

SECURITIES NOTE

dated 4 October 2024



This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the provisions of the Prospectus Regulation. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Company.

In respect of an issue of up to **€10,000,000 5.2% secured bonds 2030 - 2034** of a nominal value of €100 per bond, issued and redeemable at par by

VBL P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 56012

ISIN: MT0002551217

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

THE SECURITIES ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF INVESTORS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE SECURITIES UNLESS: (I) HE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (II) THE SECURITIES MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND (III) SUCH PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THE SECURITIES. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

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

Legal Counsel

Security Trustee

Sponsor, Manager & Registrar



CAMILLERI PREZIOSI

A D V O C A T E S

 **TRIDENT TRUST**

Calamatta Cuschieri

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.

1. IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY VBL P.L.C. (THE “**COMPANY**”) OF UP TO €10,000,000 SECURED BONDS OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5.2% PER ANNUM PAYABLE ANNUALLY ON 25 OCTOBER OF EACH YEAR UNTIL THE REDEMPTION DATE. THE NOMINAL VALUE OF THE SECURED BONDS SHALL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE, UNLESS OTHERWISE PREVIOUSLY REDEEMED, OR REPURCHASED FOR CANCELLATION (THE “**SECURED BONDS**”).

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE SECURED BONDS ARE ISSUED BY THE COMPANY AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE. 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 SALE OF SECURED BONDS OF THE COMPANY OTHER THAN THOSE CONTAINED IN THIS SECURITIES NOTE 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 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.

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 IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (II) 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 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 COMPANY SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE COMPANY IS NOT OBLIGED TO SUPPLEMENT THIS SECURITIES NOTE IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES 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.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND ANY PERSON WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE COMPANY TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE COMPANY SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE COMPANY THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THIS 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. IT IS THE RESPONSIBILITY OF PERSONS WHO HAVE POSSESSION OF THIS DOCUMENT TO INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THE SECURED BONDS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE “**U.S.**”) OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION “**S**” OF THE SAID ACT). FURTHERMORE, THE COMPANY WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE COMPANIES ACT.

STATEMENTS MADE IN THE PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

ALL THE ADVISORS TO THE COMPANY NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING “**ADVISORS**” IN SECTION 3.3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

UNLESS INCORPORATED BY REFERENCE IN THIS SECURITIES NOTE, THE CONTENTS OF THE COMPANY’S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE COMPANY’S WEBSITE DO NOT FORM PART OF THE PROSPECTUS AND NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITE AS THE BASIS FOR A DECISION TO INVEST IN THE SECURITIES.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURITIES.



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2. DEFINITIONS

Words, expressions, and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Applicant(s)	a person or persons who subscribe/s for the Secured Bonds by virtue of the completion and submission of an Application in accordance with the terms of this Securities Note;
Application(s)	the application to subscribe for Secured Bonds through the Authorised Financial Intermediaries in the form provided to the Applicant by the Authorised Financial Intermediaries;
Appropriateness Test	shall have the meaning set out in the conduct of business rulebook issued by the MFSA;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex II to this Securities Note and the term "Authorised Financial Intermediary" shall be construed accordingly;
Bondholder	a holder of the Secured Bonds whose name and other details are registered from time to time in the register of Bondholders maintained at the CSD;
Bond Issue Price	€100 per Secured Bond;
Bondholders' Meeting	a meeting of Bondholders held in accordance with section 6.14 of this Securities Note;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Civil Code	the Civil Code, Cap. 16 of the laws of Malta;
Collateral	the second-ranking special hypothec over the Secured Assets for the full nominal value of the Secured Bonds and one year interest thereon, to be constituted by the Company in favour of the Security Trustee by virtue of the Security Trust Deed;
CSD	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
ESMA Guidelines	the guidelines issues by the European Securities and Markets Authority (ESMA) on complex debt instruments and structured deposits dated 4 February 2016;
Income Tax Act	the Income Tax Act, Cap. 123 of the laws of Malta;
Interest Payment Date	25 October of each year between and including each of the years 2025 and the year 2034, (or in the event of an early redemption at the option of the Issuer, 25 October of each year between and including each of the year 2025 and the relevant Early Redemption Date), provided that if any such day is not a Business Day such Interest Payment Date shall be carried over to the next following day that is a Business Day;
Intermediaries' Offer	an offer for subscription of Secured Bonds made by the Company to the Authorised Financial Intermediaries through subscription agreements as further described in section 8.5 of this Securities Note;
Issue Date	expected on 1 November 2024;
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast);
Offer Period	the period between 08:30 hours on 7 October 2024 and 12:00 hours on 18 October 2024 during which the Bonds will be available for subscription by Applicants;
Prevention of Money Laundering Act	the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta);
Public Registry	the Public Registry Office in Malta and Gozo, in terms of the Public Registry Act (Cap. 56 of the laws of Malta);
Redemption Value	the nominal value to be paid on the Redemption Date;

Secured Assets	Silver Horse Phase 1 and Silver Horse Phase 2 (both terms as defined under section 1 of the Registration Document);
Suitability Test	shall have the meaning assigned to it in the conduct of business rulebook issued by the MFSA; and
Terms and Conditions	the terms and conditions of the Secured Bonds set out in section 8 of this Securities Note.

Unless it appears otherwise from the context:

- i. words importing the singular shall include the plural and *vice-versa*;
- ii. words importing the masculine gender shall also include the feminine gender and *vice-versa*;
- iii. the word “*may*” shall be construed as permissive and the word “*shall*” shall be construed as imperative;
- iv. all references in this Securities Note to “*Malta*” shall be construed as defined in Article 124 (1) of the Constitution of Malta;
- v. 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
- vi. 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 date of this Securities Note.

3. RISK FACTORS

THE VALUE OF INVESTMENTS CAN RISE AS WELL AS FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

AN INVESTMENT IN THE SECURED BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURED BONDS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE COMPANY HAVE ASSESSED TO BE, AT THE DATE OF THIS SECURITIES NOTE, THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE COMPANY HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT A RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE COMPANY AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE SECURED BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION; OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE COMPANY OR THE SPONSOR OR THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY SECURED BONDS, SHOULD PURCHASE ANY SECURED BONDS. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

Forward-Looking Statements

This Securities Note contains statements that are, or may be deemed to be, “*forward-looking statements*”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “*believes*”, “*estimates*”, “*anticipates*”, “*expects*”, “*intends*”, “*may*”, “*will*” or “*should*” or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs, or current expectations of the Company and, or the Directors concerning, amongst other things, the Company’s and, or the Group’s strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Company’s and, or the Group’s actual results of operations, financial condition, liquidity, and the development of its business may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition, and, or liquidity of the Company and, or the Group are consistent with the forward-looking statements contained in the Prospectus, those results, or developments may not be indicative of results or developments in subsequent periods.

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

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the 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.

3.1 RISKS RELATING TO THE SECURED BONDS

3.1.1. Complex financial instruments and suitability

Debt instruments which may be redeemed by an issuer prior to their maturity date are considered as having an embedded call option, with the price of the bonds taking these components into account. The Secured Bonds may be redeemed at the option of the Issuer on an Early Redemption Date. In view of this early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II. Investors must consult with an investment advisor before investing in the Secured Bonds. In particular, investors should consult with an investment advisor with a view to ascertaining that the respective investor:

- a. has sufficient knowledge and experience to make a meaningful evaluation of the Secured Bonds, the merits and risks of investing in the Secured Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b. has sufficient financial resources and liquidity to bear all the risks of an investment in the Secured Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency and that the Secured Bonds meet the investment objectives of the prospective investor;
- c. understands thoroughly the terms of the Secured Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- d. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Secured Bonds and the inherent risks associated with the Issuer's business.

3.1.2. The Secured Bonds are redeemable at the option of the Issuer

Any or all of the Secured Bonds may be redeemed by the Issuer on an Early Redemption Date. Once the Secured Bonds are redeemed, the relevant Bondholders shall no longer be entitled to any interest or other rights in relation to the redeemed Secured Bonds. If the Secured Bonds are redeemed on an Early Redemption Date, a Bondholder would not receive the same return on investment that he would have received if the Secured Bonds were redeemed on 25 October 2034. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed. This optional redemption feature may also have a negative impact on the market value of the Secured Bonds.

3.1.3. No prior market for the Secured Bonds

Prior to the Bond Issue there has been no public market for the Secured Bonds within or outside Malta. Due to the absence of any prior market for the Secured Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Secured Bonds will trade in the market subsequent to the Bond Issue. The market price of the Secured Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in section 2 of the Registration Document.

3.1.4. Orderly and liquid secondary market

The existence of an orderly and liquid market for the Secured Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Secured Bonds at any given time and the general economic conditions in the market in which the Secured Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Company has no control. Accordingly, there can be no assurance that an active secondary market for the Secured Bonds will develop, or, if it develops, that it will continue. Moreover, there can be no assurance that Bondholders will be able to sell the Secured Bonds at, or above, the Bond Issue Price or at all.

3.1.5. Future public offers

No prediction can be made about the effect which any future public offerings or listings of the Company's securities (including but not limited to the effects arising out of a change in the cash flow requirements of the Company or other commitments of the Company vis-à-vis the new security holders), or any takeover or merger activity involving the Company (including but not limited to a delisting, in full or in part, of the Secured Bonds), will have on the market price of the Secured Bonds prevailing from time to time.

3.1.6. Currency of reference

A Bondholder shall bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Secured Bonds (this being the Euro "€") and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after considering the relevant exchange rate.

3.1.7. Changes in law

The terms of the Secured Bonds are based on Maltese law in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.

3.1.8. Subsequent changes in interest rates and the potential impact of inflation

The Secured Bonds are fixed-rate debt securities. Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Secured Bonds. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Secured Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Secured Bonds will tend to rise.

The coupon payable on the Secured Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Secured Bond coupons. In a period of high inflation, an investor's real return on the Secured Bonds will be lower than the Secured Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Secured Bonds on the secondary market.

3.1.9. Discontinuation of Listing

Even after the Secured Bonds are admitted to trading on the Official List, the Company is required to remain in compliance with certain requirements relating to, *inter alia*, the free transferability, clearance, and settlement of the Secured Bonds, in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Secured Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MFSA may also discontinue the listing of the Secured Bonds on the MSE. Any such trading suspensions or listing revocations or discontinuations described above could have a material adverse effect on the liquidity and value of the Secured Bonds.

3.1.10. Amendments to the Terms and Conditions

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. In the event that the Company wishes to amend any of the Terms and Conditions it may call a Bondholders' Meeting in accordance with the provisions of section 6.14 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

3.2 RISKS RELATING TO THE COLLATERAL

3.2.1. Risks relating to the Ranking of the Collateral

The Secured Bonds shall be secured by the Collateral.

The Company shall secure its obligations under the Bond Issue by virtue of a second-ranking special hypothec over the Secured Assets. In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry. A first-ranking special hypothec over the Secured Assets and a first-ranking general hypothec over the assets of the Company were constituted in favour of Bank of Valletta p.l.c. (C 2833) pursuant to the Long Term Development Facility.

In addition to the aforesaid, the second-ranking special hypothec shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry in Malta securing the privileged creditor's claim. Privileged creditors include, but are not limited to, architects, contractors, masons, and other workmen, over an immovable constructed, reconstructed or repair for the debts due to them in respect of the expenses and the price of their work.

The ranking of collateral has a bearing on the success of a creditor to get paid should the Company not have sufficient assets to pay all its creditors. The Security Trustee will be paid out of the funds received on the sale of the Secured Assets after privileged creditors and those creditors which are given priority over the Collateral by law. Accordingly, in the case of a competition of creditors, Bondholders may not recover their investment in the Secured Bonds, whether in full or in part, should the value of the Secured Assets at the time not be sufficient to satisfy the amounts due to Bondholders and any prior ranking or privileged creditors.

