



VBL
Group

PROSPECTUS

4 October 2024

Legal Counsel



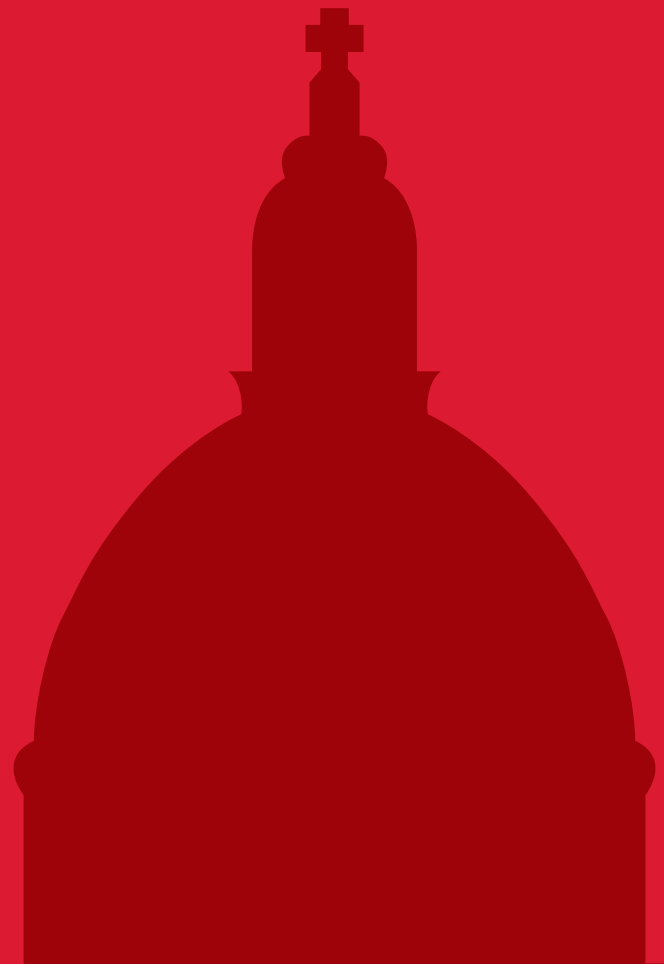
CAMILLERI PREZIOSI
ADVOCATES

Security Trustee

 TRIDENT TRUST

Sponsor, Manager & Registrar

Calamatta Cuschieri





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 STANDARDS 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 I-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 Szepalmi 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 Szepalmi (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 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 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.



REGISTRATION DOCUMENT

dated 4 October 2024

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

by

VBL P.L.C.

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

Legal Counsel

Security Trustee

Sponsor, Manager & Registrar



CAMILLERI PREZIOSI

A D V O C A T E S



Calamatta Cuschieri

THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS APPROVED THIS REGISTRATION DOCUMENT AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY, AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT OF THIS REGISTRATION DOCUMENT. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS. THE MALTA FINANCIAL SERVICES AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE CAPITAL MARKETS RULES.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN ANY SECURITIES ISSUED BY THE COMPANY.

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

Approved by the Directors



Andrei Imbroll



Geza Szephalmi

in their capacity as Directors of the Company

and for and on behalf of Julian Tzvetkov, Artur Haze, David Galea Souchet, John Attard and Isabella Vella.

IMPORTANT INFORMATION

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

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

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS, OR ANY PART THEREOF, OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THE PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE COMPANY: (I) BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY SECURITIES ISSUED BY THE ISSUER MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

UNLESS INCORPORATED BY REFERENCE IN THIS REGISTRATION DOCUMENT, THE CONTENTS OF THE COMPANY'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE COMPANY'S WEBSITE DO NOT FORM PART OF THIS REGISTRATION DOCUMENT. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN SECURITIES OF THE COMPANY. ALL THE ADVISORS TO THE COMPANY NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING ENTITLED "ADVISORS TO THE COMPANY" IN SECTION 3.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

STATEMENTS MADE IN THIS REGISTRATION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.

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

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



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1. DEFINITIONS

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

Act or Companies Act	the Companies Act (Cap. 386 of the laws of Malta);
Bond Issue	the issue of the Secured Bonds;
Capital Markets Rules	the capital markets rules issued by the Malta Financial Services Authority in terms of the Financial Markets Act;
Company or the Issuer	VBL p.l.c., a public limited liability company registered under the laws of Malta bearing company registration number C 56012 and having its registered office at 54, Marsamxett Road, Valletta VLT 1853, Malta;
Directors or Board	the directors of the Company whose names are set out in section 3.1 of this Registration Document under the heading 'Directors of the Issuer';
Early Redemption Date	any date falling on or between 25 October 2030 and 25 October 2034, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the Secured Bonds and all interest accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and the term " Early Redemption " shall be construed accordingly;
Euro or €	the lawful currency of the Republic of Malta;
Executives	collectively, Geza Szephalmi (67571A), Andrei Imbroil (531778M), and Julian Tzvetkov (157717A);
Financial Markets Act	the Financial Markets Act (Cap. 345 of the laws of Malta);
GDPR	Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;
Group or VBL or VBL Group	the group of companies of which the Company is the parent and the VBL Subsidiaries are the subsidiaries;
Long Term Development Facility	the long-term development and acquisition financing facility of a total of €15,000,000 made available to the Company by Bank of Valletta p.l.c. (C 2833) for the financing of: <ul style="list-style-type: none">i. working capital requirements in connection with cashflow gaps;ii. the refurbishing of the Silver Horse Phase 2 into a mix of tourism accommodation units and retail outlets;iii. the refurbishing of the Orangery Lodge Phase 2 into a mix of tourism accommodation units and retail outlets;iv. the refurbishing of the Palazzo Stella Valletta into a mix of tourism accommodation units and retail outlets;v. the refurbishing of the Casa San Domenico into a mix of tourism accommodation units and retail outlets;vi. the settling of a third party loan; andvii. the acquisition of 'The Coliseum Shopping Arcade';
IPO	the initial public offering consisting of; (i) the issue by the Company of up to 35,714,286 new ordinary shares of a nominal value €0.20 per share; and (ii) the offer by certain shareholders of the Company of up to 35,714,286 existing ordinary shares of a nominal value of €0.20 per share, each at an offer price of €0.28 per share, pursuant to a prospectus dated 23rd July 2021;
Memorandum and Articles of Association	the memorandum and articles of association of the Company in force at the date of this Registration Document. The terms " Memorandum ", " Articles " and " Articles of Association " shall be construed accordingly;
Malta Financial Services Authority or MFSA	the Malta Financial Services Authority, established in terms of the Financial Markets Act as the competent authority to approve prospectuses for the purposes of any offer of securities to the public in Malta;

Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta), with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE bye-laws;
Orangery Lodge Phase 1 or OL1	the property situated in West Street c/w St. Michael Street Valletta measuring <i>circa</i> 1056sqm developed in 2015, consisting of eight residential units, which units were sold whereas the common area and airspace were retained for use in OL2;
Orangery Lodge Phase 2 or OL2	collectively; <ul style="list-style-type: none"> i. (i) the property situated in West Street c/w St. Michael Street Valletta measuring <i>circa</i> 651sqm adjacent to OL1, currently under development for hospitality and, or residential use; ii. (ii) the retail unit situated at ground floor in West Street Valletta known as “Lucky Store” measuring <i>circa</i> 97sqm, currently under development as part of the OL2 project; and iii. (iii) the common area and airspace measuring <i>circa</i> 287sqm forming part of and servicing both OL1 and OL2;
Property Valuation Report	the property valuation report, dated 30 August 2024, prepared in accordance with Chapter 7 of the Capital Markets Rules by Dr Edwin Mintoff, Architect and Civil Engineer B.E.&.A (Hons), PhD (Newcastle) A.&.C.E;
Prospectus	collectively this Registration Document, the Securities Note, and the Summary;
Prospectus Regulation	Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and in accordance with the provisions of Commission Delegated Regulation No. 2019/979 and Commission Delegated Regulation No. 2019/980 issued thereunder;
Redemption Date	25 October 2034 or the Early Redemption Date;
Registration Document	this document in its entirety;
Secured Bonds	the €10,000,000 secured bonds of a nominal value of €100 per bond payable in full upon subscription, redeemable at their nominal value on the Redemption Date or an Early Redemption Date, and bearing interest at a rate of 5.2% per annum, as described in further detail in the Securities Note;
Securities Note	the securities note issued by the Issuer dated 4 October 2024, forming part of the Prospectus;
Security Trustee	Trident Trust Company (Malta) Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 51249, and having its registered office at Trident Park, Notabile Gardens, No. 2 – Level 3, Mdina Road, Zone 2, Central Business District, Birkirkara CBD 2010, Malta, authorised to act as trustee in terms of the Trust and Trustees Act, Cap. 331 of the laws of Malta;
Silver Horse Block	Silver Horse Block Ltd, a private limited liability company registered under the laws of Malta bearing company registration number C 81976 and having its registered office at 54, Marsamxett Road, Valletta VLT 1853, Malta;
Silver Horse Development	collectively: SHB1, SHB2, and SHB3;
Silver Horse Phase 1 or SHB1	the property situated in Strait Street c/w St. Christopher Street Valletta measuring <i>circa</i> 1,331sqm developed in 2016 for commercial use, principally in the retail and F&B sectors, consisting of nine commercial units (jointly referred to as ‘The Gut’);
Silver Horse Phase 2 or SHB2	the property situated in Strait Street c/w St. Christopher Street overlying SHB1 measuring <i>circa</i> 5,808sqm of gross development area, currently under development for use in the hospitality sector, which once developed, shall comprise six floors, roof-top garden terrace, and pool area, resulting in a final net area of 5,370sqm;

Silver Horse Phase 3 or SHB3	collectively: (i) the properties situated in Strait Street and Old Bakery Street, Valletta known as “Little Horse” and “Stone Mason’s House”, measuring in aggregate <i>circa</i> 992sqm, adjacent to SHB2; and (ii) any other buildings in close proximity of the aforesaid as may be acquired in future, inclusive of properties currently under promise of sale agreements, for development for eventual use in the hospitality sector, either as an extension to SHB2 or on a standalone basis;
Sponsor, Manager & Registrar	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered in Malta bearing company number C 13729, having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, licensed by the MFSA and a member of the MSE;
Summary	the summary issued by the Issuer dated 4 October 2024, forming part of the Prospectus;
Security Trust Deed	the trust deed entered into by and between the Issuer and the Security Trustee dated 30 September 2024;
VBL Subsidiaries	each of VREM and Silver Horse Block;
VBLM	VBLM Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 60381 and having its registered office at 54, Marsamxett Road, Valletta VLT 1853, Malta; and
VREM	VREM Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 73954 and having its registered office at 54, Marsamxett Road, Valletta VLT 1853, Malta.

