



MERCURY FINANCE

MERCURY PROJECTS FINANCE p.l.c.

1400, Block 14, Portomaso, St. Julian's, Malta
Co. Reg. No. C89117

COMPANY ANNOUNCEMENT

Restructuring of Security Property

By virtue of a prospectus dated 4 March 2019 (the "**Prospectus**") the Company issued:

- €11,500,000 secured bonds due in 2027 of a nominal value of €100 per Bond having a coupon of 3.75% per annum issued in March 2019 (ISIN: MT0002191204) ("**Series I Bonds**"); and
- €11,000,000 secured bonds due in 2031 of a nominal value of €100 per Bond having a coupon of 4.25% per annum issued in March 2019 (ISIN: MT0002191212) ("**Series II Bonds**") and together with the Series I Bonds referred to as the "**Bonds**")

By virtue of a Security Trust Deed executed on the 4th March 2019 (the "**Original Trust Deed**") between CSB Trustees and Fiduciaries Limited (the "**Security Trustee**"), the Company (as Issuer of the Bonds) and Mercury Towers Limited (as Guarantor of the Bonds) (the "**Guarantor**") and by virtue of a notarial deed published in the records of Notary Kristen Dimech dated 25th March 2019 (the "**Deed**"), the Guarantor had 'inter alia' constituted a first ranking special hypothec for the amount of eleven million and five hundred thousand Euro (€11,500,000) and relative interest on the Conference Hall, Level 11, Level 30 and the Restaurant as exclusive security for the Series I Bonds and a first ranking special hypothec for the amount of eleven million Euro (€11,000,000) and relative interest on Mercury House as exclusive security for the Series II Bonds (together the "**Special Hypothecs**"), secured by Notes of Hypothec inscribed at the Public Registry of Malta bearing inscription numbers H/6291/2019 and H/6290/2019 (the "**2019 Notes of Hypothec**") respectively, and this in warranty of the fulfilment of all obligations undertaken by the Company (as Issuer) towards the Bondholders of the relevant Series by virtue of the Prospectus and by virtue of the Original Trust Deed, including without prejudice to the generality of the foregoing, the full repayment of the Bonds of the relevant Series by the respective Redemption Date and the full repayment of all interest due on the Bonds of the relevant Series.

More particularly the said Special Hypothecs were created on the following property:

- (a) In respect of Series I Bonds, the following immovable property owned by the Guarantor:
- The airspace within Mercury Site which will accommodate and wherein there will be developed the planned 12 apartments within the uppermost level i.e. Level 30) of the Tower, having a planned internal floor area measuring approximately 908 sq. m. and external balconies measuring 120 sq. m and, upon completion, the said 12 apartments themselves;

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- The restaurant (including lounge area) located at Level 01 in the Tower overlooking the main piazza which measure approximately 470 sq. m. and which on the date hereof is in shell form;
- The conference area and meeting rooms and ancillary facilities located at Level 02 in the Tower which measure approximately 490 sq. m. and which on the date hereof are in shell form; and
- The airspace within Mercury Site which will accommodate and wherein there will be developed the planned indoor pool, spa, lounge bar and amenities within Level 11 of the Tower, having a planned area measuring approximately 770 sq. m. and, upon completion, the said indoor pool, spa, lounge bar and amenities themselves,

(also referred to as **“Series I Bonds Security Property”**); and

(b) In respect of Series II Bonds, the following immovable property owned by the Guarantor;

- The old building known as ‘Mercury House’ within the Mercury Site, as the same is planned to be developed pursuant to execution of the Project (also referred to as **“Series II Bonds Security Property”** and together with the Series I Bonds Security Property referred to as the **“Security Property”**).

Since the issue of the Bonds in 2019 and the constitution of the above-mentioned security (i) the Guarantor obtained a permit ‘inter alia’ to construct an additional floor of serviced apartments within the Tower, namely at Level 31, and the Guarantor decided to retain this new Level 31 in ownership and to release Level 30 for sale to third parties; and (ii) there has been a revaluation of the various elements constituting the Security Property, which have resulted in different values to those assigned to them in 2019, particularly in view of the development and also change of planned uses which took place since 2019, all as shown in the three valuations reports, two of which are dated 20 January 2022 and the other dated 31 January 2022, prepared by Architect Denis Camilleri Eur. Ing, A & CE, of DHI Periti, 2nd Floor, No. 56, Ewropa Centre, St. Anne Street, Floriana FRN 9011, Malta which is accessible on the Issuer’s website at the following hyperlink: <https://mercuryfinance.com.mt/investor-relations/financial-information/>

In view of the above, it was agreed by and between the Company, the Guarantor and the Security Trustee to restructure the security in respect of the Bonds consisting of the first ranking Special Hypothecs over the Security Property described above, through a reconstitution of a first ranking special hypothec over different elements and combinations of immovable property as described hereunder and the cancellation of the 2019 Notes of Hypothec. For this purpose, the Company, the

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Guarantor and the Security Trustee entered into an addendum to the Original Trust Deed dated 14 February 2022 (the **"Trust Deed Addendum"**) as well as into a notarial deed before Notary Anna Theuma dated 14 February 2022 (the **"New Deed"**) to give effect to the above-mentioned constitution of new security and cancellation of the 2019 Notes of Hypothec.