3.2.2. Enforcement of Collateral

There can be no assurance that the Collateral will be sufficient to cover the Company's payment obligations under the Secured Bonds in case of an Event of Default.

By virtue of the Security Trust Deed, the Company has agreed to constitute a second-ranking special hypothec over the Secured Assets in favour of the Security Trustee for the benefit of the Bondholders. As at the 30 August 2024, the Secured Assets have been valued by independent experts as having an aggregate value, in their existing state, between €31,490,000 (utilising the comparative valuation approach in its existing state, excluding development costs) and €36,050,000 (based on applying the discounted cash flow approach, considering the future utilisation options and existing lease agreement), and an aggregate value of €46,047,000 following completion of the development of SHB2 and once SHB2 has been leased. There is no guarantee that the Bondholders will recover the value of the Secured Assets afforded to them by independent experts in the valuation report. This may be caused by a number of factors, including but not limited to general economic factors that could have an adverse impact on the value of the Secured Assets. If such circumstances were to arise or subsist at the time that the Collateral is enforced by the Security Trustee, it could have a material adverse effect on the value of the Secured Assets and the recoverability of the value afforded to them in the valuation report.

In addition to the aforesaid, the valuation of the Secured Assets so prepared by an independent qualified architect contains 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. There can be no assurance that the property valuation and property-related assets will reflect actual market values at the time of enforcement of the Collateral.

4. PERSONS RESPONSIBLE, STATEMENT OF APPROVAL AND CONSENT FOR USE OF PROSPECTUS

4.1 PERSONS RESPONSIBLE

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information with regards to the Company and the Secured Bonds. All of the Directors, whose names appear in section 3.1 of the Registration Document entitled “**Directors**” accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Company, and the Directors take sole responsibility for all such representations and statements. The Sponsor, Manager & Registrar, and the Company’s advisors have advised and assisted the Company in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

4.2 STATEMENT OF APPROVAL

This Securities Note has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or the quality of the Secured Bonds (that are the subject of this Securities Note). Investors should make their own assessment as to the suitability of investing in the Secured Bonds.

4.3 CONSENT FOR USE OF THE PROSPECTUS

For the purposes of any subscription for Secured Bonds through an Authorised Financial Intermediary in terms of this Securities Note and any subsequent resale, placement or other offering of the Secured Bonds by an Authorised Financial Intermediary in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Company consents to the use of the Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Secured Bonds, provided this is limited only:

- i. in respect of Secured Bonds subscribed for through an Authorised Financial Intermediary;
- ii. to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place in Malta; and
- iii. to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

None of the Company, the Sponsor, Manager & Registrar or any of their respective advisors take any responsibility for any of the actions of an Authorised Financial Intermediary, including its compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the Secured Bonds.

Other than as set out above, the Company, and the Sponsor, Manager & Registrar have not authorised (nor do they authorise or consent to the use of the Prospectus in connection with) the making of any public offer of the Secured Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Company, or the Sponsor, Manager & Registrar and the Company, and the Sponsor, Manager & Registrar shall not have any responsibility or liability for the actions of any person making such offers.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with the Prospectus. If given or made, it must not be relied upon as having been authorised by the Company, or the Sponsor, Manager & Registrar. The Company does not accept responsibility for any information not contained in the Prospectus.

If an investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice.

In the event of a resale, placement or other offering of Secured Bonds by an Authorised Financial Intermediary, an Authorised Financial Intermediary shall provide investors with information on the terms and conditions of the resale, placement, or other offering at the time such is made.

Any resale, placement, or other offering of Secured Bonds to an investor by an Authorised Financial Intermediary shall be made in accordance with any terms and other arrangements in place between an Authorised Financial Intermediary and such investor including as to price, allocations, and settlement arrangements. Where such information is not contained in the Prospectus, it shall be the responsibility of an Authorised Financial Intermediary at the time of such resale, placement, or other offering to provide the investor with that information.

An Authorised Financial Intermediary using the Prospectus in connection with a resale, placement, or other offering of Secured Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using the Prospectus for such resale, placement, or other offering in accordance with the consent of the Company and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to an Authorised Financial Intermediary unknown at the time of approval of this Securities Note shall be made available through a company announcement which shall also be made available on the Company's website: <https://vbl.com.mt/>.

5. ESSENTIAL INFORMATION ON THE BOND ISSUE

5.1 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE BOND ISSUE

As at the date of this Securities Note, the following members of the Board of Directors retain, in aggregate among themselves, circa 72% of the entire issued share capital of the Company: Dr Andrei Imbroli, Dr Geza Szepalmi, Mr Julian Tzvetkov, and Mr Artur Haze, directly as shareholders of the Company as well as indirectly through their holding in VBLM.

Save for the above, and the subscription for the Secured Bonds by the Authorised Financial Intermediaries pursuant to placement agreements and the Intermediaries' Offer and the commissions payable thereto, and any fees payable in connection with the Bond Issue to the advisors listed in section 3.3 of the Registration Document, in so far as the Company is aware, no person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.

5.2 REASONS FOR THE BOND ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €9.7 million, shall be used as follows:

- a. the amount of *circa* €5.2 million shall be utilised for the: (i) completion of Silver Horse Project Phase 2 and Orangery Lodge Phase 2; and (ii) planning and preparation of Silver Horse Phase 3 for development;
- b. the amount of *circa* €1.2 million shall be utilised 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; and
- c. the amount of *circa* €3.3 million shall be utilised for general corporate funding purposes of the Group.

Following the Bond Issue, all proceeds from the Bond Issue shall be released to the Company once the Security Trustee is satisfied that: (i) the Secured Bonds have been admitted to trading on the Official List; and (ii) the Collateral has been constituted in favour thereof. It is expected that within approximately fifteen (15) Business Days following listing of the Secured Bonds on the Official List, the Collateral shall be constituted in favour of the Security Trustee. Upon the instruction of the Security Trustee to the Sponsor, Manager & Registrar, the proceeds shall be released in favour of the Company and said proceeds, net of expenses, shall be deposited and held by the Company in a dedicated bank account, set up by the Company with its principal banking partner, and segregated from any other bank account held by the Company. Until the funds are required for the purposes outlined above, such funds may be temporarily held in treasury and secured in the following investment instruments, the nature of which allows for immediate availability of funds when required for their intended purpose:

- a. Malta Government stocks or local SICAVs or other investment vehicles that principally invest in Malta Government stocks; and
- b. debt instruments denominated in the same currency as the Secured Bonds and quoted on a secondary market, issued by local or international entities which are unrelated to the Company and are rated as 'A', or better, by a reputable credit rating agency.

5.3 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €300,000. There is no particular order of priority with respect to such expenses.

6. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

Each Secured Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring Secured Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions hereinafter described and to accept and be bound by said terms and conditions.

6.1 ISSUE STATISTICS

Amount:	up to €10,000,000;
Bond Issue Price:	at par (€100 per Secured Bond);
Denomination:	Euro (€);
Form:	the Secured Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Company at the CSD;
Offer Period:	08:30 hours on 7 October 2024 to 12:00 hours on 18 October 2024, both days included, during which Applicants may subscribe for the Secured Bonds;
Interest:	5.2% per annum;
Interest Payment Date/s:	annually on 25 October as from 25 October 2025 (the first Interest Payment Date);
ISIN:	MT0002551217;
Minimum amount per subscription:	minimum of €5,000 and multiples of €100 thereafter;
Redemption Date	25 October 2034;
Plan of Distribution:	the Secured Bonds are open for subscription to all categories of investors as further described in section 8.3 of this Securities Note;
Allocation:	Applicants may apply for Secured Bonds through the Authorised Financial Intermediaries during the Offer Period;

Status of the Secured Bonds:	the Secured Bonds shall constitute the general, direct, secured, and unconditional obligations of the Company, to be secured in the manner described in section 6.3 of this Securities Note, and shall at all times rank <i>pari passu</i> and without any preference among themselves;
Listing:	the Malta Financial Services Authority has approved the Secured Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Secured Bonds to be listed and traded on its Official List;
Complexity:	in view of the early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II;
Governing law of the Secured Bonds:	the Secured Bonds are governed by and shall be construed in accordance with Maltese law; and
Jurisdiction:	the Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Secured Bonds.

6.2 GENERAL

The principal terms of the Secured Bonds are set out below:

- 6.2.1** Each Secured Bond forms part of a duly authorised issue of 5.2% Secured Bonds 2030-2034 of a nominal value of €100 per Secured Bond issued by the Company at par up to the principal amount of €10,000,000 (except as otherwise provided under section 6.13 entitled “**Further Issues**”).
- 6.2.2** The Issue Date of the Secured Bonds is expected to be 1 November 2024.
- 6.2.3** The Bond Issue shall be secured with the Collateral.
- 6.2.4** The currency of the Secured Bonds is Euro (€).
- 6.2.5** The Secured Bonds are expected to be listed on the Official List on 1 November 2024 and dealing can be expected to commence thereafter.
- 6.2.6** Subject to admission to listing of the Secured Bonds to the Official List, the Secured Bonds are expected to be assigned ISIN: MT0002551217.
- 6.2.7** Unless previously purchased and cancelled, the Secured Bonds shall be redeemable at par on the Redemption Date. At the sole option of the Issuer, the Secured Bonds may be redeemed in whole (but not in part) at par together with accrued interest on any day falling on or between 25 October 2030 and 25 October 2034, by giving not less than thirty (30) days’ notice to the Bondholders.
- 6.2.8** The issue of the Secured Bonds is made in accordance with the requirements of the Capital Markets Rules, the Companies Act, and the Prospectus Regulation.
- 6.2.9** Applications per underlying Applicant are for a minimum amount of €5,000 per Applicant and in multiples of €100 thereafter.
- 6.2.10** In the event that an Applicant has not been allocated any Secured Bonds or has been allocated a number of Secured Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Secured Bonds applied for but not allocated, without interest, by credit transfer to such account indicated by the Applicant to the respective Authorised Financial Intermediary in the Application, at the Applicant’s sole risk. The Company shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- 6.2.11** The Bond Issue is not underwritten.
- 6.2.12** There are no special rights attached to the Secured Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 6.3 hereunder.
- 6.2.13** All Applications shall be subject to the terms and conditions of the Bond Issue as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

6.3 RANKING OF THE SECURED BONDS AND THE COLLATERAL

The ability of Bondholders to enforce their rights as creditors of the Company depends on whether other security holders or creditors have claims that would be viewed as senior, as having priority, or otherwise limiting the rights of the Bondholders to any payments on the Secured Bonds.

6.3.1 Status of the Secured Bonds

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional, and secured obligations of the Company. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves.

6.3.2 Security Trustee and Collateral

The Collateral shall be constituted in favour of the Security Trustee, pursuant to the Security Trust Deed, for the benefit of all Bondholders from time to time registered in the CSD, as security for the payment of principal and interest under the Secured Bonds.

The Company has entered into the Security Trust Deed with the Security Trustee which consists of the covenants of the Company to pay the principal amount under the Secured Bonds on the Redemption Date, and interest thereon. The Security Trust Deed also regulates the constitution of the Collateral in favour of the Security Trustee.

The Collateral is expected to be constituted in favour of the Security Trustee within approximately fifteen (15) Business Days following listing of the Secured Bonds on the Official List.

The Collateral shall be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds. The Security Trustee's role includes, albeit is not limited to, holding of the Collateral for the benefit of the Bondholders and the enforcement of the Collateral upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds which remain exclusively the obligations of the Company.