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and *vice versa*;
- (b) words importing the masculine gender shall include the feminine gender and *vice versa*;
- (c) the word “*may*” shall be construed as permissive and the word “*shall*” shall be construed as imperative;
- (d) all references in this Registration Document to “*Malta*” shall be construed as defined in Article 124(1) of the Constitution of Malta;
- (e) any phrase introduced by the terms “*including*”, “*include*”, “*in particular*” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- (f) any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the time of issue of this Registration Document.

2. RISK FACTORS

2.1 INTRODUCTION

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE COMPANY IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER FOUR MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) RISKS RELATING TO THE ACQUISITION OF IMMOVABLE PROPERTY; (II) RISKS RELATING TO CONSTRUCTION AND DEVELOPMENT OF IMMOVABLE PROPERTY; (III) RISKS RELATING TO MANAGEMENT AND OPERATION OF IMMOVABLE PROPERTY; AND (IV) RISKS RELATING TO THE GENERAL BUSINESS AND OPERATIONS OF THE GROUP. THE LATTER CATEGORY OF RISK FACTORS IS INTENDED TO ENCAPSULATE THOSE RISK FACTORS THAT CONCERN THE DAY-TO-DAY OPERATIONS AND ACTIVITIES OF THE GROUP, REGARDLESS OF THE LINE OF OPERATIONS CONCERNED AND ARE, THEREFORE, CONSIDERED TO APPLY EQUALLY TO EACH OF THE INDIVIDUAL BUSINESS LINES REFERRED TO IN CATEGORIES (I) TO (III). IN ADDITION, THE BOARD CONSIDERS THAT IN VIEW OF THE CONCENTRATION OF THE GROUP’S IMMOVABLE PROPERTIES IN VALLETTA, IT IS APPROPRIATE TO IDENTIFY THOSE SPECIFIC RISKS THAT ARE IDENTIFIABLE AS BEING ATTRIBUTABLE TO, OR ASSOCIATED WITH, THE MARKET FOR IMMOVABLE PROPERTY SITUATED IN VALLETTA, TAKING INTO ACCOUNT THE UNIQUE CHARACTERISTICS OF VALLETTA. THOSE

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

THE RISK FACTOR FIRST APPEARING UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH SUB-CATEGORY AS AT THE DATE OF THIS REGISTRATION DOCUMENT. SUBSEQUENT RISK FACTORS IN THE SAME SUB-CATEGORY ARE NOT RANKED IN ORDER OF MATERIALITY OR PROBABILITY OF OCCURRENCE. IN MAKING THEIR ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS OF THE COMPANY, AND, OR THE GROUP, IF THE RISK FACTOR WERE TO MATERIALISE. WHERE A RISK FACTOR MAY BE CATEGORISED IN MORE THAN ONE CATEGORY, SUCH RISK FACTOR ONLY APPEARS ONCE IN THE MOST RELEVANT CATEGORY OR SUB-CATEGORY FOR SUCH RISK FACTOR.

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

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

2.2 FORWARD-LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "projects", "envisages", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and, or the Directors concerning, amongst other things, the Company's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the market in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Company's actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Company are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under this section and elsewhere in the Prospectus.

All forward-looking statements contained in the Prospectus are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Company and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

2.3 MATERIAL RISKS RELATING TO THE ACQUISITION OF IMMOVABLE PROPERTY

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

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

The Company is exposed to property title risk and claims.

A number of the properties targeted and acquired by the Company may have had multiple owners, frequently through successive inheritances, and a complex root of title, which may not be fully or completely verified. This complexity is accentuated in the case of immovable property situated in Valletta, due to the increased likelihood of long lines of succession and greater uncertainty as to the root and validity of title in respect of properties that may be centuries old.

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

In light of the aforesaid, there can be no guarantee as to the unqualified validity of the root of title to all of the immovable properties acquired or held by the Group under title of ownership or temporary emphyteusis. This uncertainty means that the Group is susceptible to the risk of claims made by third parties alleging title or other rights or interests over the immovable properties acquired from time to time. Resolving such claims may entail significant costs and time for the Company and may disrupt the operations of the Company undertaken at the immovable property/ies concerned, including disruptions that may arise if the Company were to be ordered by the competent judicial, arbitral or other competent authorities to cease operations thereat pending resolution of any such dispute. Furthermore, where a claimant is successful, the Company may be liable to payment of costs of legal proceedings, damages, or other compensation, or may be under an obligation to forfeit such immovable property altogether. The occurrence of these risks relating to proper title may, therefore, have a material adverse effect on the operations, financial performance and financial position of the Company.

2.3.2 Risks inherent in the real estate market

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

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

The Company operates in a very niche market, which by its very nature presents a highly competitive environment, given the limited supply of real estate situated in Valletta. The Company's financial performance and future growth is partly dependent on the ability to acquire, sell and operate its assets on attractive and sustainable commercial terms. There can be no assurance that the Company will continue to be able to identify and acquire target assets on attractive commercial terms or even at all

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

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

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

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

2.3.4 Risks relating to the disposal of real estate assets

The Company may from time to time seek to dispose of real estate assets to optimise or restructure its property portfolio, to generate additional capital for investment, to improve its cashflows, to generate profits for distribution, or because an asset may be under-performing financial targets or be deemed suitable for disposal. There can be no assurance that real estate assets in the Company's portfolio will be transferred and disposed of at the carrying value held by the Company at the time or at their estimated value at any other time before a potential transaction. It may be difficult to dispose of the Company's properties at their carrying values on account of: (a) market conditions; (b) the size or value of the overall portfolio; (c) the specialised nature of the properties in question; (d) specific local market conditions or regulatory risks; or (e) other local or international economic factors influencing the Company's operations or assets. It may prove necessary to dispose of properties at values which the Directors consider are reasonable in the circumstances prevailing at the time, but which represent discounts to book values or earlier property valuation reports, in order to satisfy other commercial demands of the Company and deliver the long term strategy objectives set by the Company's management and the Directors. Such risks may have an adverse impact on the financial condition of the Company.

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

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

2.4.1 Risks associated with property development and the construction industry

The Company undertakes conversion, renovation, and development works on real estate assets it acquires or manages, or occasionally on properties owned by third parties. To the extent that the Company does so, it would be subject to the execution risks normally associated with property development. These risks include:

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

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

In addition, the risks relating to conversion, renovation, construction and development are accentuated owing to the added restrictions and requirements pertaining to the undertaking of such works on properties situated in Valletta – a historic and cultural centre that is protected and recognised by UNESCO¹ as a world heritage centre. Accordingly, the Company may be subject to additional requirements relating to proper conservation and restoration, with restrictions on internal structural and layout modifications, as well as applicable restrictions on permitted construction materials or techniques. These factors may increase the costs associated with construction and development of properties situated in Valletta, and the Company is susceptible to heightened risks of fines, penalties, or other sanctions for non-compliance with such requirements or restrictions.

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

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

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

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

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

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

1 United Nations Educational, Scientific and Cultural Organisation.

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

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

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

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

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

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

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

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

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

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

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

2.5.2 Risks relating to the hospitality and tourism industry

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

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

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

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

2.5.3 Risks relating to the Company and the Group's dependence on VBLM and the key executive personnel that it provides

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

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

The Company owns and leases a number of properties in Valletta which are operated by third party tenants in the hospitality and retail trade industry, specifically in the food and beverage sector, typically rented on long-term lease agreement. Accordingly, the Company's long-term rental business is also subject to a number of risk factors that affect the food and beverage industry in general, including:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.6.3 Risks inherent in property valuations

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

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

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

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

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

Historically, the Company has financed its operations from shareholders' and other own funds. Additionally, the Company has also raised capital following the IPO and further issues of new ordinary shares since IPO. More recently, the Company has

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

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

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

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

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

3.1 DIRECTORS OF THE ISSUER

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

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

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

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

3.2 RESPONSIBILITY AND AUTHORISATION STATEMENT

The Directors of the Company, whose names appear in section 3.1 above, are the persons responsible for the information contained in this Registration Document. To the best of the knowledge and belief of the Directors (who have all taken reasonable care to ensure such is the case), the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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

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

3.3 ADVISORS TO THE COMPANY

LEGAL COUNSEL

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

SPONSOR, MANAGER & REGISTRAR

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

FINANCIAL ADVISERS

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

3.4 STATUTORY AUDITORS

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

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

3.5 SECURITY TRUSTEE

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

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

4. INFORMATION ABOUT THE COMPANY

4.1 GENERAL INFORMATION

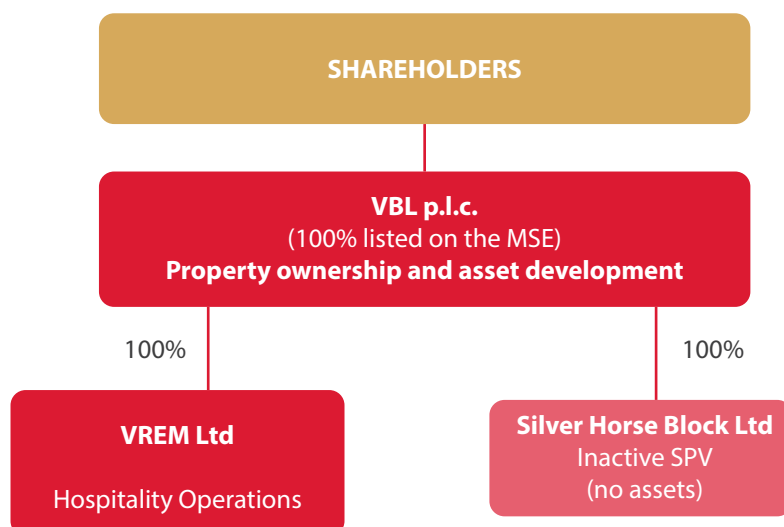
Legal & commercial name of Company:	VBL p.l.c.
Registered address:	54, Marsamxett Road, Valletta, Malta
Place of domicile & registration:	Malta
Registration number:	C 56012
Legal Entity Identifier (LEI):	485100EOK8ED6FMU4R55
Telephone number:	00356 27133344
Email:	info@vbl.com.mt
Website:	www.vbl.com.mt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

Unless it is specifically stated herein that particular information is incorporated by reference into the Prospectus, the contents of the Company's website or any other website directly or indirectly linked to the Company's website, or any other website referred to herein, do not form part of the Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such website as a basis for a decision to invest in the securities.

