MERCURY FINANCE

PROSPECTUS

21 MARCH 2022

SUMMARY

Dated 21 March 2022

This Registration Document is 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 Prospectus Regulation.

In respect of an issue of up to €50,000,000 4.30% Secured Bonds 2032 of a nominal value of €100 per Bond issued at par ISIN: MT0002191220

by

MERCURY FINANCE

MERCURY PROJECTS FINANCE P.L.C.

a public limited liability company duly incorporated under the Laws of Malta, with Company registration number C 89117

Sponsor & Co-Manager	Registrar & Co-Manager	Security Trustee	Legal Counsel
Calamatta Cuschieri YOUR PARTNER IN FINANCIAL SERVICES	BOV Bank of Valletta	CSB trustees& fiduciaries ltd	salibastafrace LEGAL

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

THIS SUMMARY IS VALID FOR A PERIOD OF TWELVE (12) MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

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 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.

Approved by the Directors

Joseph Portelli

in his capacity as Director of the Company and on behalf of each of Stephen Muscat, Mario Vella and Peter Portelli.

1 INTRODUCTION AND WARNINGS

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

Issuer	Mercury Projects Finance p.l.c., a public limited liability company registered in Malta, with company registration number C 89117 and legal entity identifier (LEI) number 391200HPXPO29NMJCF40
Address	1400, Block 14, Portomaso, St Julians, Malta
Telephone number	+356 2131 3029
Issuer Website	www.mercuryfinance.com.mt
Competent authority approving the Prospectus	The MFSA, established in terms of the Financial Markets Act (Cap. 345 of the laws of Malta)
Address	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara, Malta, CBD 1010
Telephone number	+356 2144 1155
MFSA Website	https://www.mfsa.mt/
Name of the securities	4.3% Secured Bonds 2032
ISIN number of Bonds	MT0002191220
Prospectus approval date	21 March 2022

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 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 Bonds should be based on a 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 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; and

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 Bonds.

2 KEY INFORMATION ON THE ISSUER

2.1 Who is the Issuer of the Bonds?

/ *Domicile and legal form, its LEI and country of incorporation*

The Issuer is Mercury Projects Finance p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta). The Issuer was incorporated and is domiciled in Malta and with legal entity identifier (LEI) number 391200HPXPO29NMJCF40.

/ *Principal activities of the Issuer*

The Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. The assets of the Issuer therefore principally consist of loans granted to companies forming part of the Mercury Group.

/ *Organisational structure of the Mercury Group*

The Issuer is fully owned by Mercury Towers Ltd (C 77402), which is the Guarantor of the Bond Issue, except for one (1) share which is held by Mr Joseph Portelli, being the ultimate beneficial owner of the Group. Apart from the Issuer, the Guarantor has other subsidiaries, each of which, together with the Guarantor, own and are involved in the development of different elements of the Mercury House Project. Such subsidiaries, which are all fully owned by the Guarantor, include Mercury Hotel Ltd. (C 100730), Mercury Commercial Mall Ltd. (C 100729) and Mercury Car Park II Ltd (C 100736).

Major shareholders of the Issuer

The Issuer's majority shareholder is the Guarantor which holds all of the issued shares except for one (1) share (namely 249,999 shares of a nominal value of €1 each), whereas the 1 remaining share is held by Mr Joseph Portelli. The Guarantor is in turn fully owned and controlled by the said Mr Joseph Portelli, who is the ultimate beneficial owner of the Group.

Key managing directors

The board of directors of the Issuer is composed of the following persons: Mr Joseph Portelli (Executive Director), Mr Stephen Muscat (Independent Non-Executive Director), Mr Mario Vella (Independent Non-Executive Director) and Mr Peter Portelli (Independent Non-Executive Director).

Statutory Auditors

The auditors of the Issuer as of the date of this Summary and for the financial years ended 2019 and 2020 are Baker Tilly of Level 5, Rosa Marina Building, 216, Marina Seafront, Pieta' PTA 9041, Malta. The Accountancy Board registration number of Baker Tilly is AB26/84/28.

2.2 What is the key financial information regarding the Issuer?

The key financial information regarding the Issuer is set out below:

	FY2020	FY2019	9-mths ended	9-mths ended
Income Statement	**(Audited)**	**(Audited)**	**30-Sep-21**	**30-Sep-20**
Revenue (€'000)	1,121	825	838	841
Operating profit (€'000)	142	78	101	108
Profit/(loss) for the year (€'000)	67	34	46	50

	FY2020	FY2019	9-mths ended
Balance Sheet	**(Audited)**	**(Audited)**	**30-Sep-21**
Total assets (€'000)	23,633	23,529	23,498
Total equity (€'000)	351	284	398
Total liabilities (€'000)	23,282	23,245	23,100

	FY2020	FY2019	9-mths ended	9-mths ended
Cash Flow Statement	**(Audited)**	**(Audited)**	**30-Sep-21**	**30-Sep-20**
Net cash from/(used in) operating activities (€'000)	31	(50)	(74)	(76)
Net cash from/(used in) investing activities (€'000)	-	(22,444)	-	-
Net cash from/(used in) financing activities (€'000)	(146)	22,751	-	-

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

The most material risk factor specific to the Issuer is the following:

Dependence of the Issuer on the Group

The Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. Its assets therefore consist primarily of loans issued to Group companies, and the only revenue generating activities of the Issuer is the receipt of principal and interest income received on the said loans. Accordingly, the Issuer is economically dependent on the operational results, financial condition and performance of its borrower Group companies, which may in turn be negatively affected by various risks affecting them and their business and operations. Therefore, the risks intrinsic in the business and operations of Group companies, and underperformance of these Group companies, may have an adverse effect on the ability of the Issuer to meet its obligations in connection with the payment of interest and principal under the Bonds.

3 | KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

The Bonds are being issued in an aggregate amount of up to €50,000,000 with a nominal value of €100 per Bond issued and redeemable at par and redeemable on 25 April 2032. The Bonds bear interest at the rate of 4.3% *per annum* on the nominal value of the Bonds, payable on 25 April of each year, with the first interest payment being due on 25 April 2023 and the last interest payment being due on Redemption Date.

The Bonds shall be issued in fully registered and dematerialised form and will 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 Bonds shall have the following ISIN: MT0002191220. The Bonds shall be freely transferable.

The 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 Bonds shall be jointly and severally guaranteed in respect of both the interest due and the principal amount by the Guarantor in terms of the Guarantee and they shall also be secured by a first ranking special hypothec on the Security Property for Bonds (essentially the immovable property within which the Hotel is being developed) to be constituted by Mercury Hotel Ltd. in favour of the Security Trustee for the benefit of the Bondholders. In respect of the said Mercury Hotel Ltd., save for such exceptions as may be provided by applicable law, the Bonds shall rank with priority or preference to all present and future unsecured obligations of the said Mercury Hotel Ltd., by virtue and to the extent of the said first ranking special hypothec.

There are no special rights attached to the Bonds other than the right of the Bondholders to (i) repayment of capital and payment of interest on the due dates; (ii) the benefit of the Collateral (namely the Guarantee and the first ranking special hypothec over the Security Property for Bonds) through the Security Trustee; (iii) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and (iv) such other rights attached to the Bonds emanating from the Prospectus.

3.2 Where will the securities be traded?

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

3.3 Is there a guarantee attached to the securities?

/ *The Guarantee*

Apart from the above-mentioned first ranking special hypothec on the Security Property for Bonds to be granted by Mercury Hotel Ltd., the Bonds will also be secured through the joint and several guarantee of the Guarantor in terms of the Guarantee dated 21 March 2022. Accordingly, the Security Trustee, for the benefit of itself and the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The Guarantee constitutes a direct and unconditional obligation of the Guarantor, and the Guarantor's obligations under the Guarantee shall rank *pari passu* with all its other unsecured and unsubordinated obligations.

/ *The Guarantor*

The Guarantor is Mercury Towers Ltd, a single member private limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta) having company registration number C 77402. The legal entity identifier (LEI) number of the Guarantor is 3912008XQEJHUJ4GAI82. The Guarantor is the parent company of the Group. Apart from the holding of shares in its subsidiary companies (including the Issuer), the Guarantor is itself actively involved in the property development business and owns and is intended to continue to own, finish and eventually operate the essential elements of Retained Property within the Tower and some other elements of Retained Property within the Mercury House Project.

Key financial information regarding the Guarantor

The key financial information regarding the Guarantor is set out below:

	FY2020	**FY2019**	**9-mths ended**	**9-mths ended**
Income Statement	**(Audited)**	**(Audited)**	**30-Sep-21**	**30-Sep-20**
Revenue (€'000)	19,836	9,047	2,522	17,559
Operating profit (€'000)	30,629	396	(370)	5,175
Profit/(loss) for the year (€'000)	24,905	(1,441)	(1,250)	3,149

Balance Sheet	FY2020 (Audited)	FY2019 (Audited)	9-mths ended 30-Sep-21
Total assets (€'000)	69,403	62,219	98,259
Total equity (€'000)	24,297	(608)	32,154
Total liabilities (€'000)	45,106	62,827	66,105

Cash Flow Statement	FY2020 (Audited)	FY2019 (Audited)	9-mths ended 30-Sep-21	9-mths ended 30-Sep-20
Net cash from/(used in) operating activities (€'000)	6,662	(19,344)	(25,202)	6,444
Net cash from/(used in) investing activities (€'000)	(5,293)	(6,101)	(2,256)	(4,939)
Net cash from/(used in) financing activities (€'000)	(1,059)	25,490	26,953	(1,330)

3.4 _ Key risks relating to the Guarantor and the Collateral

Economic and financial risks

/ Risks relating to COVID-19

The COVID-19 pandemic has affected the economy as a whole and, to some extent, has already affected the current operations of the Group, mainly through delays in importation and supply of material needed for construction and finishing of the Project and delays in securing working permits for foreign workforce employed in such construction and finishing. The virus has resulted in various governmental movement, travel and work-related measures and restrictions, all of which have added challenges, given the rapid pace of change and significant operational demands. Whilst it is not possible to accurately predict the full impact thereof as at the date of this Prospectus, the ongoing COVID-19 pandemic and possible future outbreaks, and the macroeconomic effects thereof, may have direct and indirect adverse effects on the current and/or future business and financial performance of the Guarantor and the Group, including but not limited to further disruption of the business operations of the Group and its contractors and suppliers, all of which may negatively affect the completion of the Project and/or the anticipated future operations and revenues of the Group once the Project becomes operational.

/ Risks relating to financing of the Group

As at the date of this Prospectus, the Guarantor has bank debt, as well as the Issuer-Guarantor Loan 2019 due to the Issuer. The Guarantor's, and consequently the Group's, financial gearing levels will further increase pursuant to the Bond Issue, and may also increase as a result of further future indebtedness. The increase in the level of financial gearing gives rise to all risks typically associated with higher leverage, including lower asset cover and lower debt service cover levels. This may have an adverse effect on the profitability of the Guarantor or its Subsidiaries. Furthermore, there can be no assurance that the Group will have access to such further debt financing as may be required from time to time at reasonable terms.

Business and operational risks

/ Concentration risk

The Group's business model remains primarily reliant on the development and subsequent operation of the Project within the Site. The Group is therefore subject to concentration risk in view of the restriction of its activities and operations to the Project, and this lack of diversification may exacerbate the real estate development, hospitality, accommodation, and retail market related risks to which the Project is or may become exposed.

/ The Group depends on third parties in connection with its business, giving rise to counter-party risks

The Group relies upon third party or related contractors, professionals or other service providers for the construction and completion and subsequent operation of its property developments. This gives rise to counter-party risks where such third parties default on their contractual obligations, including the resulting development cost overruns or delays in completion or loss of revenue, with the resultant negative impact on the Group's business, financial condition and operations. Furthermore, prospective purchasers and tenants of properties may default on their payment and other obligations towards the relevant Group companies, thus causing potential liquidity shortages for the Group and forcing same into potential litigation.

/ *Material risks relating to real estate acquisition, development and sale*

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Group's control, and which could adversely affect the economic performance of the Group and the value of the real estate properties under development within the Project. Such factors include general industry trends, changes in local market conditions (such as oversupply or reduction in demand for real estate), shortages and/or price increases in raw materials and services (including those which could result from wars and conflicts from time to time in various parts of the world, including the current Russia – Ukraine conflict) leading to cost overruns, insufficiency of resources to complete the projects, financial sanctions or litigation resulting from delays in completion, possible structural and environmental problems, damage or loss resulting from acts of nature, health and safety risks and litigation associated with it and increased competition in the market.

/ *Risks relating to the hospitality industry*

The Group's future hospitality operations and the results thereof are subject to external factors that could adversely affect its business, many of which are common to the hotel industry and beyond the Group's control, including changes in travel patterns and customer trends, the seasonality and cyclical nature of the tourism industry, the impact of outbreaks of contagious diseases and other unexpected calamities on patterns and/or volume of travel, the introduction of legal requirements or restrictions related to the hospitality industry, increases in operating costs and taxes and increasing competition.

Risks relating to the Collateral

/ *Risks relating to the Guarantee*

The strength of the undertakings on the part of the Guarantor under the Guarantee and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor, which will be affected by the level of indebtedness and liabilities incurred by such Guarantor.

/ *Risks relating to the Collateral and the value of the Collateral*

In its existing state, the Security Property for Bonds has been valued for a total amount which is less than the full principal amount of the Bonds (if fully subscribed) and interest thereon. It is therefore the intention that the portion of the proceeds of the Bond Issue intended to be used to finance the construction and finishing the Hotel (€35,000,000), whilst constituting a loan by the Issuer to the Guarantor under the Issuer-Guarantor Loan 2022 from inception, will not be transferred to such Guarantor but will be retained in cash by the Security Trustee under trust, and will only be released and paid out by the Security Trustee to the contractor against invoices for works and certificates of completion relevant to works on the Hotel. The estimated value of such Security Property for Bonds after completion of works will increase substantially, and should be sufficient to cover payment obligations under the Bonds. There is however no guarantee that factors will not arise which will negatively affect such completion and/or the actual value of the completed works. There is also no guarantee that the value of Security Property for Bonds (both in the existing state and estimated value after completion) determined in the independent valuation is necessarily correct or would actually be achieved on the market. The valuation of property is inherently subjective.

/ *Risks relating to ranking of special hypothecs forming part of the Collateral*

The first ranking special hypothecs to be constituted by Mercury Hotel Ltd. over the Security Property for Bonds in favour of the Security Trustee shall rank after the claims of privileged creditors should a note of inscription of a special privilege granted by law be registered with the Public Registry securing the privileged creditor's claim.

3.5 What are the key risks that are specific to the securities?

/ *Suitability of the Bonds*

An investment in the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to read and understand the Prospectus in full and to consult an independent investment advisor before making an investment decision with a view to ascertain that s/he has sufficient knowledge and understanding of the Bonds and the merits and risks of investing in the Bonds, and that s/he has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds. Otherwise there is a risk that such investor may acquire an investment which is not suitable for his/her risk profile.

/ *Trading and liquidity risks*

There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to re-sell his/her Bonds at or above the Bond Issue Price or at all. The existence of an orderly and liquid market for the Bonds depends on a number of factors, which are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. The outbreak of the COVID-19 pandemic in Q1 2020, has resulted in a highly volatile economy, with the exact magnitude of the downturn remaining uncertain globally. This volatility may also increase as a result of wars or conflicts between countries, including the current Russia – Ukraine conflict. There can be no assurance that continued or increased volatility and disruption in the capital markets will not impair the saleability of the Bonds.

/ *Interest rate risk*

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. In particular, if interest rates rise, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Moreover, price risks for longer maturity bonds tend to be higher than for shorter maturity bonds.

/ *Currency risk*

Any investor whose currency of reference is not the Euro shall bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference.

/ *Amendments to Terms and Conditions*

The Issuer may call a meeting of Bondholders in accordance with the provisions of this Securities Note in the event that it wishes to amend any of the Terms and Conditions of this Bond Issue. 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.

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?

/ *Application for the Bonds*

Application for the Bonds must be lodged with any of the Authorised Financial Intermediaries pursuant to Placement Agreements. All Applications are subject to a minimum subscription amount of €5,000 in nominal value of Bonds and in multiples of €100 thereafter.

Expected timetable

1	Offer Period:	**4 April 2022 to 14 April 2022**
2	Placement Date:	**14 April 2022**
3	Commencement of interest:	**25 April 2022**
4	Announcement of basis of acceptance:	**25 April 2022**
5	Dispatch of allotment letters:	**2 May 2022**
6	Latest date of constitution of special hypothecs on Security Property for Bonds	**9 May 2022**
7	Latest date of admission of Bonds to listing:	**10 May 2022**
8	Latest date of commencement of trading in the Bonds:	**11 May 2022**

The dates specified in steps 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.

Plan of distribution and allotment and allocation policy:

The Issuer has entered or shall enter, as the case may be, into Placement Agreement with each of the Authorised Financial Intermediaries listed in Annex I of the Securities Note, for the subscription of the total amount of €50 million in nominal value of Bonds being issued to be subscribed to by each such Authorised Financial Intermediary either in its own name or in the name of its underlying clients.

The issue and final allotment of the Bonds is conditional upon the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed, within 15 Business Days of the close of the Offer Period; and (2) the Bonds being admitted to the Official List. In the event that any of the aforesaid Conditions Precedent is not satisfied, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account.

/ *Total estimated expenses*

The total estimated expenses of the Bond Issue are €800,000.

4.2 Why is this Prospectus being issued?

/ *Use and estimated net amount of proceeds*

The proceeds from the Bond Issue, will be used by the Issuer to provide a loan facility to the Guarantor, namely the Issuer-Guarantor Loan 2022, to be used as provided below. The Issuer-Guarantor Loan 2022 will bear interest at 4.5% *per annum* payable on 15 April of each year, and the principal amount thereof shall be repayable by not later than 15 April 2032.

In turn, the Issuer-Guarantor Loan will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

i. **Construction and finishing of the Hotel owned by Mercury Hotel Ltd.:** the amount of *circa* €35,000,000 will be made available by the Guarantor to Mercury Hotel Ltd. and used to finance fees and costs due and to become due by Mercury Hotel Ltd. to Mercury Contracting Projects Limited in respect of the construction, development and finishing works on the Hotel and the various elements thereof, in terms of the contract of works between the two companies. Such amount from the proceeds of the Bond Issue will accordingly, upon and subject to satisfaction of the Conditions Precedent, be forwarded by the Registrar to the Security Trustee, which will hold the same in cash on trust and thereafter release and pay same to the contractor against invoices for works and certificates of completion relevant to works on the Hotel; and

ii. **General corporate funding:** the remaining amount of *circa* €15,000,000, together with any residual amounts not utilised for the purposes identified in paragraph (i) above, and net of expenses of the Bond Issue, shall be utilised for general corporate funding purposes of the Group and shall, upon and subject to satisfaction of the Conditions Precedent, be forwarded by the Registrar to the Guarantor.

The Registrar shall forward the remaining amount equivalent to the expenses of the Bond Issue (expected to amount to €800,000), which have been agreed to be borne by the Guarantor (and will thus still form part of the loan made thereto under the Issuer-Guarantor Loan 2022) to or to the order of the Issuer, upon request.

/ *Underwriting*

The Bond Issue is not subject to an underwriting agreement on a firm commitment basis.

/ *Conflicts of interest*

Save for the subscription for Bonds by the Authorised Financial Intermediaries (which include the Sponsor and the Registrar), and any fees payable in connection with the Bond Issue to the Sponsor and the Registrar, so far as the Issuer is aware no person involved in the Bond Issue has any material conflicts of interest pertaining to the offer of Bonds or their admission to trading.

REGISTRATION DOCUMENT

Dated 21 March 2022

This Registration Document is 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 Prospectus Regulation.

MERCURY FINANCE

MERCURY PROJECTS FINANCE P.L.C.

a public limited liability company duly incorporated under the Laws of Malta, with Company registration number C 89117

Sponsor & Co-Manager	Registrar & Co-Manager	Security Trustee	Legal Counsel
Calamatta Cuschieri YOUR PARTNER IN FINANCIAL SERVICES	BOV Bank of Valletta	CSB trustees& fiduciaries ltd	salibastafrace LEGAL

THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVES THIS REGISTRATION DOCUMENT AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED 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 ANY INSTRUMENT ISSUED BY THE ISSUER 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 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 ISSUED BY THE ISSUER.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT 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 AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

Approved by the Directors

Joseph Portelli

in his capacity as Director of the Company and on behalf of each of Stephen Muscat, Mario Vella and Peter Portelli.

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON MERCURY PROJECTS FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND MERCURY TOWERS LTD AS GUARANTOR, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND THE PROSPECTUS REGULATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS, TO PUBLISH OR ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUER, THE GUARANTOR AND/OR THE SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF PUBLISHED, ISSUED, GIVEN OR MADE, SUCH ADVERTISEMENT, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

ALL THE ADVISORS TO THE ISSUER NAMED UNDER THE HEADING "ADVISORS" IN SECTION 3.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER 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.

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 HOWEVER 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 ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) 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.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER 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 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.

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 REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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 THEREIN.

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 OR THE GUARANTOR 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 REGISTRATION DOCUMENT IS VALID FOR A PERIOD OF TWELVE MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO UPDATE OR SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER’S OR GUARANTOR’S WEBSITES (IF ANY) OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER’S OR GUARANTOR’S WEBSITES 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 WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES ISSUED BY THE ISSUER.

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, 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 INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

TABLE OF CONTENTS

1 | DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

2019 Bond Issue	The issue of the 2027 Existing Bonds and of the 2031 Existing Bonds by the Issuer pursuant to the 2019 Prospectus;
2019 Prospectus	The prospectus dated 4 March 2019 issued by the Company in relation to the 2019 Bond Issue;
2027 Existing Bonds	The 3.75% secured bonds due 2027 issued by the Issuer pursuant to the 2019 Prospectus, of a nominal value of €100 per bond and of an aggregate nominal value of €11,500,000, and carrying ISIN MT0002191204;
2031 Existing Bonds	The 4.25% secured bonds due 2031 issued by the Issuer pursuant to the 2019 Prospectus, of a nominal value of €100 per bond and of an aggregate nominal value of €11,000,000, and carrying ISIN MT0002191212;
Act	The Companies Act, 1995, Cap. 386, Laws of Malta;
Bersella Holdings Limited	Bersella Holdings Limited, a limited liability company registered under the laws of Malta, with company registration number C 79829, having its registered office at Mangion Building, N/S Off Valletta Road, Luqa LQA 6000, Malta;
Bondholders	The holders of the Bonds, each a "Bondholder";
Bond Issue	The issue of Bonds;
Bonds or **Secured Bonds**	The €50,000,000 secured bonds due in 2032 of a nominal value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 4.3% per annum, as set out in the Securities Note;
BOV Loans	The existing bank financing due by the Guarantor to Bank of Valletta p.l.c. as set out in Section 6.2 of this Registration Document;
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;
Capital Markets Rules	The capital markets rules issued by the Malta Financial Services Authority in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta);
Car Park Site – Phase 1	The underground levels minus three (-3) to minus six (-6) underlying parts of the Mercury Site which were approved for the construction therein of a car parking complex by virtue of the Full Development Permit issued by the Malta Planning Authority on 7 February 2018 (REF. Planning Authority Permit PA 06955/17), which permit was confirmed on appeal on the 7 March 2019, and more precisely an approximate space of *circa* 4,533 square metres on each level commencing from 2.6 metres from sea level up and limited to 14.3 metres from sea level, wherein there has been constructed and there is being developed and finished part of the Parking Complex which will underlie parts of the Site, and which

	underground levels were transferred by the Guarantor to TTRS Holdings Limited in two separate stages and portions by virtue of a public deed in the records of Notary Kristen Dimech of the twenty third day of June of the year two thousand and seventeen (23/06/2017) and a subsequent public deed in the records of the same Notary of the nineteenth day of July of the year two thousand and seventeen (19/07/2017), which TTRS Holdings Limited was subsequently acquired by amalgamation by the company Mercury Car Park Limited, which latter company currently owns the Car Park Site – Phase 1;
Car Park Site – Phase 2	The underground levels minus three (-3) to minus seven (-7) underlying parts of the Site, which were approved for the construction therein of car parking facilities by virtue of the Full Development Permit issued by the Malta Planning Authority on 17 December 2020 (REF. Planning Authority Permit PA 1892/19) as an extension to the previously approved car parking facilities within Car Park Site – Phase 1 but excluding the said Car Park Site – Phase 1, and more precisely an approximate space of *circa* 1964 square metres on each level commencing from 0.8 metres from sea level up and limited to 14.3 metres from sea level, wherein there has been constructed and there is being developed and finished part of the Parking Complex which will underlie parts of the Site;
Collateral	The following security granted by Mercury Hotel Ltd. and the Guarantor respectively in favour of the Security Trustee for the benefit of Bondholders: (a) the Special Hypothec; and (b) the Guarantee;
Commercial Mall or **Shopping Mall**	The retail and commercial outlets being developed by Mercury Commercial Mall Ltd. on the Site, which is planned to consist of a number of retail and catering establishments, and which are intended to be leased by Mercury Commercial Mall Ltd. to various third parties;
Conditions Precedent	The conditions set out under paragraph (a) of Section 8.2 of the Securities Note, to which the issue and final allotment of the Bonds is subject, namely the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed, within 15 Business Days of the close of the Offer Period; and (2) the Bonds being admitted to the Official List;
Directors or **Board**	The directors of the Issuer whose names are set out under the heading "Identity of the Directors, Advisors and Auditors" in Section 3 of this Registration Document;
Euro or **€**	The official currency of the member States of the European Union that form part of the Euro-zone, including Malta;
Exchange Site	The immovable property adjacent to the Mercury Site, consisting of a divided portion of land at St. Julians, measuring *circa* one thousand nine hundred and sixty four square metres (1,964 m^2), on which Saint George's Exchange, without official number in Triq San Gorg, Saint Julians was built before its recent demolition, inclusive of its subsoil and airspace, which was acquired by the Guarantor from SGE Property Company Limited by

	means of the Exchange Site Public Deed, following an assignment of the promise of sale agreement dated 2 August 2018 that took place on the same Exchange Site Public Deed between Mercury Exchange Limited (company registration number C 87640) and the Guarantor, as more fully and accurately described in the Exchange Site Public Deed and the plans and drawings attached thereto;
Exchange Site Public Deed	The public deed in the records of Notary Kristen Dimech of the twelfth day of August of the year two thousand and twenty-one (12/08/2021), by virtue of which the Guarantor acquired the Exchange Site;
Existing Bondholders	The holders of the Existing Bonds, each an "Existing Bondholder";
Existing Bonds	Collectively, the 2027 Existing Bonds and the 2031 Existing Bonds;
Group or **Mercury Group**	The Guarantor and its direct or indirect Subsidiaries, including the Issuer, and the term "Group Company" shall mean any one of the companies forming part of the Group;
Guarantee	The joint and several guarantee dated 21 March 2022 granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee (which contains a description of the nature and scope and the terms of the Guarantee) is appended to the Securities Note as Annex II thereto;
Guarantor	Mercury Towers Ltd, a limited liability company registered under the laws of Malta with company registration number C 77402 and having its registered office at J Portelli Projects, 1400, Block 14, Portomaso, St. Julians, Malta;
Hotel	The Hotel being developed by Mercury Hotel Ltd. on the Site, which is planned to consist of a 130-room 19-storey hotel, together with several additional recreational functions and other facilities forming part of or ancillary to such hotel, which Hotel and respective facilities are intended to be subsequently operated by the said Mercury Hotel Ltd. Under a hotel management agreement with Meliá Hotels International S.A. and Prodigios Interactivos S.A. to manage and operate such Hotel;
Issuer or **Company**	Mercury Projects Finance p.l.c., a limited liability company registered under the laws of Malta with company registration number C 89117 and having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta;
Issuer-Guarantor virtue Loan 2019	The loan facility between the Issuer (as lender) and the Guarantor (as borrower) by of which the proceeds of the 2019 Bond Issue were made available by the Issuer to the Guarantor and regulated by the public deed in the records of Notary Kristen Dimech of the twenty fifth day of March of the year two thousand and nineteen (25/03/2019);
Issuer-Guarantor Loan 2022	The loan facility between the Issuer (as lender) and the Guarantor (as borrower) referred to in Section 4.2 of the Securities Note, by virtue of which part of the proceeds of the Bond Issue will be made available by the Issuer to the Guarantor;