6.3.3 Ranking of Collateral

Second-ranking special hypothec granted by the Company over the Secured Assets

Pursuant to the Security Trust Deed, the Company has agreed to grant and constitute, in favour of the Security Trustee, a second-ranking special hypothec over the Secured Assets for the full nominal value of the Secured Bonds and one year interest thereon. The special hypothec shall be registered as a second-ranking special hypothec in the Public Registry. This means that the said hypothec will rank in priority to other creditors, except for Bank of Valletta p.l.c. (C 2833) ("**BOV**") (which, as security for the Long Term Development Facility, has been granted a first-ranking special hypothec over the Secured Assets and a first-ranking general hypothec over all assets of the Company¹), and privileged creditors.

In order for a creditor to enforce a hypothec granted and registered in favour thereof, the creditor must first obtain one of the executive titles outlined under Article 253 of the Code of Organisation and Civil Procedure (Cap. 12 of the laws of Malta) (the "**COCP**"). Typically, executive titles are obtained through a court judgment or arbitration award. Once an executive title has been obtained, the creditor may proceed to enforce it through any of the executive acts laid down under Article 273 of the COCP. For the purposes of enforcing a hypothec, a creditor would make use of the proceedings under Article 273(d) of the COCP: the judicial sale by auction of movable or immovable property or of rights annexed to immovable property.

For the purposes of the judicial sale, a valuation of the property will take place prior to the sale in order to assess the value of the asset at that point in time. The court will order the Registrar of the Court to appoint experts and a time within which appraisements and valuations of the property have to be filed. The auction is conducted by an auctioneer in the presence of the Registrar of the Court, and the highest bidder shall be deemed to be the purchaser. The proceeds from the sale are then distributed amongst the various creditors of the debtor. The process of distribution is subject to a ranking procedure which is referred to as the *pari passu* procedure under Maltese law. The creditors are paid at equal footing to each other subject to any legal cause of preference which is created under Maltese law through hypothecs and other forms of guarantees, in accordance with Article 1995 of the Civil Code. Thus, if a creditor has a lawful cause of preference, such as a special hypothec, the creditor shall receive the amount due thereto in preference over the other creditors. Furthermore, in terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry.

Accordingly, if prior to the repayment of the Long Term Development Facility and consequent cancellation of the prior ranking security in favour of BOV, the Security Trustee declares that an Event of Default has occurred which is continuing, BOV shall be paid out of the funds received from the sale of the Secured Assets in priority to the Security Trustee, up to an amount of €15 million. The Security Trustee would be paid out of the balance of funds received from the sale of the Secured Assets, in priority to any other creditors, up to an amount equivalent to the Bonds in issue at that time.

¹ The first-ranking special hypothec and first-ranking special hypothec have been constituted in favour of BOV by virtue of the following notes of inscription: H/24088/2022, H/24089/2022 and H/24090/2022.

In addition to the aforesaid, as indicated in section 3.2.1 of this Securities Note, the second-ranking special hypothec shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry securing the privileged creditor's claim. Privileged creditors include, but are not limited to, architects, contractors, masons, and other workmen, over an immovable constructed, reconstructed or repair for the debts due to them in respect of the expenses and the price of their work.

In so far as privileged creditors are concerned, it is pertinent to note that during the course of construction and development of the Silver Horse Phase 2 situations may arise whereby the contractors or suppliers may become entitled by law to register a special privilege over the Silver Horse Phase 2, thereby obtaining a priority in ranking over the Security Trustee. In accordance with the terms of the Security Trust Deed, the Company undertook to ensure that, going forward any contractors engaged for the development of the Silver Horse Phase 2, shall waive their right to register a special privilege over the said site to secure amounts due to them for works carried out. As at the date of this Prospectus, the amounts which could potentially be claimed by privileged creditors in respect of any other projects undertaken in the past or currently in progress are not considered material.

6.4 RIGHTS ATTACHING TO THE SECURED BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Secured Bonds and creates the contract between the Company and a Bondholder. Any and all references to the terms and conditions of the Secured Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Secured Bonds, including:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. the benefit of the Collateral through the Security Trustee;
- iv. the right to attend, participate in and vote at meetings of Bondholders in accordance with the terms of this Securities Note; and
- v. enjoy all such other rights attached to the Secured Bonds emanating from the Prospectus.

6.5 INTEREST

The Secured Bonds shall bear interest from, and including, 25 October 2024 at the rate of 5.2% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on 25 October 2025 (covering the period 25 October 2024 to 24 October 2025). Any Interest Payment Date which falls on a day other than a Business Day shall be carried over to the next following day that is a Business Day.

When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

6.6 THE LIMITS OF THE VALIDITY OF CLAIMS

In terms of article 2156 of the Civil Code, the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Secured Bonds is barred by the lapse of five years.

6.7 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds is 5.2% per annum. The gross yield to call as at the earliest possible Redemption Date is 5.2% per annum.

6.8 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates shall not be delivered to Bondholders in respect of the Secured Bonds. The entitlement to Secured Bonds shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Company by the CSD. There shall be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Secured Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of Bondholders held at the CSD for the purpose of inspecting information held on their respective account.

The CSD shall issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his / her / its entitlement to Secured Bonds held in the register kept by the CSD.

Upon subscribing for Secured Bonds, Bondholders who do not have an online e-portfolio account shall be registered by the CSD for the online e-portfolio facility and shall receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such to the Authorised Financial Intermediary in the Application. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

The Secured Bonds shall be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription, the Secured Bonds shall be subscribed for a minimum of €5,000 per individual Bondholder. Should an Authorised Financial Intermediary subscribe to Secured Bonds through nominee accounts for and on behalf of clients, it shall apply the minimum subscription amount of €5,000 to each underlying client.

Any person in whose name a Secured Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Secured Bond. Title to the Secured Bonds may be transferred as provided below under the heading entitled “**Transferability of the Secured Bonds**” in section 6.12 of this Securities Note.

6.9 PAYMENTS

Payment of the principal amount of Secured Bonds shall be made in Euro by the Company to the person in whose name such Secured Bonds are registered, with interest accrued up to the Redemption Date by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with a licensed bank in Malta. Such payment shall be effected within seven days of the Redemption. The Company shall not be responsible for any charges, loss, or delay in transmission. Upon payment of the Redemption Value the Secured Bonds shall be redeemed, and the appropriate entry made in the electronic register of the Secured Bonds at the CSD.

In the case of Secured Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Company and, or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Secured Bonds.

Payment of interest on a Secured Bond shall be made to the person in whose name such Secured Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with a licensed bank in Malta. Such payment shall be effected within seven days of the Interest Payment Date. The Company shall not be responsible for any charges, loss, or delay in transmission.

All payments with respect to the Secured Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Company in respect of the Secured Bonds shall be made net of any amount which the Company is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Company to Bondholders in respect of such payments.

6.10 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Secured Bonds shall be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 25 October 2034 provided that the Company reserves the right to redeem all the Secured Bonds on an Early Redemption Date. The Company shall give at least 30 days' notice in writing to all Bondholders of its intention to effect such earlier redemption. Such notice may be revealed by the Company at its sole discretion by notice in writing, at any time, before the appointed Early Redemption Date.

Subject to the provisions of this section 6.10, the Company may at any time purchase the Secured Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Secured Bonds repurchased by the Company shall be cancelled forthwith and may not be re-issued or re-sold.

6.11 EVENTS OF DEFAULT

Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and unfettered discretion, and shall upon the request in writing of not less than 75% in value of the Bondholders, by notice in writing to the Company declare the Secured Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events (“**Events of Default**”):

- i. the Company fails to effect the payment of interest under the Secured Bonds on an Interest Payment Date and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Company;
- ii. the Company fails to pay the principal amount of a Secured Bond on the date fixed for its redemption; and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Company;
- iii. the Company duly fails to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for a period of 60 days after written notice thereof shall have been given to the Company by the Security Trustee;
- iv. the Company stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or ceases or threatens to cease to carry on its business or a substantial part of its business;
- v. the Company is unable, or admits in writing of its inability, to pay its debts within the meaning of article 214(5) of the Act, or any statutory modification or re-enactment thereof;
- vi. any consent, permit, authorisation, licence or approval of, or registration with, or declaration to governmental, statutory or

public bodies, or authorities or courts, required by the Company in connection with the operation of the Secured Assets, or required by the Company for the performance of its obligations hereunder or under the Prospectus, is substantially adversely modified, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect and this is not subject to appeal and has the effect of adversely affecting the ability of the Company to fulfil its obligations in terms of the Security Trust Deed and, or its obligations towards Bondholders in terms of the Prospectus;

- vii. the Collateral is not constituted and perfected in accordance with the ranking set out in the Prospectus;
- viii. the Collateral is not enforceable against the Company;
- ix. a judicial or provisional administrator is appointed upon the whole or any part of the property of the Company and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- x. an order is made, or an effective resolution is passed for winding up of the Company except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- xi. the Company substantially changes the object or nature of business as currently carried on;
- xii. the Company commits a breach of any of the covenants or provisions contained in the Security Trust Deed to be observed and performed by the Company, and the said breach still subsists for 30 days after having been notified by the Security Trustee in writing (other than any covenant for the payment of interests or principal monies owing in respect of the Secured Bonds);
- xiii. the security constituted by any hypothec, pledge, or charge upon the whole or any part of the undertaking or assets of the Company shall become enforceable, and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- xiv. any representation or warranty made or deemed to be made or repeated by or in respect of the Company is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- xv. any material indebtedness of the Company is not paid when properly due or becomes properly due and payable or any creditor of the Company (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Company in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding one million Euro (€1,000,000);
- xvi. it becomes unlawful at any time for the Company to perform all or any of its obligations hereunder or under the Security Trust Deed; and
- xvii. a material part of the undertakings, assets, rights, or revenues of or shares or other ownership interests of the Company are seized, nationalised, expropriated or compulsorily acquired by or under the authority of the Maltese government.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Secured Bonds shall be deemed to have become immediately payable at the time of the Event of Default, which shall have happened as aforesaid.

Provided that in the event of any breach by the Company of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature or otherwise beyond the control of the Company, then the Security Trustee may, but shall be under no obligation so to do, give the Company such period of time to remedy the breach as may be justified in the circumstances and if in its reasonable opinion the breach is remediable within a reasonably short time and without any material adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times, take cognisance of and, to the extent considered reasonably possible, act on and in accordance with any directions it may receive in a meeting of Bondholders provided these do not conflict with the provisions set out in the Security Trust Deed. The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other condition, event or circumstance has occurred or may occur, and until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that the Company is observing and performing all its obligations, in terms of the conditions of Security Trust Deed and the Secured Bonds.

6.12 TRANSFERABILITY OF THE SECURED BONDS

The Secured Bonds are freely transferable and once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Secured Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Company or the CSD, elect either to be registered himself as holder of the Secured Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by transferring the Secured Bond, or procuring the transfer of the Secured Bond, in favour of that person.

All transfers and transmissions are subject in all cases to any pledge (as duly constituted) of the Secured Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Company shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Company.

The Company shall not register the transfer or transmission of Secured Bonds for a period of 15 days preceding the due date for any payment of interest on the Secured Bonds.

6.13 FURTHER ISSUES

The Company may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms as any outstanding debt securities of any series (including the Secured Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Secured Bonds), or upon such terms as the Company may determine at the time of their issue, provided that no issue may be made that would rank senior to the Secured Bonds in respect of the Collateral.

6.14 MEETINGS OF BONDHOLDERS

Authority of the Bondholders' Meeting

- 6.14.1** The Bondholders' Meeting represents the supreme authority of the Bondholders in all matters relating to the Secured Bonds and has the power to make all decisions altering the terms and conditions of the Secured Bonds.
- 6.14.2** A Bondholders' Meeting may be called for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus or the Security Trust Deed require the approval of a Bondholders' Meeting and to effect any change to the applicable terms and conditions of the Secured Bonds, including any change to a material term of issuance of the Secured Bonds or the Prospectus.
- 6.14.3** Where the approval of the Bondholders is required for a particular matter, such resolution shall be passed at a Bondholders' Meeting. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Secured Bonds.

