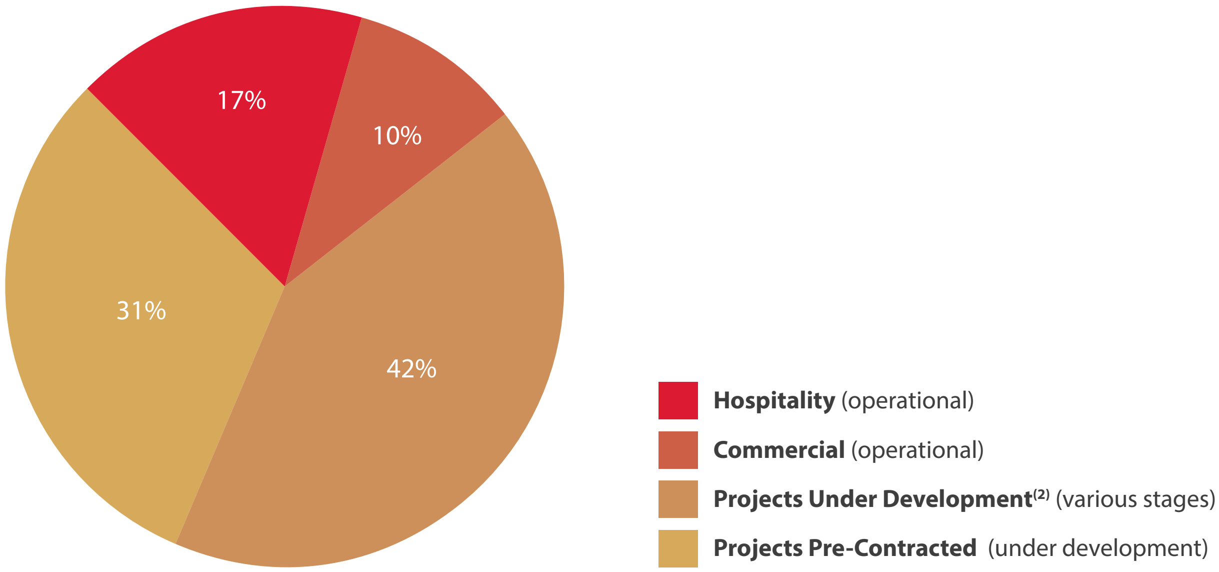
5.2.1 IDENTIFICATION, ACQUISITION AND CONSOLIDATION OF REAL ESTATE SITUATED IN VALLETTA

The unique strategy developed for the identification and acquisition of real estate assets in Valletta with the right characteristics for re-development and the ability to convert potential transactions to executed acquisitions is one of the five key pillars of the Group as identified above. This allows the Company and the Group to repeatedly deliver on all aspects of the whole business cycle and therefore secure planned financial results. The Company's future growth will partly still depend on the Group's ability to identify and acquire real estate assets of the right quality and size to enable them to be renovated or developed and subsequently operated or sold.

The exclusive focus by the Company on the unique and historic Valletta real estate market has contributed to the creation of a substantial knowledge and expertise within the Group with a specialist understanding and appreciation of the details and dynamics of the real estate market in the city. The Directors believe that this knowledge and expertise, built up since inception of the Company's business, places the Group in a position to better identify real estate property in Valletta with the characteristics, size and features that fall within the Company's parameters for development and subsequent management and operation; and to conclude transactions for acquisition of such properties, including instances where the conclusion of such transactions involve addressing complex succession and title issues to the property.

The below chart illustrates the distribution of VBL's property portfolio (which as at 31 December 2023 amounted to a total area of *circa* 16,313sqm) of existing area, excluding the optimisation expected from development:

VBL's Existing Owned Portfolio Breakdown of Total Gross Area by Designation [1]



Notes: Data as of June 2024
(1) Excludes leased, third-party managed and under promise of sale properties
(2) Includes undeveloped and property under development. Remains partly uncategorised due to the flexible nature of the assets.

Currently only *circa* 27% of the total VBL property portfolio is developed. The Group's operational portfolio is categorized into Hospitality and Commercial segments, reflecting the nature of the asset use, after commercialisation is completed. Additionally, *circa* 42% of the assets are under various stages of development or are being prepared for future development (next development cycles). The remaining *circa* 31% of the assets are currently under development and have been conditionally leased (pre-contracted).

All assets are concentrated within a uniform 0.55km^2 Valletta peninsula allowing for efficient development and property management operations. Hospitality properties vary across all customer segments (entry, mid-range, upscale), individual units, block of apartments, palazzos, or collective accommodation.

The Directors believe that the size of the Group's current portfolio of Valletta real estate spread around numerous locations through the city and the Valletta-oriented focus of the Group's strategy has placed the Group in a position to secure a competitive advantage by achieving a deep penetration of the local market, maintain direct contact with the stakeholders, and gain early access to potential new proprietary acquisition opportunities and be able to prepare and execute transactions, while strengthening its prime position to secure future deals falling within the parameters of its strategic objectives.

5.2.1.1 PROPERTY OWNERSHIP

The Issuer is a property company which was set up with the business aim of acquiring, developing and operating real estate exclusively in Valletta. Whilst the Company also engages in related activities outside its core market, its focus on Valletta remains a key priority and is expected to remain a predominant part of the business and transaction volume of VBL.

Valletta was built by the Knights of Malta over four and a half centuries ago and many of the properties date back to this period. The Valletta property market, similar to the property in the Three Cities (Vittoriosa, Senglea, and Cospicua) is thus unique, as a significant part of the properties available on the market go back a long way in history, which may result in the properties being subject to a somewhat complex legal background. The root of their legal title and arriving at it can prove, at times, to be somewhat cumbersome, not least because the original contract of acquisition cannot be traced.

The Company's business model takes into account these challenging aspects of the property segment its deals with. The legal complexities entailed in these investments constitute a potential risk, which the Executives are well aware of, and which risk it aims to mitigate by applying a specific and complex approach of acquiring any new assets.

The Company now boasts of over 12 years' experience of dealing in this complex environment, where risk assessment, systematic management and understanding of the various risks and issues of the complicated property transactions, have resulted in a large portfolio of assets on a freehold, fully owned basis.

The process of purchasing of assets from numerous co-owners and dealing with the complex legal situations the property poses is an arduous and time-consuming task which may at times span over several years.

This mode of acquiring assets by VBL at depressed value has allowed VBL to work in a very specific niche market with few competitors. VBL has also successfully managed, on numerous occasions, to negotiate with rightful tenants, or even squatters, an amicable solution in order that the occupier vacates the property in its favour – without referring the matter to the Courts.

In each acquisition case, VBL applies the highest level of diligence in exploring, researching, documenting, and defining all possible risks or any potentially existing property related issues. The work of the acquisition team is supported by leading legal advisors and involve some of the most experienced local notaries. VBL has built significant in-house knowledge supported by a well versed and proficient legal team. VBL has been using the services of legal professionals who enjoy several decades of combined experience – mainly focusing on civil law and property law and with considerable experience working for leading home loan corporations.

In Malta, the property ownership and proof of title is mainly based on the system of drawing up of public deeds and registration in the public and land registries. Ownership of immovable property is acquired, transferred, and evidenced by virtue of a public deed signed by the parties and published by a Notary Public, a warranted professional who is afforded the status of a public official under Maltese law. Ordinarily, a sale and purchase of immovable property transaction is made subject to the payment of a deposit by the prospective purchase and a conditional promise of sale agreement is entered into, setting out customary conditions that are to be satisfied prior to conclusion of the final deed of sale and acquisition. In this respect, it is customary for a promise of sale agreement to be subject to the satisfactory outcome of notarial searches of the title, rights, and other interests registered over the immovable property to be acquired, including searches on previous and current ownership, security, rights of use, easements, ground-rent or other rights or interests existing over such property, as well as testamentary searches, site plans, and other customary searches. Furthermore, it is typical for the promise of sale agreement to be subject to the condition that the necessary development permits are obtained. Should such conditions fail to materialise within the timeframes agreed to between the parties, the purchaser and, or the vendor, as applicable depending on the terms of the promise of sale agreement, may exercise the right to walk away from the promise of sale agreement.

Should the conditions contained in the promise of sale agreement be satisfied, the final deed of sale and acquisition is drawn up and published as a public deed, which is drafted by the appointed notary and signed in his presence. Following conclusion of the final public deed, the deed is lodged in the Public Registry, upon which the transaction is deemed, at Maltese law, to be valid as against third parties. This system of registration and publication allows for inspection of title and history of immovable property and safeguards the acquirer's interests in the property so acquired.

VBL, assisted as aforesaid, seeks to establish an uncontested and undisputed ownership position, and to achieve the highest level of security in proving title to the relative property. Nonetheless, it is acknowledged that certain risks inherent in the Maltese property ownership registry system and the complex root of title of the properties in question subsist.

5.2.2 DEVELOPMENT AND RENOVATION OF ACQUIRED REAL ESTATE ASSETS

The Group has, since inception, re-developed, refurbished and converted a significant number of properties, resulting in over 60 owned operating and revenue generating units, which is in excess of gross 4,500 sqm of Valletta real estate. The Company's strategy in this area has been to develop a major in-house capacity with the required skills for efficient and professional project development, including planning, financial, and architectural functions. In addition to the employed professionals (including architects, designers, and site managers), the Company has established a network of sub-contractors and business partners, allowing the Company to prepare, co-ordinate and direct the renovation and conversion efforts of the Group in a highly efficient and organised manner, thus shortening the development cycles and ensuring quality within budget targets. The Company's development division is responsible for:

- planning, budgeting, and preparing the execution of the development projects;
- organising and managing the construction and execution of projects;
- advising executive management on the identification of properties and the renovation or conversion programmes required for those properties to be applied for the use intended;
- assisting executive management in resolving complex strategic, legal, technical, and financial issues that arise in concluding real estate transaction;
- determining the best use of real estate assets acquired and develop a property specific business plan for each acquisition;
- selecting and organising local and international suppliers to allow for the efficient delivery of quality materials and goods, required for the delivery of the finished projects;
- co-ordinating with a network of third-party contractors all construction and finishing works to bring each project to a successful conclusion; and
- preparing, organising, and managing extraordinary maintenance and upgrade projects of already operating assets.

5.2.2.1 DEVELOPMENT PROPERTY PORTFOLIO

Since 2012, the Group has made significant investments from its own resources and reinvested profits in the acquisition and conversion of real estate. Following the IPO, VBL obtained the Long Term Development Facility to finance further acquisitions and the current development cycle of the Company, in part, including the largest development project in the history of the Company, the Silver Horse Development, which is intended to be converted into a modern, highly efficient, and practical hospitality asset.

The following table shows the material property investments in the Group's portfolio, as at 30 June 2024.

Table 1: VBL Property Portfolio

Property name**	Estimated Area* *(sqm)*	Acquisition date	Development commence-ment / completion	Use / Category	Detail
Skyline	88	11/09/2012	Apr-12 to Jul-12	Hospitality / Residential	Sold in Jul-13
Golden Seed	80	11/09/2012	Apr-12 to Jul-12	Hospitality / Residential	Sold in Jul-13
Orangery Lodge Phase 1	1,056	4/09/2012	Sep-14 to Sep-15	Hospitality / Residential	Sold the developed units, of which two are currently under management. Common area and other infrastructure is kept and planned to be integral part of the next development phase of the block.
The Gut - Silver Horse Block Phase 1	1,331	29/07/2013 and 22/12/2014	Dec-15 to Dec-16	Commercial (Retail / F&B)	Nine commercial units (The Gut™) – of which eight are currently leased on a long-term contract. The ninth could be rented after completion of the development of SHB2.
Silver Horse Block Phase 2	5,808 [2]	29/07/2013 and 22/12/2014	2020 – present	Modern hospitality development	In advanced development stage, with full development permit PA/10091/18.
Old Lodge	752	27/09/2012, 9/04/2013, 26/03/2014 and 12/09/2016	Mar-18 to Feb-19	Hospitality / Residential	Eight units and office area – fully developed and operational.
Palazzo Stella Valletta	536	28/04/2014 and 2/09/2014	2019 – Aug-24	Hospitality / Residential development	Fully renovated premium sea-view townhouse with five bedrooms.
Lucky Star	865	24/06/2014	Sep-14 to May-15	Hospitality / Residential	11 hospitality units and common roof terrace– fully developed and operational.
Lucky Star Mezzanine	70	18/02/2016	n/a	Hospitality / Residential	Currently tenanted under the old rent regime.
Orangery Lodge Phase 2	651 [3]	24/07/2014	2020 – present	Hospitality / Residential development	Development project preparations ongoing. Full development permit PA/00458/17 is in hand.
Palazzo Zoe	384	22/06/2015	Mar-17 to Mar-18	Hospitality / Residential	Three hospitality units – fully developed and operational.
Little Horse	275	16/11/2015	n/a	Hospitality development	Development stock forming part of SHB3.
Mason's House	717	16/02/2016	n/a	Hospitality development	Development stock forming part of SHB3.
Scicluna 1 & 2	165	15/06/2016	n/a	Hospitality / Residential development	Currently tenanted under the old rent regime.
Lovely House	288	25/05/2016	Mar-17 to Sep-17	Hospitality / Residential	Five hospitality units – fully developed and operational.
Santa Lucija	115	10/10/2016	2018	Relocation property	Tenanted – Used for relocation purposes.

2 *Gross development area of 5,808sqm which will result in a final net area of 5,370sqm. The Property has a net floor area of circa 5,027sqm including the exterior roof terrace, and is expected to result in a final net area of circa 5,370sqm, reflecting voids within the building.*

3 *Estimated area does not include common areas measuring circa 287sqm which are shared with OL1 and the area of the property known as "Lucky Store" which shall form part of OL2.*

Old Bakery	98	12/12/2016	n/a	Commercial (Retail) development	Project under development, for lease or sale
Golden Lion	962	19/10/2017 and 3/11/2016	n/a	Hospitality / Residential development	Development stock – under planning and preparation for development.
Casa San Domenico	373	14/10/2019	2020 – 2023	Hospitality / Residential development - Owned	Fully renovated townhouse project, with eight bedrooms.
Lucky Store	97	24/07/2014	n/a	Commercial (Retail) development	One commercial unit part of OL2, ongoing development preparations.
Grand Harbour Residence	20	15/01/2016	n/a	Partial ownership	1/36th of a 724 sqm property
Leased Properties	608	Various 2013-2024	n/a	Hospitality / Residential – Leased	Various properties that VBL has leased on a long-term basis in order to operate as part of the Group's hospitality / residential operations.
Victoria Terrace	299	VT – 25/06/2013,	2014	Office - Leased	Office / Commercial - Cafeteria permit Class C4
Coliseum Shopping Arcade	2503	04/11/2022	N/A	Landmark property with significant development potential	Under conceptualising - Considered various commercial/hospitality development options

** Note that estimated area shown above relates to gross development area (sqm) and the estimate given is, by its nature, subject to variations. It ought to be cautioned that estimates may vary depending on the purpose and methodology applied by property valuers or other interested parties from time to time.*

***Property and project names are for internal references and not to be confused with occasional appearance in establishments as trading names used by independent third-party operators.*

In addition, the Company has also secured a commitment for the transfer of title, via a promise of sale agreement for a property measuring *circa* 140sqm and having an estimated development potential area of 400sqm, with a committed capital expenditure investment of €400,000 (the "**Porcelain Donkey**"). The Porcelain Donkey is located adjacent to the Silver Horse Development and, once acquired, shall form part of SHB3. The property rises to a significantly lower height when compared to the five to six storey properties in the area. The Directors envision that the property has additional development potential in this regard.

5.2.2.2 PROJECTS FORMING PART OF THE CURRENT DEVELOPMENT CYCLE

The current development cycle is composed of has five projects, of which two have been completed, whereas the remaining three are currently under development, each as set out below.