Malta Financial Services Authority or **MFSA**	The Malta Financial Services Authority, established in terms of Article 3 of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta), and which has been appointed by the Financial Markets Act (Cap. 345 of the Laws of Malta) as the competent authority to approve prospectuses of any offer of securities to the public in Malta;
Malta Stock Exchange or **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;
Memorandum and Articles of Association or **Articles**	The memorandum and articles of association of the Issuer in force at the time of Articles publication of this Registration Document;
Mercury Car Park Limited	Mercury Car Park Limited, a limited liability company registered under the laws of Malta, with company registration number C 81172, having its registered office at Mangion Building, New Street off Valletta Road, Luqa LQA 6000, Malta;
Mercury Car Park II Ltd.	Mercury Car Park II Ltd., a limited liability company registered under the laws of Malta, with company registration number C 100736, having its registered office at Mercury House, St. George's Road, St. Julians, Malta;
Mercury Commercial Mall Ltd.	Mercury Commercial Mall Ltd., a limited liability company registered under the laws of Malta, with company registration number C 100729, having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta;
Mercury Contracting Projects Limited	Mercury Contracting Projects Limited, a limited liability company registered under the laws of Malta, with company registration number C 77531 and having its registered office at J. Portelli Projects, 1400, Block 14, Portomaso, St. Julians, Malta;
Mercury Hotel Ltd.	Mercury Hotel Ltd., a limited liability company registered under the laws of Malta, with company registration number C 100730, having its registered office at Mercury House, Triq San Gorg, St. Julians, Malta;
Mercury Site	The "Site" as defined in the Mercury Site Public Deeds, consisting of a divided portion of land at St. Julians, measuring *circa* seven thousand seven hundred and one point eight square metres (7,701.8m^2), consisting of various portions of land and levels above and below sea level (airspaces and subterranean portions and levels) which was acquired by the Guarantor from Pender Ville Limited in two stages by means of the Mercury Site Public Deeds, subject to all the terms and conditions and exclusions set out in such Mercury Site Public Deeds, as more fully and accurately described in the Mercury Site Public Deeds and the plans and drawings attached thereto, but excluding therefrom the Car Park Site – Phase 1, which has been subsequently transferred by the Guarantor to TTRS Holdings Limited in two separate stages and portions by virtue of a public deed in the records of Notary Kristen Dimech of the twenty third day of June of the year two thousand and seventeen (23/06/2017) and a subsequent public deed in the records of the same Notary of the nineteenth day of July of the year two thousand and seventeen (19/07/2017), which TTRS Holdings Limited was subsequently acquired by amalgamation by the company Mercury Car Park Limited;

Mercury Site Deeds	The public deed in the records of Notary Kristen Dimech of the fifth day of Public December of the year two thousand and sixteen (05/12/2016), and the subsequent public deed in the records of Notary Kristen Dimech of the twenty seventh day of June of the year two thousand and seventeen (27/06/2017), by virtue of which the Guarantor acquired the Mercury Site in two stages;
Offer Period	The period between 08:00 hours on 4 April 2022 and 12:00 hours on 14 April 2022 during which the Bonds are on offer;
Official List	The list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Parking Complex	The aggregate parking facilities being developed for the benefit and as part of the Project in the underground levels minus seven to minus three (B07 to B03) underlying parts of the Site, consisting collectively of those being developed within Car Park Site Phase 1 and those within Car Park Site – Phase 2;
Pender Ville Limited	Pender Ville Limited, a limited liability company registered under the laws of Malta, with company registration number C 36675, having its registered office at Pendergardens Business Centre, 14, Level 1, Pendergardens, St. Andrews Road, St. Julians, Malta;
Peripheral Block	The peripheral block of serviced apartments being developed by the Guarantor, which is planned to consist of 170 serviced apartments, which will be adjacent to the Hotel podium, which serviced apartments within the Peripheral Block are intended for resale to third parties;
Project or **Mercury House Project**	The Group's project comprising the development of the Site into a mixed use development comprising of *inter alia* serviced apartments, a commercial mall, a hotel, other leisure, entertainment, health and beauty, retail and commercial activity and underlying car parking facilities, all as described in more detail in Section 5 below;
Prospectus	Collectively, the Registration Document, the Securities Note and the Summary;
Prospectus Regulation	Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended and/or supplemented from time to time;
Redemption Date	25 April 2032;
Registrar or **Registrar & Co-Manager**	Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta, with company registration number C 2833, having its registered office at 58, Zachary Street, Valletta VLT 1130, Malta;
Registration Document	This document in its entirety;
Retained Property	The Hotel, the Shopping Mall and other property within the Project to be retained in ownership by the Group;
Securities Note	The securities note issued by the Issuer dated 21 March 2022, forming part of the Prospectus;

Security Property BOV Loans	The first ranking special hypothec and first special privilege over certain immovable for property within the Site, to secure the BOV Loans, as set out in Section 6.2 of this Registration Document;
Security Property Existing Bonds	In respect of the 2027 Existing Bonds, the following immovable property owned by for the Guarantor: – 'Mercury House' being the scheduled Grade Two heritage building and extension thereto in terms of the building permit relative to the Project as may be amended from time to time, situated on Levels B02, B01, L00, L01 and L02 of the Mercury Site, and measuring approximately on each of the said levels 358m^2 345m^2, 631m^2, 429m^2 and 328m^2 respectively. Mercury House underlies the Tower and does not include the relative airspace; – 'Commercial Space L01' meaning the space presently in shell form situated on Level L01 of the Tower and limitedly to this floor level measuring approximately 358m^2 intended for the development of a commercial space the use of which shall be determined by the building permit from time to time; – 'Commercial Space L02' meaning the space presently in shell form situated on Level L02 of the Tower and limitedly to this floor level measuring approximately 646.5m^2 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; and in respect of the 2031 Existing Bonds, the following immovable property owned by the Guarantor:
	– 'Twist L11 and L12' meaning those divided portions presently built in shell form at Levels L11 and 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 L11 has an approximate aggregate area of 800m^2 and at Level L12 has an approximate aggregate area of 439m^2. 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; – 'Residential L31' meaning all the residential units currently built in shell form at Level 31 of the Tower and limitedly to this floor level, and namely (a) apartment internally numbered 3101 measuring approximately 205m^2 as built-up areaand 40m^2 as external area; (b) apartment internally numbered 3102 measuring approximately 106m^2 as built-up area and 20m^2 as external area; (c) apartment internally numbered 3103 measuring approximately 223m^2 as built-up area and 40m^2 as external area; (d) apartment internally numbered 3104 measuring approximately 49m^2 as built-up area and 10m^2 as external area; (e) apartment internally numbered 3105 measuring approximately 47m^2 as built-up area and 10m^2 as external area;

Security Property for Bonds	The following immovable property owned by the Mercury Hotel Ltd.: – The airspaces earmarked for the construction of the Hotel (as covered by planning permit REF. Planning Authority PA 01892/19), namely: **(i)** the airspace commencing from the floor level L02 up to the uppermost level L19 being developed within the Hotel building, having a planned internal floor area measuring approximately 12,252m^2 and external balconies measuring approximately 3,636m^2, including the airspace above them, and any and all constructions and improvements thereon from time to time; **(ii)** the airspace commencing from the roof of floor level L08 upwards without limitation within the Peripheral Block, having a superficial area of approximately 992m^2, and any and all constructions and improvements thereon from time to time; and **(iii)** the part of the fourth basement level (B04) which is earmarked to be developed as a SPA and Wellness Centre, having an internal floor area measuring approximately 1,093m^2, which will form part and be operated as part of the amenities of the Hotel, and any and all constructions and improvements therein from time to time;
Security Trust Deed or **Trust Deed**	The security trust deed entered into in respect of the Bond Issue between the Security Trustee, the Issuer, the Guarantor and Mercury Hotel Ltd. dated 21 March 2022;
Security Trustee	CSB Trustees and Fiduciaries Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 40390 and having its registered office at Level 3, Tower Business Centre, Tower Street, Swatar, Birkirkara 4013, Malta, duly authorized to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the Laws of Malta);
SGE Property Company Limited	SGE Property Company Limited, a limited liability company registered under the laws Malta, with company registration number C 51494, having its registered office at The Bastions, Triq Emvin Cremona, Floriana FRN1281, Malta;
Site	Collectively, the Mercury Site, the Exchange Site and the Car Park Site – Phase 1;
Special Hypothec	The first ranking special hypothec over the Security Property for Bonds to be granted by Mercury Hotel Ltd. in favour of the Security Trustee, for the benefit of Bondholders, to secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds by the Issuer, as set out in Section 6.2 of this Registration Document;
Sponsor or **Sponsor & Co-Manager**	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the Malta Financial Services Authority in terms of the Investment Services Act (Cap. 370 of the laws of Malta) and is a member of the MSE;

Subsidiary	When such term used in respect of an undertaking (a parent undertaking) it means an undertaking which is such parent undertaking's direct or indirect "subsidiary undertaking", as such latter term is defined in Article 2(2)(c) of the Act, and for such purpose the term "parent undertaking" shall have the meaning assigned to it in Article 2(2)(a) of the Act;
Summary	The summary issued by the Issuer dated 21 March 2022, forming part of the Prospectus;
Tower	The twisted shaped high-rise building being developed on the Site which is on the date hereof fully constructed in shell form and being completed and finished, which shall consist of a 34-storey tower, an overlying viewing gallery and airspace, as well as 2 underground storeys (but excluding the car park levels) overlying the car park facility, from levels B02 to L33, and wherein there are being developed 291 branded serviced apartments, as well as commercial areas (particularly in levels B02 to L02, L10 to L12 and L32 and L33); and
TTRS Holdings Limited	TTRS Holdings Limited a limited liability company which was registered under the laws of Malta, with company registration number C 81170, and which had its registered office at J. Portelli Projects, 1400, Block 14, Portomaso, St. Julians, Malta, which company was struck off the Register of Companies following its amalgamation with Mercury Car Park Limited.

All references in the Prospectus to "Malta" are to the "Republic of 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 also 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) any references to a person includes natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
(e) any phrase introduced by the term "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding the term; and
(f) any references 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

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT 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 OR ITS SECURITIES.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER 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 TWO MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) THE ISSUER; OR (II) THE GUARANTOR, WITH THE LATTER CATEGORY BEING DIVIDED INTO FURTHER SUB-CATEGORIES. 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. IN MAKING THIS 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 OF THE ISSUER, THE GUARANTOR OR THE GROUP, IF THE RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS, AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED BY IT FROM TIME TO TIME AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AND BELIEVED TO BE MATERIAL AS AT THE DATE HEREOF BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) IS OR SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISORS LISTED IN SECTION 3 BELOW, THE SPONSOR OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT AND IN OTHER DOCUMENTS COMPRISED IN THE PROSPECTUS.

/ *Forward-looking Statements*

The Prospectus and the documents incorporated therein by reference or annexed thereto contain statements that are, or may be deemed to be, forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "forecast", "project", "plan", "anticipate", "expects", "envisage", "intend", "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 Issuer and, or the Directors concerning, amongst other things, the Issuer's or the Guarantor's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets 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 Issuer's and/or the Guarantor's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer or the Guarantor 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 Issuer 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.

2.1 Risks relating to the Issuer

/ *Risks relating to the Issuer's Business and its reliance on the Group*

As stated in Section 5.1, the Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. The Issuer itself therefore does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group and, as such, its assets are intended to consist primarily of loans issued to Group companies (including the existing Issuer-Guarantor Loan 2019 and the proposed Issuer-Guarantor Loan 2022).

Accordingly, the Issuer is economically dependent principally on the operational results, financial condition and performance of its borrower Group companies, principally the Guarantor, which will in turn economically depend in part on its own operational results and financial performance and in part, after completion of the Project, also on the results and performance of its Subsidiaries (from which it expects to receive dividends and/or payments of shareholders' loans, as applicable).

Therefore, the risks intrinsic in the business and operations of Group companies have an effect on the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due (including, in the case of the Guarantor, any payments that it may be required to make under the Guarantee). Accordingly, the risks of the Issuer are indirectly those of the Group, in particular the Guarantor and, in turn, all risks relating to the Group are the risks relevant to the Guarantor.

2.2 Risks relating to the Guarantor

As noted in Section 5.3, the Guarantor will carry a substantial part of the Group's revenue generating business, including development and sales of serviced apartment units, as well as the letting and/or operation of various parts of the Group's Retained Property owned by it. Furthermore, as noted in Section 6.2, until the Project becomes operational and starts generating rental and operational income for the Group as a whole, the Guarantor is and will remain the only company within the Group generating revenues, mainly through sales of serviced apartments, and will accordingly make available the funds needed by other members of the Group for their acquisitions and operations, apart from being responsible for funding payments under the various financing (bank borrowings and bonds) in place in connection with the Project. The economic and operational performance of the Guarantor will therefore be pivotal for the completion of the Project and the repayment of financings obtained, as well as for the success of the Group's business. Such performance will be subject to certain risks.

ECONOMIC AND FINANCIAL RISKS

/ *Risks relating to COVID-19*

The COVID-19 pandemic has affected the economy as a whole and, to some extent, has already affected the current operations of the Group, mainly through delays in importation and supply of material needed for construction and finishing of the Project and delays in securing working permits for foreign workforce employed in such construction and finishing. The virus, which has now spread globally, has resulted in government authorities in many countries taking various measures (including extreme measures and restrictions) to arrest or delay the spread of the virus including the declaration of states of emergency, restrictions on movement, border controls, travel bans and the closure of offices, schools and other public amenities, all of which measures and restrictions have added challenges, given the rapid pace of change and significant operational demands. While the full impact of the pandemic and the resulting measures is not yet known, these events are expected to have a material adverse effect on general global economic conditions and market liquidity. A health crisis could also affect the global economy in ways that cannot necessarily be foreseen at the present time, and may also exacerbate other pre-existing political, social and economic risks. Furthermore, there is no assurance of continuity of the various economic incentives and schemes and other measures taken by governments (including the Government of Malta) to mitigate the implications of the pandemic. Moreover, whilst certain effects of the COVID-19 pandemic have been or are expected to be temporary especially in light of the success achieved by global vaccination efforts, the implications of the pandemic are expected to continue to have a bearing on market operations, specifically those sectors which have been directly impacted by the pandemic.

Whilst it is not possible to accurately predict the full impact thereof as at the date of this Registration Document, the ongoing COVID-19 pandemic and possible future outbreaks, and the macroeconomic effects thereof, may have direct and indirect adverse effects on the current and/or future business and financial performance of the Guarantor and the Group, including but not limited to further disruption of the business operations of the Group's contractors and suppliers, including through delays in importation and delivery of materials (which has already been experienced by the Group) or a potential spread of disease among the employees of such contractors and suppliers and resulting quarantine measures that may hinder the said employees from carrying out their work, as well as potential imposed restrictions on or natural aversion to traveling, or the forced government closure of non-essential retail stores or leisure outlets or the natural aversion towards unnecessary spending, all of which may negatively affect the tourism, retail and entertainment sectors, and thus the anticipated future operations and revenues of the Group once the Project becomes operational.

/ *Risks relating to financing of the Group*

The Guarantor's indebtedness could adversely affect its financial position.

As at the date of this Registration Document, the Guarantor has bank debt, as well as the Issuer-Guarantor Loan 2019 due to the Issuer (representing the proceeds of the 2019 Bond Issue which were made available to the Guarantor for the purposes of the Project).

The Guarantor's, and consequently the Group's, financial gearing levels will further increase pursuant to the Bond Issue. This may also increase as a result of further indebtedness which may from time to time in future be obtained by the Group, for the purposes of completion of certain elements of the Project, or for its maintenance or to refinance existing indebtedness or otherwise for its business purposes. The increase in the level of financial gearing gives rise to all risks typically associated with higher leverage, including lower asset cover and lower debt service cover levels.

Such indebtedness as aforesaid requires and will continue for a number of years in future to require a substantial portion of the Group's generated cash flows to be used to service the same. Should the Guarantor or its Subsidiaries significantly increase their debt obligations, this may have an adverse effect on the profitability of the Guarantor or its Subsidiaries.

There can be no assurance that the Group will have access to such further debt financing as may be required from time to time at reasonable interest rates and at reasonable terms. Furthermore, any borrowings under bank credit facilities will likely be at variable interest rates, which could cause the Group to be vulnerable to increases in interest rates.

BUSINESS AND OPERATIONAL RISKS

/ *Concentration risks*

The Group's business model remains primarily reliant on the development of the Project within the Site and the subsequent (a) sale to third parties of constructed services apartments or airspaces within which accommodation serviced apartments have been or will be developed; and (b) retention and letting to third parties and/or operation of various elements thereof, as a hotel and for retail, leisure and other commercial activities. In addition, the Group's assets and operations are concentrated in Malta, in a specific region thereof, St. Julians, and are accordingly intimately dependent on the tourism industry and property market in Malta and more specifically in such region.

The Group is therefore subject to concentration risk in view of the restriction of its activities and operations to the Project, and this lack of diversification may exacerbate the real estate development, hospitality, accommodation, and retail market related risks to which the Project is or may become exposed, as mentioned below.

/ *The Group depends on third parties in connection with its business, giving rise to counter-party risks*

The Group is subject to various counter-party risks

The Group relies upon third party or related service providers such as architects, project managers, building contractors, subcontractors, suppliers, hotel operators and others for the construction and completion and (where applicable) subsequent operation of its property developments. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the Group's expectations and in accordance with their contractual obligations. If these risks were to materialise, the resulting development cost overruns or delays in completion or loss of revenue could have an adverse impact on the Group's business, and its financial condition, results of operations and prospects.

Prospective purchasers of properties (apartments or airspaces of apartments) may default on their obligations under preliminary agreements of sale with the Guarantor, in particular by failing to appear on the final deed of sale and/or pay the outstanding amounts of the price when due, and tenants of the commercial outlets may default on their rental payment obligations towards Mercury Commercial Mall Ltd., thus causing potential liquidity shortages for the Group (including, indirectly, the Issuer) and forcing same into potential litigation.

Although the Guarantor only sells the relative airspace within which the relevant apartment unit is to be developed (save where the unit in question is already built at the time the preliminary agreement is entered into, in which case the Guarantor sells the same as already built), and the obligations for construction, finishing and timely completion of all relevant works and consequent liabilities for breach thereof are assumed and undertaken directly by Mercury Contracting Projects Limited, defaults by the said Mercury Contracting Projects Limited on its respective obligations towards buyers may entitle the said buyer to rescind the preliminary agreement and its promise to buy the relative airspace from the Guarantor, resulting in a loss of potential sale for the Guarantor.

/ *Material risks relating to real estate acquisition, development and sale*

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Group's control, and which could adversely affect the economic performance of the Group and the value of the real estate properties under development within the Project. Such factors include:

- general industry trends, including the cyclical nature of the real estate market;
- changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes;
- shortages and/or price increases in raw materials, services or other construction inputs, such as, among others, cement, steel, energy and other utilities, leading to cost overruns;
- insufficiency of resources to complete the projects;
- sales transactions or rental of commercial areas not being made at the prices and/or at the timings envisaged resulting in a liquidity strain or even potential penalties or other financial sanctions or litigation;
- possible structural and environmental problems;
- acts of nature, such as earthquakes and floods, that may damage any of the properties or delay development thereof;
- the inherent risks to health and safety arising from the nature of property development, including the risk of serious injury or even fatality, and the litigations that may arise therefrom; and
- increased competition in the market segment in which the Group operates may lead to an oversupply of residential or commercial properties in such markets, which could lead to a lowering of prices and rental rates and a corresponding reduction in revenue of the Group.

Any of the factors described above could have a material adverse effect on the Group's business, its financial condition and prospects and accordingly on the repayment of the Bonds and interest thereon

/ *Risks arising from war and/or conflict*

Wars and conflicts which may from time to time occur in various parts of the world, including the Russia – Ukraine conflict as at the date of this Registration Document, may present new risks or exacerbate certain risks to which the operations of the Group are subject, including in particular but without limitation, shortage of building material and supplies sourced from the affected regions and countries and which are necessary for the development of the Project, as well as sudden and unexpected increase in prices and delay in importation and delivery thereof.

/ *Risks relating to the hospitality industry*

The Group's future hospitality operations and the results thereof are subject to a number of external factors that could adversely affect its business, many of which are common to the hotel industry and beyond the Group's control, including (without limitation) changes in travel patterns and customer trends, the seasonality and cyclical nature of the tourism industry, the impact of outbreaks of contagious diseases and possibly of other unexpected calamities on patterns and/or volume of travel, the introduction of new laws or more restrictive laws and requirements related to the hospitality industry, increases in operating costs and increased taxes, and the strong and increasing local and global competition in the tourism sector.

The impact of any of these factors (or a combination of them) may adversely impact room rates and occupancy levels at the Hotel, or otherwise cause a reduction in the Group's revenue from hospitality services, which could have a material adverse effect on the Group's business, financial condition and results of operations.

/ *Risks relating to the commercial rental business of the Group*

Various Group companies will or may lease the Retained Property they own to third parties for commercial operation, including retail outlets and food and beverage outlets. The health of the commercial rental market may be affected by a number of factors, including economic, political and social factors. An increase in the supply of commercial retail and catering space could impact negatively upon capital values and income streams of the Group's properties, and the Group's ability to source new lessees upon termination or non-renewal of the then current leases.

Moreover, the business, revenue and projected profits of the Group would be negatively impacted if lessees fail to honour their respective lease obligations, which failure may be due to several reasons which are beyond the Group's control, including the insolvency and lack of liquidity of the lessees.

Furthermore, the Group may be subject to increases in operating and other expenses with respect to the said properties–, which expenses may not necessarily be recoverable from the third party tenants.

/ *Risks relating to operation of leisure business*

The Guarantor and Mercury Commercial Mall Ltd. intend to operate, either themselves or through third parties, various entertainment facilities and attractions, including the go-karting entertainment area as well as the Mercury Experience which includes the flying theatre within Mercury House and the viewing gallery on top of the Tower. These leisure operations and the profits which may be generated by the Group therefrom may be adversely affected by various factors and risks, beyond the Group's control, including changes in leisure trends and appetites of consumers, increased competition from similar and also alternative forms of entertainment attractions, the high costs involved in maintenance and updating of relevant technological equipment and health and safety risks arising from operation and use of certain entertainment attractions.

/ *Risks inherent in Property Valuations*

The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions at a given point in time upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of properties, including of Security Property for Bonds, referred to in the Prospectus reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. Moreover, property valuations are largely dependent on current and, or expected market conditions which may fluctuate from time to time. There can be no assurance that such valuation of property will reflect actual market values.

/ *The Group's key senior personnel and management have been and remain material to its growth*

The Group believes that its growth is largely attributable to the efforts and abilities of the directors and members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

/ *The Group's insurance policies*

As at the date of this Registration Document, the Group companies are mentioned as insured and/or covered under Contractors' All Risks and Third Party Liability insurance covers, at levels determined by the Group to be appropriate in light of the cost of cover and the risks of activities and risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by such policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

LEGAL AND REGULATORY RISKS

/ *Risks relative to changes in laws and new industry standards and practices*

The Group and its current and future operations are subject to laws and regulatory requirements applicable to property development and the business sectors within which they will operate, including laws and regulations relating to health and safety, environment, accommodation, bribery and corruption, data privacy and information protection, financial matters, accounting and tax. Furthermore, the regulatory environment in which the Group operates is constantly evolving, with the introduction of new rules and regulations, or the amendment of existing ones, including new initiatives at regional and/or local level which may result in the imposition of new requirements for the Group in terms of sustainability factors and other matters. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof, and in administrative practices, which cannot be predicted and which can negatively affect the business and operations of Group companies. The Guarantor or one of its Subsidiaries may be unable to anticipate the implications of legal and regulatory changes in a given sector, which necessitate a re-evaluation of processes from both a fiscal and operational perspective. This may result in a loss of revenue for the respective sector and the profitability of the Guarantor directly or pursuant to the operations of a Subsidiary.