Procedural Rules for Bondholders' Meetings

- 6.14.4** A Bondholders' Meeting shall be held at the written request of:
- i. the Company; or
 - ii. the Security Trustee.
- 6.14.5** The Bondholders' Meeting shall be called by the Security Trustee. A request for a Bondholders' Meeting shall be made in writing to the Security Trustee and shall clearly state the matters to be discussed.
- 6.14.6** If the Security Trustee does not call the Bondholders' Meeting within 21 days from the receipt of the said request, the requesting party may call the Bondholders' Meeting itself.
- 6.14.7** The Security Trustee shall, by not less than 21 days' notice in writing, call such meeting by giving all Bondholders listed in the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus or the terms of the Secured Bonds that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. If amendments to the Prospectus have been proposed, the main content of the proposal shall be contained in the notice.
- 6.14.8** A Bondholders' Meeting shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Secured Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Company shall within two days from the date of the original meeting publish by way of a company announcement the date, time, and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- 6.14.9** Once a quorum is declared present by the chairman of the meeting, the Bondholders' Meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time for Bondholders to present their views to the Company and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Company to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders considered for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be considered for the purpose of such vote.
- 6.14.10** The Bondholders' Meeting shall be held on the premises designated by the Security Trustee. The Bondholders' Meeting shall be chaired by the Security Trustee, unless otherwise decided by the Bondholders' Meeting.

- 6.14.11** Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the number of Bondholders and Secured Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting and the result of the voting. The minutes shall be signed by the chairman of the meeting. The minutes shall be deposited with the Security Trustee.
- 6.14.12** The Bondholders and the Security Trustee have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties unless the Bondholders' Meeting decides otherwise. A Bondholder may attend by a representative holding proxy.
- 6.14.13** The Security Trustee shall circulate proxy forms to Bondholders with the notice convening the Bondholders' Meeting.
- 6.14.14** Representatives of the Company have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Company's representatives may not participate in particular matters. The Company has the right to be present when voting takes place.
- 6.14.15** The Security Trustee may provide for virtual or remote meetings of Bondholders, provided that any such meetings allow Bondholders to ask questions and to exercise their right to vote at such meetings.

Resolutions passed at Bondholders' Meetings

- 6.14.16** Unless otherwise specified in the Prospectus and, or the Security Trust Deed, the proposal placed before a Bondholders' Meeting shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
- 6.14.17** At the Bondholders' Meeting each Bondholder may cast one vote for each Secured Bond held at close of business on the day prior to the date of the Bondholders' Meeting and as recorded on the register of Bondholders maintained by the CSD.
- 6.14.18** In all matters, the Company, the Security Trustee, and any Bondholder shall have the right to demand a poll.
- 6.14.19** The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders an unreasonable advantage at the expense of other Bondholders.
- 6.14.20** The Security Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented; however, the Security Trustee may refuse to carry out resolutions being in conflict with the Prospectus or any applicable law.
- 6.14.21** The Company and the Bondholders shall be notified of resolutions passed at the Bondholders' Meeting.

6.15 AUTHORISATIONS AND APPROVALS

The Directors authorised the Bond Issue pursuant to a resolution of the Board passed during a meeting of directors on 19 September 2024.

6.16 NOTICES

Notices shall be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of 24 hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

6.17 GOVERNING LAW AND JURISDICTION

The Secured Bonds are governed by and shall be construed exclusively in accordance with Maltese law.

Any legal action, suit, or proceedings against the Company arising out of or in connection with the Secured Bonds and, or the Prospectus shall be brought exclusively before the Maltese courts.

7. TAXATION

7.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Secured Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Secured Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Company at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Secured Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

7.2 MALTA TAX ON ACQUISITION OF SECURED BONDS

The acquisition of Secured Bonds of the Company does not trigger any Maltese income tax or duty liability for the Bondholders.

7.3 MALTESE INCOME TAX ON INTEREST ARISING FROM THE HOLDING OF THE SECURED BONDS

Since interest is payable in respect of a bond which is the subject of a public issue and such interest should constitute “investment income” in terms of article 41(a)(iv)(1) of the Income Tax Act, unless the Bondholder elects, by means of an instruction in writing sent to the Company in terms of article 35 of the Income Tax Act, to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of fifteen percent (15%) (ten percent (10%) in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the abovementioned “investment income” final withholding tax and should seek advice on the taxation of such income as special rules may apply.

Article 41(c) of the Income Tax Act defines the term “recipient” for the purposes of the provisions applicable to “investment income”, and includes, *inter alia*, a person (or a receiver, guardian, tutor, curator, judicial sequestrator, trustee, foundation or other fiduciary acting on behalf of a person) who is resident in Malta during the year in which “investment income” is payable to him / her, and EU / EEA nationals (and their spouse where applicable) who are not resident in Malta for Maltese tax purposes but who apply the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their worldwide income.

The aforementioned withholding tax is considered a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his or her income tax return (to the extent that the interest is paid net of tax). No person (whether corporate or non-corporate) shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Company is required to submit to the Maltese Commissioner for Revenue, the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Company will also render an account to the Maltese Commissioner for Revenue of all payments of qualifying “investment income” as well as an account of the amounts so deducted, including the identity of the recipient.

In the case of a valid election in terms of article 35 of the Income Tax Act made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his or her Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Company will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Company. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out therein, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Company in terms of law.

7.4 EXCHANGE OF INFORMATION

In terms of the applicable Maltese legislation, the Company and/or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Tax and Customs. The Commissioner for Tax and Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Relevant legislation includes, but is not limited to:

1. the agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014 entitled the Exchange of Information (United States of America) (FATCA) Order (the “**FATCA Legislation**”). Under the FATCA Legislation, foreign financial institutions (“**FFIs**”) in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by Specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation,

to the Maltese tax authorities. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis. Financial account information in respect of Bondholders could fall within the scope of FATCA and they may therefore be subject to reporting obligations; and

2. Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU on Administrative Cooperation in the field of Taxation which provides for the implementation of the regime known as the Common Reporting Standard (“CRS”) – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015. The CRS has been proposed by the OECD as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. Malta based financial institutions (“FIs”) (defined as such for the purposes of CRS) are obliged to identify and report to the Maltese tax authorities financial accounts held by a Reportable Person, as defined under the Maltese CRS legislation, and certain entities with one or more Controlling Persons, as defined under the Maltese CRS legislation, which is classified as a Reportable Person. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Investors are advised to seek professional advice in relation to the CRS and FATCA Legislation. Not complying with the legislation may give rise to certain fines or closure of financial accounts.

7.5 MALTESE INCOME TAX ON CAPITAL GAINS ARISING ON TRANSFER OF THE SECURED BONDS

On the basis that the Secured Bonds should not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, and to the extent that the Secured Bonds are held as capital assets by the Bondholder, no income tax or capital gains should be chargeable in respect of a transfer of the Secured Bonds.

7.6 DUTY ON DOCUMENTS AND TRANSFERS ON TRANSFER OF THE SECURED BONDS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta), (the “Duty on Documents and Transfers Act”), duty of 2% on the consideration or the real value (whichever is higher) is chargeable *inter alia* on the transfer *inter vivos* or transmission *causa mortis* of a “marketable security”. However, on the basis that the Secured Bonds should not fall within the definition of a “marketable security”, defined in the Duty on Documents and Transfers Act as “a holding of share capital in any company and any document representing the same”, the transfer / transmission of the Secured Bonds should not be chargeable to duty.

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THE PROSPECTUS. INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF SECURED BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE COMPANY. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE SECURED BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY AND DEPENDS, AMONG OTHER THINGS, ON THE PARTICULAR INDIVIDUAL CIRCUMSTANCES OF THE INVESTORS AND OF THE CLASSIFICATION OF THE SECURED BONDS FROM A MALTESE TAX PERSPECTIVE.

8. TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC

8.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1.	Offer Period	7 October 2024 - 18 October 2024
2.	Placement Date	18 October 2024
3.	Commencement of interest on the Secured Bonds	25 October 2024
4.	Expected date of announcement of basis of acceptance	25 October 2024
5.	Refunds of unallocated monies (if any)	1 November 2024
6.	Expected dispatch of allotment advices	1 November 2024
7.	Expected date of admission of the Secured Bonds to listing	1 November 2024
8.	Expected date of commencement of trading in the Secured Bonds	4 November 2024

The Issuer reserves the right to close the Offer Period earlier in the event of full or over-subscription, in which case the events set out in step 2 onwards and the Issue Date may be brought forward. The dates specified in step 6 onwards are latest dates for the occurrence of the events mentioned therein, which events may in actual fact take place earlier than such latest dates.

8.2 CONDITIONS TO WHICH THE BOND ISSUE IS SUBJECT

The following terms and conditions shall be read in conjunction with all the other terms relative to, and regulating, the contractual relationship created between the Company and the Applicant.

- 8.2.1** The issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being admitted to the Official List. In the event that said condition is not satisfied, any Application monies received by the Company will be returned without interest by direct credit into the Applicant's bank account, indicated by the Applicant on the relative Application.
- 8.2.2** All Applications are to be lodged with any of the Authorised Financial Intermediaries together with payment of the full price of the Secured Bonds applied for, in Euro. Payments may be made by cheque payable to the respective Authorised Financial Intermediary or by any other method of payment as accepted by the respective Authorised Financial Intermediary. In the case that a cheque accompanying an Application is not honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the Application.
- 8.2.3** Pursuant to placement agreements and the Intermediaries' Offer as described in more detail under sections 8.4 and 8.5 of this Securities Note, respectively, the Authorised Financial Intermediaries must provide details of Applicants representing the amount they have been allocated by completing a data file, as provided by the by latest 18 October 2024, accompanied by full payment.
- 8.2.4** By submitting an Application to an Authorised Financial Intermediary, the Applicant is thereby confirming to the Company, the Sponsor, Manager & Registrar and the Authorised Financial Intermediary through whom the Application is made, as applicable, that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Company acting through the Authorised Financial Intermediary reserves the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation.
- 8.2.5** The contract created by the Company's acceptance of a data file submitted by an Authorised Financial Intermediary, shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association. It is the responsibility of investors wishing to apply for the Secured Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence, or domicile.
- 8.2.6** If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application will be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Authorised Financial Intermediary, but it shall not be the duty or responsibility of the Authorised Financial Intermediary to ascertain that such representative is duly authorised to appear on the Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or Applications under a discretionary account, details of the decision maker need to be included in the relative panel of the Application.
- 8.2.7** In the case of joint Applicants, reference to the Applicant in this Securities Note is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application, or first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Secured Bond/s so held.
- 8.2.8** In the case of corporate Applicants or Applicants having separate legal personality, the Application must be signed by a person/s authorized to sign and bind such Applicant. It shall not be incumbent on the Company or the Sponsor, Manager & Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorized. Applications by corporate Applicants have to include a valid legal entity identifier ("**LEI**") which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 8.2.9** Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Secured Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s subscribing for Secured Bonds on the minor's behalf, until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of 18 years.