4.2 ORGANISATIONAL STRUCTURE

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

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



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

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

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

4.3 MANAGEMENT AND SUPPORT SERVICES AGREEMENT WITH VBLM

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

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

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

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

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

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

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

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

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

5. BUSINESS OVERVIEW

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

5.1 PRINCIPAL MARKET

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

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

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

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

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

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

5.2 PRINCIPAL ACTIVITIES

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

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

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

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

- A. The identification and acquisition of real estate assets in the city of Valletta, and the consolidation of acquired properties to achieve sizeable development projects, spanning from the planning and permitting stage to the preparation and development of the projects in question – as described in detail in section 5.2.1;
- B. The execution, on a project-by-project basis, of the restructuring, conceptualisation, re-development and renovation of acquired real estate assets, including consideration and adjustment to market conditions, demand and in line with the endeavours for regeneration and improvement of related city areas, improving overall quality of life for the local community and residents – as described in detail in section 5.2.2; and
- C. The renting, leasing, operation, and management of regenerated and developed real estate assets with a view to generating growing recurring rental income; or the sale, and occasionally management for the new owners, of the re-developed assets, where the commercial opportunity to dispose of the asset secures higher margins than its on-going operation. This operational division also includes the management of other third-party real estate assets for accommodation, commercial and, or office space and the provision of professional operation and management services of established hotels and hostels, by leveraging on VBL's existent operational structures and highly skilled management team, while providing high value-added services and overall solution to owners of such assets – as described in detail in section 5.2.3.

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

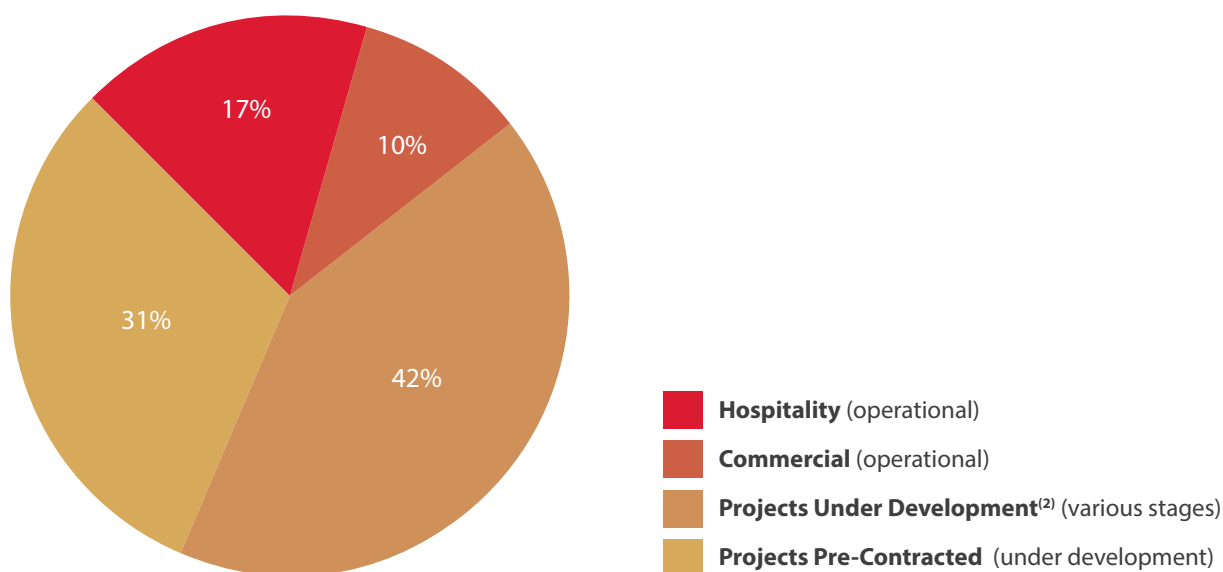
5.2.1 IDENTIFICATION, ACQUISITION AND CONSOLIDATION OF REAL ESTATE SITUATED IN VALLETTA

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

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

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

VBL's Existing Owned Portfolio Breakdown of Total Gross Area by Designation ⁽¹⁾



Notes: Data as of June 2024

(1) Excludes leased, third-party managed and under promise of sale properties

(2) Includes undeveloped and property under development. Remains partly uncategorised due to the flexible nature of the assets.

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

All assets are concentrated within a uniform 0.55km² Valletta peninsula allowing for efficient development and property management operations. Hospitality properties vary across all customer segments (entry, mid-range, upscale), individual units, block of apartments, palazzos, or collective accommodation.

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

5.2.1.1 PROPERTY OWNERSHIP

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

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

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

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

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

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

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

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

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

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

5.2.2 DEVELOPMENT AND RENOVATION OF ACQUIRED REAL ESTATE ASSETS

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

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

5.2.2.1 DEVELOPMENT PROPERTY PORTFOLIO

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

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

Table 1: VBL Property Portfolio

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

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

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

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

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

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

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

5.2.2.2 PROJECTS FORMING PART OF THE CURRENT DEVELOPMENT CYCLE

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

5.2.2.2.1 COMPLETED PROJECTS

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

1. Casa San Domenico, 19, Old Hospital Street, Valletta: The property was developed into eight hospitality rooms with ensuite bathrooms. Works on the development of this property were completed in 2023 in accordance with development permit PA/07611/22. The total development capex investment of the development amounted to circa €420,000, partly financed by Company equity and partly through the Long Term Development Facility.
2. Palazzo Stella Valletta, 92-93 & 37A, St. Nicholas Street & St. Anne Street, Valletta: The property was developed into a sea-view, traditional style house of character with five floors intended to be used for hospitality purposes or rented as one unit. Works on the development of this property were completed in August 2024, in accordance with development permit PA/05702/22. The total development capex investment of the development is expected to amount to circa €900,000, partly financed by Company equity and partly through the Long Term Development Facility.

5.2.2.2.2 PROJECTS UNDER DEVELOPMENT

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

1. Silver Horse Development, Strait Street c/w St. Christopher Street and Old Bakery Street, Valletta: SHB1 forming part of the Silver Horse Development is already operational. SHB2 is a property in an advanced stage of development in accordance with the existing full development permit PA/10091/18, overlying SHB1, being a *circa* 1,000sqm floor area property spread over six floors, including a roof-top garden terrace and pool area, resulting in a total gross development area of *circa* 5,808sqm and a final net area of 5,370sqm. The development of SHB2 encountered temporary delays due to unexpected technical obstacles which the Company faced, primarily owing to the fact that the property is a historic building, dating back to the 19th century. These technical issues have since been resolved and development resumed. During the course of development of SHB2, the Company implemented certain upgrades to the finishings and internal features, with a view to increasing overall quality of the product, improving the energy efficiency and sound insulation of the building, against an increase of *circa* 20% to the development cost. It is expected that these improvements will result in higher rental yields and less expensive property operation during the lifespan of the development, allowing for recovery of part or all of the said increased development cost. The Company expects the total cost of development of SHB2 to amount to *circa* €11.5 million, of which €6 million is being financed from the Long Term Development Facility, up to a total of €4.3 million is planned to be financed from the proceeds of the Bond Issue as further set out in section 5.2 of the Securities Note, while the remainder has been financed through Company equity and own funds. The development of SHB2 is expected to deliver recurring rental revenues in excess of €2.0 million per annum as from mid-2026. The property is currently being developed based on a valid full development permit, however the Company has applied with the Planning Authority to change the intended use of the property, thereby converting it to a hotel or guest house. Should this change of use application be accepted, no material changes will be made to the approved structure, and development can continue as planned on the basis of the approved application. Additionally, the Company expects to develop SHB3 as an add-on facility to SHB2, once such project is completed. The Company has already acquired the properties known as "Stone Mason's House" and "Little Horse" located on Old Bakery Street and Strait Street, Valletta as forming part of SHB3, and plans to possibly add other buildings in close proximity of the aforesaid as may be acquired in future, including properties which are currently under promise of sale agreements. The properties forming part of SHB3 currently owned by the Company measure *circa* 992sqm in aggregate, resulting in a total area of *circa* 1,132sqm should Porcelain Donkey acquired as currently planned, and is expected to result in the addition of 20-25 new hospitality units. The Company expects to finance construction of SHB3 in the manner described in section 5.2.2.3 below.
2. Orangerie Lodge Phase 2, 60-62, West Street, Valletta: OL2 will be developed pursuant to development permit PA/00458/17 into nine apartments for accommodation purposes and one retail unit at ground floor, of which one unit has already been developed and sold following works conducted in parallel with the development of OL1. The Company expects the total cost of development to amount to *circa* €1.8 million, of which *circa* €950,000 is planned to be financed from the proceeds of the Bond Issue as further set out in section 5.2 of the Securities Note while the remainder is to be financed through the Long Term Development Facility. OL2 is a typical project for the Company and is directly linked to, and integrated with, OL1. OL2 will use the already developed and fully modernised access areas, common areas lift, and other infrastructure of OL1, which will allow for a better utilisation of the existing floor area and more efficient operation following development. In line with VBL's declared renovation and development strategy, OL2 will also benefit from a significant re-use of the currently deployed building materials (e.g. *xorok*, Maltese tiles, and stone) which will be recycled into modern and appealing new hospitality units, with an emphasis on traditional Maltese design and style.

5.2.2.3 PROJECTS EXPECTED TO BE DEVELOPED IN THE NEXT DEVELOPMENT CYCLE

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

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

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

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

While traditionally the Group has been financed with equity and own financial resources, the increase in revenues and EBITDA (earnings before interest, tax, depreciation, and amortisation) has allowed for employment of a conservative ratio of long-term development bank financing. This currently results in a *circa* 12.6% debt-to-equity ratio, which is projected to increase to *circa* 22-25% following the Bond Issue. The Group strategy remains to maintain a healthy and conservative gearing ratio⁴ of under 30%. Notwithstanding the aforesaid, the actual gearing ratio of the Group may vary, depending on, among other factors, the actual number of property development projects being undertaken, the rate at which new property development projects materialise, and, ultimately, the means of financing of such projects.