5.2.2.2.1 COMPLETED PROJECTS

The Company has recently completed the following two development projects, resulting in new additions to the operational hospitality portfolio:

1. Casa San Domenico, 19. Old Hospital Street, Valletta: The property was developed into eight hospitality rooms with ensuite bathrooms. Works on the development of this property were completed in 2023 in accordance with development permit PA/07611/22. The total development capex investment of the development amounted to *circa* €420,000, partly financed by Company equity and partly through the Long Term Development Facility.

2. Palazzo Stella Valletta, 92-93 & 37A, St. Nicholas Street & St. Anne Street, Valletta: The property was developed into a sea-view, traditional style house of character with five floors intended to be used for hospitality purposes or rented as one unit. Works on the development of this property were completed in August 2024, in accordance with development permit PA/05702/22. The total development capex investment of the development is expected to amount to *circa* €900,000, partly financed by Company equity and partly through the Long Term Development Facility.

5.2.2.2.2 PROJECTS UNDER DEVELOPMENT

The Group expects to complete the following property development projects in the near future, which developments are to be financed through a combination of the proceeds raised through the Bond Issue as further set out in section 5.2 of the Securities Note, and the Company's already invested equity and own funds, and bank financing:

1. Silver Horse Development, Strait Street c/w St. Christopher Street and Old Bakery Street, Valletta: SHB1 forming part of the Silver Horse Development is already operational. SHB2 is a property in an advanced stage of development in accordance with the existing full development permit PA/10091/18, overlying SHB1, being a *circa* 1,000sqm floor area property spread over six floors, including a roof-top garden terrace and pool area, resulting in a total gross development area of *circa* 5,808sqm and a final net area of 5,370sqm. The development of SHB2 encountered temporary delays due to unexpected technical obstacles which the Company faced, primarily owing to the fact that the property is a historic building, dating back to the 19th century. These technical issues have since been resolved and development resumed. During the course of development of SHB2, the Company implemented certain upgrades to the finishings and internal features, with a view to increasing overall quality of the product, improving the energy efficiency and sound insultation of the building, against an increase of *circa* 20% to the development cost. It is expected that these improvements will result in higher rental yields and less expensive property operation during the lifespan of the development, allowing for recovery of part or all of the said increased development cost. The Company expects the total cost of development of SHB2 to amount to *circa* €11.5 million, of which €6 million is being financed from the Long Term Development Facility, up to a total of €4.3 million is planned to be financed from the proceeds of the Bond Issue as further set out in section 5.2 of the Securities Note, while the remainder has been financed through Company equity and own funds. The development of SHB2 is expected to deliver recurring rental revenues in excess of €2.0 million per annum as from mid-2026. The property is currently being developed based on a valid full development permit, however the Company has applied with the Planning Authority to change the intended use of the property, thereby converting it to a hotel or guest house. Should this change of use application be accepted, no material changes will be made to the approved structure, and development can continue as planned on the basis of the approved application. Additionally, the Company expects to develop SHB3 as an add-on facility to SHB2, once such project is completed. The Company has already acquired the properties known as "Stone Mason's House" and "Little Horse" located on Old Bakery Street and Strait Street, Valletta as forming part of SHB3, and plans to possibly add other buildings in close proximity of the aforesaid as may be acquired in future, including properties which are currently under promise of sale agreements. The properties forming part of SHB3 currently owned by the Company measure *circa* 992sqm in aggregate, resulting in a total area of *circa* 1,132sqm should Porcelain Donkey acquired as currently planned, and is expected to result in the addition of 20-25 new hospitality units. The Company expects to finance construction of SHB3 in the manner described in section 5.2.2.3 below.

2. Orangery Lodge Phase 2, 60-62, West Street, Valletta: OL2 will be developed pursuant to development permit PA/00458/17 into nine apartments for accommodation purposes and one retail unit at ground floor, of which one unit has already been developed and sold following works conducted in parallel with the development of OL1. The Company expects the total cost of development to amount to *circa* €1.8 million, of which *circa* €950,000 is planned to be financed from the proceeds of the Bond Issue as further set out in section 5.2 of the Securities Note while the remainder is to be financed through the Long Term Development Facility. OL2 is a typical project for the Company and is directly linked to, and integrated with, OL1. OL2 will use the already developed and fully modernised access areas, common areas lift, and other infrastructure of OL1, which will allow for a better utilisation of the existing floor area and more efficient operation following development. In line with VBL's declared renovation and development strategy, OL2 will also benefit from a significant re-use of the currently deployed building materials (e.g. *xorok*, Maltese tiles, and stone) which will be recycled into modern and appealing new hospitality units, with an emphasis on traditional Maltese design and style.

5.2.2.3 PROJECTS EXPECTED TO BE DEVELOPED IN THE NEXT DEVELOPMENT CYCLE

As part of the conversion of already owned but not yet refurbished assets, VBL has earmarked a portfolio of existing assets to be developed in the next development cycle. These include several add-on projects which are planned to be added to the assets already developed in the previous round (e.g. potential new additions to SHB3) or are significant, newly planned developments, which shall result in landmark developments for VBL and Valletta (e.g. the renovation of the "Coliseum Shopping Arcade").

The below illustrated projects are awaiting development, subject to completion of conceptualising and planning, and decision on the final designated use. While the planning of these assets is envisioned to be completed in the next 12 to 18 months, the actual development timeline of these projects is subject to available development funding. The Company shall be financing the smaller projects through own funds, and has plans for various alternative scenarios to secure funding by the time this will be required for the start of the construction works, including bank financing, involvement of third party co-investor/s, potential non-core asset sale, and, or reinvestment of proceeds.

Going forward, the Group expects to continue investing further in its strategic expansion of its property portfolio and to fund such investments through a mix of equity and debt financing, own funds generated from operations, and funds raised from the sale of immovable properties owned by the Group.

Going forward, the Group expects to continue investing further in its strategic expansion of its property portfolio and to fund such investments through a mix of equity and debt financing, own funds generated from operations, and funds raised from the sale of immovable properties owned by the Group.

While traditionally the Group has been financed with equity and own financial resources, the increase in revenues and EBITDA (earnings before interest, tax, depreciation, and amortisation) has allowed for employment of a conservative ratio of long-term development bank financing. This currently results in a *circa* 12.6% debt-to-equity ratio, which is projected to increase to *circa* 22-25% following the Bond Issue. The Group strategy remains to maintain a healthy and conservative gearing ratio[4] of under 30%. Notwithstanding the aforesaid, the actual gearing ratio of the Group may vary, depending on, among other factors, the actual number of property development projects being undertaken, the rate at which new property development projects materialise, and, ultimately, the means of financing of such projects.

The Company is in process of preparing the planning, organisation, and development of the next development cycle, which shall include various projects ranging from large, milestone developments requiring the investment of significant time and resources (such as the "Coliseum Shopping Arcade") to smaller renovation projects (such as the "Island View"), which are expected to start generating revenues within 12 months from the beginning of development:

1. Coliseum Shopping Arcade, Zachary Street, Valletta: The Coliseum Shopping Arcade is a landmark building in upper-Valletta, with access from Republic Street and Zachary Street, and home of one of the first Valletta cinemas. The property is of significant size and has large potential to be developed into another landmark project for VBL. Various utilisation possibilities are being explored. Following a market assessment performed by VBL, the current market indications and expressed preliminary tenant's interest, the asset could be converted into a modern 60-unit hospitality property and leased out on a long-term fixed rent contract, delivering guaranteed recurring rent, which would directly increase the EBITDA of the Company, as no operation costs shall be associated with the operation for the landlord. The preparatory planning and permitting phase is expected to take up to 36 months and requires a projected financing of *circa* €300,000. The Company expects to finance the construction cost from its equity, operational cash flow, and partner/tenant financing.

2. Golden Lion, Old Bakery Street Valletta: The envisioned development project will consist of 12 studio apartments, which would be operated as hospitality units under the Company's existing operational model. Temporary structural reinforcements and upgrades are required prior to additional statical and structural surveys of the property. The preparatory planning and assessment of the structure are envisioned to require an initial capex budget of *circa* €120,000. The Company expects to finance the development of the project through equity and partner/tenant financing.

3. Island View, Marsamxett Road, Valletta: An internal renovation and upgrade of the existing premises, resulting in a five-unit hospitality property with prime sea-views and modern amenities, while preserving the internal traditional Maltese building structure and features.

4. Renovations of and upgrades to existing assets: In addition to the conversion and renovation projects of its not-yet-operational assets, the Company plans to improve, renovate, upgrade, or expand its existing operational assets in order to improve the revenue generation ability of the operational assets and product quality. The upgrade and improvement programme follows hospitality client comments and recommendations and is adjusted during the final stage of implementation with a view to achieving the highest possible client satisfaction.

The planned total budget for the Group's projected capital expenditure requirements in connection with the refurbishment and upgrade of the Group's existing owned and leased properties, including residential units, office spaces, hospitality accommodation, food & beverage outlets, and retail outlets, is projected at *circa* €1,200,000, which are expected to be raised through the Bond Issue as further set out in section 5.2 of the Securities Note.

A summary of the current main planned upgrades and renovations aimed to adjust the respective asset's parameters to tenant expectations and needs is presented in the table below:

Lucky Star	Upgrade of the building's external structural and improvements to its energy efficiency and design. A renovation of 11 apartments to improve comfort and water and energy efficiency with new modern equipment and internal design and functionality.
Old Lodge	Internal expansion and conversion of current facilities, resulting in new modern bedrooms and related facilities.
Old Bakery	Internal structural upgrade, water management at street level and creating structural options for installation of disability access facilities.

5.2.3 OPERATION AND MANAGEMENT OF REAL ESTATE ASSETS

4 *Gearing ratio = Debt / (Debt + Equity)*

5.2.3.1 OPERATION AND MANAGEMENT OF OWNED AND LEASED REAL ESTATE ASSETS

Following completion of the investment in the acquisition, development, and conversion of real estate, the Group then organises and oversees the operation of the finished properties to generate recurring revenues from the management and operation of that real estate (both residential and commercial), and from the management of third-party property.

The Group's activities in this segment consist primarily of short-term accommodation serving both the local market and tourist visits. The Group's accommodation offerings cover a wide range of assets, from low-cost dormitory beds to 4-star standard self-catering apartments to luxurious palazzos. A new opportunity emerged in the hospitality market of Valletta during the pandemic period which the Company was able to recognise and explore and which has been the basis for the hotel management business. The management of small guesthouses and hotels, which independently might not be viable, are a viable and profitable business as part of a larger organisation. With its product offering, the Company is thus targeting from the bottom to highest-end of the market and covering the vast majority of the rental accommodation spectrum. It is the Company's policy to provide quality accommodation services in each segment, which is a result of a well-thought-through development and operational policy optimising the utilisation potential of the asset.

The Group, directly or through its fully owned subsidiary VREM, currently operates and manages a portfolio of assets consisting of *circa* 120 units, including apartments, a 16-bed hostel unit and three hotels/guesthouse comprising 49 rooms, which are owned by the Company or managed for third parties on a long-term lease basis. A number of the assets which the Company manages are assets under long-term emphythuesis which have been renovated and upgraded by the Company. The Company is constantly adding new units under this scheme. This set-up leverages on the existing skills, established systems, resources and skilled workforce of the Group and seeks to improve efficiency and utilisation of its own resources, while providing high quality, hassle-free and transparent service to any property owner involved in the business activities of the Company in its target market, Valletta.

The Company typically applies a revenue and, or profit-sharing model in the management of these units. Transparency is guaranteed through the established and tested operational systems, a well-defined business process and software solutions applied, allowing for transparent recording and monitoring of the individual performance and KPIs of each property under management. The Company's policy is to emphasise the use of card and electronic payment solutions which allows for increased transparency and accountability vis-à-vis the third-party property owners.

Across its portfolio of properties under operation and management, the Group further leverages its operations by providing the tenants with a range of additional services, hassle-free solutions, hospitality offerings such as discount cards, breakfasts, airport transfers, taxi and transport services, luggage storage and tickets, bookings, and access to a number of attractions linked to Valletta and Malta. While this segment, to date, contributed a relatively low share of the Group's revenues, it is the intention of the Company to further expand its offerings and increase the revenue contribution from this segment in the coming years.

The Group's business model in accommodation property has consistently been to develop modern, quality self-catering units, with potential multi-use operational functions, featuring local architectural characteristics, wherever possible. This has been part of the Company's risk management strategy, whereby developed properties generally have the potential for a different use (e.g. short-let, long-let, or sale as independent residential units) without major need for alterations or additional investment. The viability of this business strategy was further justified during the pandemic period, where whereas the market experienced severe disruptions, VBL was able to seamlessly shift a significant part of its operating portfolio from short-let to long-let operations. Recognising the merged opportunity of managing sub-scale, developed hotels and guests houses, since 2020 the Group has also been engaged in the management and operation of third-party owned, small hotels and guest houses in Valletta, a relatively new segment in its managed property portfolio. The process has also brought forward the projected Valletta market consolidation and diversification strategy, resulting in realisation of the Company's motto "VBL is your gateway to Valletta", as a wider and more complex range of services and products has been offered both to tourists and customers and also the property owners.

Overall, as proven over the years of operation, the accommodation properties in Valletta have also consistently enjoyed a lower element of seasonality in occupancy and daily rates when compared to the rest of Malta, mainly due to the city being a key destination for year-round cultural tourism and being the political, cultural, and economic centre of the country.

5.2.3.1.1 COMMERCIAL

In the commercial property segment, the Group's activities consist of longer-term leases, typically ranging from 10 to 15 years, of F&B and other commercial outlets. The Company's initial investment in this segment in 2012 was based on the view taken by the executive management about the significant potential of Valletta transitioning into a cultural destination and shopping and entertainment hub and the fact that the city was generally underserved with quality propositions for the visiting locals and tourists. As at the end of FY2023, the Group had a total of 24 commercial outlets located in Valletta, the majority of which were operated on a long-term fixed lease basis and the remaining being under development. Nine of these outlets are situated in The Gut area, which has since its completion in 2018 established itself as a landmark destination providing a variety of quality food and beverage outlets. The revenue generated from commercial rentals reached €387K in FY2023 (FY2021: €190k, FY2022 €314k). The Directors believe that this remains a growth area in the continued escalation of commercial and entertainment activity in Valletta, particularly in the lower part of Valletta which remains significantly underdeveloped.

5.2.3.1.2 OTHER

Although most of the Company's residential assets are developed and designated for hospitality operations, from time-to-time VBL sells some of the assets to test the market conditions, benchmark their values on the market, or dispose of assets which are not suitable for the Group's short-let operations (e.g. luxury penthouses). Over the course of the 12 years of operation of the Company, it has generated *circa* €5 million through the re-sale of approximately 10 residential units. From the properties sold, the Group may still generate revenues in the form of management or operational services, as in several cases the Company still provides services in relation to such properties. VBL has historically sold these units and the proceeds were re-invested into subsequent acquisitions and developments. In general, it is the Group's policy to hold its developed properties for rental as long as a minimum targeted rental yield is achieved. Occasional property sales may also occur as part of periodic strategic review of the Company's assets and decision for disposal of non-core or non-strategic assets. Other revenues include additional income from non-core activities, like operational agreements for non-core services, rental of roof-space to telecom service operators or similar enterprises.

5.2.3.2 OPERATION AND MANAGEMENT OF THIRD-PARTY REAL ESTATE ASSETS[5]

The actual number of third-party managed properties varies from time to time as VBL obtains new management contracts or occasionally returns a property to its owner. This is a growing business segment for the Company, in line with the local and global trends of this market. The Company's business development team is continuously in negotiations on various new opportunities where property management services were requested from the Group. This segment of the business has grown consistently over the lifetime of the Group and provides significant additional revenues, through the utilisation of existing systems and resources.