- 8.2.10** In respect of a Secured Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Company to be the holder of the Secured Bond/s so held and shall have the right to receive interest on the Secured Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Secured Bond/s, have the right to dispose of the Secured Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Secured Bonds (which shall be due to the bare owner).
- 8.2.11** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, each Authorised Financial Intermediary is under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediary is an MSE Member or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Chapter 586 of the laws of Malta) (the “**Data Protection Act**”) and the General Data Protection Regulation (GDPR) (EU) 2016/679 (“**GDPR**”), as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.
- 8.2.12** It shall be incumbent on each Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Secured Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (“**MiFIR**”), as well as applicable MFSA Rules for investment services providers.
- 8.2.13** No person receiving a copy of the Prospectus or an Application in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or such Application could lawfully be used without contravention of any registration or other legal requirements.
- 8.2.14** Subscription for Secured Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisors (including tax and legal advisors) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Secured Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself / herself / itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Company shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- 8.2.15** The Secured Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.2.16** The Secured Bonds will be issued in multiples of €100. The minimum subscription amount of Secured Bonds that can be subscribed for by each Applicant is €5,000.
- 8.2.17** Subject to all other terms and conditions set out in the Prospectus, each Authorised Financial Intermediary reserves the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques and, or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Authorised Financial Intermediary is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- 8.2.18** The Secured Bonds are deemed to be complex instruments in accordance with the provisions of the conduct of business rulebook issued by the MFSA and ESMA Guidelines. Accordingly, the Authorised Financial Intermediaries shall be required to conduct an Appropriateness Test prior to selling Secured Bonds where such Secured Bonds are sold on a non-advisory or an execution only basis and conduct a Suitability Test prior to selling Secured Bonds, in the case that the Secured Bonds are proposed to be sold to an Applicant on an advisory basis and, or pursuant to the provision of portfolio management services.
- 8.2.19** On completing and delivering an Application, the Applicant:
- a. accepts to be irrevocably contractually committed to acquire the number of Secured Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Secured Bonds applied for by the Applicant (or any smaller amount of Secured Bonds for which the Application is accepted) at the Bond Issue Price (as applicable) being made subject to the provisions of the Prospectus, the Application and the Memorandum and Articles of Association;

- b. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Company and the issue of the Secured Bonds contained therein;
- c. warrants that the information submitted by the Applicant is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Company (acting through the Sponsor, Manager & Registrar) and subscription monies will be returned to the Applicant in accordance with the above. In the event of a discrepancy between the personal details appearing on the Application and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- d. acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Company, which is available on the Company's website. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;
- e. authorises the Company (or its service providers, including the CSD and, or the Sponsor, Manager & Registrar) and, or the Authorised Financial Intermediary, as applicable, to process the personal data provided by the Applicant, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Company and then sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;
- f. confirms that in making such Application no reliance was placed on any information or representation in relation to the Company or the issue of the Secured Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- g. agrees that any refund of unallocated Application monies to Applicants, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the Application. The Company shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- h. warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Secured Bonds, unless and until a payment is made in cleared funds for such Secured Bonds and such payment is accepted by the Authorised Financial Intermediary or by the Company acting through the Sponsor, Manager & Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary or the Company acting through the Sponsor, Manager & Registrar is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Company acting through the Sponsor, Manager & Registrar of such late payment in respect of the Secured Bonds); or (ii) the Company may, without prejudice to other rights, treat the agreement to allocate such Secured Bonds as void and may allocate such Secured Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Secured Bonds (other than return of such late payment);
- i. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act and regulations made thereunder, and that such monies will not bear interest;
- j. agrees to provide the Sponsor, Manager & Registrar and, or the Company, as the case may be, with any information which may be requested in connection with the Application;
- k. agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- l. warrants that, where an Applicant submits an Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertake to submit your power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Company or the Sponsor, Manager & Registrar;
- m. warrants that where the Applicant is under the age of 18 years, or where an Application is being lodged in the name and for the benefit of a minor, the Applicant is the parent/s or legal guardian/s of the minor;
- n. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the Application in any territory, and that the Applicant has not taken any action which will or may result in the Company or the Sponsor, Manager & Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Secured Bonds and, or his/her Application;
- o. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

- p. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- q. agrees that the advisers to the Bond Issue (listed in section 3.3 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Secured Bonds or the suitability of the Applicant;
- r. agrees that all documents in connection with the issue of the Secured Bonds will be sent at the Applicant’s own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as designated in the respective MSE account specified on the form of Application; and
- s. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Company against any amount due under the terms of these Secured Bonds.

8.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Secured Bonds shall be made available for subscription to all categories of investors as follows:

- i. the agreed aggregate amount in nominal value of the Secured Bonds covered by placement agreements, if any, will be reserved for, and shall be allocated to, the Authorised Financial Intermediaries entering into placement agreements as further detailed in section 8.4 of this Securities Note; and
- ii. the amount in nominal value of Secured Bonds which are not covered by placement agreements shall be allocated to Authorised Financial Intermediaries subscribing for Secured Bonds by entering into subscription agreements pursuant to the Intermediaries’ Offer as further detailed in section 8.5 of this Securities Note.

During the Offer Period, Authorised Financial Intermediaries shall subscribe for Secured Bonds pursuant to subscription agreements to be entered into by and between the Company and the Authorised Financial Intermediaries. Pursuant to the subscription agreements to be entered into during the Offer Period, the Authorised Financial Intermediaries may subscribe for Secured Bonds for its own account or for its underlying clients. The allocation of the Secured Bonds shall be conditional upon the Secured Bonds being admitted to the Official List of the Malta Stock Exchange.

Applications may be made through the Authorised Financial Intermediaries. It is expected that an allotment advice will be dispatched to Applicants within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, and regulations made thereunder. Such monies shall not bear interest while retained as aforesaid.

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

8.4 PLACEMENT AGREEMENTS

The Company may enter into placement agreements with one or more of the Authorised Financial Intermediaries for the placement of an agreed amount in nominal value of Secured Bonds, which will be reserved for such Authorised Financial Intermediaries under the placement agreements.

In terms of each placement agreement (if any), the Company will be conditionally bound to issue, and the relevant Authorised Financial Intermediary will be conditionally bound to subscribe to, the number of Secured Bonds indicated therein, subject to the Secured Bonds being admitted to trading on the Official List, and subject to other conditions as will be set out in the placement agreements.

In terms of each placement agreement (if any), each Authorised Financial Intermediary will have the right to subscribe for Secured Bonds for its own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either:

- i. distribute to the underlying customers any portion of the Secured Bonds subscribed for upon commencement of trading, or
- ii. complete a data file representing the amount its underlying clients have been allocated in terms of the respective placement agreement as provided by the Registrar by latest 12:00 hours on 18 October 2024 (the “**Placement Date**”).

Authorised Financial Intermediaries which enter into placement agreements with the Company (if any) will be required to effect payment to the Company for the Secured Bonds subscribed to by not later than the Placement Date.

8.5 INTERMEDIARIES’ OFFER

By the close of the Offer Period, the Company shall enter into subscription agreements with Authorised Financial Intermediaries for the subscription of an amount in nominal value of the Secured Bonds which are not covered by placement agreements, if any. In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Company will be conditionally bound to issue, and each Authorised Financial Intermediary shall bind itself to subscribe up to, the number of Secured Bonds indicated therein, subject to the Secured Bonds being admitted to trading on the Official List.

The Authorised Financial Intermediaries shall be entitled to subscribe for the Secured Bonds either for their own account or for the account of underlying clients, including retail clients, and shall in addition be entitled to either:

- i. distribute to the underlying clients any portion of the Secured Bonds subscribed for upon commencement of trading; or
- ii. complete a data file representing the amount its underlying clients have been allocated in terms of the subscription agreement as provided by the Sponsor, Manager & Registrar by latest 12:00 hours on 18 October 2024, being the closing of the Offer Period.

The minimum amount which each Authorised Financial Intermediary may apply for in terms of each subscription agreement will be €5,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.

The Authorised Financial Intermediaries must effect payment to the Company for the Secured Bonds subscribed to by not later than the closing of the Offer Period.

8.6 PRICING

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

8.7 ALLOCATION POLICY

The Company has reserved the full amount of the Secured Bonds as follows:

- i. an agreed aggregate amount in nominal value of the Secured Bonds covered by placement agreements, if any, will be reserved for, and shall be allocated to, the Authorised Financial Intermediaries entering into placement agreements as further detailed in section 8.4 of this Securities Note; and
- ii. an amount in nominal value of the Secured Bonds which are not covered by placement agreements as aforesaid shall be allocated to Authorised Financial Intermediaries pursuant to the Intermediaries' Offer as further detailed in section 8.5 of this Securities Note.

In the event that the Bond Issue is subscribed to in full by the Authorised Financial Intermediaries in accordance with placement agreements in terms of paragraph (i) above, the Intermediaries' Offer shall not take place.

The Company shall announce the result of the Bond Issue through a company announcement by not later than 25 October 2024.

8.8 ADMISSION TO TRADING

The Malta Financial Services Authority has authorised the Secured Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 4 October 2024.

Application has been made to the Malta Stock Exchange for the Secured Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List.

The Secured Bonds are expected to be admitted to the Malta Stock Exchange with effect from 1 November 2024 and trading is expected to commence on 4 November 2024.

8.9 ADDITIONAL INFORMATION

Save for the financial analysis summary set out as Annex I, this Securities Note does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of the Sponsor, Manager & Registrar which has given and has not withdrawn its consent to the inclusion of such report herein.

The Sponsor, Manager & Registrar does not have any material interest in the Company. The Company confirms that the financial analysis summary has been accurately reproduced in this Securities Note 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.

The business address of the Sponsor, Manager & Registrar is at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta.



VBL
Group

ANNEX I
FINANCIAL ANALYSIS SUMMARY

The Directors
VBL p.l.c.
54,
Marsamxett Road,
Valletta,
Malta

4 October 2024

Re: Financial Analysis Summary – 2024

Dear Board Members,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to VBL p.l.c. (the “**Issuer**”). The data is derived from various sources, including the prospectus dated 4 October 2024 published by the Issuer (the “**Prospectus**”), or is based on our own computations as follows:

- a) Historical financial data for the three years ending 31 December 2021, 2022 and 2023 has been extracted from the audited financial statements of the Issuer.
- b) The forecast data for the financial years ending 31 December 2024 and 31 December 2025 has been provided by management.
- c) Our commentary on the Issuer results and financial position is based on the explanations provided by management.
- d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,



Patrick Mangion
Head of Capital Markets

FINANCIAL ANALYSIS SUMMARY 2024



VBL
Group

VBL p.l.c

4 October 2024

Prepared by
Calamatta Cuschieri Investment Services Limited



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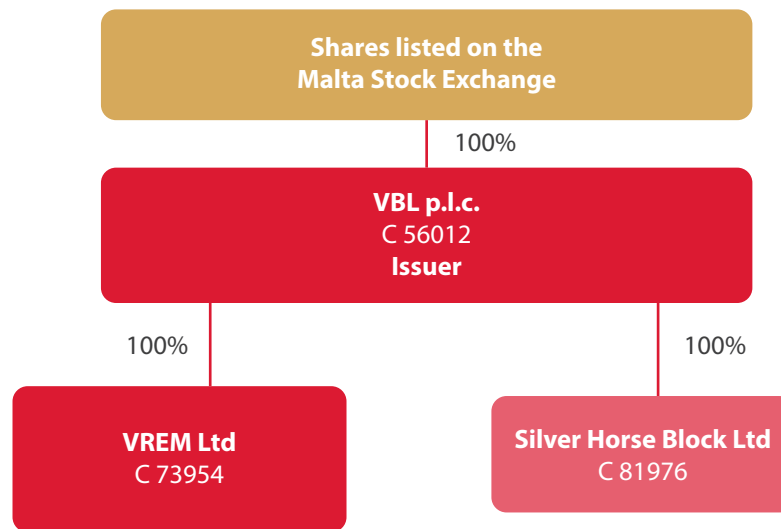
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PART 1 - COMPANY INFORMATION

VBL p.l.c. (“**VBL**” or the “**Issuer**”) has applied for a bond issue of €10m 5.2% Secured Bonds 2030 - 2034 pursuant to the prospectus published dated 4 October 2024 (the “**Prospectus**”). This Analysis has been prepared in line with the MFSA Listing Policies.