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

1. Coliseum Shopping Arcade, Zachary Street, Valletta: The Coliseum Shopping Arcade is a landmark building in upper-Valletta, with access from Republic Street and Zachary Street, and home of one of the first Valletta cinemas. The property is of significant size and has large potential to be developed into another landmark project for VBL. Various utilisation possibilities are being explored. Following a market assessment performed by VBL, the current market indications and expressed preliminary tenant’s interest, the asset could be converted into a modern 60-unit hospitality property and leased out on a long-term fixed rent contract, delivering guaranteed recurring rent, which would directly increase the EBITDA of the Company, as no operation costs shall be associated with the operation for the landlord. The preparatory planning and permitting phase is expected to take up to 36 months and requires a projected financing of *circa* €300,000. The Company expects to finance the construction cost from its equity, operational cash flow, and partner/tenant financing.
2. Golden Lion, Old Bakery Street Valletta: The envisioned development project will consist of 12 studio apartments, which would be operated as hospitality units under the Company’s existing operational model. Temporary structural reinforcements and upgrades are required prior to additional statical and structural surveys of the property. The preparatory planning and assessment of the structure are envisioned to require an initial capex budget of *circa* €120,000. The Company expects to finance the development of the project through equity and partner/tenant financing.
3. Island View, Marsamxett Road, Valletta: An internal renovation and upgrade of the existing premises, resulting in a five-unit hospitality property with prime sea-views and modern amenities, while preserving the internal traditional Maltese building structure and features.
4. Renovations of and upgrades to existing assets: In addition to the conversion and renovation projects of its not-yet-operational assets, the Company plans to improve, renovate, upgrade, or expand its existing operational assets in order to improve the revenue generation ability of the operational assets and product quality. The upgrade and improvement programme follows hospitality client comments and recommendations and is adjusted during the final stage of implementation with a view to achieving the highest possible client satisfaction.

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

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

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

⁴ $Gearing\ ratio = Debt / (Debt + Equity)$

5.2.3 OPERATION AND MANAGEMENT OF REAL ESTATE ASSETS

5.2.3.1 OPERATION AND MANAGEMENT OF OWNED AND LEASED REAL ESTATE ASSETS

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

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

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

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

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

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

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

5.2.3.1.1 COMMERCIAL

In the commercial property segment, the Group's activities consist of longer-term leases, typically ranging from 10 to 15 years, of F&B and other commercial outlets. The Company's initial investment in this segment in 2012 was based on the view taken by the executive management about the significant potential of Valletta transitioning into a cultural destination and shopping and entertainment hub and the fact that the city was generally underserved with quality propositions for the visiting locals and tourists. As at the end of FY2023, the Group had a total of 24 commercial outlets located in Valletta, the majority of which were operated on a long-term fixed lease basis and the remaining being under development. Nine of these outlets are situated in The Gut

area, which has since its completion in 2018 established itself as a landmark destination providing a variety of quality food and beverage outlets. The revenue generated from commercial rentals reached €387K in FY2023 (FY2021: €190k, FY2022 €314k). The Directors believe that this remains a growth area in the continued escalation of commercial and entertainment activity in Valletta, particularly in the lower part of Valletta which remains significantly underdeveloped.

5.2.3.1.2 OTHER

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

5.2.3.2 OPERATION AND MANAGEMENT OF THIRD-PARTY REAL ESTATE ASSETS⁵

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

5.2.3.2.1 SHORT LETS

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

The Group has developed a full range of systems and skills to be able to effectively and efficiently manage short-let properties in Valletta, from small studios to high-end palazzos. As part of its strategy to expand operations in the short-let property management segment, in 2015 the Group established VREM as a fully owned subsidiary to focus exclusively on developing hospitality services and property management. While the original purpose for VREM was to manage the Company's own properties, it was soon realised that there is a growing demand for professional short-let management services by third-party property owners. The Company and VREM have developed a business model which covers the needs of a growing segment of property owners who wish to operate their assets on the short-let market. VREM is considered as one of the few, and one of the largest⁶, real estate management companies in Valletta, which provides complex short-let property management services to the Group and independent third-party property owners. VREM leverages on the existing skills, established systems, and skilled workforce of the Group to improve efficiency and utilisation of its own resources, and provides a high quality and transparent service to any property owner involved in the business activities of the Company in its target market, Valletta.

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

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

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

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

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

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

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

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

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

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

1. **Short-let management based on a profit share agreement:** typical model is a 30:70 net profit sharing ratio, after all operational and sales costs are covered, whereby property owners receive 70% of the net profit.
2. **Short-let management based on a revenue share agreement:** typical revenue split model applied is 50:50 ratio of the net revenues, however, this can vary when: the property is purchased directly from the Company; certain operational costs and expenses are borne directly by owners; or when an owner entrusts the Company with more than one unit.
3. **Short-let management based on a fixed management fee:** this model has been applied and tested in some cases at the owners' request. The operation is performed based on a set fee, set at a fixed percentage of the revenues, while all costs and obligations remain with the property owner. Overall, it is considered that this model provides the same final returns to the property owner, however this is achieved with a higher level of administration and more obligations and responsibilities relaying on the owner.
4. **A fixed rent, long-term rental agreement:** where a defined monthly/annual rent is paid to the owner, but the Group is responsible for all operational, regular maintenance and sales costs, and in exchange it retains all profits realised.
5. **Long-term rental agreement where the Group undertakes the property management, carries out refurbishment or upgrade, based on a pre-agreed budget:** costs of such upgrades are typically paid by owners, or pre-financed by the Company and repaid from operational cash flows. An alternative solution to this operational model is that upgrade and improvement cost of investment is financed by the Company, but this is factored in and compensated in the rent payable.

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

5.2.3.2.2 HOTEL MANAGEMENT

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

At the end of 2023, VREM was engaged to manage and operate three hotels in Valletta under a revenue sharing model.

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

6. OPERATING AND FINANCIAL REVIEW

6.1 PRESENTATION OF FINANCIAL INFORMATION

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

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

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

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

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

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

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

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

6.2 CONSOLIDATED INCOME STATEMENT

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

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

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

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

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

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

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

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

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

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

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

6.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

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

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

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

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

6.4 CONSOLIDATED CASH FLOW STATEMENTS

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

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

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

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

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

7. TREND INFORMATION

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

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

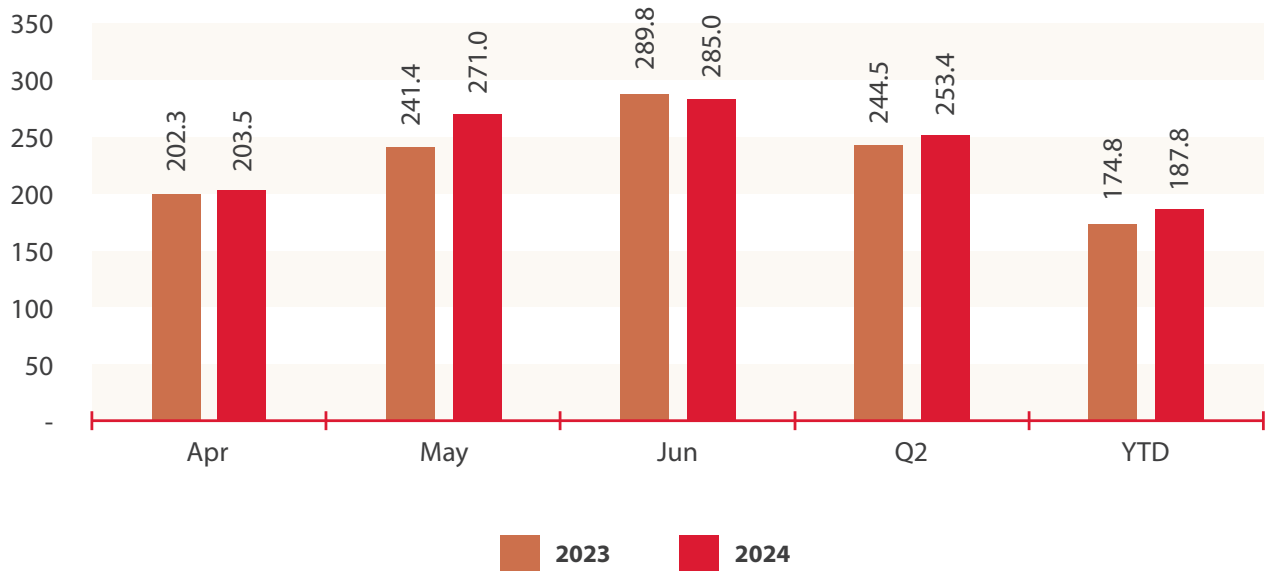
- Residential property
- Office space
- Hospitality
 - Collective accommodation
 - Private accommodation
- Commercial
 - Food and beverage commercial outlets
 - Retail outlets
- Storage

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

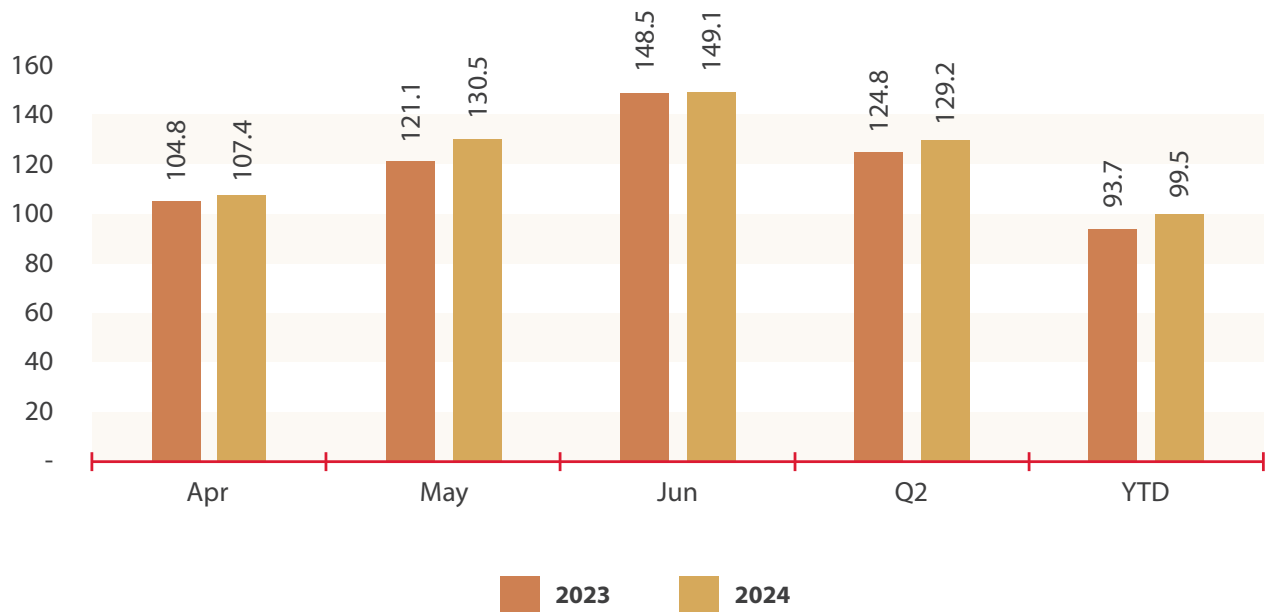
Notwithstanding the general economic uncertainties and geopolitical tension experienced globally, the real estate market in Malta has demonstrated resilience, generally maintaining stable and steadily growing value levels and practically in areas of specific historic areas, such as Valletta, which well-defined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