5.2.3.2.1 SHORT LETS

Short let operations of residential properties is considered a relatively new concept globally, with as yet nascent and still evolving international standards. In the past few years this segment has boomed both locally and internationally, creating a fast changing and volatile market environment.

The Group has developed a full range of systems and skills to be able to effectively and efficiently manage short-let properties in Valletta, from small studios to high-end palazzos. As part of its strategy to expand operations in the short-let property management segment, in 2015 the Group established VREM as a fully owned subsidiary to focus exclusively on developing hospitality services and property management. While the original purpose for VREM was to manage the Company's own properties, it was soon realised that there is a growing demand for professional short-let management services by third-party property owners. The Company and VREM have developed a business model which covers the needs of a growing segment of property owners who wish to operate their assets on the short-let market. VREM is considered as one of the few, and one of the largest[6], real estate management companies in Valletta, which provides complex short-let property management services to the Group and independent third-party property owners. VREM leverages on the existing skills, established systems, and skilled workforce of the Group to improve efficiency and utilisation of its own resources, and provides a high quality and transparent service to any property owner involved in the business activities of the Company in its target market, Valletta.

Prior to the CoVID-19 pandemic, there were three significant local players in the Valletta short-let management market, including VREM. In January 2021, VBL acquired Casa Rooms Ltd (C 76985), the second largest Valletta short-let manager at the time. The Company integrated the Valletta-based part of the Casa Rooms business into the VBL Group, following which it proceeded to dispose of its shareholding in Casa Rooms Ltd and the non-core portfolio to maintain focus on its core market, Valletta.

Going forward, the Group seeks to further expand the operations of its subsidiaries with a view to increase efficiencies and augment the quality of its services to its clients.

A significant part of the third-party property management customers of the Group are returning customers, who have extended the original length of their third-party property management agreements and, or have additional properties to offer for management to the Group.

The typical proposition of the Group is to undertake full property management, ranging from sales, marketing, and customer relationship, to cleaning, maintenance and, where required, refurbishment of the assets, resulting is a hassle-free, transparent, and financially viable solution for the owners. As a result, the Group's typical proposition provides owners with a revenue stream based on profit or revenue share arrangements. In some cases, the Group rents out individual properties on a long-let basis which

5 *The number of third party managed units shown are indicative and representative for end of 2023 as the figure changes from time to time as is the nature of the property management business.*

6 *Based on the number of units advertised and operated in Valletta as can be seen from listings on some of the most popular international booking platforms (e.g. Booking.com, Airbnb)*

it then operates (with the written consent of the owner) on the short-let market and pays an agreed fixed rent to the owners. In this manner, the Group retains the profit margins achieved on such properties. This model is also applied in the case when an asset would require extensive renovation or upgrading works for it to be habitable. In certain cases, the services provided by the Company may also include project execution and, or project management for the upgrades and, or refurbishment of the existing property, and, or obtaining the required Malta Tourism Authority licences so that the property is converted into a competitive hospitality asset, suitable for short-let operations and compliant with regulation, while providing full-scale and hassle-free management services to the owners. It has been a typical case for the properties developed by the Company but sold on the market to be entrusted to the Company by the buyers on a property management contract basis, where the Company would have management rights thereof under a fully arms-length third-party management or joint venture agreement. This proposition has been received positively by those investors who consider the investment into renovated and fully managed Valletta properties to be an attractive investment proposition, but do not wish to get involved in the day-to-day operations themselves and therefore are seeking dedicated specialist property managers for this purpose. In this aspect, the Group's proposition provides a clear, transparent and well understandable solution, without hidden costs or unexpected obligations to the owners. This model has proven to be a competitive proposition in the long run.

Historical performance indicates that properties managed by VREM could achieve stable returns for property owners, higher than the normally achievable long-let rental revenues, while such management arrangements provide a problem-free and responsible operation of the assets give owners assurance that all aspects of the operations are managed by the Company on their behalf.

Since the local market for third-party managed properties is relatively new and unestablished, the Group has experimented with various operational models to explore the market dynamics and gain practical experience of the various operational models and their benefits and disadvantages for the parties. The Company's experience has shown that most third-party owners prefer a simple model, where they receive a regular revenue stream, based on a transparent arrangement, regular detailed reports and cash transfers, but are not involved in operating the assets.

The typical third-party property management arrangements applied by the Group are listed below. The various models carry different risk levels for the owner and operator, and financial results to the parties are typically also aligned accordingly:

1. **Short-let management based on a profit share agreement:** typical model is a 30:70 net profit sharing ratio, after all operational and sales costs are covered, whereby property owners receive 70% of the net profit.

2. **Short-let management based on a revenue share agreement:** typical revenue split model applied is 50:50 ratio of the net revenues, however, this can vary when: the property is purchased directly from the Company; certain operational costs and expenses are borne directly by owners; or when an owner entrusts the Company with more than one unit.

3. **Short-let management based on a fixed management fee:** this model has been applied and tested in some cases at the owners' request. The operation is performed based on a set fee, set at a fixed percentage of the revenues, while all costs and obligations remain with the property owner. Overall, it is considered that this model provides the same final returns to the property owner, however this is achieved with a higher level of administration and more obligations and responsibilities relaying on the owner.

4. **A fixed rent, long-term rental agreement:** where a defined monthly/annual rent is paid to the owner, but the Group is responsible for all operational, regular maintenance and sales costs, and in exchange it retains all profits realised.

5. **Long-term rental agreement where the Group undertakes the property management, carries out refurbishment or upgrade, based on a pre-agreed budget:** costs of such upgrades are typically paid by owners, or pre-financed by the Company and repaid from operational cash flows. An alternative solution to this operational model is that upgrade and improvement cost of investment is financed by the Company, but this is factored in and compensated in the rent payable.

The above models are applied based on personal owner preferences and demonstrate the flexibility and operational capabilities of the Company's property management division.

5.2.3.2.2 HOTEL MANAGEMENT

Over the past decade, Valletta has experienced the development of a large number of small hotels and guest houses - where the typical size of operations ranges from 10-20 rooms/units. Such scale developments are susceptible to poor economies of scale and high fixed running costs which may inhibit their ability to sustain high quality, around the clock services (including reception, customer care, sales force, maintenance and cleaning) or issues with financing the recurring re-investment and upgrade needs. The typical deficiencies inherent in a sub-scale operational model become more evident once replacement needs begin to arise. Following the pandemic period, realising the above specific conditions, a number of opportunities have arisen in Valletta, providing an opportunity for growth in a new segment. This opportunity was recognised and explored by the Group and several new managed properties were contracted already. The Company expects that, in the coming years, the demand for professional management of such establishments and the ability to operate volumes supporting economies of scale will drive an increasing number of small operators to seek services from professional operators like VREM. VREM is ideally positioned to take full advantage of this expected market consolidation.
At the end of 2023, VREM was engaged to manage and operate three hotels in Valletta under a revenue sharing model.

The Group continues to negotiate several new opportunities whereby owners of such smaller hotels or guest houses are seeking professional, long-term operational partners.

6. OPERATING AND FINANCIAL REVIEW

6.1 PRESENTATION OF FINANCIAL INFORMATION

This document contains references to the annual consolidated financial statements of the Group. These refer to the annual consolidated financial statements of the Group for the years ended 31 December 2021, 2022, and 2023. The interim financial information pertaining to the Issuer is extracted from the unaudited condensed financial statements for the six-month period beginning 1 January 2024 up to 30 June 2024.

The audited consolidated financial statements shown for FY21, FY22 and FY23 were prepared and presented on a consolidated basis, in line with the applicable accounting policies and principles. The full set of annual financial reports and respective directors and other statutory reports were published and are also available on the Company's web page (www.vbl.com.mt) under the Investor section.

These financial statements have been drawn up in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU. The financial statements have been audited by the Company's statutory auditors, which for this period was RSM Malta, and the auditor's report thereon comprises a clean and unqualified audit opinion for each of the above periods.

Furthermore, the tables and discussions included in this section contain certain alternative performance measures (as defined by the European Securities and Markets Authority ("**ESMA**"). These non-IFRS financial measures are presented as supplemental information as (i) they represent measures that the Directors believe may be relevant for certain investors, securities analysts and other parties in assessing the Company's operating and financial performance and may contribute to a fuller understanding of the Group's cash generation capacity and the growth of the combined business; and (ii) they may be used by the Company's management as a basis for strategic planning and forecasting.

The consolidated financial statements below should be reviewed in the context of the regular company announcements and other public communication of the Company, since it was listed in the Malta Stock Exchange in 2021.

The table below provides a cross-reference list of key sections of the financial statements of the Issuer for the financial years ended 31 December 2021, 31 December 2022, 31 December 2023, and for the 6 month financial period ended 30 June 2024:

	Page number in Annual Report for the Financial year ended			Page number in Interim Report for the 6 month period ended
	31 December 2021	31 December 2022	31 December 2023	30 June 2024
Independent Auditors' Report	47 - 53	47 - 53	50 - 56	n/a
Statement of Financial Position	21	21	23	7
Income Statement	20	20	22	6
Statement of Cash Flows	23	23	25	9
Notes to Financial Statements	24 - 46	24 - 46	26 - 49	10-11

Furthermore, the Issuer hereby confirms that there has been no significant change in the Company's financial or trading position since 31 December 2023, the date as at which the most recent audited annual financial statements were last drawn up, other than the information contained and disclosed in the Prospectus.

6.2 CONSOLIDATED INCOME STATEMENT

The table below is extracted from the consolidated audited financial statements of the VBL Group over the period from 1 January 2021 to 31 December 2023, including interim financial statements for the six-month period ending 30 June 2024 and summarises the key operating parameters for the same period.

VBL PLC - INCOME STATEMENT - FOR THE YEAR ENDED 31 DECEMBER

€'000s	FY21	FY22	FY23	Jun-23	Jun-24
Revenue	1,063	2,316	3,246	1,466	1,701
Investment income	6,342	6,874	2,042	341	-
Cost of sales	(512)	(1,168)	(1,696)	(766)	(828)
Gross profit	**6,894**	**8,022**	**3,592**	**1,041**	**873**
Other operating income	174	8	28	11	9
Administrative expenses	(550)	(897)	(1,046)	(520)	(572)
EBITDA*	**6,518**	**7,133**	**2,575**	**532**	**311**
Depreciation & amortisation	(301)	(280)	(313)	(152)	(155)
Operating income	**6,217**	**6,853**	**2,262**	**380**	**155**
Interest income	3	7	10	7	3
Impairment on inventory	-	(66)	-	-	-
Receivable written off	-	-	(20)	-	-
Finance costs	(138)	(190)	(231)	(127)	(89)
Profit before income tax	**6,082**	**6,604**	**2,021**	**260**	**70**
Income tax expense	(291)	(281)	(322)	-	-
Profit for the year	**5,791**	**6,323**	**1,699**	**260**	**70**

**EBITDA – earnings before interest, taxation, depreciation and amortisation*

During the period under review, the Issuer's primary activity related to the rental of commercial properties, the operation/management of hospitality units and the management of hotels/guest houses.

The Group's revenue increased from €1.06 million in FY21 to €3.25 million in FY23, equivalent to a compound annual growth rate of 74.7%. The improvements were driven by a number of key factors, including:

- Market consolidation and stabilisation;
- Tourism trends, key operating indicators in hospitality, such as prices and occupancy, returning to or even exceeding pre-covid levels;
- Commercial segment terms adjustments back to market terms;
- Taking under management additional collective accommodation units (hotels, guest house); and
- Completion of an own development of Casa San Domenico, starting revenue generation from Q1 2023.

FY23 revenue predominantly consisted of revenue which was generated from the management of 10 third-party owned apartments, 21 other managed units and 3 hotels. The third-party owned units are managed through various property management agreements, such as revenue/profit share agreements, fixed management fees and long-term rental agreements. In FY23, such properties generated €1.8 million in revenue and an average contribution margin of 22%.

Approximately €1.3 million of the FY23 revenue was generated from commercial and residential properties that are owned by the Group, which have been described in section 5.2.2.1. In FY23, SHB1 was the primary generator of commercial revenue.

Investment income reflects the revaluation gain on investment properties held by the Group while administrative expenses mainly relate to personnel expenditures (60% of total admin expenses in FY23), professional services and management fees, which are incurred in the day-to-day running of operating activities.

EBITDA is used as an Alternative Performance Measure ('APM') as it provides a clear view of the Company's operational performance by excluding non-operational expenses such as interest, taxes and non-cash items like depreciation and amortisation. This allows stakeholders to assess the core profitability of the company's business activities, considered useful given the significant level of capital expenditure requirements.

6.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The table below sets out the consolidated statements of financial position of the VBL Group as at the 31 December 2021, 2022, 2023 and 30 June 2024.

VBL PLC - CONSOLIDATED BALANCE SHEET - FOR THE YEAR ENDED 31 DECEMBER

€'000s	Dec-21	Dec-22	Dec-23	Jun-24
Intangible assets	153	115	96	75
Property, plant and equipment	878	853	800	769
Investment properties	59,991	73,664	77,128	77,923
Investment in a subsidiary	1	1	1	1
Loan receivable	107	114	-	-
Deferred tax assets	210	225	142	142
Total non-current assets	**61,340**	**74,971**	**78,168**	**78,910**
Asset held for sale	-	510	-	-
Inventory	-	271	2	2
Current tax receivable	1	15	-	17
Loans receivable	-	-	120	123
Trade and other receivables	1,581	402	262	422
Cash and cash equivalents	1,948	1,347	932	1,163
Total current assets	**3,530**	**2,546**	**1,315**	**1,728**
Total assets	**64,870**	**77,517**	**79,483**	**80,638**
Share capital	48,894	49,609	49,836	49,836
Share premium	732	1,017	1,086	1,086
Other reserves	375	353	330	312
General reserves	1	1	1	1
Retained earnings	6,428	12,626	14,180	14,267
Total equity	**56,430**	**63,606**	**65,432**	**65,502**
Borrowings	1,297	7,878	7,842	8,324
Lease liabilities	300	286	271	271
Deferred tax liability	3,890	4,166	4,374	4,374
Trade and other payables	46	89	106	621
Total non-current liabilities	**5,533**	**12,418**	**12,593**	**13,590**
Borrowings	2,329	338	429	353
Lease liabilities	11	14	16	9
Trade and other payables	566	1,142	1,013	1,185
Total current liabilities	**2,906**	**1,493**	**1,457**	**1,546**
Total liabilities	**8,439**	**13,913**	**14,050**	**15,136**
Total equity and liabilities	**64,870**	**77,517**	**79,483**	**80,638**

The Group's total assets as at 31 December 2023 amounted to €79.48 million (31 December 2021: €64.87 million, 31 December 2022: €77.52 million) which is predominantly comprised of investment properties with a fair value of €77.13 million, comprising the full portfolio of owned properties and properties which are secured by a long-term lease. As at 31 December 2023, property, plant and equipment ('**PPE**') had a carrying value of €0.8 million, which includes the Group's head office and improvements to the premises and other office furniture and fittings. The full list of properties within the VBL portfolio can be found in section 5.2.2.1 of this Registration Document.

The assets of the Group were funded through €65.43 million in total equity and €14.05 million in total liabilities as at 31 December 2023. The Group's liabilities as at 31 December 2023 included: Borrowings of €8.28 million, comprising mostly of the utilised portion of the Long Term Development Facility; and the outstanding balance of a bank facility obtained under the MDB Covid-scheme at the end of 2020 for the purpose of working capital financing.

Deferred tax liabilities of €4.38 million, arising from the value of investment property held by the Group were such assets to be sold.

