VBL Group

SUMMARY

dated 4 October 2024

This document is a Summary 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.

in respect of an issue of
up to €10,000,000 5.2% secured bonds 2030 - 2034 (ISIN: MT0002551217)
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

YOU ARE ABOUT TO PURCHASE SECURITIES THAT ARE NOT SIMPLE AND MAY BE DIFFICULT TO UNDERSTAND. THIS SUMMARY HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVED THIS SUMMARY AS MEETING THE STARDARDS OF COMPLETENESS, COMPREHENSIBILITY, AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

THIS SUMMARY IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY 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.

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

Approved by the Directors

Andrei Imbroll **Geza Szephalmi**

signing in their own capacity as directors of the Issuer and on behalf of each of
Julian Tzvetkov, Artur Haze, David Galea Souchet, John Attard and Isabella Vella

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Secured Bonds. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

1. INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer and the Secured Bonds, summarised details of which are set out below:

Full legal and commercial name of the Issuer	VBL p.l.c.
Registered address	54, Marsamxett Road, Valletta VLT 1853, Malta
Registration number	C 56012
Legal Entity Identification (LEI) Number	485100EOK8ED6FMU4R55
Date of Registration	18 April 2012
Telephone number	00356 27133344
Email	info@vbl.com.mt
Website	www.vbl.com.mt
Nature of the securities:	Secured bonds of an aggregate principal amount of up to €10,000,000, of a nominal value of €100 per bond, issued at par and redeemable at their nominal value on the Redemption Date, and bearing interest at the rate of 5.2% per annum
ISIN number of the Secured Bonds	MT0002551217
Competent authority approving the Prospectus	The Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta)
Address, telephone number and official website of the competent authority approving the Prospectus	Address: Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business, District, Birkirkara CBD 1010, Malta Telephone number: +356 21 441 155 Official website: www.mfsa.mt
Prospectus approval date:	4 October 2024

Prospective investors are hereby warned that:

(i) this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Secured Bonds being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;
(ii) any decision of the investor to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
(iii) an investor may lose all or part of the capital invested in subscribing for Secured Bonds;
(iv) where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated;
(v) civil liability attaches only to those persons who have tabled the Summary including any translation thereof but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate, or inconsistent or does not provide key information in order to aid investors when considering whether to invest in the Secured Bonds; and
(vi) you are about to purchase securities that are not simple and may be difficult to understand.

2. KEY INFORMATION ON THE ISSUER

2.1. Who is the Issuer of the securities?

2.1.1. Domicile and legal form, its LEI and country of incorporation

The Issuer is VBL p.l.c., a public limited liability company registered in Malta in terms of the Companies Act. The legal entity identifier (LEI) number of the Issuer is 485100EOK8ED6FMU4R55.

2.1.2. *Principal Activities of the Issuer*

The Company is involved in the real estate industry, with a niche focus on identifying, acquiring, developing and managing real estate in Valletta. The Group's strategy involves creating a diverse portfolio of operational and development assets, consisting of hospitality (accommodation) assets, for both short and long-term lets, and commercial real estate consisting of retail, entertainment, and office space. The Company currently holds 100% of the issued share capital in the following subsidiaries:

i. VREM Ltd: VREM Ltd is entrusted with the hospitality and property operations within the Group. VREM Ltd manages and operates the assets of the Company and provides property management services for third-parties; and
ii. Silver Horse Block Ltd: Silver Horse Block Ltd is a 100% owned, yet inactive development project company, with no assets or activity as of the date of this Summary.

2.1.3. *Major Shareholders of the Issuer*

VBLM holds 46,000,010 shares equivalent to 18.46%, Mr Artur Haze holds 44,010,815 shares equivalent to 17.66%, Dr Geza Szephalmi holds 40,433,395 shares equivalent to 16.23%, and Dr Andrei Imbroll holds 36,919,655 shares equivalent to 14.82% in the issued share capital of the Company. The majority of the issued share capital of VBLM is owned by the Executives. Approximately 53.4% of the issued share capital of the Company is held directly or indirectly by the Executives.