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

TOTAL REVPAR (€) - 5-STAR



TOTAL REVPAR (€) - 4-STAR

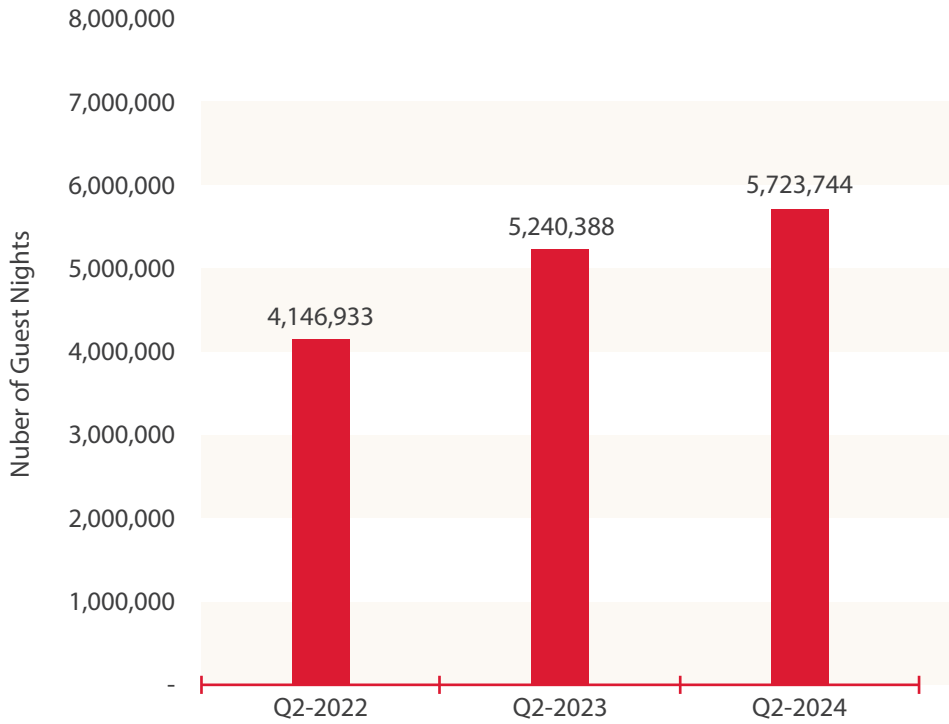


Estimates put the total number of guest nights at approximately €5.7m in Q2 2024. By volume, this is 9.2% above the guest nights registered in Q2 2023. This translates to €9.1m guest nights in the first half of 2024, 12.3% above the first half of 2023.⁸

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

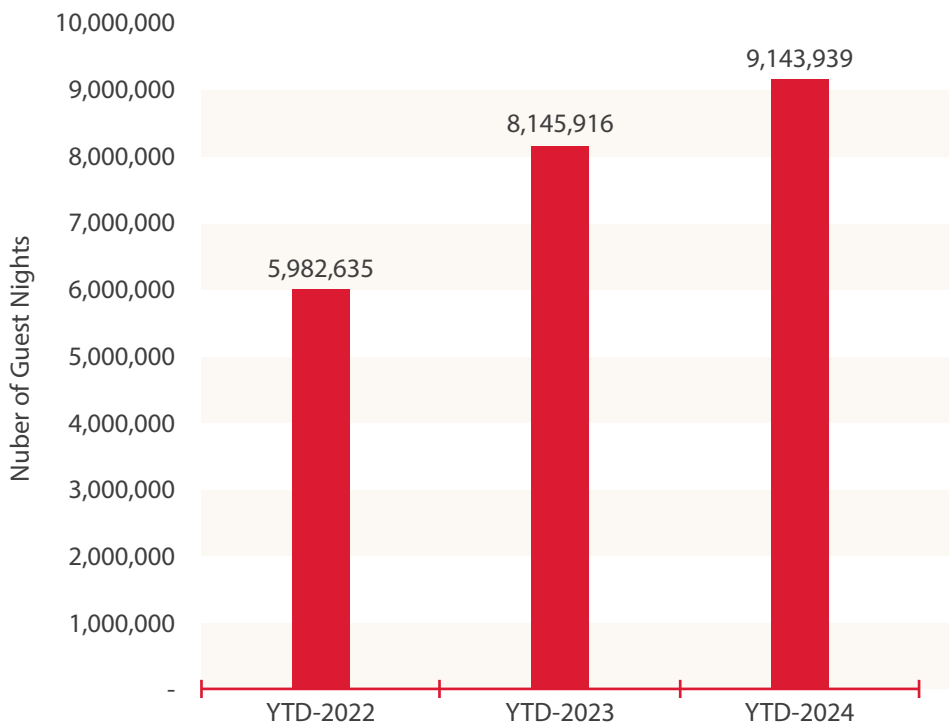
⁸ Source: MHRA Quarterly Report, August 2024- NSO, Deloitte estimates for August 2024