6.4 CONSOLIDATED CASH FLOW STATEMENTS

The table below sets out the consolidated statements of cash flows of the VBL Group over the period from 1 January 2021 to 31 December 2023, 1 January 2023 to 30 June 2023, and 1 January 2024 to 30 June 2024:

VBL PLC - STATEMENT OF CASH FLOWS - FOR THE YEAR ENDED 31 DECEMBER					
€'000s	**FY21**	**FY22**	**FY23**	**Jun-23**	**Jun-24**
Net cash used in operating activities	(919)	623	507	354	302
Net cash used in investing activities	(339)	(5,443)	(546)	(467)	(398)
Net cash used in financing activities	1,495	4,219	(376)	(360)	326
Net movement in cash & equivalents	**236**	**(600)**	**(415)**	**(474)**	**231**
Cash and cash equivalents at the beginning of year	1,712	1,948	1,347	1,347	932
Cash and cash equivalents at end of year	**1,948**	**1,347**	**932**	**874**	**1,163**

Cash flow from operations primarily reflects cash inflows from the short and long-term lets generated by the owned and managed properties. Cash flow from operations in 2021 was negatively impacted due to the negative effects imposed by the COVID-19 pandemic, which affected the daily rates charged by the Group. During the period from 1 January 2021 to 31 December 2023, the Group generated a total net cash from operations of €0.20 million. This figure represents the Group's current operating structure, which includes a team of designers, architects, and project managers, who are active in the development of upcoming VBL properties.

During the same period the Group invested €6.33 million in its property, plant and equipment, and investment property portfolio, of which approximately €1.3 million were financed by the sale of non-core developed properties.

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

7. TREND INFORMATION

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements nor has there been any significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of this Registration Document.

The Group's core assets are Valletta real estate, including renovated and operational hospitality, residential and commercial property and assets under development or prepared for future development. The Group has evolved into one of the largest private owners and operators of real estate in Valletta, as well as the manager of a significant portfolio of third-party real estate assets situated in Valletta. VBL's portfolio of owned and managed assets is diversified in several key market segments, namely:

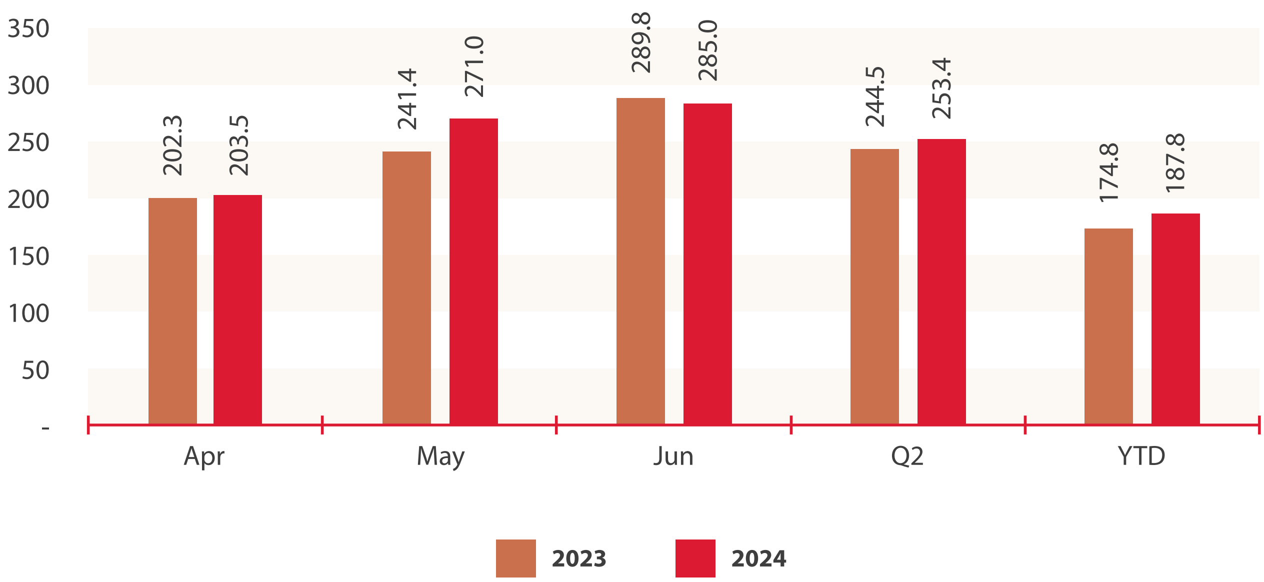
- Residential property
- Office space
- Hospitality
  - Collective accommodation
  - Private accommodation
- Commercial
  - Food and beverage commercial outlets
  - Retail outlets
- Storage

The Group's performance is thus influenced by trends impacting the real estate market on two levels - firstly, by trends concerning the value of real estate property in Valletta and, secondly, by trends impacting the rental and lease rates and terms relative to the various market segments listed above.

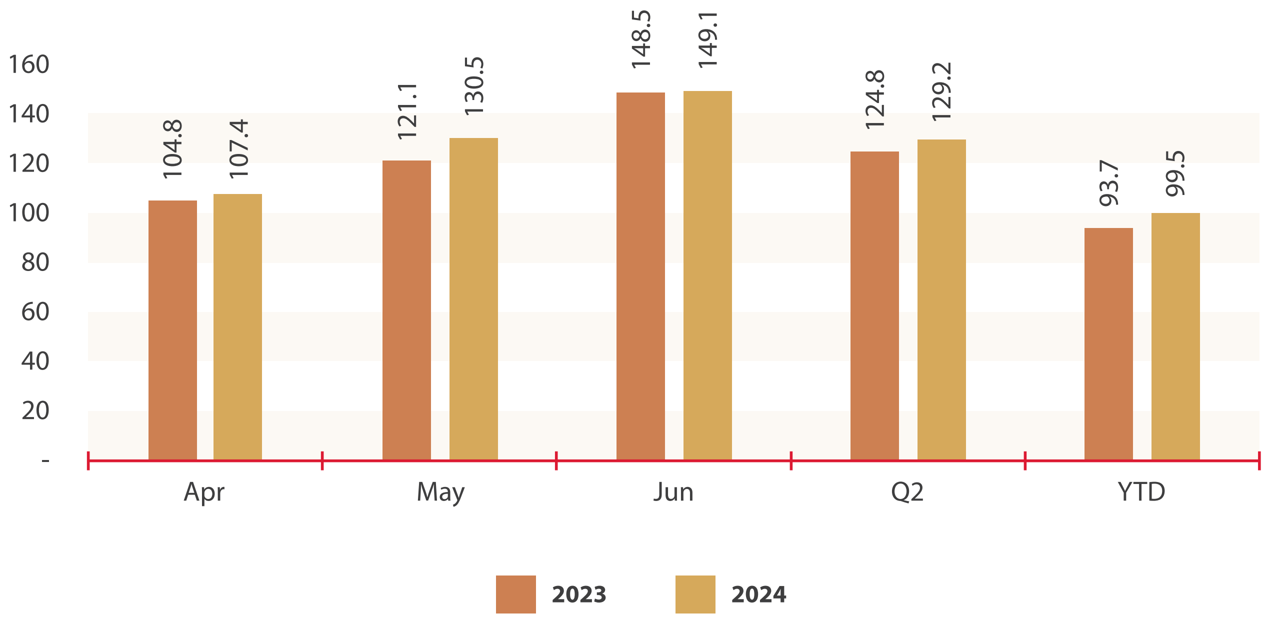
Notwithstanding the general economic uncertainties and geopolitical tension experienced globally, the real estate market in Malta has demonstrated resilience, generally maintaining stable and steadily growing value levels and practically in areas of specific historic areas, such as Valletta, which well-defined sub-markets are traditionally out-performing most other market sectors. Specifically, the real estate market in Valletta, due to its relatively unique parameters, has experienced over average growth in property values, general stability and continuously growing demand in terms of property acquisitions and rentals, corresponding to market experience witnessed in other similar markets, and earlier economic crises where in markets with unique, limited property supply remain resistant and outperform temporary property market uncertainties.

The Valletta tourism and hospitality market also shows a continuous positive development trend, remaining a fast developing and growing market segment, outperforming other areas of the island. Recent market surveys also confirm the overall favourable market trends. According to MHRA Quarterly Reports, RevPAR increased across the board and an uptake of 3.6% was registered in 4- and 5-star categories in Q2 2024, relative to 2023. At the YTD level, 5-star operators enjoyed a 7.4% uptick whilst for 4 stars it amounted to 6.2%[7].

TOTAL REVPAR (€) - 5-STAR



TOTAL REVPAR (€) - 4-STAR

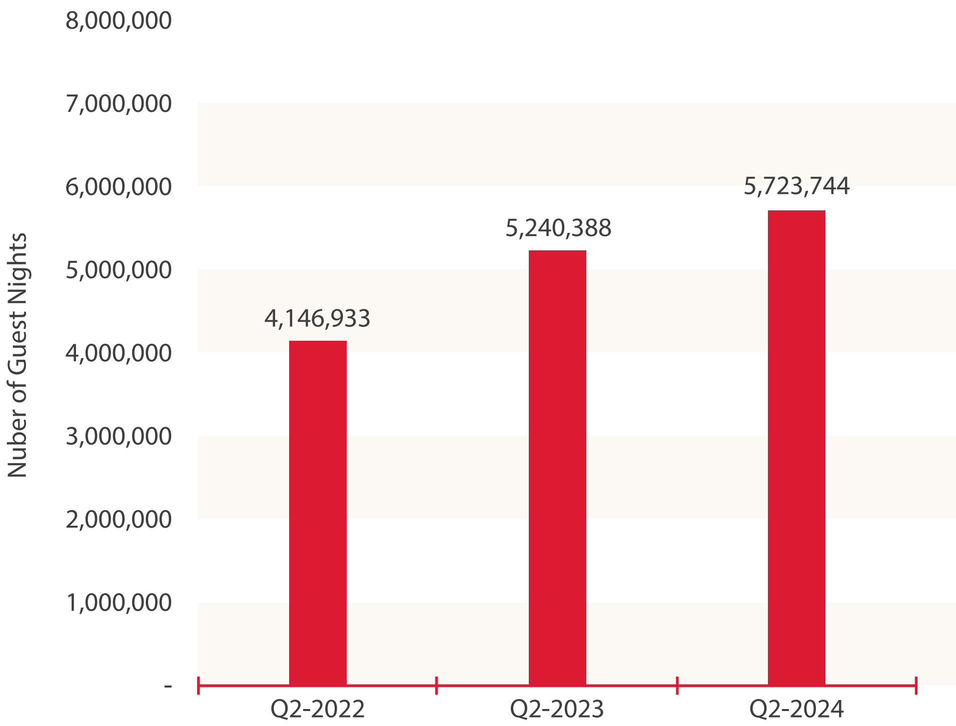


Estimates put the total number of guest nights at approximately €5.7m in Q2 2024. By volume, this is 9.2% above the guest nights registered in Q2 2023. This translates to €9.1m guest nights in the first half of 2024, 12.3% above the first half of 2023.[8]

7 *Source: MHRA Quarterly Report, August 2024- NSO, Deloitte estimates for August 2024*

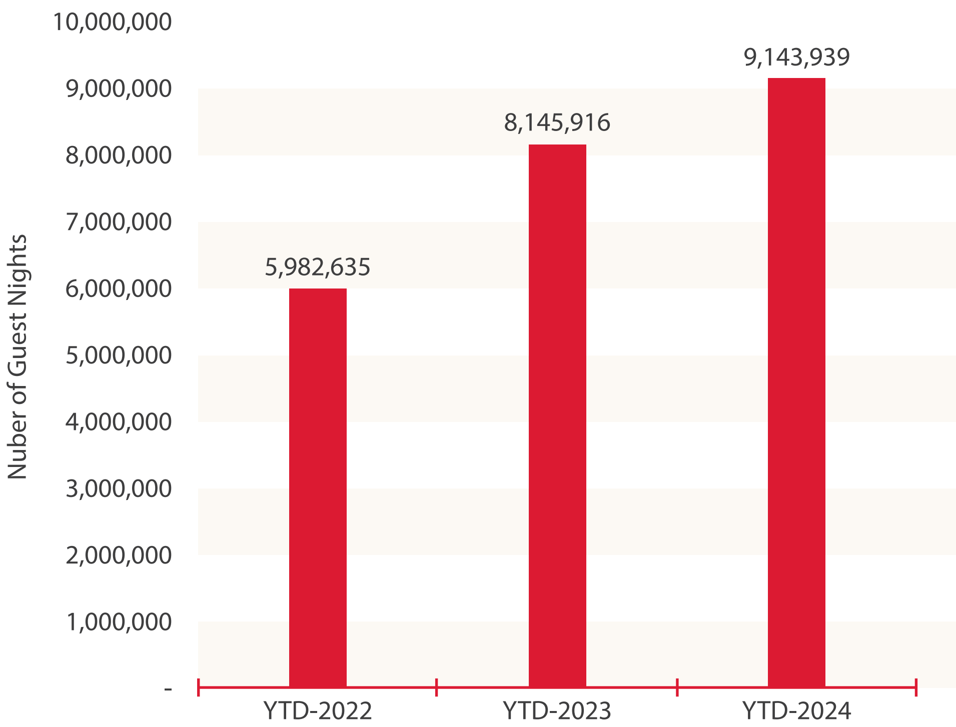
8 *Source: MHRA Quarterly Report, August 2024- NSO, Deloitte estimates for August 2024*