/ *Risks relating to health and safety*

As owners of the various Retained Properties which are still under construction, the Guarantor and its Subsidiaries must comply and ensure compliance with, and can be exposed to claims relating to, health and safety at work, and may also be exposed to claims for injury or even death at the workplace, all of which could have a detrimental effect on their operations and profits. When the Project becomes operational, the various Group companies will then be required to ensure compliance with applicable health and safety standards and practices in the relevant sectors in which they will operate, including the hospitality, food and beverage and leisure business, and failure to comply with such standards or practices could expose such Group companies to third party claims which could in turn have a material adverse effect on their business, profitability and reputation.

/ *Litigation risk*

All industries, including the real estate development industry in which the Guarantor and its Subsidiaries are currently involved, as well as the business sectors in which they will eventually be operating, are subject to legal claims, with or without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

3 | IDENTITY OF THE DIRECTORS, ADVISORS AND AUDITORS

3.1 Directors of the Issuer and the Guarantor

Directors of the Issuer

As at the date of this Registration Document, the Board of Directors of the Issuer is constituted by the following persons:

Name and Identity Card number	Office Designation
Joseph Portelli (497193M)	Chairman and executive Director
Stephen Muscat (460561M)	Independent non-executive Director
Mario Vella (672753M)	Independent non-executive Director
Peter Portelli (364666M)	Independent non-executive Director

Joseph Portelli is an executive Director and occupies senior executive positions within the Group. The other three Directors, Stephen Muscat, Mario Vella and Peter Portelli serve on the Board of the Issuer in a non-executive capacity. They are considered as independent Directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing the said directors' independence due notice has been taken of Rule 5.119 of the Capital Markets Rules.

The business address of the Directors is at the registered office of the Issuer.

Reference is made to Section 9 titled "Administrative, Management and Supervisory Bodies" for a short *curriculum vitae* of the Directors, description of principal activities (if any) performed by them outside the Issuer, their potential conflicts of interest and other information relevant to such Directors.

/ Director of the Guarantor

As at the date of this Registration Document, the board of directors of the Guarantor is constituted by the following person:

Name and Identity Card number	Office Designation
Joseph Portelli (497193M)	Executive Director

3.2 Company Secretaries of the Issuer and the Guarantor

Dr. Joseph Saliba of 9/4, Britannia House, Old Bakery Street Valletta VLT 1450, Malta, holder of Identity Card number 49574M is the company secretary of the Issuer

Dr. Ian Stafrace of 9/4, Britannia House, Old Bakery Street Valletta VLT 1450, Malta, holder of Identity Card number 106173M is the company secretary of the Guarantor

3.3 Responsibility and Authorisation Statement

The Directors of the Issuer 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.

This Registration Document has been approved by the Malta Financial Services Authority as the competent authority in Malta for the purposes of the Prospectus Regulation. The Malta Financial Services Authority has only approved this Registration Document 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 Issuer.

3.4 Advisors

The persons listed hereunder have advised and assisted the Directors in the drafting and compilation of the Prospectus

Sponsor & Co-Manager

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

Registrar & Co-Manager

Name:	Bank of Valletta p.l.c.
Address:	58, Zachary Street, Valletta VLT 1130, Malta

Financial Advisors

Name:	Grant Thornton Malta
Address:	Fort Business Centre, Level 2, Triq L-Intornjatur, Zone 1, Central Business District, Birkirkara CBD1050, Malta.

Legal Counsel

Name:	Saliba Stafrace Legal
Address:	9/4, Britannia House, Old Bakery Street, Valletta VLT 1450, Malta

3.5 Auditors of the Issuer and the Guarantor

As at the date of the Prospectus, the statutory auditors of the Issuer are:

Name:	Baker Tilly
Address:	Level 5, Rosa Marina Building, 216, Marina Seafront, Pieta' PTA 9041, Malta.

The annual statutory financial statements of the Issuer for the financial years ended 31 December 2019 and 31 December 2020 have been audited by Baker Tilly. Baker Tilly is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the Laws of Malta). The Accountancy Board registration number of Baker Tilly is AB26/84/28.

As at the date of the Prospectus, the statutory auditors of the Guarantor are also Baker Tilly.

The annual statutory financial statements of the Guarantor for the financial years ended 31 December 2018 and 31 December 2019 have been audited by KPMG of Portico Building, Marina Street, Pieta PTA 9044, Malta (Accountancy Board registration number KPMG - AB/26/84/12), whilst those for year ended 31 December 2020 have been audited by Baker Tilly.

3.6 Security Trustee

Name:	CSB Trustees & Fiduciaries Limited
Registered Office:	Level 3, Tower Business Centre, Tower Street, Swatar, Birkirkara 4013, Malta

4 | INFORMATION ABOUT THE ISSUER AND THE GROUP

4.1 History and Development of the Issuer

Full legal and commercial name of the Issuer:	Mercury Projects Finance p.l.c.
Registered address:	1400, Block 14, Portomaso, St Julians, Malta
Place of registration and domicile:	Malta
Registration number:	C 89117
Legal Entity Identifier ('LEI')	391200HPXPO29NMJCF40
Date of registration:	16 January 2019
Legal Form:	A public limited liability company duly registered in terms of the Act
Telephone number:	+356 2131 3029
Email:	info@mercuryfinance.com.mt
Website:	www.mercuryfinance.com.mt*

*The information on the Issuer's website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

4.2 History and Development of the Guarantor

Full legal and commercial name of the Guarantor:	Mercury Towers Ltd
Registered address:	J. Portelli Projects, 1400, Block 14, Portomaso, St Julians, Malta
Place of registration and domicile:	Malta
Registration number:	C 77402
Legal Entity Identifier ('LEI')	3912008XQEJHUJ4GAI82
Date of registration:	28 September 2016
Legal Form:	A private limited liability company duly registered in terms of the Act
Telephone number:	+356 2131 3029
Email:	info@mercury.com.mt
Website:	www.mercury.com.mt*

*The information on the Guarantor's website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus

4.3 Organisational Structure of the Group

The Issuer is, except for one (1) share which is held by Mr Joseph Portelli, a fully-owned subsidiary of the Guarantor, which latter entity is the parent company of the Group.

The Group currently consists of the following entities:

- The Guarantor, being the parent company, which is itself actively involved in the property development business and which owns and is intended to continue to own, finish and eventually operate the essential elements of Retained Property within the Tower and some other elements of Retained Property within the Project, including Mercury House and the Pavilion next to it;

- Mercury Hotel Ltd., a single-member private limited liability company, recently incorporated under the laws of Malta on 7 December 2021 with registration number C 100730 and with its registered office situated at Mercury House, Triq San Gorg, St. Julians, Malta, which owns the existing constructions and airspaces of, and is intended to continue to own, develop, finish and eventually operate the Hotel;

- Mercury Commercial Mall Ltd., a single-member private limited liability company, recently incorporated under the laws of Malta on 15 December 2021 with registration number C 100729 and with the same registered office as the Issuer, which is in the process of acquiring from the Guarantor portions of the existing constructions and airspaces of, and is intended thereafter to own, develop and finish such portions of the existing constructions and airspaces of, and to eventually operate the totality of, the Commercial Mall;

- Mercury Car Park II Ltd., a single-member private limited liability company, recently incorporated under the laws of Malta on 15 December 2021 with registration number C 100736 and with the same registered office as the Issuer, which is in the process of acquiring from the Guarantor the existing constructions and airspaces of, and is intended thereafter to own, develop, finish and eventually operate the parking complex within Car Park Site – Phase 2; and

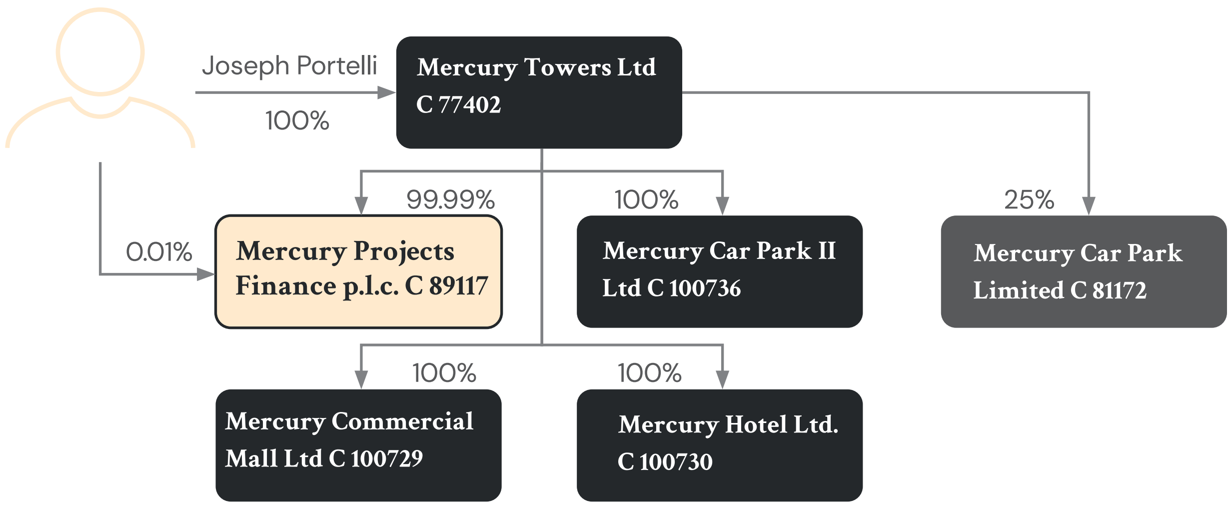
- the Issuer, which does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company for the Group, and intended to serve as a vehicle through which the Group will continue to finance its future projects, principally and in the immediate future the Project as set out in detail in Section 6.2 of this Registration Document, and potentially other projects that may be undertaken from time to time in future by the Group and/or enabling the Group to seize new opportunities arising in the market.

As of the date hereof, the Guarantor owns 1,500 Class 'B' ordinary shares in, and constituting 25% of the share capital of, Mercury Car Park Limited, a private limited liability company registered under the laws of Malta on 1 June 2017, having its registered office at Mangion Building, New Street Off Valletta Road, Luqa LQA 6000, Malta. Mercury Car Park Limited owns the existing constructions and airspaces of, and is intended to continue to own, develop, finish and eventually operate the parking complex within Car Park Site – Phase 1.

The Guarantor has entered into a promise of sale agreement with Bersella Holdings Limited for the acquisition of 4,080 Class 'A' ordinary shares in, and constituting 68% of the share capital of, Mercury Car Park Limited, for a price of €9 million, subject to the conditions stated therein. The promise of sale agreement provides for completion of the share transfer by not later than 30 June 2022. If and when such share transfer is completed, the Guarantor will become the owner of 93% of the share capital of, Mercury Car Park Limited (namely 4,080 Class 'A' ordinary shares and 1,500 Class 'B' ordinary shares), which will therefore become a subsidiary of the Guarantor. The Guarantor may also at any time thereafter proceed to merge Mercury Car Park Limited and Mercury Car Park II Ltd., so that the whole Parking Complex will be owned by one Group company.

The Memorandum and Articles of Association of Mercury Car Park Limited provide *inter alia* that whilst the holders of Class "A" ordinary shares shall be entitled to appoint up to three (3) directors, one of which shall also serve as the Chairman (but he shall not have a second or casting vote), the holders of "B" Shares shall be entitled to appoint up to two (2) directors. Save as aforesaid, the shares in both classes rank equally in all respects.

The organisational structure of the Group, as at the date of this Registration Document, is illustrated in the diagram hereunder:



Dependence of Issuer and Guarantor on the Group

As previously stated, the Issuer is, essentially, a special purpose vehicle set up to act as a financing company for the needs of the Group and, as such, it is dependent on the business prospects and operating results of the Group, particularly the Guarantor. More specifically, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on redemption, on the receipt of interest payments and loan repayment from the Guarantor to which the proceeds of the Bond Issue will be advanced by way of loan under the Issuer-Guarantor Loan 2022.

As the holding company and as an important operating company of the Group, the Guarantor is ultimately dependent on the results of its own operations and its own performance (particularly the operational revenues and the rental payments, as applicable, deriving from the Retained Property within the Tower, Mercury House and the Pavilion next to it, as described in Section 5.3 of this Registration Document), as well as the future results and performance of its Subsidiaries from which it expects to eventually receive dividends.

5 | BUSINESS OVERVIEW OF THE GROUP AND INVESTMENTS

5.1 Principal Activities and Markets

The Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. Accordingly, the Issuer is economically dependent principally on the operational results, financial condition and performance of its borrower Group companies.

Subject to the successful issue and allocation of the Bonds, the Issuer will grant the Issuer-Guarantor Loan 2022 to the Guarantor, by virtue of which the proceeds of the Bond Issue will be made available to such Guarantor as set out in more detail in Section 4 of the Securities Note.

The principal activity of the Group is the acquisition and disposal and/or development and operation of the various immovable properties within and constituting the Project to be situated at Mercury Site at Paceville, St. Julians. The Group was in fact specifically set up in view and for the purposes of, and will principally operate by reference to, the Project and its activities will accordingly be focused thereon. Whilst the Group has a limited operational history and is of relatively recent origin, with the longest existing member of the Group being its parent, the Guarantor, set up in September 2016, and the Issuer being set up only in January 2019 whilst the other Subsidiaries of the Guarantor being set up very recently, the ultimate beneficial owner of the Group, Mr Joseph Portelli, has a long trading history in the acquisition, development, management and operation of real estate developments including hotels, residential, office and retail property.

The Project itself will consist of mixed-use developments, including accommodation serviced apartment units, commercial, retail and entertainment outlets, as well as a 5-star Hotel, and will be complemented by an extensive car parking facility underlying the Site and servicing the owners and users of the various Project elements. A more detailed description of the concept, characteristics and other matters relating to the Project are found in Section 5.2 below.

The Group's main business therefore consists and will consist of:

(a) the resale of immovable property within the Site, mainly the disposal of the constructed accommodation serviced apartment units in the Tower and the Peripheral Block or of the airspaces within which there will be developed the accommodation serviced apartment units comprised in the Peripheral Block;

(b) the acquisition and development of parts of the Site to be retained in ownership by the Group for long-term investment, through the operation and/or letting thereof and the revenues generated therefrom, mainly the development and operation of the Hotel, the leisure and entertainment elements as well as the Parking Complex, and the development and rental to third parties of the Commercial Mall.

A more detailed overview of these two main lines of business of the Group is given below in Section 5.3.

5.2 The Project and the Site

The 'Mercury House Project' is a commercial, accommodation and leisure (mixed use) development of approximately 109,717m^2 of floorspace (excluding balconies and voids) located in the heart of Malta's most popular entertainment district, Paceville, in St. Julians, which is to be developed on the Site.

/ Acquisition of the Site and transfer of parts thereof to Group companies

Acquisition of Mercury Site

The Guarantor acquired the Mercury Site in two stages, by virtue of the two Mercury Site Public Deeds in December 2016 and June 2017.

Such acquisition was made for a total price of €24,255,000, which was split into a price of €17,425,000 paid for the first portion of the site sold by virtue of the first Mercury Site Public Deed and the balance of €6,830,000 paid for the remaining portion of the site sold by virtue of the second Mercury Site Public Deed, together with €305,385 paid by way of interest accrued on such second portion of the price from the date of the first deed to the date of the second deed (as agreed to between the parties).

Such acquisition and price included also the Car Park Site – Phase 1, the airspace of which was subsequently transferred by the Guarantor to TTRS Holdings Limited in two separate stages and portions by virtue of a public deed in the records of Notary Kristen Dimech of the twenty third day of June of the year two thousand and seventeen (23/06/2017) and a subsequent public deed in the records of the same Notary of the nineteenth day of July of the year two thousand and seventeen (19/07/2017), for an aggregate price of €1,300,000. The said TTRS Holdings Limited was subsequently acquired by amalgamation by the company Mercury Car Park Limited.

Acquisition of Exchange Site

The Exchange Site was originally meant to be acquired by Mercury Exchange Limited, a limited liability company registered under the laws of Malta on 31 July 2018 with registration number C 87640, which is a related company to the Group that is ultimately beneficially owned by the same shareholder of the Guarantor but does not form part of the same group of companies as the Group. This company in fact entered into the promise of sale agreement for the Exchange Site with SGE Property Company Limited, dated 2 August 2018. At the time, it was the intention to have this Exchange Site developed into the Exchange Project (as such term was defined in the 2019 Prospectus), separately from the first phase

(Phase 1) of the whole Mercury Project which was to be developed on the Mercury Site by virtue of the 2018 planning permit – REF. Planning Authority Permit PA 06955/17, and as a separate phase (Phase 2) of the whole Mercury Project. However, it was subsequently decided by the Guarantor, after discussion with Mercury Exchange Limited, that it was more sensible, from a design and planning, conceptual, operational and financial perspective to rationalise and consolidate Phase 1 of the Mercury Project on Mercury Site (already owned by the Guarantor) and Phase 2 of the Mercury Project on the Exchange Site (at the time still under a promise of sale agreement entered into by Mercury Exchange Limited with SGE Property Company Limited) into one single Project, as described herein, covered by the 2020 planning permit of new developments and of changes to previously approved developments REF. Planning Authority PA 01892/19. Pursuant to such decision to consolidate, it was therefore decided that the Exchange Site be acquired by the Guarantor rather than by Mercury Exchange Site.

The Guarantor acquired the Exchange Site by virtue of the Exchange Site Public Deed in August 2021, pursuant to an assignment of the promise of sale agreement dated 2 August 2018 that took place on the same Exchange Site Public Deed between Mercury Exchange Limited and the Guarantor.

Such acquisition was made for a total price of €14,000,000.

/ Transfers to Group Companies

Mercury Hotel Ltd.

On 12 March 2022, by virtue of a public deed in the records of Notary Anna Theuma, the Guarantor transferred to Mercury Hotel Ltd., the airspaces and existing constructions of the Site within which the Hotel is being developed and which will constitute the Security Property for Bonds, consisting essentially of (i) the second floor to fourth floor (L02 to L04) which will form part of the Hotel podium, and the overlying fifth floor up to the nineteenth floor (L05 to L19), including the airspaces above them, (ii) the roof at the ninth level (L09) of part of the Peripheral Block, intended for development into the pool and pool amenities to service the Hotel, and (iii) the part of the fourth basement level (B04) which is earmarked to be developed as a SPA and Wellness Centre, which will form part and be operated as part of the amenities of the Hotel.

Such transfer was made for a total price of €14,600,000, which remains outstanding and has by virtue of the above-mentioned deeds of sale been made available by the Guarantor to Mercury Hotel Ltd. as an interest-free shareholders' loan payable either in cash or by capitalisation (through the issue of new shares in Mercury Hotel Ltd. to the Guarantor).

It is the intention that the Guarantor will shortly transfer to Mercury Hotel Ltd., the existing constructions of the Site within the Hotel building consisting essentially of the ground floor and first floor (L00 and L01) which will form part of the Hotel podium, but will not comprise any accommodation rooms or suites of the Hotel. These constructions within these two levels will not form part of the Security Property for Bonds.

It is the intention that the Guarantor retains ownership of the whole second basement level (B02) underlying and spanning across the whole Project within the Site which is intended to serve as back of house space and facilities for the various elements of the Project, and for the Guarantor to grant a part of such level to Mercury Hotel Ltd. As at the date of this Registration Document, discussions and negotiations are still ongoing and no definitive agreement has yet been reached on the terms and conditions for such lease of part of the back of house level.

Whilst the ground floor and first floor (L00 and L01) within the Hotel podium will eventually be owned by Mercury Hotel Ltd. as mentioned above, some areas within these two floors (excluding entrance, hallway, lift lobby, staircase, stair landings and other amenities within such floors intended for use by the Hotel staff and/or patrons) may be rented to Mercury Commercial Mall Ltd. to be operated as part of the Commercial Mall. As at the date of this Registration Document, discussions and negotiations are still ongoing and no definitive agreement has yet been reached on the terms and conditions for such lease.

Mercury Commercial Mall Ltd.

It is the intention that the Guarantor will shortly transfer to Mercury Commercial Mall Ltd., the following constructions, underground spaces and airspaces of the Site which are intended to form part of the Commercial Mall to be operated by Mercury Commercial Mall Ltd. and the indoor go-karting entertainment arena, namely:

(i) the underground space within which the first basement level (B01) underneath the Hotel podium is being developed;

(ii) the underground spaces and airspaces within which the first basement level up to the first floor (B01 to L01) of the Peripheral Block are being developed; and

(iii) the airspace within which the part of the piazza of the Project which is to be roofed is being developed; and

(iv) an underground space within the second and third basement levels (B02 and B03), within which a substantial part of the entertainment arena is being or will be developed.

It is the intention of the Guarantor and Mercury Commercial Mall Ltd. that the first basement level up to the first floor (B01 to L01) underlying the Tower building, or parts thereof, and the part of the piazza of the Project which is to be open (without roof), all of which will remain in the ownership of the Guarantor, be granted on lease by the Guarantor to Mercury Commercial Mall Ltd. to be operated by the latter as part of the Commercial Mall.

Furthermore, as already noted under the preceding heading 'Mercury Hotel Ltd.', the areas within the ground floor and first floor (L00 and L01) within the Hotel podium which are intended to form and be operated as part of the Commercial Mall, are intended to be granted on lease by Mercury Hotel Ltd. (after it acquires the same) to Mercury Commercial Mall Ltd.

It is also the intention that the Guarantor grants on lease to Mercury Commercial Mall Ltd. a part of the second basement level (B02) to be used mainly as back of house for such Commercial Mall.

It is also the intention that, after and subject to the completion of the promise of sale for the acquisition of further shares by the Guarantor in Mercury Car Park Limited as referred to in Section 4.3 of this Registration Document, the Guarantor will also transfer to Mercury Commercial Mall Ltd. another underground space within the third basement level (B03), which is currently owned by Mercury Car Park Limited, and within which the remaining part of the entertainment arena will be developed.

As at the date of this Registration Document, discussions and negotiations are still ongoing and no definitive agreement has yet been reached on the terms and conditions for the transfer of immovables mentioned in (i) to (iv) above, for the lease of the relevant areas within the first basement floor up to the first floor of the Tower, for the lease of the open piazza, for the lease of the relevant areas within the ground floor and the first floor of the Hotel podium, and for the lease of part of the back of house second basement level as referred to in the preceding three paragraphs.

/ Mercury Car Park II Ltd.

It is the intention that the Guarantor will shortly transfer to Mercury Car Park II Ltd., the underground spaces on the third basement floor down to the seventh basement floor (B03 to B07) of the Car Park Site – Phase 2 within which part of the Parking Complex is being developed.

As at the date of this Registration Document, discussions and negotiations are still ongoing and no definitive agreement has yet been reached on the terms and conditions for such transfer.

Acquisition of shares in Mercury Car Park Limited

As mentioned in Section 4.3 above, as at the date hereof, the Guarantor owns 25% of the share capital of Mercury Car Park Limited, which in turn owns the Car Park Site – Phase 1, and the Guarantor has on 30 November 2021entered into a promise of sale agreement with Bersella Holdings Limited for the acquisition of 4,080 Class 'A' ordinary shares in Mercury Car Park Limited, such that if and when such share transfer is completed, the Guarantor will become the owner of 93% of the share capital of Mercury Car Park Limited. The promise of sale agreement provides for completion of the transfer of shares by not later than 30 June 2022. It was agreed that such transfer of shares will be made for a total price of €9 million payable as provided therein, namely an initial deposit of €450,000 payable in instalments, with the balance payable on the definitive transfer of the shares, but with the option of the Guarantor to postpone the payment of €1 million from such balance up to 30 June 2023 with interest at the rate of 6% *per annum* to accrue from 30 June 2022 until full payment.

/ Description of the Project

The Project was initially awarded full development permit by the Malta Planning Authority on 12 January 2018 – REF. Planning Authority Permit PA 06955/17, which at the time covered only the development on Mercury Site. On 17 December 2020, the Malta Planning Authority issued permit REF. Planning Authority PA 01892/19 through which it awarded full development permit for the rest of the Project, mainly that part thereof to be developed on the Exchange Site and also to approve three additional floors on the previously approved main Tower as well as change of use for some spaces within the said Tower and other parts of the previously approved Project, including the redesign of the podium to include a 19- storey hotel (Class 3B) as an extension to the approved hotel.

The finished complex will include a mix of historical and ultra-modern edifices on its Site. At its heart is a 19th century heritage building, also known as Mercury House, which is flanked by a 34-storey Tower, next to which lies a 19-storey Hotel which is in turn flanked by a V-shaped Peripheral Block, with all these buildings abutting onto a piazza, and with underground storeys underlying such entire development. The Project will consist of a mixed-use development comprising serviced apartments, a hotel, a commercial mall, other leisure, retail and commercial activity and an underlying car park.

The following are the primary components and main featural highlights of the Project:

Serviced Apartments - Tower and Peripheral Block

At the heart of the Project will be a 34-storey Tower. The Tower is designed by internationally renowned architectural firm Zaha Hadid Architects (www.zaha-hadid.com) and is one of the final projects signed off by Zaha Hadid herself, only a few days before her untimely passing.