It was therefore agreed between the parties that the newly constituted security (the **"New Security"**) would consist of the following:

- (a) As exclusive security for the Series I Bonds and for the amount of eleven million and five hundred thousand Euro (€11,500,000) and relevant interest a first ranking special hypothec on the following immovable property:
- (i) 'Mercury House' being the scheduled Grade Two heritage building and extension thereto in terms of the building permit relative to the Mercury Towers Project in Saint Julians, Malta (the **"Building Permit"** as may be amended from time to time by the Guarantor) situated on Levels minus two (B02), minus one (B01), Level zero (L00), Level one (L01) and Level two (L02) of the Mercury Site and is bounded on all sides by the same site and measuring approximately on each of the said levels three hundred and fifty eight square metres (358sqm), three hundred and forty five square metres (345sqm), six hundred and thirty one square metres (631sqm), four hundred and twenty nine square metres (429sqm) and three hundred and twenty eight square metres (328sqm) respectively. Mercury House underlies the Tower and does not include the relative airspace.
 - (ii) 'Commercial Space L01' meaning the space presently in shell-form situated on Level zero one (L01) of the Tower and limitedly to this floor level measuring approximately three hundred and fifty eight square metres (358sqm) intended for the development of a commercial space the use of which shall be determined by the Building Permit from time to time bounded north east by Mercury House and on all other sides by other areas of the Mercury Site.
 - (iii) 'Commercial Space L02' meaning the space presently in shell-form situated on Level zero two (L02) of the Tower and limitedly to this floor level measuring approximately six hundred and forty six point five square metres (646.5sqm) intended for the development of a commercial space consisting mainly of a restaurant and/or an event space and its ancillary service rooms, amenities and facilities and/or as otherwise determined by the Building Permit from time to time bounded north east by Mercury House and on all other sides by other areas of the Mercury Site.

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- (b) As exclusive security for the Series II Bonds and for the amount of eleven million Euro (€11,000,000) and relevant interest a first ranking special hypothec on the following immovable property:
- (i) 'Twist L11 and L12' meaning those divided portions built in shell-form at Levels eleven and twelve (L11, L12) of the Tower without their underlying and overlying airspace and which two levels accommodate a transitioning twist between the lower and upper part of the Tower. The divided portion de quo at Level eleven (L11) has an approximate aggregate area of eight hundred square metres (800sqm) and at Level twelve (L12) has an approximate aggregate area of four hundred and thirty nine square metres (439sqm). These spaces are intended for the development of an indoor pool, event space/s, restaurant/s, office/s, and other commercial areas, ancillary facilities and amenities and/or as otherwise determined by the Building Permit from time to time.
 - (ii) 'Residential L31' refers to all the residential units currently built in shell-form at Level thirty-one (31) of the Tower and limitedly to this floor level, and namely:
 - a. Apartment internally numbered three one zero one (3101) built on Level thirty one (31) in aggregate measuring approximately two hundred and forty five square metres (245sqm), two hundred and five square metres (205sqm) of which constitute the built-up area and forty square metres (40sqm) the external area and which apartment is the first apartment from the left hand side on this floor level when the Block is viewed from the North.
 - b. Apartment internally numbered three one zero two (3102) built on Level thirty one (31) in aggregate measuring approximately one hundred and twenty six square metres (126sqm), one hundred and six square metres (106sqm) of which constitute the built-up area and twenty square metres (20sqm) the external area and which apartment is the second apartment from the right hand side on this floor level when the Block is viewed from the South.
 - c. Apartment internally numbered three one zero three (3103) built on Level thirty one (31) in aggregate measuring approximately two hundred and sixty three square metres (263sqm), two hundred and twenty three square metres (223sqm) of which constitute the built-up area and forty square metres (40sqm) the external area and which apartment is the first apartment from the left hand side on this floor level when the Block is viewed from the South.
 - d. Apartment internally numbered three one zero four (3104) built on Level thirty one (31) in aggregate measuring approximately fifty nine square metres (59sqm), forty nine

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square metres (49sqm) of which constitute the built-up area and ten square metres (10sqm) the external area and which apartment is the second apartment from the right hand side on this floor level when the Block is viewed from the North.

e. Apartment internally numbered three one zero five (3105) built on Level thirty one (31) in aggregate measuring approximately fifty seven square metres (57sqm), forty seven square metres (47sqm) of which constitute the built-up area and ten square metres (10sqm) the external area and which apartment is the third apartment from the right hand side on this floor level when the Block is viewed from the North.

This restructuring of the security was deemed sensible by the Company in view of the changes in development and planned uses of different components within the Project as well as the revaluations of the various elements constituting the Security Property, as referred to above. However, as can be seen from the above-mentioned valuation reports accessible on the Issuer's website, the restructure of the security does not impact the overall value of the security granted in respect of the Bonds and the New Security in respect of each series of Bonds adequately covers the payment obligations of the Company under the respective series of Bonds.

The New Security is being held in trust by the Security Trustee for the benefit of the respective Bondholders.

Joseph Saliba

Company Secretary

16th February 2021

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