TOTAL GUEST NIGHTS BY QUARTER

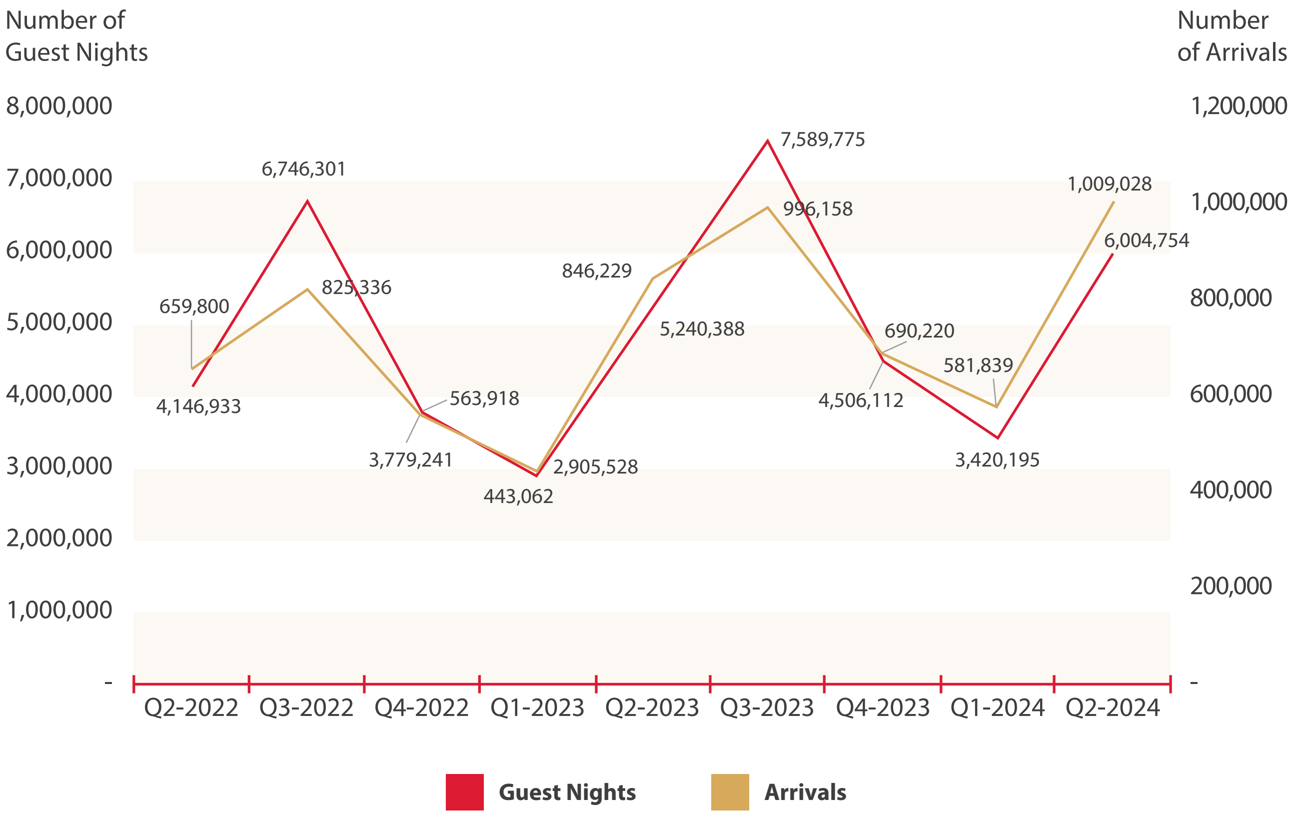


Source: NSO, Deloitte estimates

TOTAL GUEST NIGHTS - YTD



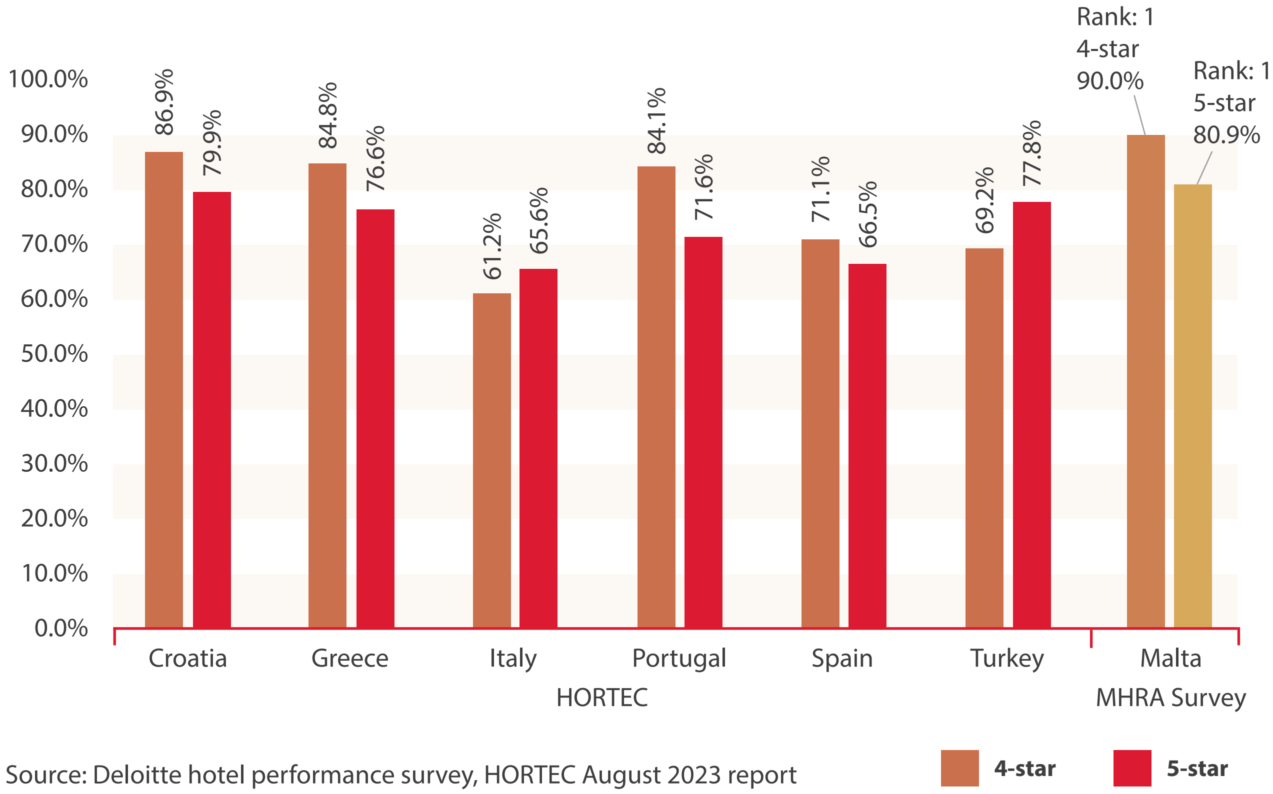
TOTAL TOURIST ARRIVALS AND GUEST NIGHTS BY QUARTER



In the recent past, very few capital cities in the world have experienced the holistic, targeted and long-term transformation that Valletta, and more particularly the 'lower' Valletta area, has experienced, particularly over the last few years or so. With significant part of the Valletta real estate asset base remaining un-renovated and not currently utilised, this trend is expected to continue, with several large, landmark development or regeneration projects currently underway. This market factors are one the key pillars of VBL's investment strategy and the Group's own contribution to the transformation of Valletta is noteworthy, having been a key market player in the property renovation, restoration, development and subsequently management and operation of Valletta real estate since year 2012.

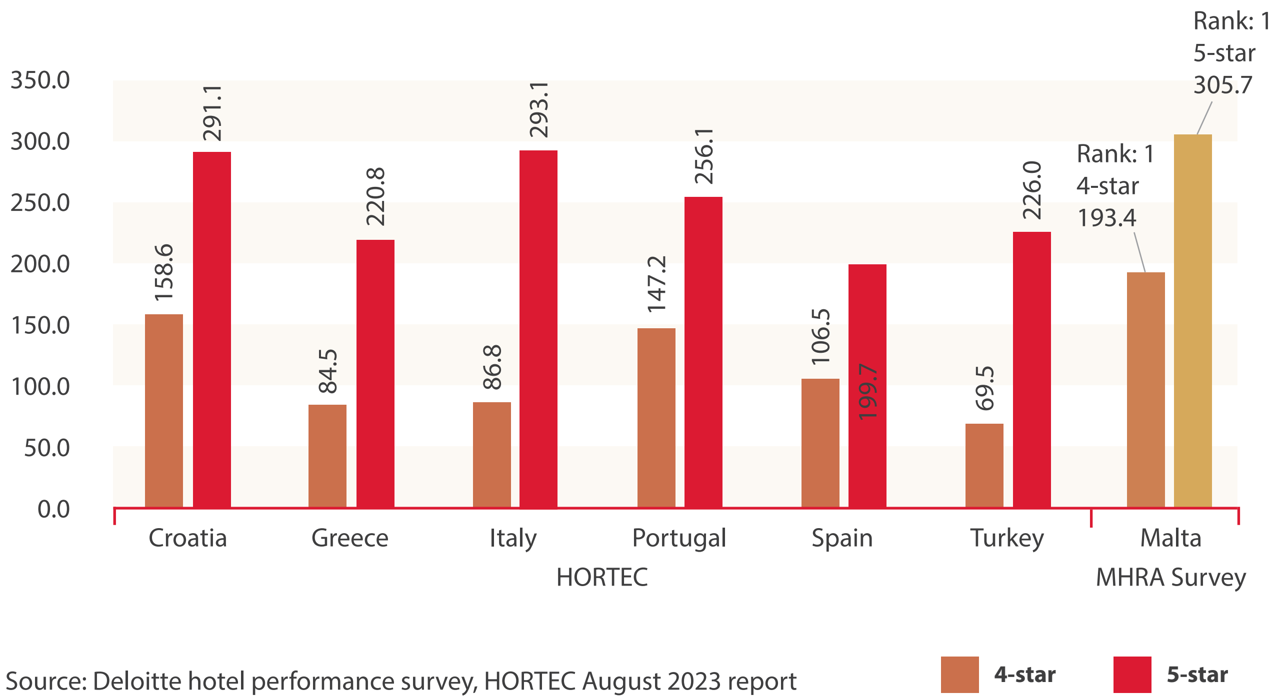
The most recent market trends and statistics show great and growing demand in the hospitality segment in Valletta, particularly for assets of higher category and modern content within the classic, historic buildings. When compared to other Mediterranean tourist destinations, Malta stands at the top of the rankings for occupancy based on HOTREC data for August 2023, both in the 4 and 5-star category, with the highest revenue per available room in August 2023 when compared to the HOTREC survey results for this market segment.

OCCUPANCY (%) - AUG 2023



Source: Deloitte hotel performance survey, HORTEC August 2023 report

REVPAR (€) - AUG 2023



Source: Deloitte hotel performance survey, HORTEC August 2023 report

Valletta, a micro market within Malta[9]

When analysing trends in respect of VBL Group's business, it is imperative to understand Valletta's unique position, both in the property and hospitality markets – including geographical, historical, economic and strategic aspects – and the overall importance for the tourism and hospitality industry of the Maltese islands.

Within Malta's real estate market, Valletta is a specific micro market in its own right, owing to the multitude of unique features it possesses. Firstly, Valletta is Malta's capital city, being an administrative, cultural, historic and tourism centre, having unique geographical and historical features, including its all-surrounding bastions, forts, garrisons, museums, gardens, centuries-old palaces, and buildings of historical and socio-political importance. Also, "Valletta" is by far the most recognised Maltese brand name globally, originating as an established brand from the time of the Knights. These characteristics, together with Valletta's cultural, artistic, and social programme, has ensured that Valletta enjoys widely recognised prestige, both locally and internationally. This brand's goodwill and image often feature as the mainstay of Malta's tourism strategy. Tourists are likely to visit Valletta at least once during their stay, regardless of whether they opt to stay at a hospitality establishment in Valletta or elsewhere on the islands, thereby exponentially boosting the city of Valletta's revenues generated at the various market segments from bars, restaurants, though cultural and entertainment segments, to the commercial and retail outlets throughout Valletta.

Government spend on the upkeep and upgrade of the city is estimated to be significantly higher than that reserved for any other region on the island, on a per square kilometre basis. A big positive change in the local attitude and perception of Valletta as a destination for leisure, entertainment, and shopping, as well as a location for desired property ownership or investment, has been experienced following and starting from the 2018 Valletta Cultural City of Europe programme (V18).

The combination of Government and private sector investment, supplemented by various EU funded programmes available for regeneration and development, all being concentrated in such a focused way on a small area, has created the recent Valletta's unique micro-market for the rental and lease markets. Since the past 8-10 years, when this pattern was first experienced, the positive trend of significant local and international interest towards the Valletta property market, both for investment and for potential location of new business ventures, has been continuous. This trend has continuously been proven by numerous new attractions and businesses emerging in Valletta, as well as several major government programmes and tenders.

Furthermore, the Government has invested and continues to invest, heavily in the development of the cruise liner industry, with Valletta, specifically the majestic Grand Harbour, becoming one of the major hubs for cruise ships in the Mediterranean, attracting significant additional passenger and tourist traffic for Valletta. The cruise liner hub itself attracts hundreds of thousands of tourists a year (*circa* 800,000 in 2023[10]), spending at least one day in Valletta, with many choosing to make dedicated excursions and exploration trips to the city of Valletta. Such activity creates additional demand for quality services and goods, boosting the city's trade and entertainment sectors.

Valletta – being the Maltese political centre - is also home to the Maltese Parliament, law courts and the majority of ministries, as well as a significant number of government offices and departments. In addition, a large number of legal and professional firms and businesses (both retail and non-retail), have chosen Valletta as the location of their offices. This concentration of business activity supports stabile, high demand for various services, office, and other commercial space.

Being limited to just 0.6 square kilometres in size, the availability of property in Valletta is naturally limited. Moreover, built on a peninsula, surrounded by water, and having its entire skyline protected by the UNESCO World Heritage Programme, the nature and type of developments that are permitted in Valletta are subject to stringent controls. This means high level of protection for the local properties and architectural features, and that as a result, Valletta's real estate market is not exposed to the same levels of volatility in real estate development, property prices and overall supply, experienced elsewhere on the island, from time to time. Furthermore, Valletta real estate is generally well diversified between business and residential use properties, which allows a more balanced and healthier utilisation of the amenities with the natural cycle of a single day or year-round.

All the above make the Valletta real estate market unique within the context of the Maltese islands.

Trends in the Property Market

In recent years, and in the context of a wider economic boom spanning multiple years, real estate prices in Malta have experienced a general growth and are considered to be on the upward trend. Even amidst the inevitable strains of the current global economic conditions, the Valletta real estate market has been fairly resilient to this turmoil and has shown steady growth over longer terms of periods.[11]

Based on sources and data of the National Statistics Office, the Maltese House Price index shows a continuously growing strong positive trend over the period in terms of the Maltese housing prices.[12]

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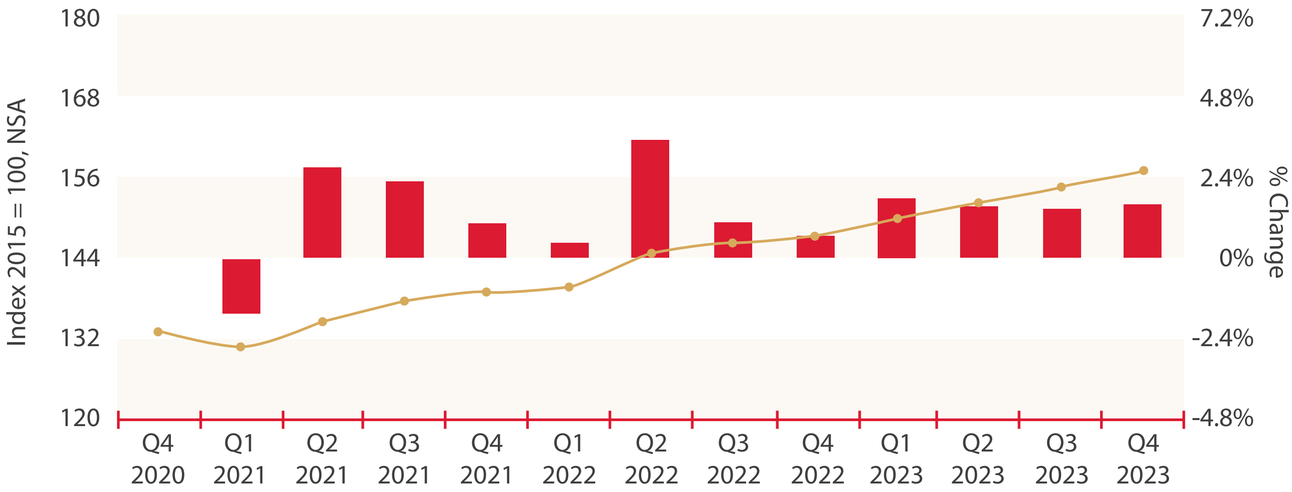
9 *Information is collected from various independent market sources, including professional organisations and bodies, industry publications and surveys, reputable media outlets. These are: Deloitte Malta - MHRA Quarterly Market Report, EY – DJAR Reports, KPMG Malta, National Statistics Office – Malta, HORECA, Times of Malta, Malta Today, CNBC.com, Eurostat*