2.1.4. *Board of Directors of the Issuer*

The Board of the Issuer is composed of the following executive directors: Andrei Imbroll (Chief Executive Officer), Geza Szephalmi (Chairman), Julian Tzvetkov (Chief Financial Officer); and non-executive directors: Arthur Haze, David Galea Souchet, John Attard and Isabella Vella.

2.1.5. *Statutory Auditors*

The auditors of the Issuer as of the date of this Summary and for the financial years ended 2021, 2022 and 2023 are RSM Malta of Mdina Road, Zebbug ZBG 9015, Malta. The Accountancy Board registration number of RSM Malta is AB/26/84/53.

2.2. What is the key financial information regarding the Issuer?

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

Income Statement	FY2023	FY2022	FY2021	Jun-24	Jun-23
Operating profit (€'000)	2,021	6,604	6,082	70	260

Statement of Financial Position	FY2023	FY2022	FY2021	Jun-24
Net financial debt (€'000)	7,732	7,240	1,989	7,914

Cash Flow Statement	FY2023	FY2022	FY2021	Jun-24	Jun-23
Cash flows generated from / (used in) operating activities (€'000)	507	623	(919)	302	354
Cash flows used in investing activities (€'000)	(546)	(5,443)	(339)	(398)	(467)
Cash flows generated from / (used in) financing activities (€'000)	(376)	4,219	1,495	326	(360)

2.3. What are the key risks that are specific to the Issuer?

The most material risk factors specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

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

A number of the properties targeted and acquired by the Issuer may have had multiple owners, and a complex root of title, which may not be fully or completely verified. This complexity is accentuated in the case of immovable property situated in Valletta. There can be no guarantee as to the unqualified validity of the root of title to all of the immovable properties acquired or held by the Group. Accordingly, the Group is susceptible to the risk of claims made by third parties alleging title or other rights or interests over the immovable properties acquired from time to time. Resolving such claims may entail significant costs and time for the Issuer and may disrupt operations undertaken at the immovable property/ies concerned.

2.3.2. Risks inherent in the real estate market

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

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

The Issuer operates in a very niche and highly competitive market. The Issuer's financial performance and future growth is partly dependent on the ability to acquire, sell and operate its assets on attractive and sustainable commercial terms. There can be no assurance that the Issuer will continue to be able to identify and acquire assets on attractive commercial terms or even at all. The Issuer may additionally incur significant costs in connection with the assessment of potential property acquisition, development and, or investment opportunities. If a proposed acquisition, development and, or investment were not to proceed to completion or otherwise abandoned, the Issuer will be unable to recoup such sunk costs or may incur break-up costs, which could have a negative impact on its financial condition and performance.

2.3.4. Risks relating to the disposal of real estate assets

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

2.3.5. Risks associated with property development and the construction industry

The Issuer undertakes conversion, renovation and development works on real estate assets it acquires or manages, or occasionally on properties owned by third parties. To the extent that the Issuer does so, it would be subject to the execution risks normally associated with property development, including but not limited to the risk of cost overruns; the risk of insufficiency of resources to complete development projects as planned, or at all; and the risk arising from the fact that the Issuer is dealing primarily with old, historic properties. In addition, the risks relating to conversion, renovation, construction and development are accentuated owing to the added restrictions and requirements pertaining to the undertaking of such works on properties situated in Valletta.

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

The Issuer is dependent on the income generated by the underlying property owned or operated. The receipt of any rental income due and payable in respect of the underlying property, and the possibility that tenants may default on their rental obligations, creates a consequential risk that it could cause a decline in the Issuer's income, its general financial performance and its ability to sustain dividend payments to shareholders. The Issuer is also susceptible to the risks relating to the concentration of the Issuer's property portfolio in Valletta. Consequently, the Issuer's management and operations activities are dependent, in part, on the competitive strength of the Valletta market relative to other areas in Malta and overseas.