TOTAL GUEST NIGHTS BY QUARTER

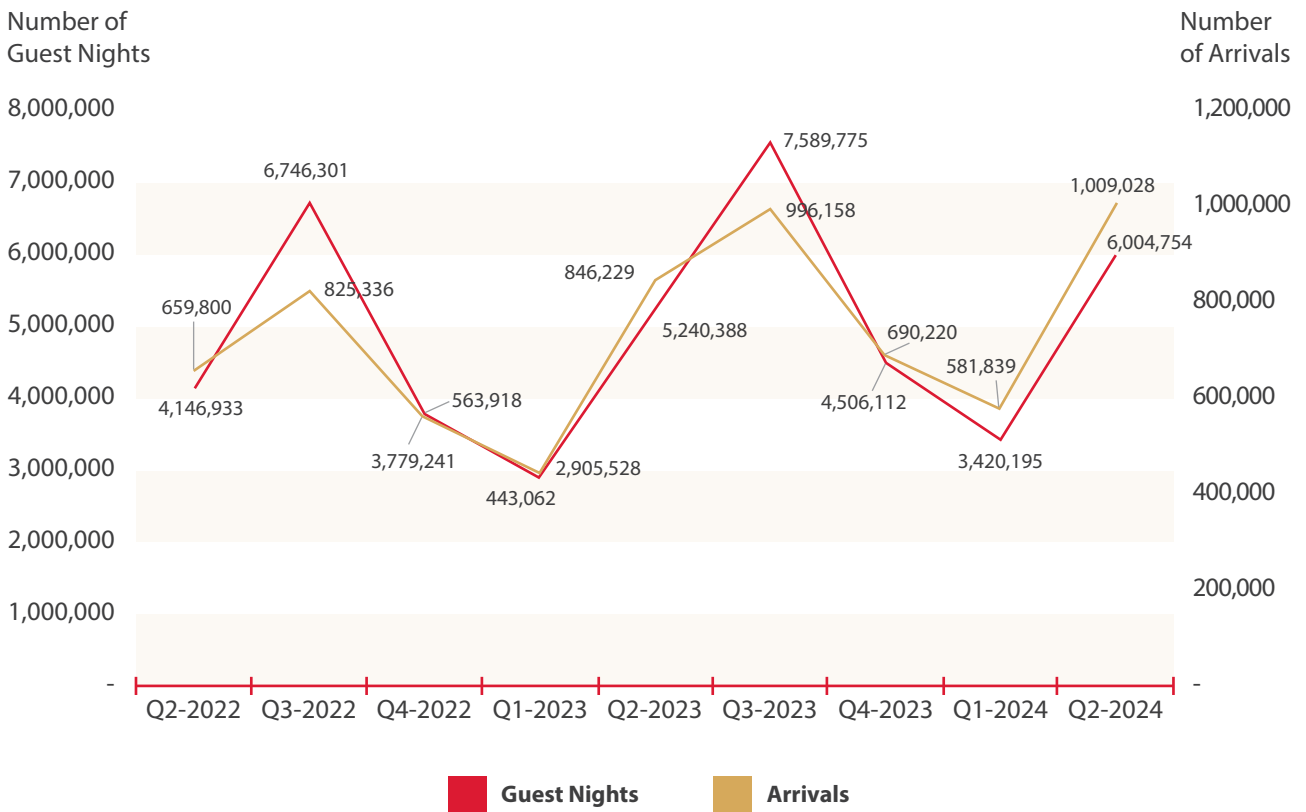


Source: NSO, Deloitte estimates

TOTAL GUEST NIGHTS - YTD



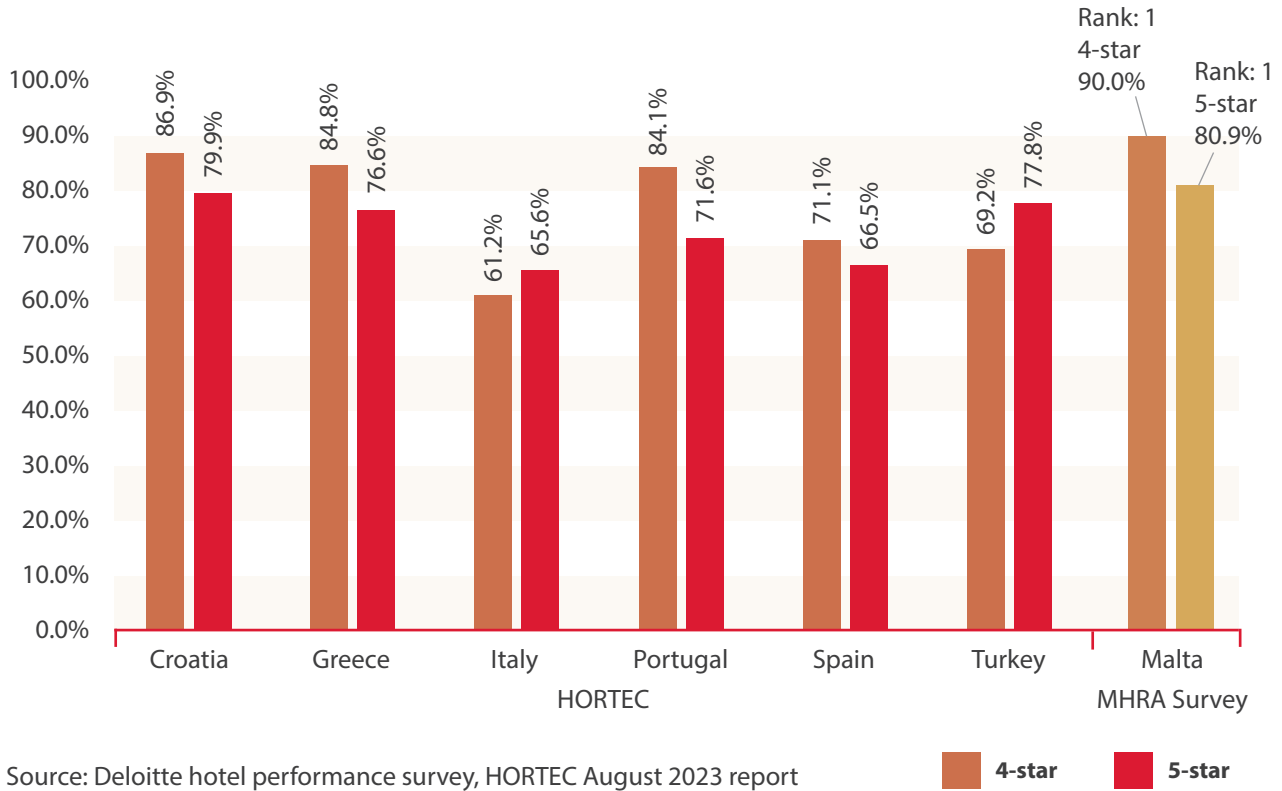
TOTAL TOURIST ARRIVALS AND GUEST NIGHTS BY QUARTER



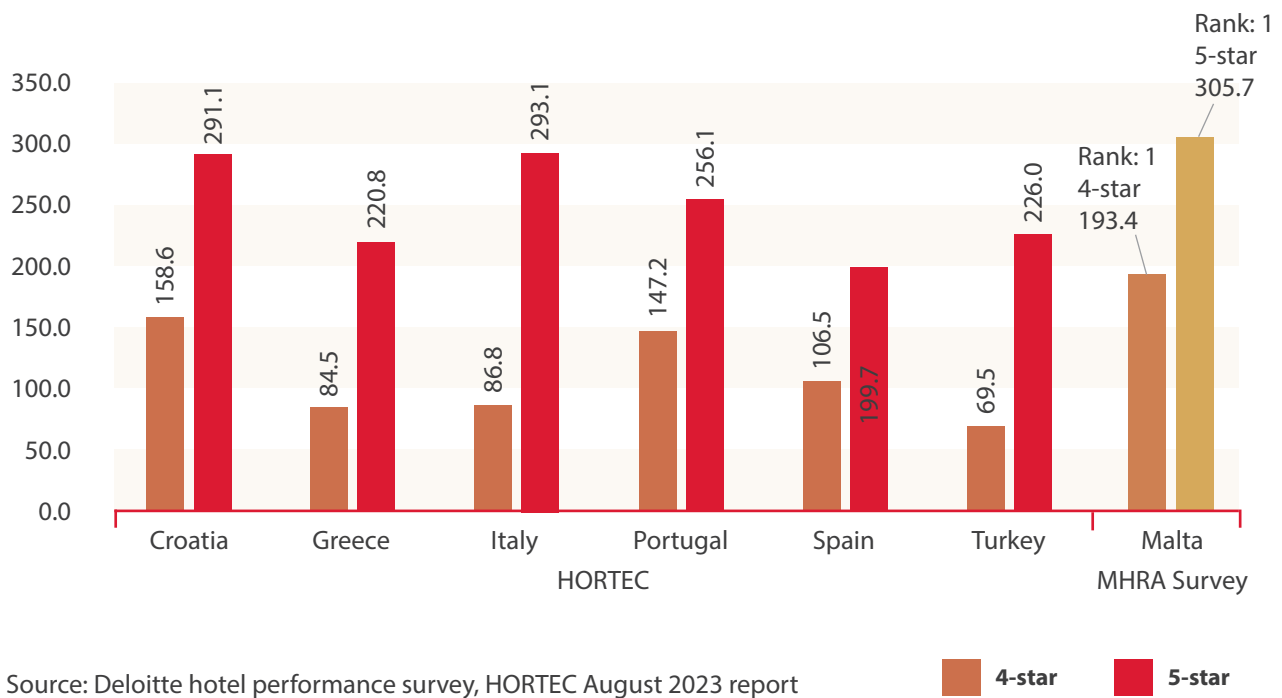
In the recent past, very few capital cities in the world have experienced the holistic, targeted and long-term transformation that Valletta, and more particularly the 'lower' Valletta area, has experienced, particularly over the last few years or so. With significant part of the Valletta real estate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

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

OCCUPANCY (%) - AUG 2023



REVPAR (€) - AUG 2023



Valletta, a micro market within Malta⁹

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

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

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

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

Furthermore, the Government has invested and continues to invest, heavily in the development of the cruise liner industry, with Valletta, specifically the majestic Grand Harbour, becoming one of the major hubs for cruise ships in the Mediterranean, attracting significant additional passenger and tourist traffic for Valletta. The cruise liner hub itself attracts hundreds of thousands of tourists a year (*circa* 800,000 in 2023¹⁰), spending at least one day in Valletta, with many choosing to make dedicated excursions and exploration trips to the city of Valletta. Such activity creates additional demand for quality services and goods, boosting the city's trade and entertainment sectors.

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

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

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

Trends in the Property Market

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

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

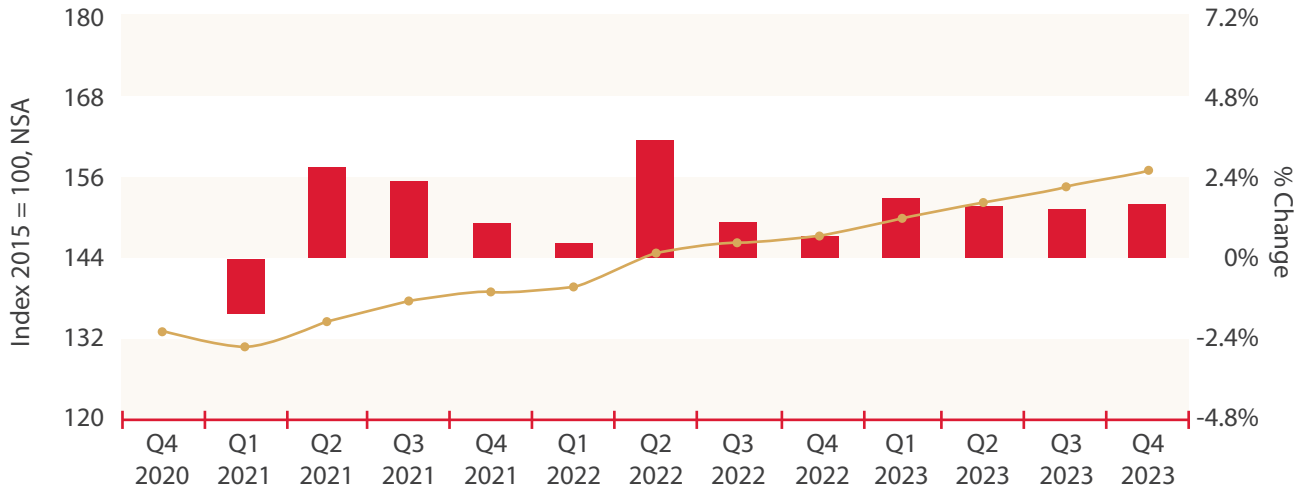
⁹ Information is collected from various independent market sources, including professional organisations and bodies, industry publications and surveys, reputable media outlets. These are: Deloitte Malta - MHRA Quarterly Market Report, EY – DJAR Reports, KPMG Malta, National Statistics Office – Malta,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

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

¹¹ [ey-malta-djar-report-2023.pdf](https://www.ey.com/malta-djar-report-2023.pdf)