10 *https://nso.gov.mt/cruise-passengers-q4-2023/*

11 *ey-malta-djar-report-2023.pdf*

12 *Source: NSO Malta https://www.economy.com/malta/house-price-index*

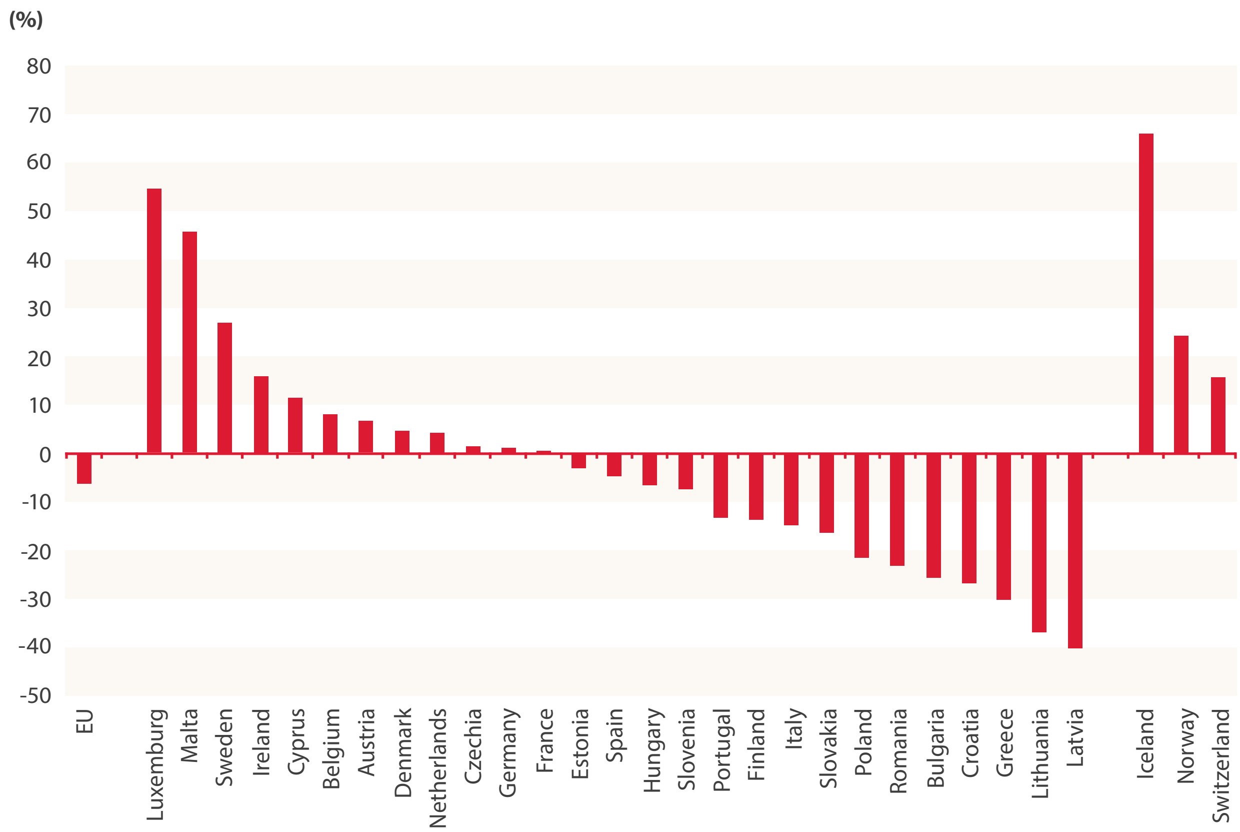
MALTA - HOUSE PRICE INDEX



The positive property trends in Malta are also driven by other global and local macroeconomic factors, such as population growth and international geopolitical developments, which further increase the attractiveness of Malta as a holiday and residence destination. In the longer term, according to Eurostat, out of the 27 member states, Malta is the EU country with the highest projected population growth between 2022 and 2100 with a forecasted growth of *circa* 45.7% (see chart below). This trend has already been confirmed by facts reported by the National Statistics Office of Malta. According to these reports, the population of Malta grew from 421,464 in 2012 to 542,051 in 2022. This equates to a 28.6% growth in the population over the period[13]. The increase in the population size was attributed primarily to the growth in the foreign population. While the Maltese population only grew by 1.7% from 398,099 to 404,675, the foreign population grew five-fold, rising from 23,365 in 2012 to 137,376 in 2022.

The increasing population will continue to increase demand for basic needs including housing and thus will be a driving force towards real estate prices.

PROJECTED POPULATION CHANGE, 2022-2100



Note: Ranked on projected population charge.
Source: Eurostat (online data code: proj_23np)

13 *https://nso.gov.mt/intercensal-population-revisions-2012-2021/ released January 2024*

Tourism Trends

Between the years 2009 and 2019, tourism in Malta grew from close to 9.95 million guest nights in 2009 to 19.34 million guest nights in 2019, practically doubling Malta's tourism industry over a 10-year period. This growth trend has continued in the period since the end pandemic outbreak until 2023.

Recent statistics show that year 2023 marked a record 3 million inbound tourists, exceeding 2019 figures by 8.3%[14]. Total Inbound tourists during 2023 amounted to 2,975,670, while total nights spent surpassed 20.2 million nights. In terms of tourist expenditure, in 2023, tourists in Malta spent a total of €2.7 billion, or €898 spent per capita.

2024 is also continuing to show dynamic growth with guest nights and tourist arrivals in Q1 2024 exceeding prior year levels by 17.7% and 31.3% respectively[15]. The continuous growth experienced in the past decade, also coincided with the exponential growth in private accommodation through the likes of Airbnb and other booking platforms.

The operators in the collective accommodation segment were the main beneficiaries from the increase in tourist arrivals in Q1 2024 with their share of the market increasing from 55.3% to 58.4%[16].

The global tourism industry was one of the most impacted industries by the recent pandemic period, however, it has shown fast recovery immediately after the various restrictive measures introduced in response thereto were removed. Followed by a faster than projected recovery, by 2023, tourism volume and KPIs have outperformed those of year 2019, proving the demand for related accommodation and other related tourism services. The specific position of Malta in this sector, being an island, makes the local industry heavily dependent on airline seat capacity and flight connectivity options. According to recent MHRA reports, the 31.3% increase in tourist arrivals was predominantly driven by a 21.9% increase in aircraft movements with the remainder driven by higher aircraft capacity and load factors[17], projecting another record year for the local tourism industry.

To summarise, the overall tourism industry performance in the recent period has been favourable and supporting the developments and growth trends of the Maltese hospitality business. For the future, it is expected that the external market conditions and their global development remain a major driving factor behind the Group's operational performance, and while unplanned global or local market events which may occur in the future could impact the actual development plans and forecasted growth objectives, the current long-term business development projections remain supported by the current strong global tourism market trends and forecasts. The projected market performance, as evidenced by the various reports and research available (e.g recent MHRA reports[18], industry data from the National Statistics Office and quarterly reports of Malta International Airport) suggest strong underlying industry fundamentals for the foreseeable future. The improvement of industry KPIs and passenger numbers is mostly driven by an increase in the flight connectivity and higher number of leisure tourists arriving to Malta. Nonetheless, the outlook contains certain uncertainties, mainly due to global market developments and political events, the continued global struggle against inflation, the war in Ukraine and tension in the Middle East. The weaker-than expected growth in the Euro-zone, despite falling energy prices and improving consumer trends might have a potential disruption impact on the industry. Climate-related challenges, such as hectic weather changes, extreme heat/cold-waves, wildfires, and floods impact tourism hotspots more frequently than in the past, suggesting higher risks and the need of higher attention to the urgent requirement for transformation in the industry and customer attitude.

8. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company is subject to, and supports, the Code of Principles of Good Corporate Governance (the "**Code**") forming part of the Capital Markets Rules. The Board has taken such measures as are necessary and applicable in order for the Company to comply with the requirements of the Code to the extent that these were considered appropriate and complementary to the size, nature and operations of the Company.

The Board considers that during the financial year ended 31 December 2023, the Company was in compliance with the Code save as set out hereunder.

As at 26 July 2024, being the date of approval of the latest Annual Report, the Company is considered by the Board compliant with the said Principles of Good Corporate Governance as this has been disclosed and declared in the respective reports and relevant documentation, save for the following exceptions:

14 Source: Malta Toursim Authority, Press conference, February 2024, basd on NSO data

15 MHRA/Deloitte - MHRA National Hospitality Forum, 22 May 2024

16 Source: NSO, MIA, MHRA – May 2024

17 MHRA Tourism Forum - 24th May 2024

18 MHRA quarterly reports

- Principle 4 “the responsibilities of the Board”: the Company’s strategic and executive management is provided by VBLM, which is also delegating the Executive Directors based on transparent management agreement. VBLM – as part of its strategic management duties - is responsible for overseeing and ensuring proper executive and management resources are available at all times. Since the Directors are nominated and elected by the shareholders of the Company, the Board itself has not formally developed a succession policy for the future composition of the Board as recommended by principle 4.2.7 of the Code. In practice, however, the Board (with the support of VBLM) is actively engaged in succession planning and involved in ensuring that appropriate schemes to recruit, retain and motivate skilled employees and senior management are in place.

- Principle 7 “Evaluation of the Board’s Performance”: Whilst the Board has not considered it necessary to appoint a separate committee to carry out a performance evaluation of its role, as recommended by principle 7 of the Code, the Board carries out regular performance evaluations of the Directors and executive management, which is also supplemented by performance evaluation of VBLM carried out regularly by the Audit Committee. In addition to this, the Board’s performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company’s shareholders, the market and the rules by which the Issuer is regulated as a listed company.

- Principle 8 “committees”: the Board has established a remuneration policy for Directors and senior executives of the Issuer and the remuneration of the Directors in any one financial year, and any changes thereto, is determined by the shareholders in general meeting. The Company –has not appointed a separate Remuneration Committee, as the role of such committee is performed by the Board as a whole. The Board believes that the size of the Company and the Board itself does not warrant the setting up of an ad hoc committee to establish the remuneration packages of individual directors, which in terms of the Company’s remuneration policy are identical for all Directors. The appropriateness of the Company’s remuneration policy is subject to ongoing scrutiny of the Audit Committee, the Board itself, the Company’s shareholders, the market and the rules by which the Company is regulated as a listed company. The Board shall retain this matter under review over the coming years; and

- Principle 9 “Conflicts between Shareholders”: Code provision 9.3 recommends the establishment of a mechanism disclosed in the Memorandum and Articles of Association, to trigger arbitration in the case of conflict between minority shareholders and controlling shareholders. While the company does not have a controlling shareholder, if any such conflict were to arise or if the Board were to be informed of the potential of any such conflict arising, the matter would be discussed at Board level and, should this be necessary, directly with the shareholders involved with a view to the conflict being resolved. To date, the Board has not been notified of any such conflict between minority shareholders and controlling shareholders and does not consider this particular provision of the Code to be relevant to the Company at this point in time give the absence of any one particular controlling shareholder.

9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

9.1 THE BOARD

The Company is managed by the Board currently consisting of seven members who are entrusted with the overall direction, administration, and management of the Company. The majority of the Directors are currently non-executive, of whom three directors are considered to be independent within the meaning of the Capital Markets Rules.

9.2 CURRICULUM VITAE OF THE DIRECTORS

Hereunder is a brief *curriculum vitae* of each of the current Directors:

Dr Andrei Imbroll (CEO, Executive Director)
Dr Andrei Imbroll, together with Dr Geza Szephalmi, co-founded the VBL Group which, since its inception in 2012, has diversified into residential, office and retail properties whilst focusing its operations primarily on the hospitality sector. Graduating from the University of Malta in 2001 as Doctor of Medicine and Surgery, he went on to practice medicine for *circa* seven years, primarily in the field of Obstetrics and Gynaecology, before dedicating himself exclusively to real estate investment in various countries including Malta, Italy, France and Croatia. Dr Imbroll always had a particularly keen interest on the rehabilitation of centuries old buildings within historical cities, an interest and passion which has now been spanning over 15 years.

Dr Geza Szephalmi (Chairman of the Board, Executive Director)
Together with Dr Andrei Imbroll, Dr Geza Szephalmi co-founded the VBL Group. Dr Szephalmi graduated from Bristol University with a degree in International Law, from the ELTE University, Budapest with a doctoral degree in Law and Political Sciences, and from the University of Innsbruck with a degree in International Business Transactions. Prior to co-founding the VBL Group, Dr Szephalmi served as chairman of the Hungarian Venture Capital Association, member of the OECD Business Advisory Board and vice-chairman of the International Energy Charter. Dr Szephalmi also served as board member of a number of large enterprises, all

market leaders in their respective fields, including Waberers, TriGranit, Work Service, Magyar Hírlap, and Syndicatum of Sustainable Resources. Dr Szephalmi has occupied the post of Chief Executive Officer of the VBL Group since 2015.

Mr Julian Tzvetkov (Chief Financial Officer, Executive Director)
Mr Julian Tzvetkov joined VBL in 2012 as an investor and executive. Today, Julian Tzvetkov is a member of the executive management committee of the Company and leads the Group's finance team. Mr Tzvetkov graduated with a Master of Science in Business Administration, specialising in marketing and finance (MScBA) from the Budapest University of Economic Sciences and studied law at the ELTE University, Budapest. Mr Tzvetkov has worked for over 30 years in the financial services sector, including private equity and venture capital, banking, and real estate. Since year 2000, Mr Tzvetkov has served as senior executive and director in a number of large finance and fund management companies, including the Hungarian Development Bank, where he acted as managing director. Between 2006-2012, Mr Tzvetkov served as the CEO and chairman of several equity fund managers in the Central and Eastern European region. Since 2012, his focus was on development capital and real estate investments. Mr Tzvetkov also served as the chairman of the Hungarian Venture Capital Association and was a director with Invest Europe, based in Brussels. Currently, he also holds the position of non-executive director and supervisory board member of various regulated, public and private companies.

Mr Artur Haze (Non-executive Director, Audit Committee member)
Mr Artur Haze is on co-founder and the managing partner of ForeVest Capital Partners. Mr Haze's responsibilities include sourcing, negotiating, executing, and managing investments in Central and Eastern Europe. Prior to forming Forevest, Mr Haze was involved in PineBridge Investments, since 2008. Mr Haze has extensive experience of serving as a director on various companies' board of directors since 1998 with sector specific experience in the healthcare, financial services, distribution and logistics and retail sectors. During 2001-2007, Mr Haze occupied the position of CEO and President of a pharmaceutical distributor in Poland, which he developed to become one of the leading companies of its kind and subsequently sold to Tamro/Phoenix in 2006. Prior to this dual role, Mr Haze served as an investment officer at a Swedish private equity firm, Oresa Ventures, where he established offices in Moscow and Warsaw, and completed several transactions in the healthcare and business services sectors. Between 1995-1997, Mr Haze was a management consultant for Arthur Andersen in Sweden and was predominantly involved in audit, mergers and acquisitions, and restructuring of mid-market private businesses. Mr Haze has a Master of Science in Business Administration and Economics from the University of Uppsala in Sweden. Mr Haze is a citizen of both Sweden and Poland.

Ms Isabella Vella (Independent non-executive Director, Audit Committee Member)
Ms Isabella Vella brings a high degree of discretion, mature judgement and tact coupled by strong leadership and collaboration skills as well as a vast wealth of entrepreneurial experience ranging across the construction banking, real estate and hospitality sectors. For well over a decade, she also held directorship on Peninsula Holdings Limited (C 16111) as well as Peninsula Investments Limited (C 15215) both pertaining to owners of the Westin Dragonara Hotel & Resort as well as alternate directorship in Bajja Developments Limited (C 13819) and Bajja Investments Limited (C 13745), both pertaining to what is now The Marriott Malta Hotel & Spa. She is currently a non-executive director of Main Street Complex Plc (C 34767). Ms Vella has extensive hands-on experience in management, business leadership, directorship roles and has established a record of success in significantly growing enterprise value. Her exceptional business acumen makes her a true catalyst in building mutually beneficial business relationships. Ms Vella has also been actively involved on various business platforms such as to The Maltese Chinese Chamber of Commerce, occupying the position of President of same Chamber. Over the years she has also actively and strategically supported a number of charitable organisations.

Mr David Galea Souchet (Independent non-executive Director, Chairman of the Audit Committee)
Mr David Galea Souchet has been serving as an independent non-executive director since 2010. Between 2010 and 2018 he was co-owner and chief operating officer of Cordium Malta, providing corporate governance and regulatory compliance and support services to the investment services and funds industry, during which time he also held various MFSA-approved roles such as compliance officer, risk monitoring officer, money laundering reporting officer and non-executive director of various regulated funds and investment firms. Following his departure from Cordium Malta in September 2018, his focus has been on acting as an independent non-executive director of various companies including public companies, regulated and non-regulated firms. Prior to Cordium Malta, he was group financial controller with a diversified group of companies and between 2004 and 2008, he was chief officer for corporate services at Malta Enterprise Corporation.