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

The operations and profitability of the Issuer are dependent on management's performance. Management and support services are provided by VBLM to the Issuer in terms of a management services agreement, originally valid until October 2024 however extended along similar terms for an additional period of three years, until 31 December 2027. The majority of the issued share capital of VBLM is owned by the Executives and VBLM is also the largest direct shareholder in the Issuer. The Executives are considered key for the Issuer's and the Group's future strategy as they have developed the skills, experience, relationship and contacts on which the Issuer's and the Group's future strategy relies.

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

The Issuer owns and leases a number of properties in Valletta which are operated by third party tenants in the hospitality and retail trade industry, specifically in the food and beverage sector. Accordingly, the Issuer's hospitality business is also subject to a number of risk factors that affect the food and beverage industry in general. Adverse changes in one or more of these factors could reduce income generated at the catering and, or retail establishments owned by the Company but operated by third party tenants, which may in turn, reduce the willingness or ability of such third-party tenants to renew or maintain existing tenancy agreements or to enter into new tenancy agreements for the operation of such properties.

2.3.9. Risks inherent in property valuations

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

3. KEY INFORMATION ON THE SECURITIES

3.1. What are the main features of the securities?

The Secured Bonds are being issued in an aggregate amount of up to €10,000,000 with a nominal value of €100 per Secured Bond issued and redeemable at par on the Redemption Date. The Secured Bonds bear interest at the rate of 5.2%per annum on the nominal value of the Secured Bonds. 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 Issuer at the CSD. On admission to trading the Secured Bonds shall have the following ISIN: MT0002551217. The Secured Bonds shall be freely transferable.

The Secured Bonds constitute the general, direct, unconditional, and secured obligations of the Issuer and shall at all times rank *pari passu* without any priority or preference among themselves. The Secured Bonds are secured by the Collateral. There are no special rights attached to the Secured Bonds other than the right of the Bondholders to: (i) attend, participate in, and vote at, Bondholders' Meetings in accordance with the terms and conditions of the Secured Bonds; (ii) the payment of capital and interest in accordance with the ranking of the Secured Bonds; (iii) the benefit of security interests through the Security Trustee; and (iv) such other rights attached to the Secured Bonds.

3.2. Where will the securities be traded?

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

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

3.3.1. Complex financial instrument and suitability assessment

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 the early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II and may not be suitable for all recipients of the Prospectus. Investors must consult with an investment advisor before investing in the Secured Bonds. In the event that an investor does not seek professional advice and, or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

3.3.2. 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 those Secured Bonds. If the Secured Bonds are redeemed on an Early Redemption Date, a Bondholder would not receive the same return on investment that it 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.

3.3.3. No prior market for the Secured Bonds

Prior to the Bond Issue, there has been no public market, nor trading record, 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 price of the Secured Bonds will correspond to the price at which the Secured Bonds will trade in the market subsequent to the Bond Issue.

3.3.4. 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 Issuer has no control.

3.3.5. The Secured Bonds are 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. 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.

3.3.6. Enforcement of Security

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. There is no guarantee that the Bondholders will recover the value of the Secured Assets afforded to it 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 where 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 it in the valuation report.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1. Under which conditions and timetable can I invest in this security?

4.1.1. Plan of Distribution, Allotment and Allocation Policy

The Secured Bonds shall be made available for subscription to all categories of investors 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 with the Issuer; 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.

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.

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 Business Days of the announcement of the allocation policy.

The Company shall announce the result of the Bond Issue through a company announcement by not later than 25 October 2024. Dealings in the Secured Bonds shall not commence prior to the Secured Bonds being admitted to the Official List.

4.1.2. Total Estimated 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.

4.1.4. Expected Timetable

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.

4.2. Why is this prospectus being produced?

4.2.1. The use and estimated net amount of the 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:

i. 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;

ii. 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

iii. 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 instructions 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:

i. Malta Government stocks or local SICAVs or other investment vehicles that principally invest in Malta Government stocks; and

ii. 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.

The Sponsor, Manager & Registrar does not have any material interest in the Issuer. The Bond Issue is not subject to an underwriting agreement on a firm commitment basis.