Apart from certain floors and/or parts thereof intended to be used for commercial and entertainment purposes, the major part of the floorspace within the Tower will consist of 291 serviced apartments, spread over the third floor up to the thirty first floor (L02 to L31) of such Tower, excluding the tenth to the twelfth floors (L10 to L12). The majority of such serviced apartments have been sold or are intended for sale by the Guarantor to third parties, although some of these are intended to be retained by the Guarantor, particularly the apartments at the uppermost level (L31), which are intended to be rented as part of the hotel accommodation pooling arrangement explained below. The Guarantor will also retain ownership of the Tower cores and common areas.

In addition to the serviced apartments within the Tower, the Peripheral Block is being developed into and will comprise approximately a further 170 serviced apartments / suites, which are all intended for sale by the Guarantor to third parties, and a substantial number of these have already been the subject of preliminary agreements concluded with third parties, whilst others have already been sold through a final deed.

The owners of the apartments and suites will have the choice to either keep such apartments for their personal purposes (including rental in their personal capacity), or else to pool these as part of an extended 5-star serviced accommodation for the Hotel users and to be operated as part of the Hotel. They will therefore let these to Mercury Hotel Ltd. for pre-agreed periods under a pre-agreed rental consideration arrangement. The period of lease is typically of 15 years and the rent is based on a percentage return from total yearly apartment / suite revenue which is typically 28%. As at the date of this Registration Document the owners of 46 units have already accepted to enter into such pooling arrangements.

Hotel

Another major element of the Project will be a 5-star branded hotel, consisting of a 130-room 19 storey building, which will be situated within the second to the fourth floor (L02 to L04) of the Hotel building, namely within the podium of such building, and the overlying fifth floor up to the nineteenth floor (L05 to L19) of such building, which will consist of the tower of the Hotel building. The Hotel will also extend to the roof at the ninth level (L09) of part of the Peripheral Block, which is intended to be developed and used as the pool area of such Hotel. The Hotel will also extend to part of the fourth basement level (B04), which will be developed and used as a state-of-the-art SPA and Wellness Centre, and will be located in the limestone vaults which used to house the post-World War 2 telecommunications hub.

The accommodation capacity of the Hotel will extend by virtue of the serviced apartments within the Tower and the Peripheral Block whose owners sign up to the hotel accommodation pooling arrangement mentioned above.

The Hotel will be owned and operated by Mercury Hotel Ltd. through a hotel management agreement with the internationally renowned hotel chain Meliá, in particular with Meliá Hotels International S.A. (www.meliahotelsinternational.com/en) (as manager) and Prodigios Interactivos S.A. (as provider), in respect of the Hotel and its facilities, for the management and operation of the Hotel under the brand name of 'ME'.

Commercial Mall

The Project will also include a Commercial Mall comprising a mix of retail and catering outlets, which will be spread over three floors across the Tower, the Hotel building and the Peripheral Block, and situated across the large partially roofed and partially open piazza onto which the Tower, the Hotel and the Peripheral Block will abut. The Commercial Mall will also include an indoor go-karting entertainment arena in levels B02 and B03. A total gross floor area of 12,242m² is estimated to be available for use for commercial space, which as of the date of this Registration Document are proposed to be split between the different floors as follows:

Level	Location	Approximate gross area (m²)
B02/B03	Peripheral Block	788
B01	Across entire development	4,543
B00	Across entire development	3,404
L01	Across entire development	3,507
	TOTAL	**12,242**

It is currently planned that, apart from the entertainment arena, the Commercial Mall will consist of various retail outlets and catering establishments, although such plans may change from time to time by joining or further splitting such elements or otherwise.

Ancillary components and amenities

The project will also feature and comprise various other ancillary components, facilities and amenities, including the following:

Mercury House

This 19th century villa, originally built to house the region's early telecommunication infrastructure, with its beautiful limestone façade, has rendered it a Grade II listed structure of significant interest. As at the date of this Registration Document it is undergoing the last stages of restoration and rehabilitation works. It is owned by the Guarantor and part of it is intended to comprise an element of food and beverage activity and another part will comprise part of the planned Mercury Experience (including the flying theatre) as mentioned below.

Mercury Experience

This will consist of an attraction walkthrough various spaces within Level 01 of the Tower and Mercury House, with audio-visual presentations of various historical eras and/or points of interest in Malta, and ending in the admission to the flying theatre, which will be a type of entertainment-themed simulator ride, consisting of rigged-seats, and virtual reality or virtual projection combination to create the illusion of flight.

The Pavilion

This will be a single-standing building set next to Mercury House. It is owned by the Guarantor and is intended to be operated as an all-day hub of activity with an indoor and outdoor catering facility and an underground auditorium for live music performance.

Rooftop bar and viewing gallery

The uppermost two floors of the Tower (L32 and L33) are planned to house a rooftop bar. An overlying viewing gallery, which will afford a 360° view from what is so far the highest building in Malta, will also be accessible to guests and patrons alike.

Parking Complex

The Project will also comprise a five-storey sub-structure Parking Complex which spans across underground levels minus seven to minus three (B07 to B03), and is planned to include approximately 683 car spaces and 45 lock-up garages, which are generally meant for use by owners and users of the various components of the Project, and some of which, particularly the lock-up garages, are being sold to some purchasers of serviced apartments. The said Parking Complex will be contained and is being developed partly within Car Park Site – Phase 1, which is currently owned by Mercury Car Park Limited, a company separate from the Group albeit partly owned by the Guarantor and which may eventually become a Group company by the acquisition of further shares therein by the Guarantor, and partly within Car Park Site – Phase 2, which will shortly be transferred by the Guarantor to, and will be owned by Mercury Car Park II Ltd., a company fully owned by the Guarantor and forming part of the Group.

/ Project phasing and expected total costs of the Project

The table below shows, in respect of the various elements of the Project:

(i) the approximate stage of development as at the date of this Registration Document; and

(ii) the expected date of completion.

Property elements	Current stage of development	Expected Completion
Tower (excluding Commercial Mall and Parking Complex levels)	Fully constructed and currently being finished	October 2022
Peripheral Block (excluding Commercial Mall and Parking Complex levels)	In the course of construction of shell structure	March 2023
Hotel (excluding Commercial Mall and Parking Complex levels)	In the course of construction of shell structure	March 2023
Commercial Mall, including piazza	Shell structure construction has been practically completed	March 2023
Parking Complex	Shell structure construction has been completed and currently being finished	October 2022

It is envisaged that the Project will become fully operational as early as March 2023, although for prudence's sake, earnings from the operations of the Hotel are being assumed to start in January 2024.

As at the date of this Registration Document, the total capital expenditure, construction and development costs of the Project for the Group (including cost of acquisition of relative land/airspace, excavation and construction costs, mechanical and electrical costs, finishing costs, professional fees, interest and other pre-operational costs, but excluding such costs as will be incurred by the purchasers of the serviced apartment units directly towards the relevant contractors and/or suppliers) are estimated and budgeted at approximately €103 million, although the actual amount of costs incurred may vary over time up to completion due to a variety of factors. The above-mentioned amount also excludes the costs of the Parking Complex as contained in Car Park Site – Phase 1, which costs have been and are being borne by Mercury Car Park Limited, which at the date hereof is not a company forming part of the Group.

5.3 Business overview of the Group

As noted under Section 5.1 above, the main business activities of the Group are expected to be the resale of certain immovables within the Project as well as the development and retention of other immovables within the Project for long-term investment to generate rental and operational income therefrom.

Sale of serviced apartment units

As mentioned earlier, the majority of the apartments (namely 279 apartments) within the Tower, have been sold or will be sold to third parties. As at 31 December 2021, 261 (90%) of the said apartments have already been allocated to third parties (including local and international buyers), with whom in the majority of cases a definitive sale has already been completed and a final deed of sale executed and full payment of the price received by the Guarantor, whilst in some cases the relevant apartments form the subject of binding preliminary agreements with the relevant proposed buyers who have so far only paid prescribed deposits on account of the price to the Guarantor.

All of the apartments (namely 170 apartments) within the Peripheral Block, have been sold or will be sold to third parties. As at 31 December 2021, 96 (56%) of the said apartments have already been allocated to, and form the subject matter of preliminary agreements with third parties (including local and international buyers) who had by such date only paid applicable deposits on account of the price to the Guarantor, whilst 15 (9%) of the said apartments had already been definitively sold through a final deed of sale.

Both in respect of units within the Tower and units within the Peripheral Block, the Guarantor typically only sells the relative airspace within which the relevant apartment unit is to be developed, save where the unit in question is already built at the time the preliminary agreement is entered into, in which case the Guarantor sells the same as already built. Where only the airspace is sold, the buyer, concurrently with the relevant preliminary agreement for the sale of the airspace, enters into a direct agreement with Mercury Contracting Projects Limited, a limited liability company registered in Malta on 7 October, 2016 whose main business is to act as immovable property contractor, to carry out the construction and finishing works for the buyer. The preliminary agreement for an apartment unit therefore typically takes the form of a tripartite agreement between the Guarantor, Mercury Contracting Projects Limited and the buyer, whereby the Guarantor therefore directly agrees the terms and conditions, including the price, of the relative airspace with the buyer, and concurrently but separately Mercury Contracting Projects Limited is engaged by the buyer and agrees with the buyer the terms and conditions, including price and fees, for carrying out the works. In this manner, the Guarantor is not liable towards the buyer for defects in construction or otherwise for the works.

The preliminary agreements vary between themselves in the methodology and timings of payments of the price, adopting different methodologies as to the stages of payment and the percentage of the price payable at each stage.

/ Retention and letting and/or operation of immovables

The Guarantor, Mercury Hotel Ltd., Mercury Commercial Mall Ltd. and Mercury Car Park II Ltd. will be retaining the ownership of various elements of the Project, for long-term investment, for the generation of rental and other operational revenues therefrom by such companies respectively and the Group in general. These include principally certain areas and/or floors within the Tower, Mercury House, the Pavilion, the Hotel, the Commercial Mall and the Parking Complex, as described in more detail below.

/ Guarantor - Tower, Mercury House and Pavilion

The Guarantor will retain the ownership of the accommodation serviced apartments in the thirty-first floor (L31) of the Tower, as well as all other floors and parts of the Tower other than accommodation serviced apartments sold or intended for sale to third parties, namely levels B02 to L02, L10 to L12, L32, L33 and the overlying viewing gallery and airspace above the Tower, as well as the Tower cores and common areas. The Guarantor will also retain ownership of other parts of level B02 across the whole Project, as well as of Mercury House and the Pavilion next to it, and the open piazza.

As regards the serviced apartments at level L31 of the Tower, the Guarantor may either rent the same in its personal capacity, thus generating rental income therefrom, or else participate in the hotel accommodation pooling arrangement described under the heading 'Serviced Apartments – Tower and Peripheral Block' under Section 5.2 above (as is currently the intention) and thus be entitled to receive the consideration for such pooling along the lines of the formula being used by the hotel operator to calculate the consideration to other apartment owners participating in such pooling arrangement which, as seen under the said heading 'Serviced Apartments – Tower and Peripheral Block' is a formula essentially based on a percentage of revenue, typically 28% of total yearly apartment / suite revenue.

As regards level B02 of the Project structure, it is the intention that part of this level will be used by the Guarantor itself as a back of house for its own operations, whereas other parts thereof will be granted on lease by the Guarantor to Mercury Hotel Ltd. and Mercury Commercial Mall Ltd. respectively to be used by them as back of house for their respective operations. The Guarantor will thus generate further rental revenue through such leases but the amount of rent is not yet agreed as at the date of this Registration Document.

As regards levels B01 up to L01 of the Tower, it is the intention that these, or parts thereof, and the open piazza will be granted on lease by the Guarantor to Mercury Commercial Mall Ltd. to be operated by the latter as part of the Commercial Mall, thus generating further rental income for the Guarantor. The amount of rent payable to the Guarantor is still being negotiated and not yet agreed as at the date of this Registration Document.

Levels L10 to L12 of the Tower constitute the twist section of the Tower, and the usable parts thereof are intended to be operated by the Guarantor as events space, for the purpose of hosting certain functions and events therein, and to generate the consequent operational revenue therefrom.

Similarly, the Guarantor plans to generate operational income through the operation of the rooftop bar at levels L32 and L33 of the tower and also from entrance fees generated from the operation of the overlying viewing gallery.

Further operational income for the Guarantor is to be generated through entrance fees and other revenue generated from the operation of the Mercury Experience.

It is not excluded that the events spaces within the Tower twist, the rooftop bar on top of the Tower, the overlying viewing gallery and/or the Mercury Experience and possibly other Retained Property owned by the Guarantor are not operated by it but are granted on lease or under operational concessions by the Guarantor to third parties in which case the income received by the Guarantor may be in the form of rental income or even an agreed percentage of operational revenue.

The Guarantor expects to generate further rental and operational income through the grant on lease of the food and beverage establishments to be situated within parts of Mercury House and the Pavilion building next to it as well as from the letting and/or operation of leisure activities within and around the Pavilion.

Being the parent company of the Group, the Guarantor is also expected to benefit indirectly from the letting and/or operational revenues generated by its subsidiary and affiliated companies through dividends which may be distributed by them from time to time.

/ Mercury Hotel Ltd. - Hotel

Mercury Hotel Ltd. will own and operate the Hotel (as described under Section 5.2 above).

The Guarantor had entered into a hotel management agreement dated 15 August 2018 with Meliá Hotels International S.A. and Prodigios Interactivos S.A., in respect of the hotel and its facilities, whereby the said Meliá Hotels International S.A. and Prodigios Interactivos S.A. had agreed to manage and operate the hotel within the project under the brand name of 'ME', in accordance with the parameters and under the conditions agreed to between the parties. The parties had agreed on a management consideration payable to Meliá Hotels International S.A. and Prodigios Interactivos S.A. calculated in accordance with a formula essentially based on a percentage of revenue and gross operating profit, with the remaining operational revenue being retained by the Guarantor. Following the incorporation of Mercury Hotel Ltd. and in view of the transfer by the Guarantor and the said Mercury Hotel Ltd. of the immovables within which the Hotel is being developed, the parties are in the process of updating their contractual relationships such that the hotel management agreement with Meliá Hotels International S.A. and Prodigios Interactivos S.A. is executed with Mercury Hotel Ltd. as party thereto.

The term of the agreement is expected to be of 15 years with effect from the Opening Date, which is anticipated to be March 2023, renewable for a further period of 5 years.

Mercury Hotel Ltd. is also concluding agreements with, and has also contractually acquired and assumed and/or is in the process of contractually acquiring and assuming the Guarantor's rights and obligations under previously concluded agreements with the purchasers or proposed purchasers of the accommodation serviced apartments within the Tower and the Peripheral Block who are willing to participate in the hotel accommodation pooling arrangement for a revenue-percentage based consideration, as referred to earlier, under the heading 'Serviced Apartments - Tower and Peripheral Block' under Section 5.2 above. In this way, Mercury Hotel Ltd. will have the opportunity to extend the accommodation offered by the Hotel, thereby enhancing the potential operational revenues for itself.

It is expected that Mercury Hotel Ltd. will also generate rental income from the lease of parts of the ground floor and first floor (L00 and L01) within the Hotel podium (which will shortly be acquired by the said Mercury Hotel Ltd. from the Guarantor) to Mercury Commercial Mall Ltd., to be operated by the latter as part of the Commercial Mall.

/ Mercury Commercial Mall Ltd. - Commercial Mall

Mercury Commercial Mall Ltd. will own parts of the Commercial Mall (namely level B01 underneath the Hotel podium, levels B01 to L01 of the Peripheral Block, the roofed piazza and the entertainment arena) and will hold by title of lease from other Group companies other parts of such Commercial Mall (including parts of levels B01 to L01 within the Tower building, the open piazza and part of level B02 from the Guarantor and levels L00 and L01 within the Hotel podium from Mercury Hotel Ltd.). A substantial part of the Commercial Mall will be finished as, and consist of, various retail and food and beverage outlets, which Mercury Commercial Mall Ltd. intends to rent out directly to third party operators. As at the date of this Registration Document, no rental or operation agreements have yet been concluded for these outlets, although advanced negotiations in respect thereof are underway. These are expected to generate rental rates in line with the applicable market rates for similar outlets in similar localities.

Mercury Commercial Mall Ltd. is expected to generate operational and/or rental income flow from the operation, by itself or third parties, of the go-karting entertainment arena to form part of the Commercial Mall.

/ Mercury Car Park II Ltd. – Parking Complex

Mercury Car Park II Ltd. is expected to generate a steady income stream from the operation and/or letting of car park spaces within the part of the Parking Complex situated within the Car Park Site – Phase 2 to users and patrons of the various elements of the Project. The car parking fares are expected to reflect market rates for car parks in similar localities.

A similar income flow is expected to be generated from the operation and/or letting of car park spaces within the part of the Parking Complex situated within the Car Park Site – Phase 1, by Mercury Car Park Limited, which at the date of this Registration Document is only 25% owned by the Guarantor, although the Guarantor may increase its shareholding stake therein to 93% if there is completion of the share transfer forming the subject matter of the promise of sale agreement with Bersella Holdings Limited dated 30th November 2021 as referred to under the heading 'Acquisition of shares in Mercury Car Park Limited' under Section 5.2 above.

Mercury Car Park Limited and Mercury Car Park II Ltd. may join forces and merge the operation of the Parking Complex as a single operational reality, to be operated by themselves or any of them or by a third party, and they may eventually also be merged into one single entity.

Contract of works with Mercury Contracting Projects Limited and expected costs of the Retained Property

Each of the Guarantor, Mercury Hotel Ltd., Mercury Commercial Mall Ltd. and Mercury Car Park II Ltd. have entered into general contract of works with Mercury Contracting Projects Limited whereby they have respectively engaged the latter company for the construction (including supply of material), development and finishing of the Retained Property respectively owned or shortly to be owned by them (after conclusion of the relevant immovable acquisitions from the Guarantor). Mercury Contracting Projects Limited is the principal contractor engaged for the whole Project (the Retained Property as well as other elements of the Project to be sold to third parties). It is fully owned by Mr Joseph Portelli, Director of the Issuer and of the Guarantor and the other Group companies and is 100% shareholder of the Guarantor and 100% beneficial owner of the Group. Each of the Guarantor and the other Group companies mentioned above and such contractor have however entered into a contract of works on an arm's length basis, which is essentially based on an industry standard FIDIC contract of works.

The approximate costs, paid or payable to Mercury Contracting Projects Limited, in respect of the Hotel, being the main element of the Project the construction and finishing whereof will be financed by the proceeds of the Bond Issue (as set out in Section 4.2 of the Securities Note) are estimated to amount to a total of approximately €35,000,000. It should be noted that these costs, as they apply in respect of any period prior to 30 September 2021, whether already invoiced or paid, have been or will be paid by the Guarantor and remain its exclusive responsibility, whereas those incurred or to be incurred in respect of any period from and after 1 October 2021 have been or will be paid by, and shall be the exclusive responsibility of, Mercury Hotel Ltd.

Mercury Contracting Projects Limited has contractually agreed with the Guarantor and each of the Group companies with which it has entered into a contract of works as aforesaid, to renounce to and that it will not seek to inscribe and/or register the special privilege for the price of works accorded to it by law over the Retained Property. In this way, the special hypothecs over the Security Property for Existing Bonds granted by the Guarantor to the Security Trustee for the benefit of the Bondholders under the Existing Bonds and the Special Hypothec over the Security Property for Bonds to be granted by Mercury Hotel Ltd. to the Security Trustee for the benefit of the Bondholders under the Bonds, may be first ranking at law.

The construction, development and finishing costs payable by the Group to Mercury Contracting Projects Limited, as well as the cost of acquisition of the Site, professional fees and other pre-operational costs incurred or to be incurred by the Group, have been and will be financed as set out in Section 6.

6 | FINANCING AND SOLVENCY

6.1 Solvency and credit ratings

There are no recent events particular to the Issuer or the Guarantor which are to a material extent relevant to an evaluation of their respective solvency.

No credit ratings have been assigned to the Issuer or the Guarantor at the request or cooperation of the said Issuer or (as the case may be) the Guarantor in the rating process.

6.2 Financing and funding structure of the Issuer and the Group

/ 2019 Bond Issue and the Issuer-Guarantor Loan 2019

As noted earlier, the Issuer does not undertake any trading activities itself and its sole purpose is that of raising finance and advancing same to members of the Group. Its sole finance raising activity since the date of its incorporation to date has been the 2019 Bond Issue by virtue of the 2019 Prospectus, by virtue of which it raised the sum of €22,500,000 through the issue of two series of bonds, as follows:

- the €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) (2027 Existing Bonds); and

- the €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) (2031 Existing Bonds).

The said Existing Bonds are listed on the Official List of the MSE and have been admitted to trading on the said regulated market in Malta.

The Existing Bonds are secured as follows:

- both the 2027 Existing Bonds and the 2031 Existing Bonds are secured by a joint and several guarantee dated 4 March 2019 granted by the Guarantor as security for the Issuer's payment obligations under the 2019 Bond Issue, held on trust for the benefit of the Existing Bondholders by the Security Trustee;

- the 2027 Existing Bonds and the 2031 Existing Bonds are further secured by a first ranking special hypothec over the respective Security Property for Existing Bonds securing such series of bonds respectively.

The net proceeds of the Existing Bonds were made available by the Issuer to the Guarantor through the Issuer-Guarantor Loan 2019 as a loan facility for the purpose of, and were used, as to the amount of €5,650,000 to re-finance and repay in full the then existing loan facility of the Guarantor from Lombard Bank Malta p.l.c., and as to the remining €16,400,000 to finance part of the construction and finishing works on Retained

Property of the Guarantor. None of these proceeds were however used to finance any development of the Hotel, as defined in the 2019 Prospectus and as approved and understood at the time of the 2019 Bond Issue, which Hotel was subsequently substantially redesigned as now approved by permit REF. Planning Authority PA 01892/19, as referred to under the heading "Description of the Project" under Section 5.2 of this Registration Document.

The Issuer-Guarantor Loan 2019, which is still outstanding as at the date of the Prospectus, was created and is regulated by public deed in the records of Notary Kristen Dimech of the 25th March 2019, which provides as follows: (i) the firstly drawn portion thereof up to the amount of €11,500,000 will bear interest at 4.75% *per annum* and payable on 13 March of each year, and the principal amount thereof shall be repayable by not later than 13 March 2027; and (ii) the balance thereof will bear interest at 5.25% *per annum* and payable on 13 March of each year, and the principal amount thereof shall be repayable by not later than 13 March 2031. Such interest payment and repayment terms were designed to ensure that the Issuer would timely receive sufficient funds to finance payments due under the Existing Bonds, with a residual amount to finance its corporate funding requirements.

By virtue of a public deed in the records of Notary Anna Theuma of the 14th February 2022, there was a restructuring of the components of immovable property over which the first ranking special hypothec securing the 2027 Existing Bonds and the 2031 Existing Bonds was originally constituted by virtue of the above-mentioned notarial deed dated 25th March 2019. As a result, the said 2027 Existing Bonds and the 2031 Existing Bonds are now respectively secured by a first ranking special hypothec over the respective Security Property for Existing Bonds securing such series of bonds respectively.

Existing financing of the Guarantor's and other Group companies' activities

Apart from the outstanding Issuer-Guarantor Loan 2019 financed by the proceeds of the 2019 Bond Issue, the Guarantor currently also has the outstanding bank financing with or facilities available from Bank of Valletta p.l.c. as shown in the table below (the "BOV Loans"):

Loan	Limit	Drawdown date	Outstanding amount as at 31.12.2021	Use of financing	Repayment terms
Loan 1	€16,700,000	Various drawdowns	€15,608,076	Development costs of Commercial Mall	To be repaid over a 15-year period, following a 2-year moratorium
Loan 2	€13,300,000	12 August 2021	€13,300,000	Acquisition of Exchange Site	To be repaid over a 15-year period, following a 2-year moratorium
Loan 3	€5,000,000	Various drawdowns (in 2022)	Undrawn (but fully drawn in March 2022	Development costs of the Project	To be repaid over 3 years
Loan 4	€10,250,000	12 August 2021	€9,412,902	To refinance facilities held at Lombard Bank Malta p.l.c.	To be fully repaid by 31 December 2023, from deposits, against waivers of services apartments units forming part of the Peripheral Block

Interest on the above-mentioned BOV Loans is payable at the rate of 475 basis points above the 3-month EURIBOR. An interest rate is applied commencing at 475 basis points upon achievement of 50% of the projected rental income, reducing to 450 basis points upon attainment of 100% of the projected rental income and to 400 basis points once the projected rental income is exceeded.

The BOV Loans are currently secured *inter alia* by a first ranking special hypothec and first special privilege over the following immovable property at the Site (the "Security Property for BOV Loans"):

- the Exchange Site, excluding the airspaces earmarked for the construction of the Hotel, namely the airspace commencing from the floor level L02 upwards without height limitations being developed within the Hotel building and the airspace commencing from the floor level L08 upwards without limitation within the Peripheral Block;

- the airspaces from levels L02 to L07 forming part of the Peripheral Block, earmarked for the construction of serviced apartments;

- the following commercial units:
  – Commercial space forming part of Block 1 (Tower) situated at level L00 within the Site;
  – Commercial outlets and namely the spaces in shell form forming part of Block 1 (Tower) situated at piazza level B01 and including three commercial outlets (B111), (B112) and (B113);
  – Airspaces of retail and commercial outlets having a total gross area of 10,794m^2 on the basement level B01 and two overlying floor levels L00 and L01;
  – The Pavilion;
  – The serviced apartment units on level L31 of the Tower;
  – The spaces in levels L32 and L33 of the Tower intended for the development of a rooftop bar;
  – The level of car park spaces marked B07 spread over the whole Site; and
  – the Parking Complex levels B06, B05, B04, B03 and B02 constructed within Car Park Site – Phase 2.

The Guarantor is currently negotiating another loan facility from Bank of Valletta p.l.c., the terms and conditions whereof are still being negotiated.