Mr Galea Souchet started his career in 1992 at PricewaterhouseCoopers where he spent 12 years in business assurance. He has 30 years of experience and has gained a solid background in corporate governance, risk management, regulatory compliance, accounting and financial reporting, audit and risk assessment, corporate strategy and operations. Mr Galea Souchet is a Chartered Director with the Institute of Directors (UK) and a fellow of the Association of Chartered Certified Accountants (ACCA).

Dr John Attard (Independent non-executive Director, Audit Committee member)
Dr John Attard has over 30 years of international board level, executive management and senior consulting experience in blue-chip companies, SMEs and start-ups, in both the private and public sectors. During this period, John has had the opportunity to sit on a number of boards, as president, executive director and advisor. His contribution to the board is most often associated with corporate growth transition and, or transformation, and he adds value through bringing a broad, independent perspective to company issues, and protects shareholders' interests through an integrated, cross-functional, cross-business risk management & risk mitigation approach. Where required, Dr Attard has also filled-in expertise gaps at executive and senior management levels, and his approach is always pragmatic, mature and grounded, utilising solid analytical reasoning, mental flexibility, and strong decision-making and shareholder and stakeholder communication skills. He has worked in a number of different industries, including: management consulting, financial services, medical electronics and additive manufacturing, amongst others.

9.3 POTENTIAL CONFLICTS OF INTEREST

As at the date of this Registration Document, Dr Andrei Imbroll, Dr Geza Szephalmi and Mr Julian Tzvetkov are shareholders, executive Directors, and serve as officers of the Company as well as directors and the majority shareholders of VBLM; and Mr Artur Haze is a shareholder and a non-executive Director of the Company and is a shareholder of VBLM. Each of the aforesaid are susceptible to conflicts between the potentially diverging interests of the Company and VBLM, which provides management services to the Company and the VBL Group in terms of the Management Services Agreement as set out in section 4.3 of this Registration Document.

A Director who in any way, whether directly or indirectly, has an interest in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Company (the "**Conflicted Director**"), shall declare the nature of his interest at a meeting of the Directors in accordance with the provisions of the Act. Furthermore, a Conflicted Director is prohibited by the Articles of Association from voting at a meeting of Directors in respect of any contract or arrangement or any other proposal in which he has, either directly or indirectly, a personal material interest.

To the extent known or potentially known to the Company as at the date of this Registration Document, there are no other material potential conflicts of interest between any duties of the Directors and their respective private interests and, or their other duties, which require disclosure in terms of the Prospectus Regulation.

9.4 EXECUTIVE DIRECTORS

The Executive are the Executive Directors of the Company. Executive Directors have representation and execution rights on behalf of the Company to the extent permitted by the Memorandum. In this respect, and in line with the good governance and internal control procedures implemented by the Company, the Memorandum ties the legal representation and signatory rights of the Company to predefined monetary threshold, with enhanced safeguards applicable to transactions of higher monetary value. By way of example, whist deeds of up to €100,000 may be signed by any two executive Directors acting jointly, deeds exceeding €1 million may only be entered into if approved by the Board.

Any one Executive Director of the Company shall represent the Company in judicial proceedings, provided that no proceedings may be instituted by the Company without the approval of the Board.

9.5 CHIEF EXECUTIVE OFFICER

In terms of article 65 of the Articles of Association, the Directors may from time to time appoint any person to the office of Chief Executive Officer (CEO) of the Company for such period and on such terms as they think fit. As at the date of this Registration Document, the Board has appointed Dr Andrei Imbroll to occupy the post of CEO of the Company and the Group.

The Directors may entrust to and confer upon a CEO any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Currently the CEO (and the executive management included in section 9.6 below) are functions which are provided under the Management Services Agreement with VBLM.

The CEO shall be responsible for the Company's operative management and direction in accordance with the Articles, the resolutions adopted by the general meeting and the Board. The CEO has the right to decide on the Company's organisational structure and internal rules and regulations according to the Articles.

9.6 SENIOR MANAGEMENT

The senior management of the Company consists of the following key personnel:

Mr Steve Clough, Chief Operations Officer
Mr Steve Clough joined VBL in 2020 to lead the development projects and expansion plans of the property development division of the Group. As of January 2024, Mr Clough holds the position of Chief Operational Officer and is a member of the Executive Management Committee. He brings with him vast knowledge of operational management and development. Before joining VBL, he served at facility manager and operational support manager for one of the leading oil field service companies in the Middle East, where he was instrumental in streamlining its operational support function and development of new and existing facilities within the organisations challenging markets. Previous to this, Mr Clough held the position of Chairman of a Maltese non-governmental organisation working alongside local government in developing the Malta tourism product, whilst also managing the largest group of diving centres on the Maltese Islands.

Ms Timea Szilagyi, Head of Corporate Services
Ms Timea Szilagyi joined the Group in 2018 as Finance Manager and from 1 January 2024 holds the position of Head of Corporate Services, overseeing statutory, compliance, Board and other committees' secretarial, and several other back-office tasks, including overseeing the Group's human resources area and monitoring of recruitment and payroll processes, and intra-company business relations. Ms Szilagyi brings over 20 years' experience of financial, investment and operational experience. She holds an MSc in Business Administration and Economics from the Corvinus University of Budapest, and a BSc with majors in banking and finance, from the College of Finance and Accounting, Hungary.

Ms Nikolett Kainrath, Architect, Development Manager
Ms Nikolett Kainrath graduated as an architect from the Budapest University of Technology and Economics (Hungary). During her studies, she fulfilled an internship at TriGranit Facility Management Ltd and volunteered in the student organisation IAESTE Hungary where she held the position of the Exchange Vice President for the BME Local Committee for one year. She started working at VBL after graduation, in 2016, and since then she has been working on turnkey projects focusing on project preparations and project management.

Ms Carol Rocha, Group Financial Controller
Ms Rocha occupies the role of Group Financial Controller for the VBL Group and has been involved in the Group since 2021. Her duties include overseeing the Group's monthly, quarterly, and yearly accounting, reporting and audit processes, as well as consolidation of financial statements and financial information. Amongst other skills, Ms Rocha has very strong analytical and computer literacy competence. M Rocha is an experienced Financial Controller, prior VBL she has also gained 2 years direct experience in the Maltese hospitality/hotel management segment. She holds a Postgraduate Degree from the University Externado of Colombia, with majors in Finance and Investment Banking, and master's degree in Tourism Management and Planning from the University of Valencia.

10. BOARD PRACTICES

The Directors have constituted the following Board committees, the terms of reference of which shall be determined by the Board from time to time with the purpose of fulfilling the below mentioned purposes:

10.1 AUDIT COMMITTEE

The Audit Committee is composed of four members - Mr Artur Haze, Mr David Galea Souchet (Chairman of the Audit Committee), Ms Isabella Vella, and Dr John Attard. Mr Artur Haze, Mr David Galea Souchet, and Dr John Attard are the Audit Committee members who are considered by the Board to be competent in accounting and, or auditing in terms of the Capital Markets Rules. The Audit Committee is responsible for reviewing the financial reporting processes and policies, the system of internal control and management of financial risk, the audit process, any transactions with related parties and the Company's process for monitoring compliance with laws and regulations. When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Its primary objective is to assist the Board in dealing with issues of risk, control and governance and in reviewing the Company's reporting processes, financial policies and internal control structure. The Audit Committee also oversees the conduct of the external audit and facilities communication between the Board, management, and external auditors.

The Audit Committee is a committee appointed by the Board and is directly responsible and accountable to the Board. Its main role and responsibilities are:

a. to review procedures and assess the effectiveness of the internal control systems, including financial reporting;
b. to assist the Board in monitoring the integrity of the financial statements, the internal control structures, the financial reporting processes and financial policies of the Company;
c. to make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in general meeting;
d. to monitor and review the external audit functions, including the external auditor`s independence, objectivity and effectiveness;
e. to establish internal procedures and to monitor these on a regular basis;
f. to establish and maintain access between the internal and external auditors of the Company and to ensure that this is open and constructive;
g. to review and challenge where necessary, the actions and judgements of management, in relation to the interim (if applicable) and annual financial statements before submission to the Board, focusing particularly on:
    i. critical accounting policies and practices and any changes in them;
    ii. decisions requiring a major element of judgement;
    iii. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;

iv. the clarity of disclosures and compliance with International Financial Reporting Standards;
v. significant adjustments resulting from the audit;
vi. compliance with stock exchange (as applicable) and other legal requirements; and
vii. reviewing the Company's statement on Corporate Governance prior to endorsement by the Board;

h. to gain an understanding of whether significant internal control recommendations made by internal and external auditors have been implemented by management;
i. to establish and exercise oversight upon the internal audit function of the Company, and to review its plans, activities, staffing and organisational structure;
j. to monitor the statutory audit of the annual and consolidated accounts;
k. to discuss Company policies with respect to risk assessment and risk management, review contingent liabilities and risks that may be material to the Company; and
l. to consider other matters that are within the general scope of the Audit Committee that are referred to it by the Board.

10.2 NOMINATION COMMITTEE

The Board, the majority of which is composed of by non-executive directors, is to act as nomination committee, in compliance with the terms of principle 8.B.1 of the Code, in terms of which the majority of the members of the Nomination Committee shall be non-executive directors, at least one of which shall be independent. The current members of the Nomination Committee are Ms Isabella Vella, Mr Artur Haze, and Dr Geza Szephalmi (Chairman). The company secretaries act as secretaries of the Nomination Committee.

10.3 EXECUTIVE MANAGEMENT COMMITTEE ("EMC")

The Executive Management Committee consists of the Executives, including the CEO and any other managers of the Company as they might be appointed to the EMC.

The EMC is the main operational body of the Company, ensuring smooth and efficient day-to-day operations and control, in line with the strategic operational decisions of the Board. The EMC is responsible to, and reports to the Board of Directors, being represented by the Chief Executive Officer. Within the EMC, there is a clear division of responsibilities between the members, covering all areas of the executive responsibility for the running of the Company's business. The EMC ensures that no one individual or small group of individuals has an unlimited power of decision in day-to-day operations.

11. MAJOR SHAREHOLDERS

As at the date of this Registration Document, VBLM holds 46,000,010 shares equivalent to 18.46%, Mr Artur Haze holds 44,010,815 shares equivalent to 17.66%, Dr Geza Szephalmi holds 40,433,395 shares equivalent to 16.23%, and Dr Andrei Imbroll holds 36,919,655 shares equivalent to 14.82% in the issued share capital of the Company. The majority of the issued share capital of VBLM is owned by the Executives. Approximately 53.4% of the issued share capital of the Company is held directly or indirectly by the Executives. As far as the Issuer is aware, no other persons hold a direct or indirect shareholding in excess of 10% of its total issued share capital.

In so far as is known to the Board, there is no person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under Maltese law, as at the date of this Registration Document.

To the best of the Issuer's knowledge, there are currently no arrangements the operation of which may at some future date result in a change of control of the Company.

12. LEGAL AND ARBITRATION PROCEEDINGS

The Directors are not aware of any material pending or threatened governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

13. ADDITIONAL INFORMATION

13.1 SHARE CAPITAL

The authorised share capital of the Issuer is €66,000,000. The issued share capital is €49,835,836.60 divided into 249,179,183 ordinary shares of a nominal value of €0.20 each, fully paid up. There are no classes of shares and 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 authorised share capital of the Issuer may be increased by an extraordinary resolution of the shareholders in general meeting. All unissued shares are at the disposal of the Directors who may offer, allot, grant options over or otherwise dispose of them at such times and on such terms as they think proper. Shares can be issued under those conditions decided by resolution of the shareholders in general meeting.

The Issuer's ordinary shares were first admitted to the Official List of the MSE on 12 October 2021, and trading commenced on 13 October 2021.

To the best of the Board's knowledge, there is no capital of the Issuer which is currently under option nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. There are no arrangements, known to the Issuer, which may at a subsequent date result in a change in control of the Issuer.

13.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum and Articles of Association are registered with the Registrar of Companies at the Malta Business Registry. A full list of the objects for which the Issuer is established is set out in clause 3 of the Memorandum. These objects include, but are not limited to:

i. the purchase, exchange, lease, rent or acquire or by any other title valid at law, movable or immovable property whether for the purpose of producing an income, for commercial or for other purposes and to hold the property so acquired and to further sell, transfer, assign, lease or otherwise dispose of the whole or any part of the property, assets or undertaking of the Company;
ii. carry out project development, planning and management, development, construction or other projects on its own behalf and for third parties;
iii. construct, reconstruct, renovate, alter, improve, decorate, demolish, remove or replace and do anything that may enhance the value of immovable property acquired by the Company or by any third party and to manage any projects which may be undertaken by the Company or by any third party in connection with the construction, reconstruction, renovation, alteration, improvement, decoration, demolition, removal, replacement or enhancement of the value of immovable property acquired by the Company or by any third party; and
iv. borrow or raise money for the purpose of, or in connection with, providing financing or re-financing for the Company's business or the business of the companies in the group of companies of which the Company forms part and to secure or guarantee the repayment of any money borrowed or raised by the Company.

14. MATERIAL CONTRACTS OUTSIDE OF ORDINARY COURSE OF BUSINESS

As at the date of this Registration Document, the Board considers that the only material contract entered into outside the ordinary course of business of the Company is the Management Services Agreement, details of which are set out in section 4.3 of this Registration Document.

15. PROPERTY VALUATION REPORT

The Company has commissioned Dr Edwin Mintoff, a professional architect based in Malta, to issue the Property Valuation Report in relation to the Company's property portfolio. The following are the details of the valuer:
Name: Dr Edwin Mintoff
Business Address: 119, Sliema Road, Gzira, GZR 1635, Malta
Qualifications: AB.E.&A (Hons). Ph.D. (Newcastle) A.&.C.E. Architect & Civil Engineer

The Property Valuation Report is dated 30 August 2024.

A condensed format in terms of Capital Markets Rule 7.12 of the Property Valuation Report is annexed to this Registration Document as Annex I.

16. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

The condensed version of the Property Valuation Report (the "**Condensed Property Valuation Report**") has been included in the form and context in which it appears with the authorisation of architect Dr Edwin Mintoff, who has given and has not withdrawn its respective consent to the inclusion of the reports herein. Architect Dr Edwin Mintoff does not have any material interest in the Company. The Company confirms that the Condensed Property Valuation Report has been accurately reproduced in the Registration Document and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

Save for the Condensed Property Valuation Report, as contained in Annex I, this Registration Document does not contain any statement or report attributed to any person as an expert.

The Issuer confirms that the Condensed Property Valuation Report has been accurately reproduced in the Prospectus and as far as the Issuer is aware and is able to ascertain from the information contained therein, no facts have been omitted which would render the reproduced information inaccurate or misleading.

17. DOCUMENTS ON DISPLAY

For the duration of this Registration Document the following documents shall be available for inspection at the registered address of the Company:

a. Memorandum and Articles of Association;
b. Audited financial statements of the Group for the years ended 31 December 2021, 2022, and 2023;
c. the unaudited consolidated financial statements of the Group for the six-month period ended 30 June 2024;
d. the Security Trust Deed;
e. the Condensed Property Valuation Report; and
f. the full Property Valuation Report dated 30 August 2024.

These documents are also available for inspection in electronic form in the '*Investors*' section of the Company's website at https://www.vbl.com.mt.