1.1 Key Activities and Structure

The organisational structure of the Issuer as at the date of this Analysis is illustrated in the diagram below:



The Issuer was incorporated on 18 April 2012 as a private limited liability with company registration number C 56012. It changed its status to a public limited company on 14 September 2020. VBL has an authorised share capital of €66,000,000 made up of 330,000,000 ordinary shares of €0.20 each. The issued share is of €49,835,836.60, comprising 249,179,183 ordinary shares of €0.20.

As per the Issuer’s audited financial statements for the year ended 31 December 2023, its shares are held as follows:

- Approximately 53.4% are held directly, or indirectly through VBLM Limited (C 60381), by its three executive directors, namely; Andrei Imbroll; Geza Szepalmi; and Julian Tzvetkov;
- Approximately 18.6% are held by Artur Haze, who is one of the Issuer’s non-executive directors; and
- Approximately 28% are held by the general public.

VREM Ltd (“**VREM**”) was incorporated on 15 January 2016 as a private limited liability with company registration number C 73954. It has an authorised and issued share capital of €10,000 made up of 10,000 ordinary shares of €1 each. VREM is a wholly-owned subsidiary of VBL.

Silver Horse Block Ltd (“**Silver Horse**”) was incorporated on 14 September 2017 as a private limited liability with company registration number C 81976. It has an authorised and issued share capital of €1,200 made up of 1,200 ordinary shares of €1 each. Silver Horse is a wholly-owned subsidiary of VBL and is currently inactive.

The “Group” (being VBL and its two aforementioned subsidiaries), in essence, invests in and manages properties in Valletta.

The Group’s strategy to achieve this is based on five pillars;

- Acquire: acquisition of unkept property at commercially attractive prices;
- Conceptualise: designing a unique concept for each property depending on the property’s specifics and location;
- Restructure: resolve any legal issues tied with the property, opening it up to development;
- Develop: construction and finishing works on the property; and
- Operate: properties are then mainly held for rental.

The Group has been dealing in property acquisition and development for over 12 years and its property portfolio based in Valletta, Malta is further described in section 1.3 below.

1.2 Directors and Key Employees

Name	Designation
Dr Geza Szephalmi	Chairman and Executive Director
Dr Andrei Imbroli	Executive Director
Mr Julian Tzvetkov	Executive Director
Mr Artur Haze	Non-executive Director
Mr David Galea Souchet	Independent non-executive director
Ms Isabella Vella	Independent non-executive director
Dr John Attard	Independent non-executive director

The business address for all the directors is the registered office of the Issuer, which is located at 54, Marsamxett Road, Valletta VLT 1853, Malta.

Dr Joseph Borg Bartolo and Dr Mikiel Calleja are the company secretaries of the Issuer.

Geza Szephalmi is the chairman and one of the three executive directors of VBL. Andrei Imbroli and Julian Tzvetkov are the other two executive directors. Artur Haze, David Galea Souchet, Isabella Vella and John Attard serve on the board of the Issuer in a non-executive capacity. The latter three are considered independent directors since they are free of any significant business, family or other relationship with the Issuer, its major shareholders or the management of either, that could create a conflict of interest such as to impair their judgement.

1.3 Major Assets Owned by the Issuer

Being a property operation, the Group's assets mainly consist of investment properties, valued at €77.1m as at 31 December 2023. As at the date of this Analysis, approximately 27% of the Issuer's portfolio is developed and operational.

The Issuer owns a portfolio of properties in Valletta, with the below being some of the more prominent holdings:

- Coliseum Shopping Arcade – a property measuring 2,503 sqm currently at conceptualisation stage;
- Orangery Lodge Phase 2 is made up of a) a property situated in West Street, Valletta measuring *circa* 651sqm, currently under development for hospitality and/or residential use; b) a retail unit in West Street, Valletta measuring *circa* 97sqm, currently under development; and c) the common area and airspace measuring *circa* 287sqm forming part of and servicing Orangery Lodge Phase 1 and Orangery Lodge Phase 2. Orangery Lodge Phase 1 is a property consisting of eight residential units, all of which were sold;
- The Gut – forming part of the Silver Horse Project, a property measuring *circa* 1,331sqm consisting of nine renovated commercial outlets. Eight of the nine commercial outlets making up the Gut are currently leased on a long-term contract, with the other currently affected by the development (part of the Silver Horse Development explained in section 1.4 below);
- Silver Horse Phase 2 – a property measuring *circa* 5,808 sqm of gross development area, currently comprising a residential block spanning over six floors. This property is currently under development, as explained in section 1.4 below);
- Silver Horse Phase 3 – two properties situated in Strait Street and Old Bakery Street known as “Little Horse” and “Stone Mason’s House”, measuring in aggregate *circa* 992 sqm, adjacent to the property part of Silver Horse Phase 2, and 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 and as a possible extension to the property .

1.4 Operational Developments

The main activity of VBL revolves around the five pillars explained in section 1.1. The most material ongoing property developments are as follows:

Silver Horse Phase 2

The largest current development of the Issuer is the Silver Horse Phase 2 project. Said project is undergoing development for use in the hospitality sector. The property will consist, following completion of development, of six floors, a roof-top garden terrace, and a pool area, overlying Silver Horse Phase 1. VBL is in possession of the full development permit, however, it has applied to change the intended use of the property to a hotel or guest house.

VBL have made upgrades to this 19th century building, such as internal features and overall finishings, with the expectation being higher rental yields. Post-development, VBL expects this to result in a final net area of *circa* 5,370sqm.

VBL expects the cost of development to be around €11.5m, part of which is planned to be part-financed from the proceeds of the bond issue subject to the Prospectus. At operational stage, the Issuer is forecasting annual rental revenues exceeding €2m as from mid-2026.

The Issuer expects Silver Horse Phase 3 to serve as an add-on facility to this Silver Horse Phase 2. However, development works on Silver Horse Phase 3 have yet to commence, following conceptualisation and acceptance of final development plans by VBL.

Orangery Lodge Phase 2

This property, adjacent to the Orangery Lodge Phase 1 explained in the previous section 1.3, will be made into nine apartments for accommodation. One of the units has already been developed and sold as development works were conducted in parallel with that of Orangery Lodge Phase 1. VBL is in possession of the full development permit to work on the Orangery Lodge Phase 2 project.

Using upgraded access areas shared with the operational Orangery Lodge Phase 1, VBL is expecting this development to make use of building materials already present, recycled and made part of modern hospitality units, retaining the original Maltese style.

VBL expects the cost of development to be around €1.8m, part of which is planned to be financed from the proceeds of the bond issue subject to the Prospectus.

1.5 Use of Proceeds

The Issuer is seeking to issue a bond of €10m to utilised as follows:

- the amount of *circa* €5.2m shall be utilised for the:
 - completion of Silver Horse Project Phase 2 and Orangery Lodge Phase 2; and
 - planning and preparation of Silver Horse Phase 3 for development;
- the amount of *circa* €1.2m shall be utilised 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;
- the amount of *circa* €3.3m shall be utilised for general corporate funding purposes of the Group; and
- The amount of €0.3m shall be used to settle bond issue costs.

PART 2 - HISTORICAL PERFORMANCE AND FORECASTS

The historical financial information for the Group for the financial years ended 31 December 2021, 2022 and 2023, as extracted from the audited financial statements of the Group, as well as the projected financial information for the years ending 31 December 2024 and 2025, are presented in this section 2.

Projected financial information relates to events in the future and is based on assumptions that the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

2.1 Income Statement

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	FY2021A	FY2022A	FY2023A	FY2024F	FY2025P
	€000s	€000s	€000s	€000s	€000s
Revenue	1,063	2,316	3,246	3,990	4,302
Investment income	6,342	6,874	2,042	1,022	1,172
Cost of sales	(511)	(1,168)	(1,696)	(1,929)	(2,069)
Gross profit	6,894	8,022	3,592	3,083	3,405
Other operating income	174	8	28	9	10
Administrative expenses	(550)	(897)	(1,046)	(1,417)	(1,109)
EBITDA	6,518	7,133	2,574	1,675	2,306
Depreciation and amortisation	(301)	(280)	(312)	(410)	(460)
EBIT	6,217	6,853	2,262	1,265	1,846
Interest income	3	7	10	23	98
Impairment on inventory	-	(66)	-	-	-
Receivable written off	-	-	(20)	-	-
Finance costs	(138)	(190)	(231)	(443)	(669)
Profit before tax	6,082	6,604	2,021	845	1,275
Income tax expense	(291)	(281)	(322)	(126)	(105)
Profit after tax	5,791	6,323	1,699	719	1,170
EBITDA excluding investment income	179	259	532	653	1,134

RATIO ANALYSIS

	2021A	2022A	2023A	2024F	2025P
<i>Profitability</i>					
Growth in Revenue (YoY Revenue Growth)	N/A	117.9%	40.2%	22.9%	7.8%
EBITDA Margin (EBITDA* / Revenue)	16.6%	11.2%	16.4%	16.4%	26.4%
Operating (EBIT) Margin (EBIT* / Revenue)	-11.8%	-0.9%	6.8%	6.1%	15.7%
Net Margin (Profit for the year / Revenue)	544.8%	273.0%	52.3%	18.0%	27.2%
Return on Common Equity (Net Income / Average Equity)	10.3%	10.5%	2.6%	1.1%	1.8%
Return on Assets (Net Income / Average Assets)	8.93%	8.88%	2.16%	0.84%	1.23%

* EBITDA / EBIT excluding investment income

The Group generates revenue primarily from renting out and managing owned properties (both hospitality and commercial) and managing properties of third parties through property management agreements.

The COVID-19 pandemic negatively affected the Issuer's revenue for FY2021, as it did with the hospitality industry in general. Revenue improved greatly in FY2022 and FY2023 as the Issuer's operations got back to normal, as can be seen from the material increase in revenue generated throughout the period. The Group also experienced an increase in the value of its property which is reflected in the investment income reported. This led to revenue growth of 40.2% in FY2023 and is expected to grow by 22.9% in FY2024 and a further 7.8% in FY2025.

Administrative expenses are mostly made up of staff costs and management fees, the former of which benefitted from the government COVID-19 wage supplement up until FY2022. The Issuer forecasts higher administrative costs for FY2024 due to a number of one-off expenses relating to the Group's projects. Administrative expenses are expected to return to FY2023 levels the following year.

The Group's operational EBITDA (EBITDA excluding investment income) grows year-on-year, reflecting the growth of business. Total EBITDA then varies by the realised investment property value and the positive impact of new acquisitions.

After accounting for depreciation, interest costs on borrowings and income tax, the Issuer reported €1.7m net profit for the year ended 31 December 2023.

Net margins came in at 52.3% in FY2023 mainly due to the aforementioned investment income with this expected to decrease to 18.0% in FY2024 before again increasing to 27.2% in FY2025 due to lower administrative expenses. The return on equity and return on assets ratios are expected to show similar decreasing and increasing patterns for the same reasons.