/ *Further financing through the Bonds*

The Group intends to obtain further financing for the Project through the issue of the Bonds, by virtue of which the Issuer intends to raise €50,000,000 and to make the proceeds from the Bond Issue available to the Group, to finance mainly the construction and finishing of the Hotel and other corporate funding requirements, all as set out further below and in Section 4.2 of the Securities Note.

The Bonds will be due in ten (10) years, namely in 2032, and will pay a coupon of 4.3% *per annum*. The Bonds will be listed on the Official List of the MSE and admitted to trading on such regulated market.

The proceeds of the Bonds will be made available by the Issuer to the Guarantor by way of loan under the Issuer-Guarantor Loan 2022, a substantial part of which will be used to finance construction and finishing works to the Hotel owned by Mercury Hotel Ltd.

/ *Collateral for Bonds*

The Bonds will be secured by the Collateral as provided below.

Security for the fulfilment of the Issuer's obligations under the Bonds is to be granted by the Guarantor and Mercury Hotel Ltd. (as applicable) in favour of the Security Trustee for the benefit of Bondholders, by way, *inter alia*, of Collateral in the form of a first ranking special hypothec over the Security Property for Bonds (the Special Hypothec), as described hereunder.

Security Property for Bonds	Valuation based on open market value of property in its existing state as at 15 February 2022, as per the Architect's Valuation Report* - (€)	Estimated capital value at current prices and on the basis of current market conditions, after development has been completed, as per the Architect's Valuation Report* - (€)	Estimated capital value at current prices and on the basis of current market conditions, after development has been completed and the property let (where applicable), as per the Architect's Valuation Report* - (€)

The Hotel as described hereunder:	€14,610,000	€52,250,000	€54,250,000

(i) the airspaces earmarked for the construction of the Hotel, namely the airspace commencing from the floor level L02 up to the uppermost level L19 being developed within the Hotel building, having a planned internal floor area measuring approximately 12,252m^2 and external balconies measuring approximately 3,636m2, including the airspace above them,and any and all constructions and improvements thereon;

(ii) the airspace commencing from the roof of floor level L08 upwards without limitation within the Peripheral Block, having a superficial area of 1,101m^2, and any and all constructions and improvements thereon; and

(iii) the part of the fourth basement level (B04) which is earmarked to be developed as a Spa and Wellness Centre, having an internal floor area measuring approximately 1,063m^2, which will form part and be operated as part of the amenities of the Hotel, and any and all constructions and improvements therein.

*These valuations are based on the Architect's Valuation Report dated 15 February 2022, which is accessible on the Issuer's website at the following hyperlink: **https://mercuryfinance.com.mt/investor-relations/** and is deemed to be incorporated by reference in this Prospectus.

Pursuant to the Security Trust Deed, the Guarantor agrees to jointly and severally guarantee the punctual performance by the Issuer of its payment obligations under the Bonds by entering into the Guarantee. In support of the Guarantee and as part of the Collateral Mercury Hotel Ltd. has agreed to grant a first ranking special hypothec over the Security Property for Bonds owned by it for the full amount of the Bond Issue, namely €50,000,000 and interests thereon.

The said Special Hypothec will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds by a preferred claim over the Security Property for Bonds. Accordingly, upon the issue of the Bonds and application of the Bond Issue proceeds in accordance with the terms of the Securities Note, the Security Trustee will have the benefit of a first ranking special hypothec over the Security Property for Bonds for the full amount of €50,000,000 and interests thereon.

In its existing state, the Security Property for Bonds has been valued for a total amount which is less than, and which is not sufficient to cover, the full principal amount of the Bonds (if fully subscribed) and interest thereon, as shown in the table above. However, as mentioned under the heading 'Closing dynamics' below and under Section 4.2 of the Securities Note, the proceeds of the Bond Issue intended to be used for the construction and finishing of the Hotel, although they will constitute a loan by the Issuer to the Guarantor under the Issuer-Guarantor Loan 2022 from inception, they will not be transferred to such Guarantor but will be retained in cash by the Security Trustee under trust, who will be irrevocably authorised by the Guarantor (by way of security for the benefit of the Security Trustee and the Bondholders) to retain the same in cash, and to release and pay the same only to the contractor against invoices for works and certificates of completion relevant to works on the Hotel, which Hotel will constitute the Security Property for Bonds. As noted in the table above, the estimated value of such Security Property for Bonds after completion of works will increase substantially, and should be sufficient to cover payment obligations under the Bonds. With respect to such portion of the proceeds of the Bond Issue which is intended to be used for general corporate funding purposes, these will be held by the Registrar, and shall be paid in full to the Guarantor upon the instruction of the Issuer made after the listing of the Bonds on the Official List of the Malta Stock Exchange (save for such amount needed to cover the expenses of the Bond Issue which will be transferred by the Registrar to the Issuer), but the value of the Security Property for Bonds in its existing state, as professionally valued, adequately covers such portion of the proceeds of the Bond Issue.

/ *Closing dynamics*

All proceeds from the Bond Issue shall be received by the Registrar which shall apply and forward the same as provided herein.

The issue and final allotment of the Bonds is conditional upon the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed within 15 Business Days of the close of the Offer Period; and (2) the

Bonds being admitted to the Official List. In the event that any of the aforesaid Conditions Precedent is not satisfied, the Registrar shall return Bond Issue proceeds to the investors, as provided in Section 4.2 of the Securities Note.

Indeed, the Bonds shall not be admitted to the Official List of the Malta Stock Exchange unless all security has been duly perfected, in accordance with the provisions of the Security Trust Deed.

It is expected that within 15 Business Days from the close of the Offer Period and following allocation of the Bonds, the Issuer, the Guarantor, Mercury Hotel Ltd. and the Security Trustee shall appear on a notarial deed, pursuant to which Mercury Hotel Ltd. will constitute and grant to the Security Trustee, and the Security Trustee will obtain, the Special Hypothec over the Security Property for Bonds.

By virtue of such deed, the Issuer will agree to make the Issuer-Guarantor Loan 2022 to the Guarantor, namely to make available a loan facility in the total amount equal to the proceeds from the Bond Issue. The said loan facility shall be drawn down as follows:

(a) the amount of such loan facility which is intended to be used to finance the construction and finishing of the Hotel, as set out in Section 4.2 of the Securities Note, which will be held by the Security Trustee, will be drawn down in one or more subsequent drawdowns following a request by the Guarantor to the Issuer, in order to pay invoices for construction and finishing works on the Hotel owned by Mercury Hotel Ltd., as such invoices are received from Mercury Contracting Projects Limited in terms of the contract of works between Mercury Hotel Ltd. and the said Mercury Contracting Projects Limited and against presentation of such invoices and architect's certificate of completion in respect of the relevant works included in the invoice, provided that the Guarantor shall have the right to make an initial drawdown request, at any time after the execution of the notarial deed creating the Issuer-Guarantor Loan 2022, for the full or any part of the amounts for works on the Hotel already invoiced by and paid to and/or invoiced by but not yet paid to the said Mercury Contracting Projects Limited at any time up to the execution of the said notarial deed and in respect of which the Guarantor produces an architect's certificate of completion. The said drawdowns will not be paid by the Security Trustee to the Guarantor, but will be paid by the Security Trustee directly to Mercury Contracting Projects Limited in satisfaction of the relevant invoices. The drawdown requests and payments so made to satisfy invoices for works on the Hotel will for all intents and purposes constitute and be deemed to constitute, as between the Issuer and the Guarantor, loans made by the Issuer to the Guarantor under the Issuer-Guarantor Loan 2022, and the payment of the relevant invoices to Mercury Contracting Projects Limited will be considered as payments made by the Guarantor in the name and for the discharge of the relevant Group company which incurred the costs and expenses under the relevant invoice; and

(b) the amount of such loan facility which are intended to be used for general corporate funding purposes, as set out in Section 4.2 of the Securities Note, which will be held by the Registrar, excluding those required to fund the expenses of the Bond Issue which are expected to amount to approximately €800,000, shall be drawn down in full in one drawdown following a request by the Guarantor to the Issuer made after the listing of the Bonds on the Official List of the Malta Stock Exchange, whereupon the Issuer shall promptly instruct the Registrar to transfer the relevant amount to the Guarantor: provided that such part of the loan facility which is required by the Guarantor to fund the expenses of the Bond Issue (which the Guarantor has agreed to bear itself) shall be forwarded by the Registrar to or to the order of the Issuer upon request.

The Issuer-Guarantor Loan 2022 will bear interest at 4.5% *per annum* payable on 15 April of each year, and the principal amount thereof shall be repayable by not later than 15 April 2032. Interest shall be payable as aforesaid on the full amount of the loan from inception, notwithstanding the date/s when this is drawn down. The payments becoming due under such Issuer-Guarantor Loan 2022 and the timings thereof are such as to enable the payments due under the Bonds (including interest and repayment of capital due on maturity) to be financed through such payments to be received by the Issuer from the Guarantor under such Issuer-Guarantor Loan 2022, leaving also a residual amount for the Issuer to finance its corporate funding requirements.

If the aforesaid Conditions Precedent are satisfied, the Registrar shall:

- forward the amount of €35,000,000 (which is intended to be used to finance the construction and finishing of the Hotel) to the Security Trustee, which shall hold the same in accordance with the provisions of the Security Trust Deed;

- forward the remaining proceeds of the Bond Issue intended to be used for general corporate funding purposes, less the amount equivalent to the expenses of such Bond Issue (as indicated by the Issuer), to the Guarantor, upon instruction of the Issuer; and

- forward the remaining amount equivalent to the expenses of the Bond Issue to or to the order of the Issuer, upon request.

Financing of other Group companies' acquisitions and operations

As at the date of this Registration Document and until the Project becomes operational and starts generating rental and operational income for the Group as a whole, the Guarantor is and will remain the only company within the Group generating revenues, mainly through sales of serviced apartments. Accordingly, the funds needed by other members of the Group for their acquisitions and operations (including mainly acquisitions and subsequent development and finishing of their respective Retained Properties) will be made available to them by the Guarantor, whether through injection of capital or through shareholders' loans (which may also be capitalised eventually) or otherwise, or a combination of any of the above.

It is also not excluded that the Group may seek further debt or other financing from alternative sources in respect of certain elements of Retained Property or otherwise in respect of specific elements of the Project.

Funding of payments required under various financing in place and under the Project

The financing in place for the Project (including existing bank borrowings, the payments due to the Issuer under the Issuer-Guarantor Loan 2019 which finances payments of the Issuer under the Existing Bonds and payments to become due to the Issuer under the Issuer-Guarantor Loan 2022 which will finance payments of the Issuer under the Bonds) as well as other expenditure and costs of the Project incurred by the Group from time to time and not covered by the financing mentioned above, have been and will be funded:

(i) by payments of deposits and balances of prices received by the Guarantor in respect of sales of serviced apartment units; and

(ii) once the Project becomes operational, they are expected to be eventually funded also through rental and operational revenues to be generated by the Guarantor from its Retained Property and indirectly also from dividends as well as repayments of shareholders' loans (which have not been capitalised) received from other Group companies when they start generating rental and operational income from their respective Retained Properties.

As mentioned above, it is not excluded that the Group may seek further financing from banks or other sources for specific elements of the Project.

7 _ TREND INFORMATION

7.1 Economic Update[1]

The Bank's Business Conditions Index shows that in January annual growth in business activity remained well above its historical average, though it is gradually normalising, as many economic variables are reaching their pre-pandemic levels.
European Commission data show that economic sentiment in Malta rose in January when compared with December. It stood well above its level a year earlier and was marginally higher than its long-term average. The recent increase was driven by improved sentiment across all sectors but fell in the retail sector and to a lower extent among consumers.

In January, the European Commission's Economic Uncertainty Indicator (EUI) eased when compared with December. The recent decrease in uncertainty was largely driven by developments in industry, and to a lesser degree, in the construction and retail sectors. On balance, consumers continued to report that they were able to predict their household's financial situation with relative ease but less so relative to December. Meanwhile, uncertainty increased in the services sector.

In December, industrial production contracted on an annual basis for the fifth consecutive month and fell at a faster pace when compared with November. The volume of retail trade conversely rose, though at a slower pace when compared to a month earlier. The unemployment rate was unchanged from that recorded in November and well below last year's rate.

Commercial permits increased slightly in December relative to their year-ago levels, while residential permits fell. In January, the number of final deeds of sale rose on an annual basis but the number of promise-of-sale agreements declined.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 2.6% in December, up from 2.4% in the previous month. Similarly, inflation based on the Retail Price Index (RPI) rose to 2.6% in December from 2.4% a month earlier.

Maltese residents' deposits expanded at an annual rate of 10.4% in December, following an increase of 9.7% in the previous month, while annual growth in credit to Maltese residents stood at 8.3%, slightly below the rate of 8.4% recorded a month earlier.

7.2 Economic Outlook[2]

Since the Central Bank of Malta finalised its December 2021 projections, the pandemic situation continued to evolve with the emergence of the highly contagious Omicron variant, which caused a sharp spike in active cases of COVID-19. Consequently, containment measures were reinstated in several countries. However, progress with vaccination ensured that hospital admissions and patients in intensive care remained low. However, absences caused by the rapid spread of Omicron, amplified already elevated global supply disruptions and international price pressures.

Although stringency measures increased in Malta too, this was to a much lower extent than in other countries. Nevertheless, the worsening of the pandemic situation is expected to have adversely affected Malta's travel industry during the final weeks of 2021 and the start of 2022.

At the same time, vaccination campaigns have intensified. By the end of January, around two thirds of Malta's population had received a third dose. Moreover, following a sharp rise in December, active cases have declined somewhat since the start of 2022. Therefore, some containment measures were relaxed in mid-January and eased further in February.

1 Central Bank of Malta - Economic Update 2/2022

2 Central Bank of Malta - Economic Projections 2021 - 2024 (2022:1)

Meanwhile, the latest national accounts vintage has surprised on the upside once again. In particular, investment and private consumption growth were stronger than envisaged. Hence, despite some deterioration in the pandemic situation, domestic economic activity levels over the projection horizon are assessed to be higher than those projected in December 2021. On the other hand, price pressures have intensified and hence, inflation is projected to pick-up more strongly than envisaged in the December 2021 round of projections.

7.3 Hospitality

The Maltese tourism industry has been progressively growing in recent years, benefiting from a surge in tourism with records broken year-on-year. Indeed, the tourism industry is considered to be an important contributor to the Maltese economy as, directly and indirectly, it is estimated to account for 29% of Malta's GDP and 33,180 jobs, or 14.9% of total employment in 2018[3].

This trend is summarised in the below table, illustrating the number of tourist arrivals over the last three years:

	2018	2019	2020	Change 2020/2019
Inbound tourists	2,598,690	2,753,239	658,567	-76.10%
Tourist guest nights	18,569,716	19,338,860	5,227,229	-73.00%
Average length of stay	7.1	7.0	7.9	12.90%
Tourist expenditure (€'000s)	2,101,765	2,220,627	455,108	-79.50%
Tourist expenditure per capita (€)	809	807	691	-14.40%

Unfortunately, the tourism sector both locally and internationally, has been severely impacted by the outbreak of the COVID-19 pandemic. As from early March 2020, Malta started to introduce several confinement measures, with the eventual suspension of all passenger flights as from 21 March 2020. Malta International Airport was reopened on 1 July 2020 and demand for travel started picking up, however this was short-lived, as after the summer of 2020 several EU countries started to battle the second wave of COVID-19 cases, which resulted in the reintroduction of several confinement measures. The unprecedented impact of the pandemic on the local tourism industry is demonstrated by the data above, where during 2020 local inbound tourists fell by 76.1%. Similarly, the industry experienced a decrease of 73.0% in tourist guest nights, with total tourist expenditure plummeting by 79.5% when compared with 2019.

At a European level, international tourist arrivals to Europe dropped 70% in 2020 over 2019. The pandemic now holds a 58% share of international tourist arrivals worldwide, with Asia Pacific remaining closed to tourism. In early 2021, travel restrictions have been tightened further and lockdowns re-introduced across Europe as destinations suffer a third wave of infections.

For the time being, there is no concrete end in sight of the COVID-19 pandemic as cases rise worldwide and multiple variants of the virus emerge. Nevertheless, the roll-out of vaccines, despite distribution challenges, has provided some grounds for optimism for 2021 projections and, together with improved testing regimes, is expected to stimulate consumer confidence and hasten the easing of movement restrictions. Notwithstanding the positive developments from the vaccine front, a return to typical inter-national travel demand patterns will be gradual and apparent towards the second half of 2021, with 2019 levels are expected to possibly be fully reached by 2023. In view of this, HVS[4] report predicts that the European hotel sector is expected to re-establish its RevPAR 2019 performance by 2024.

3 OECD Tourism Trends and Policies 2020

4 HVS: The Impact of COVID-19 on the European Hotel Sector

8 | FINANCIAL INFORMATION

Selected Financial Information: the Issuer

The Issuer was registered and incorporated on 16 January 2019 as a special purpose vehicle to act as the financing arm of the Group. The financial information included below is extracted from the audited financial statements of the Issuer for the financial years ended 31 December 2019 and 2020 and the unaudited interim financial statements of the Issuer for the nine-month period beginning 1 January 2021, up to 30 September 2021. There were no significant changes to the financial or trading position of the Issuer since 30 September 2021.

As at the date of this Prospectus there has been no material adverse change in the prospects of the Issuer since the date of the Issuer's last published audited financial statements, nor has there been a significant change in the financial position or performance of the Issuer (or of the Group) since 31 December 2020 (being the end of the last financial period for which the Issuer has published audited financial statements).

The said financial statements have been published and are available on the Issuer's website (www.mercuryfinance.com.mt) and are available for inspection at its registered office as set out in Section 17 of this Registration Document.

STATEMENT OF COMPREHENSIVE INCOME

€'000	FY2020	FY2019	FY2020	FY2021
	12 months	**12 months**	**9 months**	**9 months**
Finance income	825	1,121	841	838
Finance costs	(689)	(899)	(675)	(672)
Net interest income	**135**	**222**	**167**	**166**
Administrative overheads	(57)	(80)	(59)	(65)
Operating profit	78	142	108	101
Tax expense	(44)	(74)	(57)	(55)
Profit for the year	**34**	**67**	**50**	**46**

STATEMENT OF FINANCIAL POSITION AS AT

€'000	31 Dec 2019	31 Dec 2020	30 Sep 2021
Assets			
Non-current assets			
Interest bearing receivables	22,444	22,444	22,444
Total non-current assets	**22,444**	**22,444**	**22,444**
Current assets			
Other receivables	828	1,047	986
Cash and cash equivalents	257	142	68
Total current assets	**1,085**	**1,189**	**1,054**
Total assets	**23,529**	**23,633**	**23,498**
Equity and Liabilities			
Equity			
Share capital	250	250	250

Retained earnings	34	101	148
Total equity	**284**	**351**	**398**
Non-current liabilities			
Interest bearing borrowings	22,500	22,500	22,500
Total non-current liabilities	**22,500**	**22,500**	**22,500**
Current liabilities			
Other payables	701	708	480
Taxation payable	44	74	120
Total current liabilities	**745**	**782**	**600**
Total liabilities	**23,245**	**23,282**	**23,100**
Total equity and liabilities	**23,529**	**23,633**	**23,498**

STATEMENT OF CASH FLOWS

€'000	**FY2019**	**FY2020**	**FY2020**	**FY2021**
	12 months	**12 months**	**9 months**	**9 months**
Net cash from/(used in) operating activities	(50)	31	(76)	(74)
Net cash from/(used in) investing activities	(22,444)	–	–	–
Net cash from/(used in) financing activities	22,751	(146)	–	–
Net movement in cash and cash equivalents	**257**	**(115)**	**(76)**	**(74)**
Cash and cash equivalents at the start of the year/period	–	257	257	142
Cash and cash equivalents at the end of year/ period	**257**	**142**	**181**	**68**

In March 2019, the Issuer successfully raised €22.5 million as follows:

- €11.5 million secured bonds due in 2027 of a nominal value of €100 per Bond having a coupon of 3.75% *per annum*; and
- €11.0 million secured bonds due in 2031 of a nominal value of €100 per Bond having a coupon of 4.25% *per annum*.

The amount of €22.4 million, being the proceeds less some expenses from the bond issue, were on-lent to the Guarantor.

Finance income represents the interest generated on the loans granted to the Guarantor, which totalled €2.8 million between 6 January 2019 and 30 September 2021. Finance costs comprise interest incurred by the Issuer on its debt securities in issue, which totalled €2.3 million during the same period. After accounting for administrative expenses and taxation, total comprehensive income generated by the Issuer between 6 January 2019 and 30 September 2021 totalled €148k.

/ *Selected Financial Information: the Guarantor*

As the Group was formed in January 2019, the financial information included hereinafter is extracted from the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2019 and 2020 and the unaudited interim consolidated financial statements of the Guarantor for the nine-month period beginning 1 January 2021, up to 30 September 2021. The said financial statements have been published and are available on the Issuer's website (www.mercuryfinance.com.mt) and are available for inspection at its registered office as set out in Section 17 of this Registration Document.

There has not been any significant change in the prospects or in the financial or trading position of Mercury Towers Ltd since 30 September 2021.

As at the date of this Prospectus there has been no material adverse change in the prospects of the Guarantor since the date of the Guarantor's last published audited financial statements, nor has there been a significant change in the financial position or performance of the Guarantor (or of the Group) since 31 December 2020 (being the end of the last financial period for which the Guarantor has published audited financial statements).

Despite the pandemic's adverse impact on several industries, the Group has, to date, continued to operate without significant disruptions, even during the more-challenging months of the pandemic.

STATEMENT OF COMPREHENSIVE INCOME

€'000	FY2019	FY2020	FY2020	FY2021
	12 months	**12 months**	**9 months**	**9 months**
Revenue	9,047	19,836	17,559	2,522
Cost of sales	(7,428)	(12,863)	(11,570)	(2,318)
Gross profit	**1,620**	**6,973**	**5,988**	**203**
Other income	5	185	13	–
Administrative and selling expenses	(1,229)	(1,089)	(827)	(573)
Revaluation of investment property	–	24,561	–	–
Operating profit	**396**	**30,629**	**5,175**	**(370)**
Finance costs	(1,096)	(899)	(676)	(682)
Profit/(loss) before tax	**(700)**	**29,731**	**4,499**	**(1,052)**
Tax expense	(741)	(4,825)	(1,350)	(197)
Profit/(loss) for the year	**(1,441)**	**24,905**	**3,149**	**(1,250)**

In FY2019, FY2020 and FY2021, the Guarantor generated revenue of €31.4 million, being the sale of airspace and shell, if applicable, pertaining to the residential units situated in Mercury Tower. In accordance with IFRS 15, revenue from residential units is recognised upon the entering by the Guarantor of a final deed of sale with a potential purchaser. As at 30 September 2021, 241 units were sold and recognised as revenue by the Guarantor between FY2018 and FY2021, whilst 121 units are on promise of sale. These 121 units are expected to generate revenue of €29.5 million in the forthcoming months, of which €9.1 million has already been received as a deposit as at 30 September 2021.

Cost of sales on these residential units totalled €22.6 million during the same period, comprising the cost of land, stamp duty, architect, design and professional fees, and construction costs in the case of residential units sold in shell form.

Administration expenses primarily consist of wages and salaries, marketing costs, commissions, professional fees, insurance and bank charges. These have totalled €2.9 million between FY2019 and FY2021.

During FY2020, the Group recognised a gain of €24.6 million on its investment property, based on a valuation of DHI Periti.

Finance costs during FY2019 and FY2021 totalled €2.7 million and represent bond interest and bank loans which are not capitalised as part of investment property and property, plant and equipment in line with the Guarantor's accounting policies.

STATEMENT OF FINANCIAL POSITION

€'000	31 Dec 2019	31 Dec 2020	30 Sep 2021
Assets			
Non-current assets			
Property, plant and equipment	22,294	11,661	13,112
Investment property	401	40,887	41,692
Investment in associate	2	2	2
Other receivables	853	21	21
Total non-current assets	**23,549**	**52,570**	**54,826**
Current assets			
Inventories	18,023	8,919	25,014
Trade and other receivables	20,381	7,337	18,347
Cash and cash equivalents	267	578	73
Total current assets	**38,670**	**16,834**	**43,433**
Total assets	**62,219**	**69,403**	**98,259**
Equity and Liabilities			
Equity			
Share capital	500	500	500
Investment property reserve	–	22,596	22,596
Retained earnings/(losses)	(1,108)	1,201	(49)
Shareholders loan	–	–	9,107
Total equity	**(608)**	**24,297**	**32,154**
Non-current liabilities			
Bonds payable	22,500	22,500	22,500
Bank borrowings	–	–	27,287
Deferred tax liability	–	3,203	3,203
Total non-current liabilities	**22,500**	**25,703**	**52,990**
Current liabilities			
Borrowings	10,566	10,406	1,863
Trade and other payables	29,761	8,998	11,252
Total current liabilities	**40,327**	**19,404**	**13,115**
Total liabilities	**62,827**	**45,106**	**66,105**
Total equity and liabilities	**62,219**	**69,403**	**98,259**

STATEMENT OF CASH FLOWS

€'000	FY2019	FY2020	FY2021
	12 months	**12 months**	**9 months**
Net cash from/(used in) operating activities	(19,344)	6,662	(25,202)
Net cash from/(used in) investing activities	(6,101)	(5,293)	(2,256)
Net cash from/(used in) financing activities	25,490	(1,059)	26,953
Net increase/(decrease) in cash and cash equivalents	**45**	**311**	**(505)**
Cash and cash equivalents at the start of the period	222	267	578
Cash and cash equivalents at the end of the period	**267**	**578**	**73**

During FY2020, the Mercury Project was redesigned under the second phase permit (REF. Planning Authority PA 01892/19). As a result, areas which were previously allocated to the hotel were allocated to the commercial units. Furthermore, due to a shift in strategy, whereby the Commercial Mall would be leased out rather than operated by the Group, the costs relating to the commercial units were reclassified from property, plant and equipment to investment property during FY2020. Consequently, as at 30 September 2021, the Group's main asset comprises property, plant and equipment (€13.1 million), investment property (€41.7 million), inventory (€25.0 million) and trade and other receivables (€18.4 million):

- Property, plant and equipment: Property, plant and equipment includes the cost of airspace, construction and development and capitalized interest on the Hotel;
- Investment property: As at 30 September 2021, investment property comprises the cost of airspace, construction and development and capitalized interest in relation to Level 30 and Level 31 of the Tower, the Pavillion, Mercury House and the Commercial Mall;
- Inventory: inventory represents the cost attributed to the 38 units that are on promise of sale or held as stock within the Tower, and the land, concept design fees, Zaha Hadid fees and MEPA permit expenses in relation to 170 units being development within the Peripheral Block;
- Trade and other receivables: €16.5 million of the trade and other receivables represent advance payments made to Mercury Contracting Projects Limited, in relation to the construction and development of the Project.