ANNEX I

CONDENSED PROPERTY VALUATION REPORT

DR. EDWIN MINTOFF B.E.&A.(Hons). Ph.D. (Newcastle) A.&.C.E.
ARCHITECT & CIVIL ENGINEER
119, Sliema Road,Gzira,Malta GZR1635
+35621237401 +35699498029 em@edwinmintoff com

VAT Registration number 1108-0503

DATE 30/08/2024

Valuation of Property: Various Residential and Commercial properties owned VBL Plc
Client: VBL Plc, 54, Triq Marsamxett, Valletta, Malta

1 0 <u>Introduction</u>

1 1 The undersigned, in the capacity of a warranted architect and civil engineer, has been commissioned by VBL plc (C56012) (the "**Company**") to carry out a valuation of various Residential and Commercial properties located in Valletta The scope of this valuation is for the inclusion with the Prospectus, to be published in connection with the proposed bond issue of the Company

1 2 The valuation reports were prepared on the basis of information provided to the undersigned architect by the Company and onsite inspections

1 3 The valuation report is being issued in accordance with Chapter 7 of the Capital Markets Rules published by the Malta Financial Services Authority and is in line with the standards and guidelines as published by the Royal Institution of Chartered Surveyors (RICS)

1 4 The effective date of the valuation is 30/08/2024

1 5 Each valuation is being carried out as at present market conditions

1 6 Each valuation is being made without a formal structural or technical assessment Each valuation covers the building as a whole in its existing state The properties are being valued on a Market Value basis, as defined by the Royal Institute of Chartered Surveyors ('RICS') Standards, namely, the price at which land and buildings could be sold under private contract between a willing seller and an arm's length buyer on the date of valuation, it being assumed that the property is publicly exposed to the market, that market conditions permit orderly disposal and that a normal period, having regard to the nature of the property, is available for the negotiation of sale

1 7 The undersigned architect declares that all of the properties listed under section 10 0 of this summary were accessed and inspected on 18/08/24 These visits were intended to better understand the characteristics and qualities of the land and building forming part of the properties, to evaluate the level of finishes if present, to establish what could influence the values of the properties, and to confirm its current uses

2 0 *Declaration of Independence*

The undersigned confirms his status as an external independent valuer, without any financial or personal interest (other than service fees due to him in preparation of current exercise)

3 0 *Valuation Report*

3 1 Contents of the Valuation Report (as specified within 7 4 in the Capital Market Rules) includes

3 1 1 Address - Each valuation report includes the property address including a façade photo showing the property being referred to Where available, a reference plan will be included within the report

3 1 2 Nature of Valuer's Inspection – Each valuation report includes details of site inspection taken place (where applicable) The valuers inspection is intended to better understand the characteristics and qualities of the land and building forming part of the property, to evaluate the level of finishes if present, to establish what could influence the values of the properties, and to confirm their current uses

3 1 3 Description – Each valuation report includes a brief description of the property being referred to

3 1 4 Existing Use – Each valuation report includes the main use of the property as per approved planning permit or as presently established

3 1 5 Relevant Planning Permissions – Each valuation report includes planning permitting history

3 1 6 Material contravention of Statutory Requirements – Each valuation report includes if present, any contraventions of Statutory Requirements

3 1 7 Tenure – Each valuation report includes current tenure status

3 1 8 Main terms of tenants' leases or sub-leases – Each valuation report includes if applicable tenant leases or sub lease terms

3 1 9 Approximate age of the building - Each valuation report includes approximate age of property

3 1 10 Present capital value in existing state - Each valuation report includes present value in existing state

3 1 11 Terms of any intra-Group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation – No property within the valuation scope is subject to intra-group lease

3 1 12 Other matters which materially affect the value – The undersigned architect finds no property within the valuation scope that has matters that will materially affect the value of the property or is detrimental to the development of property

3 1 13 Sources of information – All information required by the valuer for the purpose of this valuation was obtained from the Company Areas used for the calculation were provided by the Company and no measured surveys were done by the undersigned

3 1 14 Details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens where they are relevant - Each valuation report includes details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens where they are relevant

3 1 15 Details of sustainability features of the development and environmental risk – the undersigned architect has not considered sustainability or environmental risk were considered during valuation process

3 2 Details of Valuer – The undersigned Architect and Civil Engineer, Dr Edwin Mintoff, became one of the first Maltese architects to obtain a doctorate Ph D in the field of architecture and urban design The Perit has been warranted since 1983 having warrant number 163

3 3 *Basis of Valuation and Assumptions made*

For the purpose of evaluation The Appraisal and Valuation Manual published by Royal Institute of Chartered Surveyors was followed as set out in IVS 104 paragraph 30 1 of the RICS Valuation Standards, published by the Royal Institute of Chartered Surveyors

3 3 1 An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation assuming

3 3 1 1 A willing seller,

3 3 1 2 That, prior to the date of valuation, there had been a reasonable period, (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and conditions of the sale,

3 3 1 3 That the state of the market, level of values and other circumstances were, on an earlier assumed date of exchange of contracts, the same as on the date of valuation,

3 3 1 4 That no account is taken of any additional bid by a purchaser with a special interest,

3 3 1 5 That both parties to the transaction had acted knowledgably, prudently and without compulsion

The Guidance Notes, mentioned above, refer to the fact that certain types of property designed or adapted for particular uses, invariably change hands in the open market at prices based directly on trading potential for a strictly limited use

3 3 2 The following assumptions have been made throughout this report

3 3 2 1 No allowances have been made in our valuation for any expenses of purchase or realization

3 3 2 2 The undersigned draws attention to the fact that valuations stated within this report are exclusive of any VAT liability which may be incurred in development or disposal

3 3 2 3 Unless otherwise stated, the undersigned has assumed that the property is freehold

3 3 2 4 The undersigned's valuation reflects only the goodwill which is transferable It excludes goodwill which attaches to personal reputations and qualities

3 3 2 5 In the event of a future change in the trading potential, the open market value of the existing use could vary

3 4 Directors or promoters have had an interest in any acquisitions or disposals – Not applicable for properties within valuation scope

3 5 Other relevant matters - This valuation will be based on the permitting use of the property by the relevant authorities

3 6 Valuation Methodology - The majority of the valuations are based on the comparative valuation methodology This is a relative valuation method in which one compares the current value of a property to another with similar characteristics This method involves comparing the subject property with similar properties that have been recently sold and those that are currently being offered for sale in the vicinity of other comparable localities The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the subject property In majority cases, the

development potential of the property is being taken into account when evaluating the respective property In certain cases the Discounted Cash flow methods have been used, in these instances these have been included and indicated in the relative valuation report

4 0 Valuation of Property in Course of Development (clause 7 5 of Chapter 7 of the Capital Market Rules)

4 1 Relevant Planning Permits – All relevant planning permits have been listed in each respective valuation report If the planning permit has not been approved, or it has been withdrawn, this has been indicated next to the relevant planning permit number All other planning permits which have no such note, have been approved Dates of approval of permit have been also included

4 2 Estimated completion and occupation date –has been included within the relative valuation report, where applicable

4 3 Estimate of Completion costs - has been included within the relative valuation report

4 4 Open Market Value of the Property in its Existing State - has been included within the relative valuation report

4 5 Estimated Capital Value - has been included within the relative valuation report

5 0 Progressive Development (clause 7 6 of Chapter 7 of the Capital Market Rules) - has been included within the relative valuation report, where applicable

6 0 Properties held for Development (clause 7 7 of Chapter 7 of the Capital Market Rules), where applicable

6 1 Relevant Planning Permits – All relevant planning permits have been listed in each respective valuation report If the planning permit has not been approved, or it has been withdrawn, this has been indicated next to the relevant planning permit number All other permits which have no such note, have been approved Dates of approval of permit has been also included These are valid for 5 years since the date of issue of the permit

6 2 Nature and Description of proposed development - has been included within the relative valuation report

6 3 Estimated date of Commencement of Development - has been included within the

relative valuation report

6 4 Estimated (Expected) Development Period - has been included within the relative valuation report

6 5 Estimate of Completion costs - has been included within the relative valuation report where applicable

7 0 Valuation of Properties for Business Use (clause 7 8 of Chapter 7 of the Capital Market Rules) – has been included within the relative valuation report, where applicable

8 0 Overseas Property (clause 7 9 of Chapter 7 of the Capital Market Rules) – Not applicable as all properties within valuation scope are located within Malta

9 0 Rentals used in Valuations (clause 7 10 of Chapter 7 of the Capital Market Rules) - has been included within the relative valuation report, where applicable

10 0 Summary of Valuations

In terms of Capital Market Rule 7 12, due to the number of properties being valued, a condensed format is being provided hereunder so as to simplify assessment The full valuation report includes all the details referred to in 3 1 above and is made available for inspection at the registered office of the Company

The following summary has been split as indicated within the Capital Market Rules 7 11

Freehold Residential Properties (Properties having multiple units have been grouped):

1 **Orangery Lodge, 60, West Street, Valletta** (internally known as part of Orangery Lodge Phase 2) – The property interest in question consists of 9 apartments situated from ground all the way to the top floor and the airspace above this block at 60, 62, West Street together with common areas The right wing of the block and the apartments which lie here are in a finished state and have been refurbished under PA/856/13 The left wing of the block and the properties which lie here are partially developed and require works to be carried out under PA/00458/17 The three tenants within the block who have agreed to relocate, only apartment 603 is not occupied The building block is late 18th, early 19th century The total value of 'Orangery Lodge' as described above in its existing state is **Euro**

3,240,000 (Three Million, Two Hundred and Forty Thousand Euro)

2 **<u>Little Horse, 100 & 101 Strait Street, Valletta</u>** <u>(internally known as a potential part of Silver Horse Phase 3)</u> - The property consists of a residence built over 4 floors including a street level garage As per the drawings and area provided by the client, the property has a gross floor area of circa 275 square meters The building dates approximately during the 16th Century with alterations at the back dating 19th Century The property has the potential to build extra floors considering its context The property is being valued as Freehold and inclusive of airspace The total value of Little Horse, 100 & 101, Strait Street, Valletta, Malta in its existing state is of **Euro 1,620,000** (One Million, Six Hundred and Twenty Thousand Euro)

3 **<u>Stone Mason's House, 122 Old Bakery Street</u>** <u>(internally known as a potential part of Silver Horse Phase 3)</u> - The property consists of a residence build over 8 floors As per the drawings and area provided by the client, the property has a floor area of circa 717 square meters The building dates approximately during the second part of the 18th Century The property is being valued as Freehold The total value of Stone Mason's House, 122, Old Bakery Street, Valletta, Malta in its existing state is **Euro 2,170,000** (Two Million, One Hundred and Seventy Thousand Euro)

<u>Freehold Commercial Properties (Properties having multiple units have been grouped):</u>

4 **<u>The Gut, 92-99D, Strait Street, Valletta</u>** <u>(internally known as Silver Horse Phase 1)</u>- The property consists of eight multilevel commercial outlets within a 6-level block having street level entertainment with homogenous shop fronts and approved outdoor tables and chairs within Strait Street, Valletta The building dates approximately during the 19th Century with more recent interventions dating post WWII The total value of The Gut, 92- 99D, Strait Street, Valletta, Malta in its existing state is of Euro **11,170,000** (Eleven Million, One Hundred and Seventy Thousand Euro)

5 **<u>Lucky Store, 62, West Street Valletta</u>** <u>(internally known as part of Orangery Lodge Phase 2)</u> -The property interest in question consists of ownership of a ground floor grocery shop with basement cellar in a dilapidated, vacant state The alterations to the

property as outlined in PA/458/17 have not yet been carried out As per PA/458/17, this grocery will be converted into a ground floor Class 4B retail outlet including confectionary, with bathroom at basement level The grocery forms part of a greater residential block and has a total GFA of 97sqm The building is late 18th, early 19th century The total value of 'Lucky Store' as described above in its existing state is **Euro 198,000** (One Hundred and Ninety-Eight Thousand)

Freehold Mixed Use Residential and Commercial Properties (Properties having multiple units have been grouped):

6 **Silver Horse Phase 2, 138, 138A, 138B, 138C, 139 , 139 A St. Christopher Street c/w c/w Strait Street, Valletta** (internally known as Silver Horse Phase 2) - The property consists of an existing residential block of a series of rooms and apartments known as 'kerrejja' spread across 6 floors including a common roof A permit to redevelop the property into an apartment block has been accepted PA/10091/18 was approved to propose structural alterations to convert an existing substandard residential block of 34 apartments into 20 modernized dwellings with 30 bedrooms This permit also includes the creation of a Class 4A Office on multiple floors and 1 Class 4D restaurant The building dates approximately during the 19th Century with interventions done in mid-20th Century Renovations as specified within the above-mentioned permit are in progress The property is being valued as Freehold The property in its existing state has a market value of **Euro 20,320,000** (Twenty Million, Three Hundred and Twenty Thousand Euro) The client has recently signed a long term lease with a third-party to operate this property Considering the agreed minimum rent and the conditions set out within the agreement provided by the Company and applying the DCF valuation approach the existing property in its existing state has market value of **Euro 24,880,000** (Twenty-Four Million, Eight Hundred and Eighty Thousand Euro) The total value of the Property whilst utilizing the DCF valuation approach after full completion and lease out is Euro **34,877,000** (Thirty-four Million, Eight Hundred and Seventy Seven Thousand Euro)

11 0 *Valuation Conclusions*

The definition of Market Value as set out in IVS 104 paragraph 30 1 of RICS Valuation

Standards, published by the Royal Institute of Chartered Surveyors is, unless otherwise directed by legislation, is defined as

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (see IVS 104 paragraph 30 1) "

The valuation takes account of the condition of the property as indicated in this report No inquiries have been made regarding the actual or potential use of other property in the area that may have an effect on the value of the inspected property

After having considered the above intrinsic factors, the approved permits, local plan policies and location, the undersigned considers that, based on open market values the total value of the six (6) valued properties in their existing state with their various types is **Euro 43,278,000** (Forty Three Million and Two Hundred and Seventy Eight Thousand Euro).

Table 1: Summary of the Total Existing Value of the Six Values Properties

Property	**Value Existing State**
Orangery Lodge, 60, 62, West Street, Valletta (internally known as Orangery Lodge Phase 2)	€ 3,440,000
The Gut, 92-99D, Strait Street, Valletta (internally known as Silver Horse Phase 1)	€ 11,170,000
Silver Horse Phase 2, 138, 138A, 138B, 138C, 139, 139 A St Christopher Street c/w c/w Strait Street, Valletta (internally known as Silver Horse Phase 2)	€ 24,880,000
Little Horse, 100 & 101 Strait Street, Valletta (internally known as a potential part of Silver Horse Phase 3)	€ 1,620,000
Stone Mason's House, 122 Old Bakery Street (internally known as a potential part of Silver Horse Phase 3)	€ 2,170,000
Total	**€ 43,278,000**

The total value of the Properties, under the terms of CMR 7 5 5 1 after full completion is of **Euro 51,547,000** (Fifty One Million Five Hundred and Forty Seven Thousand Euro)

Table 2: Summary of Values of Development Projects After Completion

Property	Value After Completion
Orangery Lodge, 60, 62, West Street, Valletta (internally known as Orangery Lodge Phase 2)	€ 5,500,000
The Gut, 92-99D, Strait Street, Valletta (internally known as Silver Horse Phase 1)	€ 11,170,000
Silver Horse Phase 2, 138, 138A, 138B, 138C, 139, 139 A St. Christopher Street c/w c/w Strait Street, Valletta (internally known as Silver Horse Phase 2)	€ 34,877,000
Little Horse, 100 & 101 Strait Street, Valletta (internally known as a potential part of Silver Horse Phase 3)*	N/A*
Stone Mason's House, 122 Old Bakery Street (internally known as a potential part of Silver Horse Phase 3) *	N/A*
Total	**€ 51,547,000**

* *Note: Valuation After Completion for the two potential Silver Horse Phase 3 assets have not been included, as the properties are not planned to be developed in the current development cycle as per Company information provided. In addition, no detailed development plans nor development costs are currently available.*

Considering the nature of the asset, the total value of the Property under CMR 7.5.5.2 after the development has been completed and the Property has been let, is considered to be the same.

Regards,

Dr Edwin Mintoff