2.2 Statement of Financial Position

GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2021A €000s	2022A €000s	2023A €000s	2024F €000s	2025P €000s
Assets					
Non-current assets					
Intangible assets	153	114	96	64	32
Property, plant and equipment	878	853	800	758	713
Investment property	59,991	73,664	77,128	80,540	91,251
Investment in subsidiary	1	1	1	1	1
Loan receivable	107	114	-	-	-
Deferred tax asset	210	225	142	141	168
Total non-current assets	61,340	74,971	78,167	81,504	92,165
Current assets					
Asset held for sale	-	510	-	-	-
Inventory	-	271	2	2	2
Current tax receivable	1	15	-	-	-
Loans receivable	-	-	120	120	120
Trade and other receivables	1,581	403	261	317	321
Cash and cash equivalents	1,948	1,347	932	10,247	4,977
Total current assets	3,530	2,546	1,315	10,686	5,420
Total assets	64,870	77,517	79,482	92,190	97,585
Equity and liabilities					
Equity					
Share capital	48,894	49,609	49,836	49,836	49,836
Share premium	732	1,017	1,085	1,086	1,086
Other reserves	375	353	330	330	330
General reserves	1	1	1	1	1
Retained earnings	6,428	12,626	14,180	14,698	15,668
Total equity	56,430	63,606	65,432	65,951	66,921
Non-current liabilities					
Borrowings	1,297	7,877	7,842	18,997	22,614
Lease liabilities	300	286	271	271	253
Deferred tax liabilities	3,890	4,166	4,374	4,425	4,484
Trade and other payables	47	89	106	106	106
Total non-current liabilities	5,534	12,418	12,593	23,837	27,495
Current liabilities					
Borrowings	2,329	338	428	-	-
Lease liabilities	11	13	16	-	-
Trade and other payables	566	1,142	1,013	2,440	3,207
Total current liabilities	2,906	1,493	1,457	2,440	3,207
Total liabilities	8,440	13,911	14,050	26,239	30,664
Total equity and liabilities	64,870	77,517	79,482	92,190	97,585

RATIO ANALYSIS

	FY2021A	FY2022A	FY2023A	FY2024F	FY2025P
<i>Financial Strength</i>					
Gearing 1 (Net Debt / Net Debt and Total Equity)	3.4%	10.1%	10.4%	12.0%	21.1%
Gearing 2 (Total Liabilities / Total Assets)	13.0%	17.9%	17.7%	28.5%	31.4%
Gearing 3 (Net Debt / Total Equity)	3.5%	11.3%	11.7%	13.7%	26.7%
Net Debt / EBITDA*	11.3x	27.7x	14.3x	13.8x	15.8x
Current Ratio (Current Assets / Current Liabilities)	1.2x	1.7x	0.9x	4.4x	1.7x
Interest Coverage level 1 (EBITDA* / Cash interest paid)	1.6x	1.3x	1.0x	1.5x	1.1x
Interest Coverage level 2 (EBITDA* / Finance costs)	1.3x	1.4x	2.3x	1.5x	1.7x

* EBITDA excluding investment income

The Group's total assets have shown a yearly increase, rising from €64.9m in FY2021 to €79.5m in FY2023. Investment property, as detailed in section 1.3 of this Analysis, makes up the majority of the Issuer's total assets (approximately 97% in FY2023). The Group's investment property is increasing continuously with the conversion of currently owned but non-operational assets into renovated and upgrade operational assets.

Looking forward into FY2024 and FY2025, the major impact on the portfolio is forecast to come from the development of Silver Horse Phase 2, the value of which is gradually increasing as the development progresses. Management explained that the said project is the major contributor to the projected increase in value by end of FY2025.

Equity is primarily made up of the Issuer's share capital, share premium, and retained earnings. The only variable in the Group's total equity is its retained earnings, which moves in line with its profit at the end of each year.

The Group's non-current liabilities are made up of borrowings, deferred tax liabilities, lease liabilities, and trade and other payables, with the latter two not being material.

Bank borrowings represent the drawdown of an already secured bank loan of €15m, of which €14.5m is related to development. As at end of FY2023, only about 50% of this loan had been utilised. The Group expects that draw downs from said loan are increased in FY2024 and FY2025 in line with the development of the Silver Horse Phase 2 and Orangery Lodge Phase 2 (as described in section 1.4 of this Analysis). The balance of borrowings is also expected to increase following the issue of the proposed bond of the Issuer.

Deferred tax liabilities relate to the accumulated tax liability as a result of revaluation of investment properties.

Current liabilities are made up of bank borrowings, lease liabilities and trade and other payables. Current bank borrowings are essentially amounts repayable in less than one year. Trade and other payables relate to ongoing business operations. The Group does not expect any major fluctuations to its current liabilities in the coming two financial years.

Gearing ratios show low indebtedness when compared to the equity capital of the company in both historical and forecasted periods. The Bond issue is forecasted to increase the Gearing 1 ratio to 12.0% and 21.1% in FY2024 and FY2025 respectively with this still being in a healthy and manageable region. The Group's interest coverage ratio also remained above 1.0x in all periods, meaning that the Group is and will continue being able to cover its interest payments in the forecasted period.

2.3 Statement of Cash Flows

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 DECEMBER

	2021A	2022A	2023A	2024F	2025P
	€000s	€000s	€000s	€000s	€000s
Cash flows from operating activities					
Profit before tax	6,082	6,604	2,021	845	1,275
Depreciation and amortisation	301	280	313	410	460
Provision for expected credit losses	-	39	-	-	-
Receivable written off	-	-	20	-	-
Investment income	(6,342)	(6,874)	(2,043)	(1,022)	(1,172)
Impairment on inventory	-	66	-	-	-
Gain on disposal of subsidiary	(174)	-	-	-	-
Interest income	(3)	(7)	(10)	(23)	(98)
Interest expense	138	190	231	443	669
Tax paid	-	-	-	(73)	(75)
Cash flows generated before working capital changes	2	298	532	580	1,059
Movement in inventory	-	(271)	-	-	-
Movement in trade and other receivables	(1,137)	(22)	191	(143)	280
Movement in trade and other payables	216	618	(216)	672	25
Net cash generated from operating activities	(919)	623	507	1,109	1,364
Cash flows from investing activities					
Purchase of intangible assets	(150)	-	(25)	-	-
Purchase of property, plant and equipment	(44)	(15)	(23)	-	-
Proceeds from sale of investment	200	-	-	-	-
Proceeds from sale of investment property	-	850	467	-	-
Acquisition of and development of investment properties	(175)	(6,278)	(965)	(2,428)	(9,013)
Key money received	-	-	-	500	-
Acquisition of subsidiary	(66)	-	-	-	-
Movement in loans receivable	(104)	-	-	-	-
Net cash used in investing activities	(339)	(5,443)	(546)	(1,928)	(9,013)
Cash flows from financing activities					
Net proceeds from issuance of share capital	1,616	-	295	-	-
Interest paid on borrowings	(81)	(170)	(514)	(392)	(973)
Withholding tax paid	-	(8)	-	-	-
Dividends paid	(150)	(160)	(180)	(200)	(200)
Movement in borrowings	141	4,589	55	10,762	3,587
Principal lease repayments	(12)	(12)	(13)	(16)	(17)
Interest paid on leases	(20)	(20)	(19)	(19)	(18)
Net cash generated from / (used in) financing activities	1,494	4,219	(376)	10,135	2,379
Net movement in cash and cash equivalents	236	(601)	(415)	9,316	(5,270)
Cash and cash equivalents at start of year	1,712	1,948	1,347	932	10,248
Cash and cash equivalents at end of year	1,948	1,347	932	10,248	4,978

RATIO ANALYSIS

	FY2021A	FY2022A	FY2023A	FY2024F	FY2025P
	€000s	€000s	€000s	€000s	€000s
<i>Cash Flow</i>					
Free Cash Flow (Net cash from operations + Interest - Capex)	(1,088)	(4,820)	(39)	(1,319)	(7,649)

Cash flows from operating activities in FY2021 and FY2022 were negatively impacted by the effect of COVID-19 on the Issuer's operations, with the main income component of the profit for the aforementioned years being the non-cash income from revaluation of property.

In FY2021, the cash flows from operating activities was also impacted by an increase in its receivables following deposits made for the purchases of a number of its properties. This was partially offset by trade and other payables.

The cash flow generated before working capital changes shows a steady improvement over time as the Group exited the COVID-19 period and solidified its performance.

Cash flows from investing activities mainly relate to acquisition and development of investment properties, slightly offset by sales of same. The main cash outflow was for purchase of the Coliseum Shopping Arcade during FY2022, while the projected increased outflow is expected to related to the funding of the development of investment properties as explained in section 1.4 of this Analysis.

The Group's financing activities revolve around its bank borrowings and dividends paid on its existing shares on the Malta Stock Exchange. The main variant in financing activities during the previous three financial years was the uptake of loans during FY2022 for the purchase of investment property. The bond issue of the Issuer in FY2024 is another major source of financing which the Group will utilise to accelerate its property development.

Free cash flow is negative in both the historical and forecasted periods due mainly to the heavy acquisition and development of investment properties. The nature of the Group's business requires heavy upfront investment into properties which will then return stable returns for prolonged periods of time and so it is normal for current free cash flow to be negative. Revaluation gains are also not included in free cash flow due to their non-cash nature and so will only boost the Group's cash flows when these gains are realised upon eventual sale of property.

PART 3 - KEY MARKET AND COMPETITOR DATA

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2024. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.1 Economic Update ¹

The Business Conditions Index (BCI) of the Central Bank of Malta (the "Bank") indicates that in July 2024, annual growth in business activity declined, and remained slightly below its historical average estimated since January 2000. The European Commission confidence surveys show that sentiment in Malta decreased in July, and remained below its long-term average, estimated since November 2002. Sentiment mostly deteriorated in the construction and retail sectors.

Additional data show that in month-on-month terms, price expectations decreased in industry and in the retail sector but rose in other sectors. The largest increase was recorded in the construction sector. In July, the European Commission's Economic Uncertainty Indicator (EUI) for Malta increased compared with June, indicating higher uncertainty, with the largest increases recorded in the construction and services sectors. In June, industrial production rose at a faster pace on a year-on-year basis, while retail trade contracted slightly.

¹ Central Bank of Malta – Economic update – 08/2024

In May, services production accelerated when compared with the same month a year earlier. The unemployment rate decreased to 3.1% in June from 3.2% in May but stood above that of 3.0% in June 2023. Commercial building permits in June were higher than a month earlier and also compared to a year earlier. On the other hand, residential building permits decreased on both a monthly and an annual basis. In July, the number of residential promise-of-sale agreements and final deeds of sale fell marginally on a year earlier. The annual inflation rate based on the Harmonised Index of Consumer Prices ("**HICIP**") stood at 2.3% in July, slightly higher than 2.2% in the previous month, and below the euro area average by 0.3 percentage point.

HICP excluding energy and food in Malta increased marginally to 2.1%, while remaining firmly below the euro area average. Similarly, inflation based on the Retail Price Index (RPI) rose slightly to 1.4% from 1.3% in June. In June, Maltese residents' deposits increased above their level a year ago, driven by balances belonging to households and non-financial corporations.

Meanwhile, credit to Maltese residents also increased in annual terms, reflecting higher lending to both the government sector and other sectors. In June, the deficit in the Consolidated Fund was €72.4 million lower when compared with the deficit registered a year earlier. This was due to a rise in government revenue, which was complemented by a decline in government expenditure. Overall, the Consolidated Fund deficit between January and June dropped to €89.8 million, from €258.6 million registered in the same period a year earlier.

3.2 Economic Outlook ²

According to the Bank's latest forecasts, Malta's gross domestic product ("**GDP**") is expected to grow by 4.4% in 2024. Growth is then projected to ease to 3.5% and 3.4% in 2025 and 2026 respectively. This implies a marginally upward revision for 2024 and a marginal downward revision for 2026, when compared to the Bank's previous projection round.

Over this period, growth is expected to be driven by domestic demand, reflecting continued rapid growth in private consumption and a gradual recovery in private investment. The contribution of net exports is also expected to be positive but smaller than that of domestic demand and diminishing over time. Employment growth is set to moderate, albeit from high rates, with the unemployment rate remaining close to 3%. The average wage is expected to grow at a significantly faster rate in 2024, partly in response to the pronounced inflation in the recent past and a tight labour market.

Thereafter it is expected to moderate somewhat in line with the expected continued moderation in inflation. Annual inflation based on the Harmonised Index of Consumer Prices is projected to drop significantly, from 5.6% in 2023 to 2.5% in 2024, before reaching 2.0% by 2026. Compared to previous projections, inflation has been revised up by 0.1 percentage point in each year of the projection horizon, reflecting recent outcomes and a re-assessment of services inflation. The general government deficit-to-GDP ratio is set to narrow to 4.1% in 2024, and to narrow further over the rest of the forecast horizon, to stand at 3.1% by 2026.