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

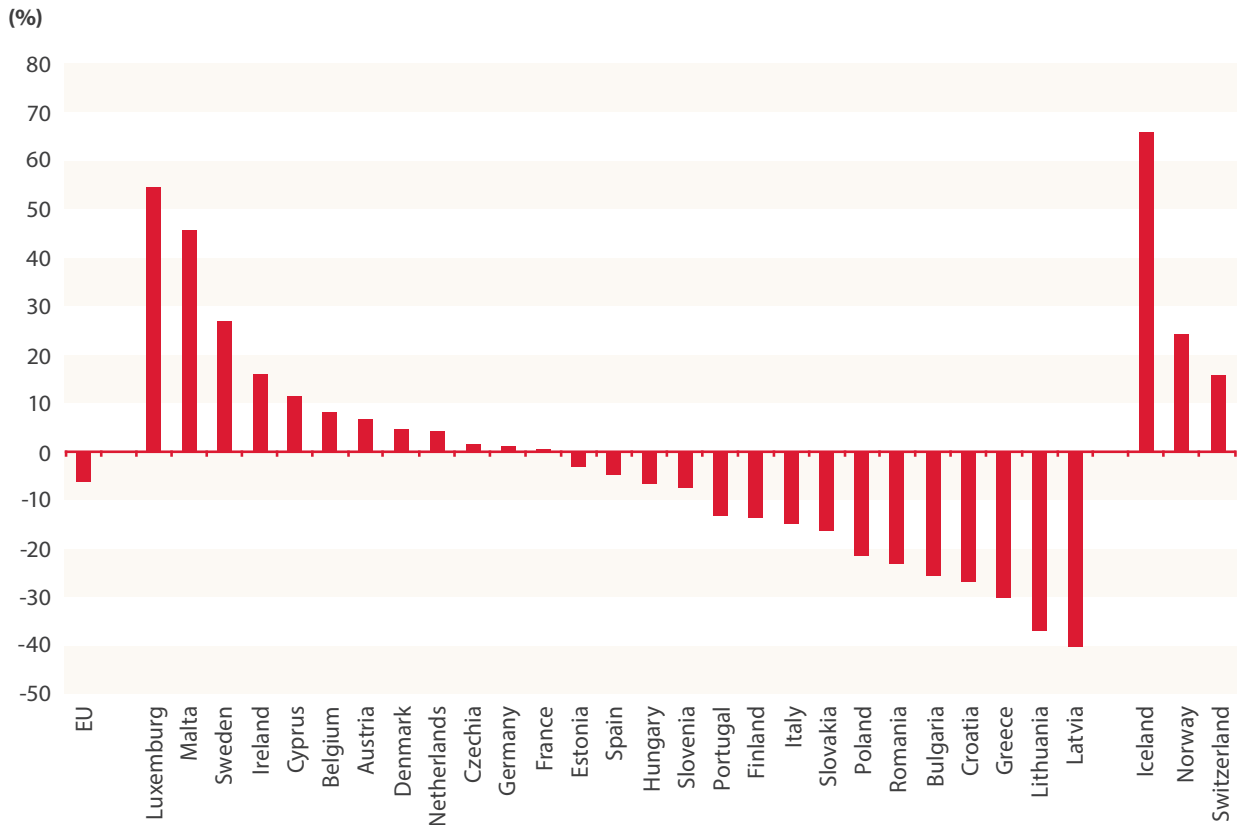
MALTA - HOUSE PRICE INDEX



The positive property trends in Malta are also driven by other global and local macroeconomic factors, such as population growth and international geopolitical developments, which further increase the attractiveness of Malta as a holiday and residence destination. In the longer term, according to Eurostat, out of the 27 member states, Malta is the EU country with the highest projected population growth between 2022 and 2100 with a forecasted growth of *circa* 45.7% (see chart below). This trend has already been confirmed by facts reported by the National Statistics Office of Malta. According to these reports, the population of Malta grew from 421,464 in 2012 to 542,051 in 2022. This equates to a 28.6% growth in the population over the period¹³. The increase in the population size was attributed primarily to the growth in the foreign population. While the Maltese population only grew by 1.7% from 398,099 to 404,675, the foreign population grew five-fold, rising from 23,365 in 2012 to 137,376 in 2022.

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

PROJECTED POPULATION CHANGE, 2022-2100



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

Tourism Trends

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

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

2024 is also continuing to show dynamic growth with guest nights and tourist arrivals in Q1 2024 exceeding prior year levels by 17.7% and 31.3% respectively¹⁵. The continuous growth experienced in the past decade, also coincided with the exponential growth in private accommodation through the likes of Airbnb and other booking platforms.

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

The global tourism industry was one of the most impacted industries by the recent pandemic period, however, it has shown fast recovery immediately after the various restrictive measures introduced in response thereto were removed. Followed by a faster than projected recovery, by 2023, tourism volume and KPIs have outperformed those of year 2019, proving the demand for related accommodation and other related tourism services. The specific position of Malta in this sector, being an island, makes the local industry heavily dependent on airline seat capacity and flight connectivity options. According to recent MHRA reports, the 31.3% increase in tourist arrivals was predominantly driven by a 21.9% increase in aircraft movements with the remainder driven by higher aircraft capacity and load factors¹⁷, projecting another record year for the local tourism industry.

To summarise, the overall tourism industry performance in the recent period has been favourable and supporting the developments and growth trends of the Maltese hospitality business. For the future, it is expected that the external market conditions and their global development remain a major driving factor behind the Group's operational performance, and while unplanned global or local market events which may occur in the future could impact the actual development plans and forecasted growth objectives, the current long-term business development projections remain supported by the current strong global tourism market trends and forecasts. The projected market performance, as evidenced by the various reports and research available (e.g recent MHRA reports¹⁸, industry data from the National Statistics Office and quarterly reports of Malta International Airport) suggest strong underlying industry fundamentals for the foreseeable future. The improvement of industry KPIs and passenger numbers is mostly driven by an increase in the flight connectivity and higher number of leisure tourists arriving to Malta. Nonetheless, the outlook contains certain uncertainties, mainly due to global market developments and political events, the continued global struggle against inflation, the war in Ukraine and tension in the Middle East. The weaker-than expected growth in the Euro-zone, despite falling energy prices and improving consumer trends might have a potential disruption impact on the industry. Climate-related challenges, such as hectic weather changes, extreme heat/cold-waves, wildfires, and floods impact tourism hotspots more frequently than in the past, suggesting higher risks and the need of higher attention to the urgent requirement for transformation in the industry and customer attitude.

8. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

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

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

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

¹⁴ Source: Malta Tourism Authority, Press conference, February 2024, based on NSO data

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

¹⁶ Source: NSO, MIA, MHRA – May 2024

¹⁷ MHRA Tourism Forum - 24th May 2024

¹⁸ MHRA quarterly reports

- Principle 4 “the responsibilities of the Board”: the Company’s strategic and executive management is provided by VBLM, which is also delegating the Executive Directors based on transparent management agreement. VBLM – as part of its strategic management duties - is responsible for overseeing and ensuring proper executive and management resources are available at all times. Since the Directors are nominated and elected by the shareholders of the Company, the Board itself has not formally developed a succession policy for the future composition of the Board as recommended by principle 4.2.7 of the Code. In practice, however, the Board (with the support of VBLM) is actively engaged in succession planning and involved in ensuring that appropriate schemes to recruit, retain and motivate skilled employees and senior management are in place.
- Principle 7 “Evaluation of the Board’s Performance”: Whilst the Board has not considered it necessary to appoint a separate committee to carry out a performance evaluation of its role, as recommended by principle 7 of the Code, the Board carries out regular performance evaluations of the Directors and executive management, which is also supplemented by performance evaluation of VBLM carried out regularly by the Audit Committee. In addition to this, the Board’s performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company’s shareholders, the market and the rules by which the Issuer is regulated as a listed company.
- Principle 8 “committees”: the Board has established a remuneration policy for Directors and senior executives of the Issuer and the remuneration of the Directors in any one financial year, and any changes thereto, is determined by the shareholders in general meeting. The Company –has not appointed a separate Remuneration Committee, as the role of such committee is performed by the Board as a whole. The Board believes that the size of the Company and the Board itself does not warrant the setting up of an ad hoc committee to establish the remuneration packages of individual directors, which in terms of the Company’s remuneration policy are identical for all Directors. The appropriateness of the Company’s remuneration policy is subject to ongoing scrutiny of the Audit Committee, the Board itself, the Company’s shareholders, the market and the rules by which the Company is regulated as a listed company. The Board shall retain this matter under review over the coming years; and
- Principle 9 “Conflicts between Shareholders”: Code provision 9.3 recommends the establishment of a mechanism disclosed in the Memorandum and Articles of Association, to trigger arbitration in the case of conflict between minority shareholders and controlling shareholders. While the company does not have a controlling shareholder, if any such conflict were to arise or if the Board were to be informed of the potential of any such conflict arising, the matter would be discussed at Board level and, should this be necessary, directly with the shareholders involved with a view to the conflict being resolved. To date, the Board has not been notified of any such conflict between minority shareholders and controlling shareholders and does not consider this particular provision of the Code to be relevant to the Company at this point in time give the absence of any one particular controlling shareholder.

9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

9.1 THE BOARD

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

9.2 CURRICULUM VITAE OF THE DIRECTORS

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

Dr Andrei Imbroll (CEO, Executive Director)

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

Dr Geza Szephalmi (Chairman of the Board, Executive Director)

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

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

Mr Julian Tzvetkov (Chief Financial Officer, Executive Director)

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

Mr Artur Haze (Non-executive Director, Audit Committee member)

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

Ms Isabella Vella (Independent non-executive Director, Audit Committee Member)

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

Mr David Galea Souchet (Independent non-executive Director, Chairman of the Audit Committee)

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

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

Dr John Attard (Independent non-executive Director, Audit Committee member)

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

9.3 POTENTIAL CONFLICTS OF INTEREST

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

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

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

9.4 EXECUTIVE DIRECTORS

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

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

9.5 CHIEF EXECUTIVE OFFICER

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

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

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

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

9.6 SENIOR MANAGEMENT

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

Mr Steve Clough, Chief Operations Officer

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

Ms Timea Szilagyi, Head of Corporate Services

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

Ms Nikolett Kainrath, Architect, Development Manager

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

Ms Carol Rocha, Group Financial Controller

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

10. BOARD PRACTICES

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

10.1 AUDIT COMMITTEE

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

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

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

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

- iv. the clarity of disclosures and compliance with International Financial Reporting Standards;
- v. significant adjustments resulting from the audit;
- vi. compliance with stock exchange (as applicable) and other legal requirements; and
- vii. reviewing the Company's statement on Corporate Governance prior to endorsement by the Board;
- h. to gain an understanding of whether significant internal control recommendations made by internal and external auditors have been implemented by management;
- i. to establish and exercise oversight upon the internal audit function of the Company, and to review its plans, activities, staffing and organisational structure;
- j. to monitor the statutory audit of the annual and consolidated accounts;
- k. to discuss Company policies with respect to risk assessment and risk management, review contingent liabilities and risks that may be material to the Company; and
- l. to consider other matters that are within the general scope of the Audit Committee that are referred to it by the Board.

10.2 NOMINATION COMMITTEE

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

10.3 EXECUTIVE MANAGEMENT COMMITTEE ("EMC")

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

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

11. MAJOR SHAREHOLDERS

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

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

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

12. LEGAL AND ARBITRATION PROCEEDINGS

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

13. ADDITIONAL INFORMATION

13.1 SHARE CAPITAL

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

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

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

13.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

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

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

14. MATERIAL CONTRACTS OUTSIDE OF ORDINARY COURSE OF BUSINESS

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

15. PROPERTY VALUATION REPORT

The Company has commissioned Dr Edwin Mintoff, a professional architect based in Malta, to issue the Property Valuation Report in relation to the Company's property portfolio. The following are the details of the valuer:

Name: Dr Edwin Mintoff

Business Address: 119, Sliema Road, Gzira, GZR 1635, Malta

Qualifications: AB.E.&A (Hons). Ph.D. (Newcastle) A.&C.E. Architect & Civil Engineer

The Property Valuation Report is dated 30 August 2024.