During FY2021, Level 30 was marked for sale, and therefore, going forward these units will be transferred from investment property (net of revaluation uplifts) to inventory.

Total equity amounted to €32.2 million as at 30 September 2021, comprising of share capital of €500,000, investment property reserve of €22.3 million and accumulated losses of €49k. Furthermore, during FY2021, Mr Joseph Portelli injected €9.1 million by way of shareholder's loans. The shareholder's loan is unsecured, interest free and repayable at the discretion of the borrower. This balance increased to €10 million on 6 December 2021, and the Guarantor has capitalised this balance as share capital on 10 December 2021, thus increasing the share capital of the Guarantor to €10,500,000.

Total liabilities as at 30 September 2021 amounted to €66.1 million and principally consist of:

- Debt securities of €22.5 million, being the 2027 Existing Bonds and the 2031 Existing Bonds;
- Bank borrowings of €27.4 million, which consists of Loans 1 to 4 as described in Section 6.2 of this Registration Document. Based on the facilities in place with Bank of Valletta, this is expected to increase to €45 million once all facilities are drawn;

- Trade and other payables of €11.1 million of which €9.1 million are deposits received in advance;
- Deferred tax liability of €3.2 million, being the deferred taxation element recognized on the revaluation of investment property, calculated as 8% of the uplift in value.

Cash flows from financing activities includes the draw down of bank loans and bonds issued in FY2019 as well as repayment of existing loans and finance costs. These funds were used to finance the development of the Mercury Project to date, together with cash generated from operations following the sale of residential units. Cash and cash equivalents as at 30 September 2021 amounted to €73k.

9 | ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 Board of Directors of the Issuer

The Issuer is currently managed by a Board consisting of four Directors entrusted with its overall direction and management. As at the date of this Registration Document, the Board of the Issuer is composed of the individuals listed in Section 3.1 of this Registration Document.

The Board of Directors of the Issuer curently consists of one executive Director and three non-executive Directors.

The executive Director, Mr Joseph Portelli, who is also an executive director on the board of the Guanator and the other Group companies, as well as and together with the Group's executive team, are responsible for acquisitions, development, sales and operations and are entrusted with the Group's day-to-day management.

The non-executive Directors' main functions are to monitor the operations of the executive Director/s and their performance, as well as to review any proposals tabled by the executive Director/s, bringing to the Board the added value of independent judgment, and also to provide specialist support to the executive Director/s. In line with generally accepted principles of sound corporate governance, a majority of the non-executive Directors (who should constitute at least a third of the Board) shall be a person/s independent of the Group. Currently, the Issuer has 3 non-executive Directors who are all deemed independent, as set out in Section 3.1 of this Registration Document. The non-executive Directors of the Issuer are Mr Stephen Muscat, Mr Mario Vella and Mr Peter Portelli.

The following is the *curriculum vitae* of the executive Director:

Joseph Portelli

Joseph Portelli is a self-made businessman. Starting his business in the year 1996, Joseph Portelli has been involved in a number of successful property development projects within the real estate market in Malta and Gozo, which include the acquisition, development and sale or operation of all types of residential and commercial properties, including Villagg San Guzepp in Gozo, Forum Residences in St. Andrews as well as a foray into the hospitality sector with Quaint Boutique Hotels in Gozo.

Through Menfi Limited (C 46491), a consortium of Maltese and Gozitan individuals. Mr Portelli was also involved in the development of a €21 million luxury rural complex called Hal Saghtrija Complex in Zebbug, Gozo.

Apart from overseeing the day-to-day operations of the Group, his main responsibilities today are sales and business development and hotel operations.

Mr Portelli is also the sole shareholder and director of Mercury Contracting Projects Limited, which has been engaged by the Guarantor and the other Group companies as a contractor in respect of the construction and finishing of the respective Retained Property.

The following are the *curriculum vitae* of the non-executive Directors:

Stephen Muscat

Stephen Muscat is a Certified Public Accountant and a graduate of the University of Malta with a BA (Honours) Accountancy degree, a fellow of the Malta Institute of Accountants, the Malta Institute of Taxation and the Institute of Directors (UK). He is the former CEO and Director of Maltacom p.l.c., today GO p.l.c. (C 22334).

Mr Muscat is an authorised Company Service Provider serving as a Non Executive Director of holding and trading companies. He is also a Director of locally licensed financial institutions and a bank. Currently he is a member of the Board of Directors and chairs the Audit Committee of public bond issuers trading on the Malta Stock Exchange main market namely SD Finance p.l.c. (C 79193) and on two bond issuers on the Prospects MTF being JD Capital plc (C 82098) and Agriholdings plc (C 57008).

Mario Vella

Mario Vella joined Barclays Bank in Malta in 1969 and has occupied several positions within the bank concluding his career with HSBC in 2013 in the role of Head of Corporate Banking in which position he was responsible for the major share of the Bank's lending portfolio and its largest corporate customers. He has been involved in driving through major changes in banking strategies especially on Mid-Med Bank's take-over by HSBC. Over the years Mr Vella has arranged finance for a significant number of high-profile projects including via a mix of bank / syndicated lending and capital markets.

In 2013, after 43 years in banking, Mr Vella moved to KPMG as Director, Deal Advisory. In this role he has served as consultant to several companies. He helped clients restructure and refinance their trading activities and raise financing for new ventures. He has participated in putting together high-profile mergers and other significant business deals.

Mr Vella retired from KPMG in August 2017 but continues to provide consultancy services to various businesses. He presently also sits as non- Executive Director or Chairman on a number of corporate Boards, including Boards of companies with securities listed on the Malta Stock Exchange, namely TUM Finance p.l.c. (C 91228) and Hili Finance Company p.l.c. (C 85692), apart from the Issuer.

Peter Portelli

Peter Portelli obtained a degree of BA (Hons) Public Administration from the University of Malta in 1990 and a Masters in Business Administration from Henley Management College (UK) in 1997.

Between 1990 and 1998, he held various middle management and senior positions within the Ministry of Tourism and the Office of the Prime Minister, Malta. From 1998 to 2004 he was Private Secretary to the Prime Minister, and later Private Secretary to His Excellency, the President of Malta for a short period between April to December 2004. From January 2005 to June 2013, Mr Portelli acted as Permanent Secretary within the Maltese Public Service, heading the Ministry responsible for Tourism, with a portfolio that also included Culture and the Environment. Since July 2013 he is an Officer in Grade 2, Malta Public Service. Since 2015, he has held the position of Executive Secretary of The Strickland Foundation

9.2 Board of directors of the Guarantor

As at the date of this Registration Document, the board of directors of the Guarantor is composed of one director, being Mr Joseph Portelli.

The curriculum vitae of the director of the Guarantor is mentioned in Section 9.1 above.

9.3 Management structure and management team

The Issuer is the finance arm of the Group and as such does not require an elaborate management structure. Its business is managed by its Board of Directors and does not separately employ any senior management.

The Directors believe that the current organisational structures are adequate for the current activities of the Issuer. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The key members of the Group's management team, apart from the executive director of the Issuer and the Guarantor mentioned above, are the following:

- Silvan Mizzi, who is a full time employee of the Guarantor and acts as the Guarnator's and the Group's Chief Financial Officer; and

- Lorraine Ellul Bonavia, who is a full time employee of the Guarantor and is responsible for the general legal and administrative affairs of the Guarnator and the Group.

As at the date hereof, the Group companies other than the Guarantor and the Issuer, all of which have been recently set up, do not separately employ any senior management, and they are effectively managed by their executive Director, Mr Joseph Portelli, with the assistance of the above-mentioned key employees of the Guarantor, who render key management services to the Group as a whole.

9.4 Conflicts of interest

As at the date of the Prospectus, the executive Director of the Issuer, namely Mr Joseph Portelli, is a director and officer of the parent company, namely the Guarantor, and also a Director of all the other Group companies, and as such is susceptible to conflicts between the potentially diverging interests of the different members of the Group, including the Issuer-Guarantor Loan 2022 to be advanced by the Issuer to the Guarantor out of the proceeds of the Bond Issue. In order to manage such potential conflicts, however, the said Issuer-Guarantor Loan 2022 (like the Issuer-Guarantor Loan 2019) will be structured as a loan facility to be drawn down against presentation of invoices for relevant works received from the contractor and the whole process will be overseen by the Board, a majority of the members whereof is independent.

The said executive Director is also the ultimate beneficial owner of the Issuer and of the Guarantor and of the latter's Subsidiaries.

As mentioned in Section 5.3 of this Registration Document, the said executive Director and owner, Mr Joseph Portelli, is the 100% shareholder and director of Mercury Contracting Projects Limited, with which the Guarantor and other Group companies have each entered into a contract of works for the construction (including supply of material), development and finishing of their respective Retained Property. This made logistical and business sense considering that the said Mercury Contracting Projects Limited is appointed as principal contractor in respect of the whole Project (including those elements thereof to be sold to third parties). Such involvement of Mr Portelli in all these companies may create conflicts between the potentially diverging interests of each of the Guarantor and its Subsidiaries on the one hand and the said Mercury Contracting Projects Limited on the other with respect to the said employer-contractor relationship, throughout its '*iter*', although as mentioned in such Section 5.3 the said companies have entered into a contract of works on an arm's length basis based on industry standard terms and conditions.

In situations of conflict the Directors of the Issuer shall act in accordance with the majority decision of those Directors who would not have a conflict in the situation and in line with the advice of outside legal counsel.

The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to the different involvements of the Directors are handled according to law. The fact that the Audit Committee is constituted solely by independent, non-executive Directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis and in the interests of the Issuer. Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer, the Guarantor and other Group companies on a quarterly basis. To this effect, the Issuer and other Group companies are to submit to the Audit Committee quarterly accounts.

The presence of independent non-executive directors on the Board of the Issuer also aims to minimise the possibility of any abuse of control by its major shareholder and/or beneficial owner. Furthermore, in terms of the Memorandum and Articles of Association of the Issuer, in the event that a Director has a material interest in any contract, arrangement or proposal, such Director is not entitled to vote at a meeting of Directors in respect thereof.

To the extent known or potentially known to the Issuer as at the date of the Prospectus, there are no other potential conflicts of interest (save for those mentioned above) between any duties of the Directors of the Issuer and/or of the Guarantor, as the case may be, and their respective private interests and/or their other duties, which require disclosure in terms of the Prospectus Regulation.

10 | BOARD PRACTICES

10.1 Audit Committee

The terms of reference of the Audit Committee of the Issuer consist of *inter alia* its support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least once every three months, is a committee of the Board and is directly responsible and accountable to the Board. The Board reserved the right to change the Committee's terms of reference from time to time.

Briefly, the Audit Committee is expected to deal with and advise the Board on:

(a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;

(b) maintaining communications on such matters between the Board, management and the independent auditors;

(c) facilitating the independence of the external audit process and addressing issues arising from the audit process; and

(d) preserving the Issuer's assets by understanding the Issuer's risk environment and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transaction to be entered into by the Issuer or the Guarantor and a related party, given the role and position of the Issuer within the Group, to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved.

For this purpose, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer, the Guarantor and all other entities comprising the Group on a quarterly basis.

All of the Directors sitting on the Audit Committee are non-executives and also independent. The Audit Committee is presently composed of Stephen Muscat, Mario Vella and Peter Portelli, all three members being non-executive Directors and all of them also being independent of the Issuer. The Audit Committee is chaired by Stephen Muscat. In compliance with the Capital Markets Rules, Mr Stephen Muscat and Mr Mario Vella are the independent, non-executive Directors who are competent in accounting and/or auditing matters. In his capacity as Chairman of the Audit Committee, Mr Stephen Muscat holds meetings with the executive Directors as necessary to review the Issuer's accounts and operations. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. The CVs of the said Directors may be found in Section 9.1 above.

The Guarantor is not bound by the Capital Markets Rules to set up an Audit Committee.

10.2 Compliance with corporate governance requirements

As a consequence of the 2019 Bond Issue and the forthcoming Bond Issue and in accordance with the terms of the Capital Markets Rules, the Issuer is required to endeavour to adopt and comply with the provisions of the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the "Code"). The Issuer declares its full support of the Code and undertakes to continue to comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

The Issuer supports the Code and believes that its application results in positive effects accruing to the Issuer.

As at the date of the Prospectus, the Board considers the Issuer to be in compliance with the Code, save for the following exceptions:

A. Principle 7 "Evaluation of the Board's Performance"

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself (the majority of which is composed by independent non-executive Directors), the Audit Committee (in so far as conflicting situations are concerned), the Company's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

B. Principle 8 "Committees"

- The Issuer does not have a Remuneration Committee as recommended in Principle 8; and
- The Issuer does not have a Nomination Committee as recommended in Principle 8.

The Board considers that the size and operations of the Issuer do not warrant the setting up of remuneration and nomination committees. In particular:

(i) the Issuer does not believe it necessary to establish a remuneration committee, given that the remuneration of the directors is required by the Memorandum and Articles of Association of the Issuer to be determined by the company in general meeting. Furthermore, the executive Director of the Issuer, Mr Joseph Portelli, who is a director of the shareholder of the Issuer (namely the Guarantor) and the ultimate beneficial owner of the Group, and therefore can influence the general meeting's decision on remuneration of Directors, has waived and does not receive Director's fees;

(ii) the Issuer does not believe it is necessary to establish a nomination committee as appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association of the Issuer. The Issuer considers that the current members of the Board provide the required level of skill, knowledge and experience expected in terms of the Code.

C. Principle 9 "Relations with Shareholders and with the Market"

Currently there is no established mechanism disclosed in the Memorandum and Articles of Association of the Issuer to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. The Issuer's shares are all held by the Guarantor, except for one share which is held by Mr Joseph Portelli, who in turn is the sole shareholder and director of the said Guarantor and is thus a controlling shareholder of the whole Group, including the Issuer. The Issuer is thus of the view that there is currently no need to establish such mechanism.

Going forward, the Issuer shall, on an annual basis in its annual report, explain the level of the Issuer's compliance with the principles of the Code, explaining the reasons for non-compliance, if any, in line with the Capital Markets Rules' requirements.

11 | MAJOR SHAREHOLDERS

11.1 The Issuer

The Issuer has an authorised share capital of €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €250,000 divided into 250,000 ordinary shares of a nominal value of €1.00 each, which are subscribed to and allotted as fully paid up shares as follows:

Name of shareholder	Number of shares held
Mercury Towers Ltd 1400, Block 14, Portomaso, St Julians, Malta Company Registration number C 77402	249,999 ordinary shares of a nominal value of €1.00 each, fully paid up.
Joseph Portelli Eagle, Triq ta' Grunju, Nadur, Gozo Identity Card number 497193M	1 ordinary share of a nominal value of €1.00, fully paid up.

Mr Joseph Portelli in turns owns and controls Mercury Towers Ltd and, indirectly therefore, also the Issuer.

To the best of the Issuer's knowledge there are no arrangements in place as at the date of this Registration Document the operation of which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the "Code") with a view to ensuring that the relationship with its major shareholders is retained at arm's length, including adherence to rules on related party transactions set out in Chapter 5 of the Capital Markets Rules requiring the vetting and approval of any related party transaction by the Audit Committee, which is constituted by independent, non-executive Directors. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The composition of the Board, including the presence of three independent, non-executive Directors, effectively minimises the possibility of any abuse of control by any major shareholder.

11.2 The Guarantor

The Guarantor has an authorised share capital of €20,000,000 divided into 20,000,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €10,500,000 divided into 10,500,000 ordinary shares of a nominal value of €1.00 each, which are subscribed to and allotted as fully paid up shares as follows:

Name of shareholder	Number of shares held
Joseph Portelli Eagle, Triq ta' Grunju, Nadur, Gozo Identity Card Number 497193M	10,500,000 ordinary shares of a nominal value of €1 each, fully paid up.

The Issuer adopts measures in line with the Code with a view to ensuring that the relationship with its major shareholder, namely the Guarantor, is retained at arm's length, including adherence to rules on related party transactions requiring the evaluation of the Issuer's Audit Committee, which has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer.

The Guarantor has eneterd and is expected to enter from time to time into trading transactions with related companies to the Group in its normal course of business. These transactions will be subject to regular scrutiny of the Audit Committee of the Issuer, which will be provided with all relative material contracts for their review, to ensure that they are made on an arm's length basis and that there is no abuse of control by or in respect of the Issuer or the Guarantor in the context of related party transactions. In this regard, the Audit Committee of the Issuer will meet as and when necessary for the purpose of discussing any transactions or circumstances which may potentially give rise to such conflict or abuse. The Audit Committee will thus have the power of vetting and making recommendations (directed towards securing arm's length parameters) to the Board of Directors of the Guranator with respect to material related party transactions of such Guarantor prior to the Guarantor proceeding with the transaction.

12 | LITIGATION

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering twelve months prior to the date of this Registration Document which may have, or have had in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor and/or the Group, taken as a whole.

13 | ADDITIONAL INFORMATION

13.1 Share Capital of the Issuer

The authorised share capital of the Issuer is €500,000 divided into 500,000 ordinary shares of a nominal value of €1.00 each. The issued share capital of the Issuer is €250,000 divided into 250,000 ordinary shares of a nominal value of €1.00 each, each share being 100 per cent paid up and subscribed for, allotted and taken up by the Guarator, except for 1 share which is subscribed for, allotted and taken up by Mr Joseph Portelli.

The authorised share capital of the Issuer may be increased by an extraordinary resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by extraordinary resolution of the shareholders in general meeting.

There are no different classes of shares. 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 shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

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.

13.2 Memorandum and Articles of Association of the Issuer

The Memorandum and Articles of Association of the Issuer are registered with the Registrar of Companies at the Malta Business Registry.

The principal objects of the Issuer are set out in clause 4 of the Issuer's Memorandum and Articles of Association. These include, but are not limited to, the carrying on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of group companies or associated companies, and for such purpose to lend or advance money or otherwise give credit to any such group or associated company, with or without security, and to borrow or raise finance for the above mentioned purpose, on such terms as the Directors may deem expedient, and also to invest and deal with the moneys of the Issuer and any group or associated company in or upon such investments and in such manner as the Directors may, from time to time, deem expedient. The issue of bonds and other debt securities falls within the objects of the Issuer.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and as set out in Section 17 of this Registration Document and at the Malta Business Registry during the lifetime of the Issuer.

13.3 Share Capital of the Guarantor

The Guarantor has an authorised share capital of €20,000,000 divided into 20,000,000 ordinary shares of a nominal value of €1.00 each and an issued share capital of €10,500,000 divided into 10,500,000 ordinary shares of a nominal value of €1.00 each, each share being 100 per cent paid up and subscribed for, allotted and taken up in full by Mr Joseph Portelli.

The authorised share capital of the Issuer may be increased by an extraordinary resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by extraordinary resolution of the shareholders in general meeting.

The transfer of shares in the Guarantor by any shareholder is subject to pre-emption righst in favour of the other shareholder/s (where applicable).

There are no different classes of shares. 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 shares of the Gurantor are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

There is no capital of the Guarantor which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Guarantor is to be put under option.

13.4 Memorandum and Articles of Association of the Guarantor

The Memorandum and Articles of Association of the Guarantor are registered with the Registrar of Companies at the Malta Busienss Registry.

The principal object and main trading activity of the Guarantor is set out in clause 4 of the Guarantor's Memorandum and Articles of Association, namely to purchase, take by title of emphyteusis, lease or exchange or otherwise acquire under any title and to dispose of or give on lease or exchange, and to charge or hypothecate, in whole or in part, or to otherwise turn to the advantage of the Company, and to develop, any immovable or movable property, and any rights or licences which the company may deem necessary or convenient for the purposes of its business, and to carry on the business of operating or managing hotels, guest houses or other accommodation and leisure facilities, or shops, offices or other commercial complexes or outlets, whether belonging to the Company or otherwise, and to construct, reconstruct, renovate, alter, improve, decorate, enlarge, pull down and remove or replace, fix up, furnish and maintain any property or properties for the purposes mentioned above, and to enter into management or franchise agreements with international hotel brands to assist it in the running of the accommodation and catering properties under its charge.

The Guarantor is also empowered in terms of its Memorandum and Articles of Association:

(a) to borrow, or in any manner raise money, without any limit, for the purpose of or in connection with the Guarantor's business and to secure the repayment of any monies borrowed or any other obligations by giving hypothecary or other security upon the whole or part of the movable and immovable property of the Guarantor; and

(b) to guarantee, support or secure, either with or without the company receiving any consideration or any benefit whatever, and whether by direct obligation, or by assigning or charging, mortgaging, hypothecating or charging all or any part of the undertaking, property, assets (present and future) and uncalled capital of the Guarantor, or by issuing any security of the Guarantor, or by any one or more of all such methods or by any other method, the performance of any obligations or commitments of any person, firm, company or corporation, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary company or holding company or which is otherwise directly or indirectly associated with the Guarantor in business or through shareholdings.

A copy of the Memorandum and Articles of Association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and as set out in Section 17 of this Registration Document and at the Malta Business Registry during the lifetime of the Guarantor.

14 | MATERIAL CONTRACTS

Each of the Issuer and the Guarantor has not entered into any material contracts which are not in the ordinary course of their respective business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet its respective obligations to security holders in respect of the Bonds being issued pursuant to, and described in, the Securities Note.

15 | PROPERTY VALUATION REPORT

The Issuer commissioned Architect Denis Camilleri to issue a property valuation report in relation to the properties owned by the Group. The business address of Architect Camilleri is at DHI Periti, 2nd Floor, No. 56, Ewropa Centre, St. Anne Street, Floriana FRN 9011, Malta.

Capital Markets Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The valuation report is dated 15 February 2022.

A copy of the report compiled by Architect Denis Camilleri, is accessible on the Issuer's website at the following hyperlink: **https://mercuryfinance.com.mt/investor-relations/** and is deemed to be incorporated by reference in this Prospectus. A copy thereof shall also be available for inspection at the registered address of the Issuer for the duration period of this Registration Document.

16 | THIRD PARTY INFORMATION STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Architect Valuation Report prepared in relation to the Group properties and the financial analysis summary incorporated by reference in this Prospectus, the Prospectus does not contain any statement or report attributed to any person as an expert.

The valuation report and financial analysis summary have been included in the form and context in which they appear with the authorisation of Architect Denis Camilleri, with qualifications: Eur. Ing, A & CE, B.Sc. (Eng)., B.A. (Arch.)., C.Eng., A.C.I.Arb.,F.I.Struct.E., F.I.C.E., of DHI Periti, 2nd Floor, No. 56, Ewropa Centre, St. Anne Street, Floriana FRN 9011, Malta, and Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta (C 13729) respectively, that have given and have not withdrawn their consent to the inclusion of their respective reports herein.

Architect Denis Camilleri and Calamatta Cuschieri Investment Services Limited do not have any material interest in the Issuer. The Issuer confirms that the valuation report and the financial analysis summary have been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from the information contained therein, no facts have been omitted which render the reproduced information inaccurate or misleading.

The sourced information contained in Section 7 of this Registration Document has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

17 _ DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents shall be available for inspection at the registered address of the Issuer and also on the Issuer's website, on the following hyperlink **https://mercuryfinance.com.mt/investor-relations/**.

(a) Memorandum and Articles of Association of the Issuer and of the Guarantor;

(b) Audited financial statements of the Issuer for the two financial years ended 31 December 2019 and 31 December 2020 and the audited consolidated financial statements of the Guarantor for the three financial years ended 31 December 2018, 31 December 2019 and 31 December 2020;

(c) Interim unaudited financial results of the Issuer for the nine months ended 30 September 2021 and interim unaudited financial results of the Guarantor for the nine months ended 30 September 2021;

(d) Architect Valuation Report dated 15 February 2022 and prepared at the Issuer's request in respect of the Group's properties;

(e) Financial Analysis Summary dated 21 March 2022 and prepared by Calamatta Cuschieri Investment Services Limited;

(f) The original Guarantee;

(g) The Security Trust Deed; and

(h) The letter of confirmation drawn up by Baker Tilly and dated 21 February 2019.

SECURITIES NOTE

Dated 21 March 2022

This Securities Note is 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 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 Issuer.

In respect of an issue of up to €50,000,000 4.30% Secured Bonds 2032
of a nominal value of €100 per Bond issued and redeemable at par ISIN: MT0002191220 (the "Bonds")
by

MERCURY FINANCE

MERCURY PROJECTS FINANCE P.L.C.

a public limited liability company duly incorporated under the Laws of Malta,
with Company registration number C 89117

with the joint and several Guarantee* of Mercury Towers Ltd, a private limited company registered in Malta with company registration number C 77402

**Prospective investors are to refer to the Guarantee contained in Annex II of this Securities Note and Sections 6.2 of the Registration Document for a description of the Guarantee and the Collateral in general.*

Sponsor & Co-Manager	Registrar & Co-Manager	Security Trustee	Legal Counsel
Calamatta Cuschieri – YOUR PARTNER IN FINANCIAL SERVICES	BOV Bank of Valletta	CSB trustees& fiduciaries ltd	salibastafrace LEGAL

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 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.