Nevertheless, the general government debt-to-GDP ratio is set to increase throughout the forecast horizon, reaching 54.1% by 2026. Fiscal projections remain mostly unchanged compared with the previous projection round. As the upcoming national accounts publication will include a benchmark revision, the above figures may be affected by possible material revisions to past data. Furthermore, such projections could be affected by the publication of updated fiscal plans by Government in fulfilment of the new EU fiscal rules later this year.

The Bank's projections could thus be revised somewhat in upcoming rounds of projections once this information becomes available. Looking beyond these factors, the overall risks to activity are broadly balanced over the projection horizon. Downside risks largely emanate from possibly adverse trade effects related to geopolitical tensions. On the other hand, the labour market could exhibit even stronger dynamics than envisaged in this projection round, both in terms of employment and wages, resulting in stronger private consumption growth and hence output growth. Risks to inflation are balanced over the project horizon.

Upside risks to inflation could stem from renewed supply-side bottlenecks that could be triggered by ongoing geopolitical conflicts. Furthermore, wage pressures could be stronger than envisaged in the baseline. Unfavourable weather conditions and policies supporting the green transition - in particular those requiring heavy capital investment - could also push up inflation, although such effects might be temporary. On the downside, imported inflation could fall more rapidly than expected if the global disinflation process proceeds faster than assumed.

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

3.3 Property Market

3.3.1 Short-let industry

The short-let industry has rapidly become a prominent segment within the global real estate market, driven by the increasing demand for short-term accommodation among tourists and business travellers. This emerging model, where residential properties

² Central Bank of Malta – Economic projections – 2024 - 2026

are rented for short periods, has been spurred by the rise of platforms such as Airbnb and Booking.com, which offer property owners the ability to market their homes to a global audience. While international standards and regulations surrounding short-let operations are still evolving, the sector has grown significantly over the past decade, resulting in a volatile yet lucrative market environment for property owners and investors alike.

Short-let rentals offer property owners the potential for higher returns than traditional long-term leases, especially in popular tourist destinations. This is particularly attractive in urban centres where real estate values are high and demand for short-term stays is consistent throughout the year. However, operating a short-let property is not without its challenges. Managing bookings, handling guest inquiries, and ensuring that the property is well-maintained between stays requires a level of attention that many property owners may find overwhelming. As a result, professional property management companies have emerged as essential players in this industry, providing services that streamline operations and reduce the burden on property owners.

Property management companies specialising in short-let operations offer a wide range of services designed to maximize occupancy rates and income for property owners while maintaining the quality and upkeep of the assets. These services often include marketing, booking management, guest communication, cleaning, and maintenance, ensuring that properties are always guest-ready. Some management companies also handle the more complex aspects of the business, such as obtaining licenses, managing regulatory compliance, and even overseeing renovations or upgrades to make properties more competitive in the market. These full-service solutions allow property owners to benefit from the short-let market without needing to be directly involved in the daily operations.

3.3.2 Long-let industry ³

The strong economic growth sustained by the Maltese economy in recent years has contributed to a rise in the employment rate and the influx of foreign workers within the Maltese workforce. This has contributed to an increase in the demand for rental of office and commercial space in Malta. To address such growing demand, the supply of office and commercial space in Malta has considerably increased over the last couple of years. Of note, there are several traditional business areas in Malta. For instance, Valletta, being Malta's capital city, is considered as the hub for law firms and many long-established family businesses.

Other traditional commercial areas include the likes of St. Julian's, which is popular for its sea-view offices, and Floriana, which attracts businesses that want to be located in the vicinity of Valletta. In furtherance, there are also top-quality commercial developments within in the proximity of the airport and in other residential areas such as Naxxar, Mosta, Mellieha and in parts of the south of Malta. The variety of commercial and office space in Malta cater for every type of business, from start-ups to established global organisations. In this regard, numerous business centres have recently been developed, with new centres in the pipeline.

Although the supply for commercial property has increased in the recent years, rental demand is still greater than supply as can be seen in the increase in average asking rental rates for office space which increased to €213/sqm in 2023, up from €183/sqm in 2022. The largest increase in rental rates came from the central region which saw growth of 31.9%. Further analysis shows that the highest proportion of office space can be found in the Northern Harbour region (52% of all listings), followed by the Central region (31%). It is to be noted that this substantial growth may be attributed to changes in the underlying data.

When it comes to commercial property sales there was only a marginal increase in the asking price when compared to 2022 with this increasing by just 2%, with Central region properties increasing by 9.7%.

The ECB policy decisions to combat inflation have seen the key policy interest rate stand at a record high with the ECB charging banks 4.5% per annum on main refinancing operations. To date, these interest rate hikes have not been reflected in the local market. Should interest rates locally rise, the path that both rent and sale prices in the commercial property market would take depends on multiple factors and so is unclear.

On one hand as the general price level of goods and service rises, property values may appreciate accordingly as investors turn to property as a hedge for inflation. The development of new commercial properties may also slow down as financing becomes costlier, potentially limiting the supply of available space and therefore increasing the price of already available property. On the other hand persistently sticky inflation could dampen economic activity and lead to suppressed demand levels and put downward pressure on both rental and sales prices.

3.4 Comparative Analysis

The purpose of the table below compares the Bond issued by the Issuer to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

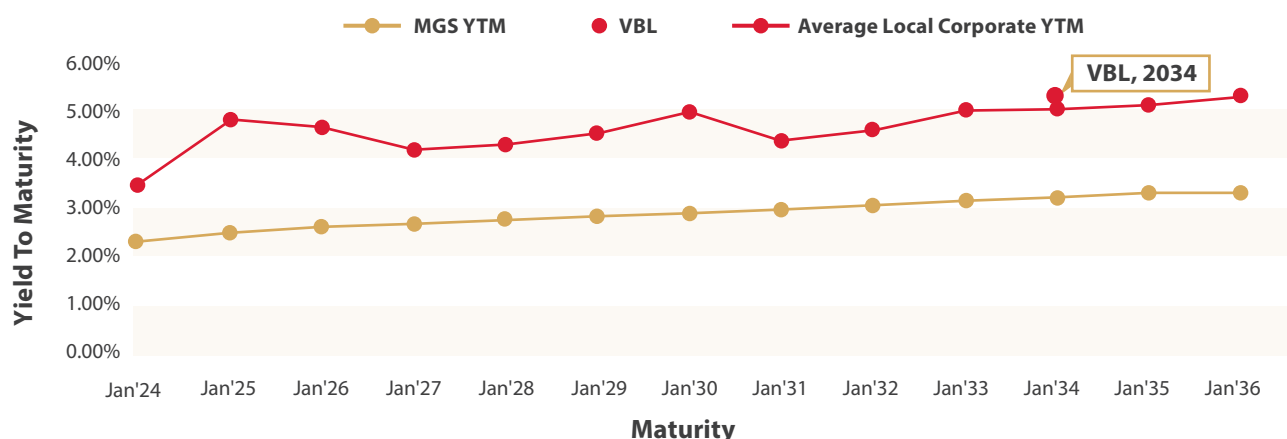
³ <https://kpmg.com/mt/en/home/insights/2023/10/construction-industry-and-property-market-report-2023.html>

	Nom Value	Yield to Maturity (%)	Interest coverage (EBITDA)	Total Assets (€millions)	Total Equity (€millions)	Total Liabilities / Total Assets (%)	Net Debt / Net Debt and Total Equity (%)	Net Debt / EBITDA (times)	Current Ratio (times)	Return on Common Equity (%)	Net Margin (%)	Revenue Growth (YoY) (%)
	€000's	(%)	(times)	(€millions)	(€millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
4.5% Hili Properties plc Unsecured €2025	37,000	4.98%	1.8x	255.6	127.1	50.3%	46.2%	9.0x	1.4x	5.1%	39.5%	32.8%
5.25% Central Business Centres plc Unsecured €2025 S2T1	2,974	5.24%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
4% MIDI plc Secured €2026	50,000	4.57%	(5)x	236.3	74.7	68.4%	40.8%	(46.9)x	3.2x	-1.7%	-37.3%	19.2%
3.9% Gap Group plc Secured €2024-2026	15,910	3.89%	36.6x	98.6	36.1	63.4%	54.8%	3.4x	2.3x	31.1%	22.7%	45.0%
4% Hili Finance Company plc Unsecured €2027	50,000	5.00%	4.4x	1,030.8	242.9	76.4%	68.2%	4.2x	0.7x	24.0%	5.5%	26.1%
5.25% Mediterranean Investments Holding plc Unsecured €2027	30,000	4.47%	5.2x	309.1	205.9	33.4%	20.4%	2.7x	1.1x	6.2%	45.8%	9.8%
4.4% Central Business Centres plc Unsecured €2027 S1/17 T1	6,000	4.03%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
3.75% Tumas Investments plc Unsecured €2027	25,000	4.13%	7.2x	240.7	146.9	39.0%	22.5%	2.1x	1.8x	6.6%	18.1%	20.0%
4.75% Gap Group plc Secured €2025 - 2027	23,000	4.41%	36.6x	98.6	36.1	63.4%	54.8%	3.4x	2.3x	31.1%	22.7%	45.0%
3.85% Hili Finance Company plc Unsecured €2028	40,000	4.28%	4.4x	1,030.8	242.9	76.4%	68.2%	4.2x	0.7x	24.0%	5.5%	26.1%
5.85% Mediterranean Investments Holding plc Unsecured €2028	20,000	4.69%	5.2x	309.1	205.9	33.4%	20.4%	2.7x	1.1x	6.2%	45.8%	9.8%
4% Exalco Finance plc Secured €2028	15,000	3.79%	4.4x	77.8	52.9	32.1%	21.1%	3.9x	0.7x	4.0%	40.9%	3.5%
3.8% Hili Finance Company plc Unsecured €2029	80,000	4.26%	4.4x	1,030.8	242.9	76.4%	68.2%	4.2x	0.7x	24.0%	5.5%	26.1%
4.85% JD Capital plc Secured €2032 S1 T1	14,000	4.85%	1.7x	76.3	20.3	73.3%	63.1%	16.9x	2.1x	0.1%	0.2%	9.6%
4% Central Business Centres plc Unsecured €2027-2033	21,000	4.34%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
5.25% Bonnici Bros Properties plc Unsecured €2033 S1 T1	12,000	4.81%	2.2x	37.6	17.1	54.7%	15.9%	3.0x	0.7x	0.0%	0.1%	19.0%
5.2% VBL plc Secured €2030 - 2034	10,000	5.20%	11.1x	79.5	65.4	17.7%	10.4%	2.4x	0.9x	2.6%	52.3%	40.2%
	Average*	4.48%										

Source: Latest available audited financial statements
Last price as at 13/09/2024

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

YIELD CURVE ANALYSIS



Source: Central Bank of Malta and Malta Stock Exchange (MSE)

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the yield of the VBL p.l.c. bond.

As at 23 September 2024, the average spread over the Malta Government Stocks (MGS) for issuers with a maturity range of 1-10 years (2025 – 2034) was 176 basis points. The proposed VBL p.l.c. bond is being priced with a 5.2% coupon issued at par, meaning a spread of 202 basis points over the equivalent MGS, and therefore at a premium to the average on the market of 26 basis points. It is pertinent to note that both the Issuers' maturity and industry are significantly different to the corporates identified and as such its risks also differ to that of other issuers

PART 4 - GLOSSARY AND DEFINITIONS

Income Statement

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

Profitability Ratios

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

Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.
Balance Sheet	
Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.
Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

ANNEX II

LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

Calamatta Cuschieri Investment Services Limited

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Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta
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