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

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

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

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

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

17. DOCUMENTS ON DISPLAY

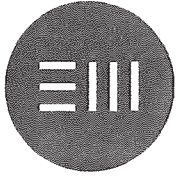
For the duration of this Registration Document the following documents shall be available for inspection at the registered address of the Company:

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

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



ANNEX I
CONDENSED PROPERTY
VALUATION REPORT



DR. EDWIN MINTOFF B.E.&A.(Hons). Ph.D. (Newcastle) A.&.C.E.
ARCHITECT & CIVIL ENGINEER

119, Sliema Road, Gzira, Malta GZR1635

+35621237401

+35699498029

em@edwinminto.com

VAT Registration number 1108-0503

DATE 30/08/2024

Valuation of Property: Various Residential and Commercial properties owned VBL Plc

Client: VBL Plc, 54, Triq Marsamxett, Valletta, Malta

1 0 Introduction

- 1 1 The undersigned, in the capacity of a warranted architect and civil engineer, has been commissioned by VBL plc (C56012) (the "**Company**") to carry out a valuation of various Residential and Commercial properties located in Valletta. The scope of this valuation is for the inclusion with the Prospectus, to be published in connection with the proposed bond issue of the Company.
- 1 2 The valuation reports were prepared on the basis of information provided to the undersigned architect by the Company and onsite inspections.
- 1 3 The valuation report is being issued in accordance with Chapter 7 of the Capital Markets Rules published by the Malta Financial Services Authority and is in line with the standards and guidelines as published by the Royal Institution of Chartered Surveyors (RICS).
- 1 4 The effective date of the valuation is 30/08/2024.
- 1 5 Each valuation is being carried out as at present market conditions.
- 1 6 Each valuation is being made without a formal structural or technical assessment. Each valuation covers the building as a whole in its existing state. The properties are being valued on a Market Value basis, as defined by the Royal Institute of Chartered Surveyors ('RICS') Standards, namely, the price at which land and buildings could be sold under private contract between a willing seller and an arm's length buyer on the date of valuation, it being

assumed that the property is publicly exposed to the market, that market conditions permit orderly disposal and that a normal period, having regard to the nature of the property, is available for the negotiation of sale

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

2 0 Declaration of Independence

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

3 0 Valuation Report

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

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

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

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

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

- 3 1 5 Relevant Planning Permissions – Each valuation report includes planning permitting history
- 3 1 6 Material contravention of Statutory Requirements – Each valuation report includes if present, any contraventions of Statutory Requirements
- 3 1 7 Tenure – Each valuation report includes current tenure status
- 3 1 8 Main terms of tenants' leases or sub-leases – Each valuation report includes if applicable tenant leases or sub lease terms
- 3 1 9 Approximate age of the building - Each valuation report includes approximate age of property
- 3 1 10 Present capital value in existing state - Each valuation report includes present value in existing state
- 3 1 11 Terms of any intra-Group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation – No property within the valuation scope is subject to intra-group lease
- 3 1 12 Other matters which materially affect the value – The undersigned architect finds no property within the valuation scope that has matters that will materially affect the value of the property or is detrimental to the development of property
- 3 1 13 Sources of information – All information required by the valuer for the purpose of this valuation was obtained from the Company Areas used for the calculation were provided by the Company and no measured surveys were done by the undersigned
- 3 1 14 Details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens where they are relevant - Each valuation report includes details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens where they are relevant
- 3 1 15 Details of sustainability features of the development and environmental risk – the undersigned architect has not considered sustainability or environmental risk were considered during valuation process

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

3 3 Basis of Valuation and Assumptions made

For the purpose of evaluation The Appraisal and Valuation Manual published by Royal Institute of Chartered Surveyors was followed as set out in IVS 104 paragraph 30.1 of the RICS Valuation Standards, published by the Royal Institute of Chartered Surveyors.

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

3 3 1 1 A willing seller,

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

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

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

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

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

3.3.2 The following assumptions have been made throughout this report

3.3.2.1 No allowances have been made in our valuation for any expenses of purchase or realization

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

relative valuation report

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

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

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

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

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

10 0 Summary of Valuations

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

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

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

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

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

- 2 **Little Horse, 100 & 101 Strait Street, Valletta** (internally known as a potential part of Silver Horse Phase 3) - The property consists of a residence built over 4 floors including a street level garage. As per the drawings and area provided by the client, the property has a gross floor area of circa 275 square meters. The building dates approximately during the 16th Century with alterations at the back dating 19th Century. The property has the potential to build extra floors considering its context. The property is being valued as Freehold and inclusive of airspace. The total value of Little Horse, 100 & 101, Strait Street, Valletta, Malta in its existing state is of **Euro 1,620,000** (One Million, Six Hundred and Twenty Thousand Euro)
- 3 **Stone Mason's House, 122 Old Bakery Street** (internally known as a potential part of Silver Horse Phase 3) - The property consists of a residence built over 8 floors. As per the drawings and area provided by the client, the property has a floor area of circa 717 square meters. The building dates approximately during the second part of the 18th Century. The property is being valued as Freehold. The total value of Stone Mason's House, 122, Old Bakery Street, Valletta, Malta in its existing state is **Euro 2,170,000** (Two Million, One Hundred and Seventy Thousand Euro)

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

- 4 **The Gut, 92-99D, Strait Street, Valletta** (internally known as Silver Horse Phase 1)- The property consists of eight multilevel commercial outlets within a 6-level block having street level entertainment with homogenous shop fronts and approved outdoor tables and chairs within Strait Street, Valletta. The building dates approximately during the 19th Century with more recent interventions dating post WWII. The total value of The Gut, 92- 99D, Strait Street, Valletta, Malta in its existing state is of Euro **11,170,000** (Eleven Million, One Hundred and Seventy Thousand Euro)
- 5 **Lucky Store, 62, West Street Valletta** (internally known as part of Orangery Lodge Phase 2)- The property interest in question consists of ownership of a ground floor grocery shop with basement cellar in a dilapidated, vacant state. The alterations to the

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

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

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

11 0 Valuation Conclusions

The definition of Market Value as set out in IVS 104 paragraph 30.1 of RICS Valuation

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

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

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

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

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

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

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

Table 2: Summary of Values of Development Projects After Completion

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

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

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

Regards,



Dr Edwin Mintoff



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 Szephalmi, 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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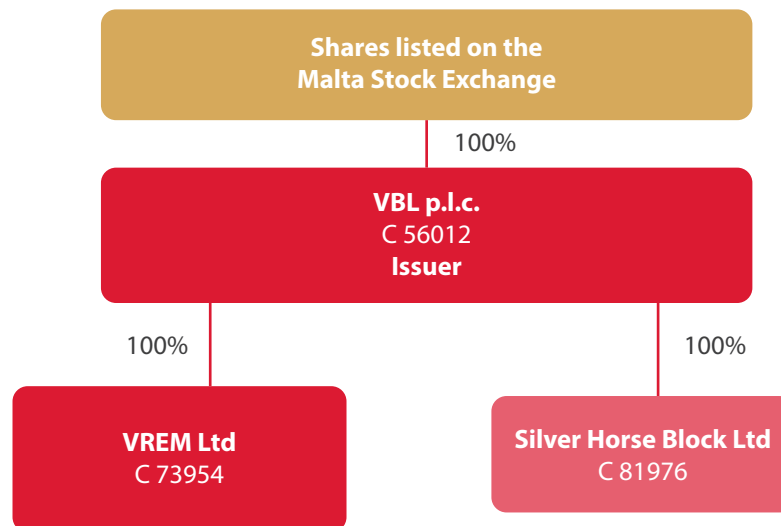
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PART 1 - COMPANY INFORMATION

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	2022A	2023A	2024F	2025P
	€000s	€000s	€000s	€000s	€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 €000s	2022A €000s	2023A €000s	2024F €000s	2025P €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.

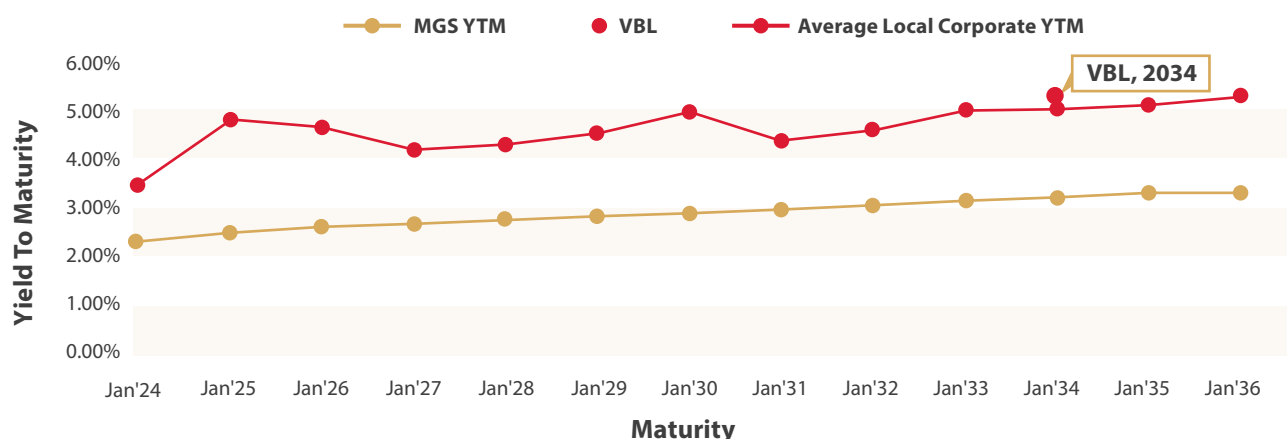
³ <https://kpmg.com/mt/en/home/insights/2023/10/construction-industry-and-property-market-report-2023.html>

	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

C 13729

Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta
25688688

Jesmond Mizzi Financial Advisors Limited

C 30176

67 Flat 3, South Street, Valletta VLT 1105
25688688





VBL
Group