APPLICATION HAS BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE SECURITIES TO BE ADMITTED TO THE OFFICIAL LIST.

A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE SECURITIES UNLESS: (I) HE/SHE 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 THESE SECURITIES.

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

Approved by the Directors

Joseph Portelli

in his capacity as Director of the Company and on behalf of each of Stephen Muscat, Mario Vella and Peter Portelli.

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY MERCURY PROJECTS FINANCE P.L.C. (THE "**ISSUER**") OF UP TO €50,000,000 SECURED BONDS OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.30% *PER ANNUM*, PAYABLE ON 25 APRIL 2022 OF EACH YEAR UNTIL THE REDEMPTION DATE (THE "**BONDS**"). THE ISSUER SHALL REDEEM THE BONDS AND PAY THE FULL NOMINAL VALUE THEREOF ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE.

THIS SECURITIES NOTE SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER DATED 21 MARCH 2022.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS, TO PUBLISH OR ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUER, THE GUARANTOR AND/OR THE SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF PUBLISHED, ISSUED, GIVEN OR MADE, SUCH ADVERTISEMENT, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

ALL THE ADVISORS TO THE ISSUER NAMED UNDER THE HEADING "ADVISORS" IN SECTION 3.4 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER 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.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS SECURITIES NOTE, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS SECURITIES NOTE.

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

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY BONDS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS 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 ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS 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 THIS 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 THIS PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THE 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 ISSUER 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 REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS 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 OR THE GUARANTOR 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 TWELVE MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO UPDATE OR SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR GUARANTOR'S WEBSITES (IF ANY) OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTOR'S WEBSITES 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 WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, 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 INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

TABLE OF CONTENTS

1 _ DEFINITIONS

Capitalised words and expressions used in this Securities Note and which are defined in the Registration Document forming part of the Prospectus shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning herein as the meaning given to such words and expressions in the Registration Document. Furthermore, in this Securities Note the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

Applicant/s	A person or persons (in the case of joint applicants) who subscribe(s) for the Bonds;
Application	The application to subscribe for Bonds made by an Applicant/s through any of the Authorised Financial Intermediaries pursuant to Placement Agreements;
Authorised Financial Intermediaries	The financial intermediary/ies whose details appear in Annex I to this document;
Bond Issue Price	The nominal value of each Bond (€100 per Bond);
CSD or **Central Securities Depositary**	The Central Securities Depository of and operated by the Malta Stock Exchange set up and authorized in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), or any other central securities depository appointed by the Issuer from time to time;
Deed of Hypothec	A notarial deed to be entered into by and between the Issuer, the Guarantor, Mercury Hotel Ltd. and the Security Trustee whereby *inter alia* Mercury Hotel Ltd. constitutes in favour of the Security Trustee that part of the Collateral which according to law requires the execution of a notarial deed;
Interest Payment Date	25 April of each year between and including each of the years 2023 and 2032, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	The date of issue of the Bonds, expected on 10 May 2022;
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);
Placement Agreements	The conditional placement agreements entered into or to be entered into, as the case may be, between the Issuer and the Authorised Financial Intermediaries, as further described in Section 8.4 of this Securities Note;
Redemption Value	The nominal value of such Bond (€100 per Bond); and
Terms and Conditions	The terms and conditions of issue of the Bonds, set out in Sections 5, 6 and 8 of this Securities Note.

All references in the Prospectus to "Malta" are to the "Republic of 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 also 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) any references to a person includes natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;

(e) any phrase introduced by the term "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding the term; and

(f) any references 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 Securities Note.

2 | RISK FACTORS

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING BUT NOT LIMITED TO THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT 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 OR THE BONDS.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER 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 TWO MAIN CATEGORIES. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS SECURITIES NOTE. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER 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 OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE VALUE, YIELD, REPAYMENT ABILITY OF THE ISSUER AND OTHER CHARACTERISTICS OF THE BONDS. THE RISKS DESCRIBED BELOW ARE THOSE THAT THE DIRECTORS BELIEVE TO BE MATERIAL AS AT THE DATE HEREOF, BUT THESE RISKS MAY NOT BE THE ONLY ONES AFFECTING THE BONDS. ADDITIONAL RISKS, INCLUDING THOSE WHICH THE DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE BONDS AND/OR THE BONDHOLDERS' RIGHTS THEREUNDER.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) IS OR SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR ANY OF 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 THEREWITH, SHOULD PURCHASE ANY BONDS. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT AND IN THE PROSPECTUS BEFORE INVESTING IN THE BONDS.

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 Issuer and, or the Directors concerning, amongst other things, the Issuer's and, or the Guarantor'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 Issuer's and, or the Guarantor's actual results of operations, financial condition and performance, and trading prospects 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 performance, and trading results, of the Issuer and, or the Guarantor 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 Issuer's performance and an investment in the Bonds. 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 Issuer 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.

2.1 Risks relating to the Bonds

/ *Suitability of the Bonds*

An investment in the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor as to the suitability or otherwise of an investment in the Bonds before making an investment decision.

In particular, such advice should be sought with a view to ascertaining that each prospective investor:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits, and risks of investing in the 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 Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency and that the Bonds meet the investment objectives of the prospective investor;

(c) understands thoroughly the terms of the Bonds; and

(d) is able to evaluate (either alone or with the help of a financial advisor) 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 Bonds, and the inherent risks associated with the Group's business. In the event that an investor does not seek professional advice and, or does not read and fully understand the provisions of the Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

/ *Trading and liquidity risks*

There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to re-sell his/her Bonds at or above the Bond Issue Price or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer's Bonds at any given time, which presence is dependent upon the individual decisions of investors as well as market conditions over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds. These factors include the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates generally. No prediction can be made about the effect which any future public offerings of the Issuer's securities or any takeover or merger activity involving the Issuer or a Group Company will have on the market price of the Bonds prevailing from time to time.

Further to the above, the outbreak of the COVID-19 pandemic in Q1 2020, which was neither foreseen by nor within the control of the market, has resulted in a highly volatile economy, with the exact magnitude of the downturn remaining uncertain globally. The exact nature of the risks for and negative impact on national economies and on individual businesses, including the Group's business, is difficult to predict and to guard against and plan for, particularly in view of the uncertainty as to the duration and depth of the impact of the COVID-19 pandemic, and the difficulties in predicting whether recoveries will be sustained and at what rate. This volatility may also increase as a result of wars or conflicts between countries, including the current Russia – Ukraine conflict. There can be no assurance that continued or increased volatility and disruption in the capital markets will not impair the saleability of the Bonds.

/ *Interest rate risk*

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Fixed income debt securities are influenced predominantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. The price of bonds 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 Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Bonds will tend to rise (save for other factors which may affect price). Moreover, the price changes also depend on the term or residual time to maturity of the Bonds. In general, bonds with shorter terms have less price risks than bonds with longer terms.

/ *Currency risk*

Any investor whose currency of reference is not the Euro shall bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference.

/ *Continuing compliance obligations*

Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain ongoing requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Malta Financial Services Authority has the authority to suspend trading or listing of the 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 Malta Financial Services Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspension or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.

/ *Changes in laws and regulations*

The Terms and Conditions of the Bond Issue are based on the requirements of the Act and other laws, the Prospectus Regulation and the Capital Markets Rules 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 this Prospectus.

/ *Amendments to Terms and Conditions*

The Issuer may call a meeting of Bondholders in accordance with the provisions of this Securities Note in the event that it wishes to amend any of the Terms and Conditions of this Bond Issue. 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.

/ *Additional indebtedness and security*

Both the Issuer and the Guarantor may incur further borrowings or indebtedness, including through the issue of other debt securities, and may create or permit to subsist security interests upon the whole or any part of their respective present or future undertakings, assets or revenues (including uncalled capital), save only that no issue may be made that would rank senior to the Bonds in respect of the Collateral.

/ *Ratings*

The Issuer has not sought, nor does it intend to seek, the credit rating of an independent agency and there has been no assessment by any independent rating agency of the Bonds.2.2 Risks relating to the Guarantor and the Collateral

2.2 Risks relating to the Guarantor and the Collateral

/ *Risks relating to the business of the Guarantor*

The risk factors contained in Section 2.2 of the Registration Document (entitled "Risks relating to the Guarantor") apply to the business of the Guarantor. If any of the risks mentioned in Section 2.2 of the Registration Document were to materialise, they would have a material adverse effect on the ability of the Guarantor to satisfy its obligations under the Guarantee.

/ *Risks relating to the Guarantee*

The Bonds, as and when issued and allotted, shall constitute the general, direct, and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under the said Bonds by the Guarantor and the Collateral.

In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Security Trustee, for the benefit of itself and the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer.

The strength of the undertakings on the part of the Guarantor under the Guarantee and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor, which will be affected by the level of indebtedness and liabilities incurred by such Guarantor, including indebtedness under the Existing Bonds and the joint and several guarantee granted by the said Guarantor to secure the obligations of the Issuer under the said Existing Bonds, as well as by the BOV Loans and the security interests securing the same.

/ *Risks relating to the Collateral and the value of the Collateral*

The Bonds shall at all times rank *pari passu* without any priority or preference among themselves but, in respect of the Guarantor and Mercury Hotel Ltd., and save for such exceptions as may be provided by applicable law, they shall rank with priority or preference over all unsecured indebtedness, if any, by virtue and to the extent of the first ranking special hypothec over the Security Property for Bonds which Mercury Hotel Ltd. will constitute in favour of the Security Trustee for the benefit of the Bondholders.

As noted in Section 6.2 of the Registration Document, in its existing state, the Security Property for Bonds has been valued for a total amount which is less than, and which is not sufficient to cover, the full principal amount of the Bonds (if fully subscribed) and interest thereon. In view of the above, it is the intention that the proceeds of the Bond Issue, excluding such portion thereof intended to be used for general corporate funding purposes, whilst it will constitute a loan by the Issuer to the Guarantor under the Issuer-Guarantor Loan 2022 from inception, will not be transferred to such Guarantor but will be retained in cash by the Security Trustee under trust, who will be irrevocably authorised by the Guarantor (by way of security for the benefit of the Security Trustee and the Bondholders) to retain the same in cash, and to release and pay the same only to the contractor against invoices for works and certificates of completion relevant to works on the Hotel, which Hotel constitute the Security Property for Bonds (saving always such portion of the proceeds of the Bond Issue which is intended to be used for general corporate funding purposes, which will be transferred by the Registrar to the Guarantor upon the instruction of the Issuer made at any time after constitution of the Collateral and the listing of the Bonds on the Official List of the Malta Stock Exchange, save for such amount needed to cover the expenses of the Bond Issue which will be transferred by the Registrar to the Issuer). As noted in the mentioned Section 6.2 of the Registration Document, the estimated value of such Security Property for Bonds after completion of works will increase substantially, and should be sufficient to cover payment obligations under the Bonds. There is however no guarantee that factors will not arise which will negatively affect such completion and/or the actual value of the completed works.

Moreover and without prejudice to what is stated in the immediately preceding paragraph, whilst this special hypothec in respect of the Bonds grants the Security Trustee a right of preference and priority for repayment of the Bonds over the creditors of Mercury Hotel Ltd. in respect of the Security Property for Bonds, there can be no guarantee that the value of the said Security Property for Bonds over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the said Bonds. This may be the result of various factors, including general economic factors that could have an adverse impact on the value of the Security Property for Bonds. If such circumstances were to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.

Furthermore, there is no guarantee that the value of Security Property for Bonds (both actual in the existing state and estimated value after completion) determined in the independent valuation is necessary correct or would actually be achieved on the market. The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of properties, including of Security Property for Bonds, referred to in the Prospectus reflects actual values that would be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values at the time of enforcement of the hypothecs on the Security Property for Bonds.

/ *Risks relating to ranking of special hypothecs forming part of the Collateral*

The first ranking special hypothecs to be constituted by Mercury Hotel Ltd. over the Security Property for Bonds in favour of the Security Trustee 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 repaired for the debts due to them in respect of the expenses and the price of their work. Mercury Contracting Projects Limited, as the main contractor responsible for the development of the Project has agreed with Mercury Hotel Ltd. to waive its right to the registration of a special privilege with the Public Registry in Malta and has further undertaken to use best efforts to ensure that any of its sub-contractors will waive their right to a special privilege. However, Mercury Contracting Projects Limited may not necessarily manage to obtain such waiver from the sub-contractors and, furthermore, Mercury Hotel Ltd. may contract debts with other privileged creditors. In such case, privileged creditors will rank with preference to the Security Trustee in whose favour the special hypothecs under the Collateral shall be constituted.

3 | PERSONS RESPONSIBLE AND CONSENT FOR USE

3.1 Persons responsible

This document includes information given in compliance with the Capital Markets Rules and the Prospectus Regulation for the purpose of providing prospective investors with information with regard to the Bonds. All of the Directors of the Issuer, whose names appear under the heading "Directors of the Issuer" in Section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors of the Issuer, 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 of the Issuer accept responsibility accordingly.

3.2 Consent for use of the Prospectus

Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:

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

i. in respect of Bonds subscribed for through Authorised Financial Intermediaries during the Offer Period;
ii. to any resale or placement of Bonds subscribed as aforesaid taking place in Malta; and
iii. to any resale or placement of Bonds subscribed as aforesaid taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, the Registrar or any of their respective advisors take any responsibility for any of the actions of any Authorised Financial Intermediary, including their 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 Bonds.

Other than as set out above, neither the Issuer nor any of the advisors of the Issuer has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer and neither the Issuer nor any of the Issuer's advisors has 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 Issuer or any of its advisors. The Issuer does not accept responsibility for any information not contained in the Prospectus.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the 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 Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall provide information to investors 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 Bonds to an investor by an Authorised Financial Intermediary shall be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor any of its advisors has any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of 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 this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer 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 Authorised Financial Intermediaries unknown at the time of approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: **www.mercuryfinance.com.mt**

4 | ESSENTIAL INFORMATION

4.1 Interest of natural and legal persons involved in the Bond Issue

Without prejudice to the potential conflicts of interest of Directors disclosed in Section 9.4 of the Registration Document, and save for the subscription for Bonds by the Authorised Financial Intermediaries (which include the Sponsor and the Registrar), and any fees payable in connection with the Bond Issue to the Sponsor and the Registrar, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

4.2 Reasons for the offer and use of proceeds

The proceeds from the Bond Issue, will be used by the Issuer to provide a loan facility to the Guarantor, to be used as provided below (the "Issuer-Guarantor Loan 2022"). The Issuer-Guarantor Loan 2022 will bear interest at 4.5% *per annum* payable on 15 April of each year, and the principal amount thereof shall be repayable by not later than 15 April 2032.

In turn, the Issuer-Guarantor Loan will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

i. Construction and finishing of the Hotel owned by Mercury Hotel Ltd.: the amount of *circa* €35,000,000 will be made available by the Guarantor to Mercury Hotel Ltd. and used to finance fees and costs due and to become due by Mercury Hotel Ltd. to Mercury Contracting Projects Limited in respect of the construction, development and finishing works on the Hotel and the various elements thereof (details of which are set out in Section 5.2 of the Registration Document) in terms of the contract of works between the two companies; and

ii. General corporate funding: the amount of *circa* €15,000,000 together with any residual amounts not utilised for the purposes identified in paragraph (i) above, shall be utilised for general corporate funding purposes of the Group.

As set out in Section 6.2 of the Registration Document, the Issuer-Guarantor Loan 2022 shall be drawn down as follows:

(a) the amount of such loan facility which is intended to be used to finance the construction and finishing of the Hotel as set out in paragraph (i) above, which will be held by the Security Trustee, will be drawn down in one or more subsequent drawdowns following a request by the Guarantor to the Issuer, in order to pay invoices for construction and finishing works on the Hotel owned by Mercury Hotel Ltd., as such invoices are received from Mercury Contracting Projects Limited in terms of the contract of works between Mercury Hotel Ltd. and the said Mercury Contracting Projects Limited and against presentation of such invoices and architect's certificate of completion in respect of the relevant works included in the invoice, provided that the Guarantor shall have the right to make an initial drawdown request, at any time after the execution of the notarial deed creating the Issuer-Guarantor Loan 2022, for the full or any part of the amounts for works on the Hotel already invoiced by and paid to and/or invoiced by but not yet paid to the said Mercury Contracting Projects Limited at any time up to the execution of the said notarial deed and in respect of which the Guarantor produces an architect's certificate of completion. The said drawdowns will not be paid by the Security Trustee to the Guarantor, but will be paid by the Security Trustee directly to Mercury Contracting Projects Limited in satisfaction of the relevant invoices. The drawdown requests and payments so made to satisfy invoices for works on the Hotel will for all intents and purposes constitute and be deemed to constitute, as between the Issuer and the Guarantor, loans made by the Issuer to the Guarantor under the Issuer-Guarantor Loan 2022 (and will be deemed to constitute such loans from inception, even before being so drawn down and whilst they are still held by the Security Trustee), and the payment of the relevant invoices to Mercury Contracting Projects Limited will be considered as payments made by the Guarantor in the name and for the discharge of the relevant Group company which incurred the costs and expenses under the relevant invoice; and

(b) the amount of such loan facility which are intended to be used for general corporate funding purposes as set out in paragraph (ii) above, which will be held by the Registrar, excluding those required to fund the expenses of the Bond Issue which are expected to amount to approximately €800,000, shall be drawn down in full in one drawdown following a request by the Guarantor to the Issuer made after the listing of the Bonds on the Official List of the Malta Stock Exchange, whereupon the Issuer shall promptly instruct the Registrar to transfer the relevant amount to the Guarantor: provided that such part of the loan facility which is required by the Guarantor to fund the expenses of the Bond Issue shall be forwarded by the Registrar to or to the order of the Issuer upon request.

It is expected that within 15 Business Days from the closing of the Offer period, the Issuer, the Guarantor, Mercury Hotel Ltd., and the Security Trustee shall appear on a notarial deed (the "Deed of Hypothec"), pursuant to which Mercury Hotel Ltd. will constitute and grant to the Security Trustee, and the Security Trustee will obtain, the special hypothec over the Security Property for Bonds.

By virtue of such Deed of Hypothec, the Issuer will agree to make the Issuer-Guarantor Loan 2022 to the Guarantor, through which it will make available the proceeds from the Bond Issue by way of loan. As already mentioned above and under Section 6.2 of the Registration Document, the proceeds of the Bond Issue excluding such portion thereof intended to be used for general corporate funding purposes, although they will constitute a loan by the Issuer to the Guarantor under the Issuer-Guarantor Loan 2022 from inception, they will not be transferred to such Guarantor but will be retained in cash by the Security Trustee under trust, who will be irrevocably authorised by the Guarantor (by way of security for the benefit of the Security Trustee and the Bondholders) to retain the same in cash, and to release and pay the same only to the contractor against invoices for works and certificates of completion relevant to works on the Hotel.

All proceeds from the Bond Issue shall be received by the Registrar which shall apply and forward the same as provided herein.

The issue and final allotment of the Bonds is conditional upon the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed within 15 Business Days of the close of the Offer Period; and (2) the Bonds being admitted to the Official List. In the event that any of the aforesaid Conditions Precedent is not satisfied, the Registrar shall return the Bond Issue proceeds to the investors. Indeed, the Bonds shall not be admitted to the Official List of the Malta Stock Exchange unless all security has been duly perfected, in accordance with the provisions of the Security Trust Deed.

If the aforesaid Conditions Precedent are satisfied, the Registrar shall:

- forward the amount of €35,000,000 (which is intended to be used to finance the construction and finishing of the Hotel) to the Security Trustee, which shall hold the same in accordance with the provisions of the Security Trust Deed;

- forward the remaining proceeds of the Bond Issue intended to be used for general corporate funding purposes, less the amount equivalent to the expenses of such Bond Issue (as indicated by the Issuer), to the Guarantor, upon instruction of the Issuer; and

- forward the remaining amount equivalent to the expenses of the Bond Issue to or to the order of the Issuer, upon request.

4.3 Funding of Hotel development from other sources

Assuming that the Bond Issue is fully or at least 70% subscribed, it is anticipated that the proceeds of such Bond Issue will be sufficient to fund the construction and finishing of the Hotel, which constitutes the main proposed use of proceeds of the Bond Issue, and that no funding from other sources will be necessary for such purpose.

4.4 Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, manager and registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €800,000. There is no particular order of priority with respect to such expenses.

The expenses pertaining to the Bond Issue shall be borne by the Guarantor and shall form part of the Issuer-Guarantor Loan 2022, provided that these shall, following the satisfaction of the Conditions Precedent, be released and paid by the Registrar to or to the order of the Issuer upon request.

4.5 Security

The Bonds are secured and Bondholders shall have the benefit of the following security:

(a) a first ranking special hypothec over the Security Property for Bonds; and
(b) the Guarantee in respect of all Bonds and holders thereof.

The security shall be constituted in favour of the Security Trustee for the benefit of the relevant Bondholders (as applicable) from time to time registered in the CSD.

The Issuer, the Guarantor and Mercury Hotel Ltd. have entered into a Trust Deed with the Security Trustee for the benefit of the Bondholders and having as trust property security which consists of the covenants of the Issuer and the Guarantor to pay the principal amount under the Bonds on the respective Redemption Date and interest thereon on the respective Interest Payment Dates, the hypothecary rights under the

Deed of Hypothec, the undertakings of the Guarantor under the Guarantee and all the rights and benefits under the Security Trust Deed. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds. No Bonds shall be issued and allotted until the Collateral has been duly constituted in accordance with the provisions of the said Trust Deed and the Malta Stock Exchange admits the Bonds to trading as listed instruments.

The Security Trustee's role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Bonds which remain exclusively the obligations of the Issuer (or, in the case of default by the Issuer, of the Guarantor).

The terms and conditions of the Trust Deed, which is available for inspection as set out in Section 17 of the Registration Document, shall be binding on each registered Bondholder as if it had been a party thereto and as if the Trust Deed contained covenants on the part of each registered Bondholder to observe and be bound by all the provisions thereof applicable thereto, and the Security Trustee is authorised and required to do the things required of it by the Trust Deed.

5 | OFFER STATISTICS

Issue:	€50,000,000 4.30% Secured Bonds 2032.
Amount:	€50,000,000.
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD.
Denomination (currency):	Euro (€).
ISIN:	MT0002191220.
Bond Issue Price:	At par (€100 per Bond).
Minimum amount per subscription:	Minimum of €5,000 and integral multiples of €100 thereafter.
Offer Period:	08:00 hours on 4 April 2022 and 12:00 hours on 14 April 2022, both days included.
Plan of Distribution:	The Bonds are open for subscription by all categories of investors.
Redemption Date:	25 April 2032.
Redemption Value:	At par (€100 per Bond).
Status of the Bonds:	The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves. The Bonds shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor in terms of the Guarantee and secured by the hypothec on the Security Property for Bonds to be constituted by Mercury Hotel Ltd. In respect of Mercury Hotel Ltd., save for such exceptions as may be provided by applicable law, the Bonds shall rank with priority or preference to all present and future unsecured

	obligations of the said Mercury Hotel Ltd., by virtue and to the extent of the first ranking special hypothec over the Security Property for Bonds which Mercury Hotel Ltd. will constitute in favour of the Security Trustee for the benefit of the Bondholders.
Guarantee:	The joint and several guarantee dated 21 March 2022 granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue.
Status of the Guarantee	The Guarantee shall constitute a direct, and unconditional obligation of the Guarantor, and the Guarantor's obligations under the Guarantee shall rank *pari passu* with all its other unsecured and insubordinate obligations.
Listing:	The Malta Financial Services Authority has approved the 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 Bonds to be listed and traded on its Official List.
Placement Agreements:	The Issuer has entered or shall enter (as the case may be) into conditional placement agreement/s with the Authorised Financial Intermediaries listed in Annex I of this Securities Note hereto whereby an aggregate amount of €50,000,000 in nominal value of the Bonds shall be made available for subscription to such Authorised Financial Intermediaries, for their own account or on behalf of their clients.
Interest:	4.30% *per annum*, on the Nominal Value of each Bond.
Interest Payment Date(s):	Annually on 25 April as from 25 April 2023 (the first Interest Payment Date).
Governing Law:	The Bonds are governed by and shall be construed in accordance with Maltese law.
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

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

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

6.1 General

Each Bond forms part of a duly authorised issue of 4.30% Secured Bonds 2032 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €50,000,000 (except as otherwise provided under Section 6.12 "Further Issues").

The Issue Date of the Bonds is expected to be 10 May 2022. The Bond Issue is guaranteed by the Guarantor and secured with the Collateral. The Bonds are created under Maltese law.

(a) The currency of the Bonds is Euro (€).
(b) The Bonds are expected to be listed on the Official List on 10 May 2022 and dealing can be expected to commence thereafter.
(c) Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN: MT0002191220.
(d) Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date.
(e) The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act, and the Prospectus Regulation.
(f) The minimum subscription amount of Bonds that can be subscribed for by an Applicant is €5,000 and in multiples of €100 thereafter.
(g) The Bond Issue is not underwritten.
(h) There are no special rights attached to the 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.
(i) 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.

6.2 Registration, form, denomination and title

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will 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 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 will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

When subscribing for 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 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/. Further detail on the e-portfolio is found on https://eportfolio.borzamalta.com.mt/Help.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiples of €100, provided that on subscription the Bonds will be issued for a minimum of €5,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons (including the Issuer) and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in Section 6.11 of this Securities Note.

6.3 Ranking of the Bonds and the Collateral

/ ***Status of the Bonds***

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

/ ***Guarantee***

The Bonds shall be guaranteed in respect of both the interest due and the principal amount by the Guarantor on a joint and several basis in terms of the Guarantee. Accordingly, the Security Trustee, for the benefit of itself and the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer.

The Guarantee shall constitute a direct, and unconditional obligation of the Guarantor, and the Guarantor's obligations under the Guarantee shall rank *pari passu* with all its other unsecured and unsubordinated obligations.

A copy of the Guarantee is included in Annex II to this Securities Note.

/ ***First ranking special hypothec over Security Property for Bonds***

In respect of Mercury Hotel Ltd., save for such exceptions as may be provided by applicable law, the Bonds shall rank with priority or preference to all present and future unsecured obligations of the said Mercury Hotel Ltd., by virtue and to the extent of the first ranking special hypothec over the Security Property for Bonds which Mercury Hotel Ltd. will constitute in favour of the Security Trustee for the benefit of the Bondholders.

Pursuant to the Trust Deed, Mercury Hotel Ltd. has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as beneficiaries, a special hypothec over the Security Property for Bonds owned by it.

The special hypothec in respect of the Security Property for Bonds will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders as beneficiaries, for the repayment of the principal and interest under the Bonds by a preferred claim over the said Security Property for Bonds.

Accordingly, following the issue of the Bonds and application of the proceeds as set out above, the Security Trustee will have the benefit of a special hypothec over the Security Property for Bonds for the full amount of €50,000,000 (being the total nominal value of the Bonds), for the benefit of Bondholders.

Bondholders shall be paid out of the said Security Property for Bonds in priority to other creditors, except for privileged creditors. During the course of development of the Project, situations may arise whereby the contractors or suppliers may become entitled by law to register a special privilege over the Security Property for Bonds, thereby obtaining a priority in ranking over the Security Trustee. In this respect, Mercury Hotel Ltd. has entered into an agreement with Mercury Contracting Projects Limited, being the principal contractor engaged to construct and develop the Project, where the said contractor has undertaken to waive its right to inscribe a special privilege in its favour over the Security Property for Bonds, and has further undertaken to use best efforts to ensure that any of its sub-contractors will waive their right to a special privilege. Whist this is intended to minimise the possibility that any real rights are created over the Security Property for Bonds that would have the effect of diminishing the value of the Collateral registered in favour of the Security Trustee, there can be no guarantee that Mercury Contracting Projects Limited will manage to obtain such waiver from the sub-contractors or that a sub-contractor conducting works on the said Security Property for Bonds will not constitute a special privilege according to law. Furthermore, Mercury Hotel Ltd. may contract debts with other privileged creditors, who may be entitled to and actually register a special privilege over the Security Property for Bonds which ranks in priority to the Collateral.

6.4 Rights attaching to the Bonds

This Securities Note in its entirety contains the Terms and Conditions of issue of the Bonds, which constitute the terms and conditions of the contract between the Issuer and a Bondholder. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

(a) the repayment of capital;
(b) the payment of interest;
(c) the benefit of the Collateral through the Security Trustee;
(d) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
(e) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

6.5 Interest

The Bonds shall bear interest from and including 25 April 2022 at the rate of 4.3% *per annum* on the nominal value thereof, payable annually in arrears on each Interest Payment Date.

The first interest payment will be effected on 25 April 2023 (covering the period 25 April 2022 to 24 April 2023), and then annually thereafter on 25 April of each calendar year, with the last interest payment being effected on the Redemption Date.

Any Interest Payment Date which falls on a day other than a Business Day will 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 Yield

The gross yield calculated on the basis of the interest on the Bonds, the Bond Issue Price and the Redemption Value of the Bonds is 4.30% per annum.

6.7 Redemption and purchase

Unless previously purchased and cancelled the Bonds will be redeemed at their nominal value (together with interest accrued to the respective date fixed for redemption) on the Redemption Date.

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

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

6.8 Payments

Payment of the principal amount of Bonds will be made in Euro (€) by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder designates from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment of the principal amount will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment the Issuer 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 Bonds.

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (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 any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer 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 or of any other applicable jurisdiction having power to tax.

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

6.9 Limits of the validity of claims

In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

6.10 Events of Default

Pursuant to the Trust Deed, the Security Trustee may in its absolute discretion, and shall upon the request in writing of not less than 75% in value of the registered Bondholders, by notice in writing to the Issuer, the Guarantor and Mercury Hotel Ltd. declare the 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"):

(a) the Issuer fails to pay any interest under the Bonds when due and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;

(b) the Issuer fails to pay the Redemption Value of a Bond when due and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;

(c) the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the Security Trustee;

(d) there shall have been entered against the Issuer or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be made or is taken for the payment of money in excess of €5,000,000 or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed;

(e) the Issuer or the Guarantor is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent, within the meaning of Article 214(5) of the Act;

(f) an order is made or an effective resolution passed for the dissolution, termination of existence, liquidation or winding-up of the Issuer or the Guarantor, except for the purpose of a reconstruction, amalgamation or division;

(g) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or the Guarantor;

(h) the Issuer ceases or threatens to cease to carry on its business or a substantial part thereof;

(i) the Issuer, the Guarantor or Mercury Hotel Ltd. commits a breach of any covenants or provisions contained in the Trust Deed and on its part to be observed and performed and the said breach still subsists for sixty (60) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds);

(j) it becomes unlawful at any time for the Issuer or the Guarantor or Mercury Hotel Ltd. to perform all or any of its obligations hereunder (where applicable) or under the Trust Deed;

(k) the Collateral or any part thereof becomes unenforceable against the Issuer, the Guarantor and/or Mercury Hotel Ltd. (as applicable);

(l) the Issuer or the Guarantor or Mercury Hotel Ltd. (as applicable) repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Trust Deed;

(m) all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer or the Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government,

provided that in the case of paragraphs (c), (d) and (g) to (m) the Security Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the 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 Issuer or the Guarantor or Mercury Hotel Ltd. of any of the covenants, obligations or provisions contained herein or in the Trust Deed (as applicable) due to any fortuitous event of a calamitous nature beyond the control of the Issuer or the Guarantor or Mercury Hotel Ltd. (as the case may be), then the Security Trustee may, but shall be under no obligation so to do, give the Issuer, the Guarantor or Mercury Hotel Ltd. (as the case may be) such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times, to the extent deemed to be in the best interests of Bondholders, act on and in accordance with any directions it may receive in a meeting of Bondholders satisfying the conditions set out in the 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 Issuer, the Guarantor and Mercury Hotel Ltd. are each observing and performing all the obligations, conditions and provisions on their respective parts contained in the Bonds and the Trust Deed (as applicable).

6.11 Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole (i.e. in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time. The minimum subscription amount of €5,000 shall only apply during the Offer Period. No minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter, subject to trading in multiples of €100.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy or winding up of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the 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 Bond, or procuring the transfer of the Bond, in favour of that person.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the 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 Issuer 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 Issuer.

The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

6.12 Further issues

The Issuer 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 and conditions as any outstanding debt securities of any series (including the 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 Bonds), or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Bonds in respect of the Collateral.

6.13 Resolutions and meetings of Bondholders

The Bondholders' meeting represents the supreme authority of the Bondholders in all matters relating to the Bonds and has the power to make all decisions altering the terms and conditions of the Bonds.

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 Bonds.

The Issuer may from time to time call meetings of Bondholders 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 require the approval of a Bondholders' meeting and to effect any change to the applicable Terms and Conditions of the Bonds. The meeting may be called by the Issuer at its own initiative, but shall also be called by the Issuer upon a request made at any time by one or more Bondholders holding at least fifty per cent (50%) of the outstanding value of the Bonds.

The Security Trust Deed also provides for the power of the Security Trustee, at the cost of the Issuer and at its own initiative to call meetings of Bondholders prior to exercising any power or discretion under such Deed or to write to all Bondholders requesting their directions. Furthermore, the Security Trust Deed provides for an obligation of the Security Trustee to call a meeting of Bondholders upon a request made at any time by one or more Bondholders holding at least fifty per cent (50%) of the outstanding value of the Bonds. The Security Trust Deed provides that the Security Trustee shall not be bound to act on behalf of the Bondholders under such Deed unless it receives duly authorised directions as stipulated in the said Deed, and in such case only to the extent deemed to be in the best interests of Bondholders.

A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. 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 to the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this Section 6.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

A meeting of Bondholders 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 Bonds then outstanding, shall constitute a *quorum*. If a *quorum* is not present within thirty (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 Issuer shall within two (2) 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 (7) days, and not later than fifteen (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.

Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

Once a *quorum* is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions which are required to be taken 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 to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a *quorum* who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer.

Unless otherwise expressly stated and required in respect of a specific issue/s herein and/or in the Security Trust Deed, the proposal placed before a meeting of Bondholders shall only be considered approved if at least 60% 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.

The Issuer may provide for virtual or remote meetings of Bondholders, including meetings by telephone or by other audio or audio and visual telecommunication means, provided that any such meetings allow Bondholders to ask questions and to exercise their right to vote at such meetings.

Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

6.14 Bonds held jointly

In respect of a Bond held jointly by several persons (including husband and wife), the joint holders shall nominate one of their number as their representative and his/her name will be entered in the register with such designation. The first person, as designated in the respective MSE account number quoted by the Applicant, or first named in the register of Bondholders shall for all intents and purposes be deemed to be such nominated person by all the joint holders of the relevant Bond/s. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

6.15 Bonds held subject to usufruct

In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. Without prejudice to what is provided in Section 6.8 of this Securities Note regarding payment of principal, the usufructuary shall, for all intents and purposes, be deemed vis-a-vis the Issuer to be the holder of the Bond so held and shall have the right to receive interest on the Bond and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

6.16 Authorisations and approvals

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 11 March 2022. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 11 March 2022.

The Malta Financial Services Authority approved the Bonds as eligible to listing on the Official List of the MSE pursuant to the Capital Markets Rules by virtue of a letter dated 21 March 2022.

6.17 Representations and warranties

The Issuer represents and warrants to the Bondholders and to the Security Trustee for the benefit of the Bondholders, who shall be entitled to rely on such representations and warranties, that:

(a) it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and

(b) it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Bond Issue.

6.18 Notices

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

6.19 Governing law and jurisdiction

The Bonds, all the rights and obligations of the Issuer and the Bondholder, and any non-contractual matters arising out of or in connection therewith, shall be governed by and construed in accordance with Maltese law.

Any dispute, legal action, suit or proceedings against the Issuer and/or the Guarantor and/or Mercury Hotel Ltd. arising out of or in connection with the Bonds and/or the Prospectus and/or any non-contractual matters arising out of or in connection therewith shall be brought exclusively before the Maltese courts. The Issuer and each Bondholder irrevocably submits to the exclusive jurisdiction of the Courts of Malta to hear and determine any dispute, action, suit or proceedings as aforesaid.

7 | TAXATION

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 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 Bonds. The tax legislation of the investor's country of nationality, residence or domicile and of the Issuer's country of incorporation (Malta) may have an impact on the income received from the 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 Issuer 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 Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

7.1 Malta tax on interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is instructed by a Bondholder 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 (Cap. 123 of the Laws of Malta), interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of 15% (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 (Cap. 123 of the Laws of Malta). Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person 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 Issuer 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 Issuer shall also render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.

In the case of a valid election 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 income tax return and be subject to tax at the standard rates applicable to such Bondholder at that time. Additionally in this latter case the Issuer 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 Issuer. 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)(i) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

7.2 Exchange of information

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Revenue. The Commissioner for Revenue 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:

i. 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 ("FATCA Legislation"); and

ii. the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended) 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.

Under FATCA Legislation, Financial Institutions ("FIs") 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 FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under FATCA Legislation, to the Commissioner for Revenue. The latter is in turn required to exchange such information to the US Internal Revenue Service. Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations.

Pursuant to obligations under FATCA Legislation, FIs reserve the right to store, use, process, disclose and report any required information, including all current and historical data related to the past and/or present account(s) held by Reportable Persons, including, but not limited to, the name, address, date of birth, place of birth and US TIN, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Commissioner for Revenue.

The CRS requires Malta based financial institutions ("FIs") (defined as such for the purposes of CRS) to identify and report to the Commissioner for Revenue financial accounts held by Reportable Persons, as defined under the CRS Legislation, and certain entities with one or more Controlling Persons which are classified as Reportable Persons in terms of the CRS. 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.

In particular with respect to CRS, the following information may be reported by FIs to the Commissioner for Revenue in respect of each reportable account maintained by the FIs, (a) the name, address, jurisdiction of tax residence, tax identification number (TIN) and date and place of birth; (b) the account number (or functional equivalent in the absence of an account number); (c) the account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account; (d) the total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the FI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period.

The Commissioner for Revenue shall by automatic exchange framework for reciprocal information exchange, communicate to the other competent authority, any relevant information that may fall to be classified as reportable, and vice-versa.

FIs reserve the right to request any information and/or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and CRS and any referring legislation. In the case of failure to provide satisfactory documentation and/or information, an FI may take such action as it thinks fit, including without limitation, the closure of the financial account.

7.3 Maltese tax on capital gains on transfer of the Bonds

On the assumption that the Bonds would 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", to the extent that the Bonds are held as capital assets by the Bondholder, no income tax on capital gains is chargeable in respect of transfer of the Bonds.

7.4 Duty on documents and transfers

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the Laws of Malta), duty is chargeable *inter alia* on the transfer or transmission causa mortis of marketable securities. A marketable security is defined in the said legislation as "a holding of share capital in any company and any document representing the same". Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Cap. 345 of the Laws of Malta) since the Bonds constitute financial instruments of a quoted company (as defined in such Act), redemptions and transfers of the Bonds should, in any case, be exempt from duty.

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 BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS UNDER MALTESE LAW. 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.

8 _ TERMS AND CONDITIONS OF THE BOND ISSUE

8.1 Expected timetable

1	Offer Period:	**4 April 2022 to 14 April 2022**
2	Placement Date:	**14 April 2022**
3	Commencement of interest:	**25 April 2022**
4	Announcement of basis of acceptance:	**25 April 2022**
5	Dispatch of allotment letters:	**2 May 2022**
6	Latest date of constitution of special hypothecs on Security Property for Bonds:	**9 May 2022**
7	Latest date of admission of Bonds to listing:	**10 May 2022**
8	Latest date of commencement of trading in the Bonds:	**11 May 2022**

The dates specified in steps 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 Terms and conditions of Application

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

(a) The issue and final allotment of the Bonds is conditional upon the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed, within 15 Business Days of the close of the Offer Period; and (2) the Bonds being admitted to the Official List. In the event that any of the aforesaid Conditions Precedent is not satisfied, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account.

(b) By submitting an Application, the Applicant is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the Application is made, 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 Issuer, the Registrar and the Authorised Financial Intermediary reserve 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).

(c) The contract created by the Issuer's acceptance of an Application filed by a prospective Bondholder through 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 of the Issuer. By signing and submitting the Application, the Applicant (and in the case of joint applications, each individual joint Applicant) will be entering into a legally binding contract with the Issuer (which shall become binding on the Issuer if and when such Application is accepted by the Issuer, until which time the Application shall be irrevocable by the Applicant, except where otherwise expressly provided by law):

  (i) whereby the Applicant acknowledges, declares and agrees (and will automatically be deemed to be acknowledging, declaring and agreeing) that he/she/it has made the Application solely on the basis of, and that he/she/it shall at all times be bound by and comply with, and shall be subscribing, acquiring and/or holding the relevant Bonds on the basis of, such Terms and Conditions;

  (ii) whereby he/she/it makes and gives (and will automatically be deemed to be making and giving) to the Issuer the declarations, confirmations, representations, warranties and undertakings contained in paragraph (p) below in this Section 8.2 and all other applicable declarations, confirmations, representations, warranties and undertakings contained in the Prospectus and/or in the Application;

  (iii) which contract, and any non-contractual matter arising out of or in connection with it, shall be governed and construed in all respects in accordance with the laws of Malta, and any disputes arising out of in connection with such contract or any non-contractual matter arising out or in connection therewith shall be subject to the exclusive jurisdiction of the courts of Malta, as provided in Section 6.19 ("Governing law and jurisdiction") of this Securities Note.

(d) If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall 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 declarations, confirmations, representations, warranties and undertakings contained in these terms and conditions, in the Prospectus and/or in the Application 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 Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to submit an Application. In the case of corporate Applicants or Applicants having separate legal personality, Applications have to include a valid legal entity identifier (LEI) which must be unexpired; and Applications without such information or without a valid LEI will not be accepted. 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 made available.

(e) In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several as further detailed in Section 6.14 ("Bonds held jointly") of this Securities Note.

(f) In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register as further detailed in Section 6.8 ("Payments") and Section 6.15 ("Bonds held subject to usufruct") of this Securities Note. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner or as otherwise indicated in the joint instructions of all bare owners and usufructuaries).

(g) Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application is submitted. Any 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 until such time as the minor attains legal age, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained legal age.

(h) The 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 its possessions, or any area subject to its jurisdiction (the "United States") 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 Issuer will not be registered under the United States Investment Company Act, 1940.

(i) No person receiving a copy of the Prospectus 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 the Prospectus or make an Application, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or the Prospectus could lawfully be use and the Application could lawfully be made without contravention of any registration or other legal requirements.

(j) Subscription for 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 advisor (including tax and legal advisor) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the 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 Issuer shall not accept any responsibility for the non-compliance by any person of an applicable laws or regulations of foreign jurisdictions.

(k) Subject to all other terms and conditions set out in the Prospectus, the Issuer, the Registrar and the relevant Authorised Financial Intermediary reserve 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 Issuer, the Registrar or Authorised Financial Intermediary is not accompanied by the required documents.

(l) The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €5,000. Submission of Application must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made either by cheque, by bank transfer or any other method of payment as may be accepted by the respective Authorised Financial Intermediary. In the event that any cheque accompanying an Application is not honoured on its first presentation, the Authorised Financial Intermediary and/or the Issuer acting through the Registrar reserves the right to invalidate the relative Application.

(m) For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Legal Notice 372 of 2017, as subsequently amended), all Authorised Financial Intermediaries are 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 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of applicable data protection legislation, in particular the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679, as amended from time to time, (as applicable), for the purposes, and within the terms, of the MSE's Data Protection Policy as published from time to time.

(n) It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of 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.

(o) By not later than 25 April 2022, the Issuer shall announce the result of the Bond Issue and shall determine the basis of acceptance of applications and allocation policy to be adopted.

(p) By completing, signing and delivering and/or otherwise by making an Application, the Applicant:

i. irrevocably offers to purchase the number of Bonds specified in his/her/its Application, or any smaller number for which the Application is accepted, at the Bond Issue Price subject to the Prospectus, the Terms and Conditions and the Memorandum and Articles of Association;

ii. 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 Issuer and the Guarantor and the issue of the Bonds contained therein;

iii. authorises the Issuer, the Authorised Financial Intermediary and/or the Registrar and the MSE, as applicable, to process the personal data that the Applicant provides, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679, as may be amended from time to time. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed in relation to the Bond Issue. Any such request must be made in writing and sent (as applicable) to the Issuer and the relevant Authorised Financial Intermediary and to the MSE. The request must further be signed by the Applicant to whom the personal data relates;

iv. warrants that the information submitted by the Applicant in or together with the Application is true and correct in all respects and in the case where an MSE account number is indicated in the Application, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including the Applicant's name and surname and address) 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;

v. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the 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;

vi. authorises the CSD, the Registrar and the Issuer to include his/her/its name or in the case of joint Applications, the first named Applicant, in the register of Bondholders in respect of the Bonds allocated to the Applicant;

vii. warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (a) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until a payment is made in cleared funds for such Bonds and such payment is accepted by the respective Authorised Financial Intermediary or by the Issuer acting through the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary or the Issuer acting through the 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 Issuer acting through the Registrar of such late payment in respect of the Bonds); or (b) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Bonds (other than return of such late payment, if any);

viii. 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 (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

ix. agrees to provide the Registrar and/or the Issuer and/or the Authorised Financial Intermediary, as the case may be, with any information which it/they may request in connection with the Application;

x. 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 his/her Application in any relevant territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;

xi. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

xii. 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;

xiii. warrants that, where an Applicant makes 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 accordingly will be deemed also to have given the declarations, confirmations, representations, warranties and undertakings contained in these Terms and Conditions, in the Prospectus and/or in the Application, and undertakes to submit the Applicant's power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;

xiv. warrants that where the Application is being lodged in the name and for the benefit of a minor, the Application is made by the parent/s or legal guardian/s of the minor;

xv. agrees that all documents in connection with the issue of the 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 set out in the Application;

xvi. agrees that any returned monies will be returned without interest at the Applicant's risk and will be returned by direct credit into the bank account as specified in the Application, and the relevant Authorised Financial Intermediary and the Issuer shall not be responsible for any charges, loss or delay arising in connection therewith;

xvii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;

xviii. agrees that the advisors to the Bond Issue (listed in Section 3.4 of the Registration Document), in their capacity as such, will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;

xix. agrees that the Application, the acceptance of the Application and the contract resulting therefrom, all the rights and obligations of the Applicant and the Issuer, and any non-contractual matters arising out of or in connection therewith, shall be governed by and construed in accordance with Maltese law and, and that he/she/it submits to the jurisdiction of the Maltese Courts which shall have, and the Applicant agrees that such Courts will have, exclusive jurisdiction to hear and determine any dispute, action, suit or proceeding arising out of or in connection with any such Application, acceptance of Application and contract resulting therefrom, rights and obligations and non-contractual matters as aforesaid;

xx. agrees that the terms and conditions of the Trust Deed, which is available for inspection as set out in Section 17 of the Registration Document, shall be binding on it once it becomes a registered Bondholder as if it had been a party thereto and as if the Trust Deed contained covenants on its part as a registered Bondholder to observe and be bound by all the provisions thereof applicable thereto, and agrees that the Security Trustee is authorised and required to do the things required of it by the Trust Deed.

8.3 Plan of distribution and allotment

The Issuer has entered or shall enter, as the case may be, into Placement Agreements with each of the Authorised Financial Intermediaries listed in Annex I of this Securities Note for the subscription of the total amount of €50,000,000 in nominal value of Bonds being issued, to be subscribed to by each such Authorised Financial Intermediary either in its own name or in the name of its underlying clients;

All Applications are subject to a minimum subscription amount of €5,000 in nominal value of Bonds and in multiples of €100 thereafter. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

Dealings in the Bonds shall not commence prior to: (i) the Collateral being constituted in favour of the Security Trustee; and (ii) the Bonds being admitted to the Official List.

Dealing may not commence prior to notification of the amount allotted being issued to Applicants.

8.4 Placement agreements

The Issuer has entered or shall enter, as the case may be into a Placement Agreement with each of the Authorised Financial Intermediaries listed in Annex I of this Securities Note, for the placement of the total amount of €50,000,000 in nominal value of Bonds.

In terms of each such Placement Agreement, the Issuer is conditionally bound to issue, and the relevant Authorised Financial Intermediary is conditionally bound to subscribe to, the number of Bonds indicated therein, subject to the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed and the Bonds being admitted to listing on the Official List of the Malta Stock Exchange, and subject to other conditions set out in the Placement Agreements. The subscription obligations of the Authorised Financial Intermediaries under the Placement Agreements will become unconditional on the Authorised Financial Intermediaries upon such conditions being fulfilled, and the Issuer's obligations thereunder shall be subject to the Issuer having received all subscription proceeds in cleared funds.

In terms of each of the said Placement Agreements, the relevant Authorised Financial Intermediary may subscribe for Bonds for its own account (where applicable) 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 Bonds subscribed for upon commencement of trading, or (ii) complete a data file representing the amount being allocated in terms of the respective Placement Agreement as provided by the Registrar by latest 14 April 2022 being the Placement Date.

Authorised Financial Intermediaries which enter into Placement Agreements with the Issuer will be required to effect payment to the Issuer for the Bonds subscribed to by not later than the Placement Date.

8.5 Pricing

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

8.6 Allocation policy

The Issuer shall allocate the Bonds to Authorised Financial Intermediaries indicated in Annex I of this Securities Note pursuant to the Placement Agreements entered into by them with the Issuer for the total amount of €50 million in nominal value of Bonds being issued, details of which can be found in Section 8.4 above

The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 25 April 2022.

The allocations aforesaid shall at all times be subject to the minimum investment amount for the subscription of Bonds, set at €5,000 per Applicant or underlying Applicant (as applicable) and in multiples of €100 thereafter.

8.7 Admission to trading

The Malta Financial Services Authority has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 21 March 2022.

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

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 10 May 2022 and trading is expected to commence on 11 May 2022.

8.8 Additional Information

Except for the financial analysis summary set out as Annex III, the 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 Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of such report herein.

Calamatta Cuschieri Investment Services Limited does not have any material interest in the Issuer or Guarantor. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

No credit ratings have been assigned to the Bonds at the request or cooperation of the Issuer in the rating process.

ANNEX I _ AUTHORISED FINANCIAL INTERMEDIARIES

Bank of Valletta p.l.c.
Premium Banking Centre
475, Triq il-Kbira San Guzepp
St Venera SVR 1011
Tel: 22751732

Calamatta Cuschieri Investment Services Limited
Ewropa Business Centre
Triq Dun Karm
Birkirkara BKR 9034
Tel: 25688688

FINCO Treasury Management Ltd
The Bastions, Office No 2
Emvin Cremona Street
Floriana FRN 1281
Tel: 21220002

MeDirect Bank (Malta) p.l.c.
The Centre
Tigne` Point
Sliema TPO 0001
Tel: 25574400

Michael Grech Financial Investment Services Limited
The Brokerage
St Marta Street
Victoria (Gozo) VCT 2550
Tel: 22587000

MZ Investment Services Ltd
61
St. Rita Street
Rabat RBT 1523
Tel: 21453739

ANNEX II _ GUARANTEE

THIS GUARANTEE and **INDEMNITY AGREEMENT** is dated 21 March 2022 and made between:

i. Mercury Towers Ltd, a company incorporated under the laws of Malta with registration number C 77402 and whose registered office is at J. Portelli Projects, 1400, Block 14, Portomaso, St. Julians, Malta, (the "Guarantor") represented by .... as duly authorized;

ii. CSB Trustees and Fiduciaries Limited, a company incorporated under the laws of Malta with registration number C 40390 and whose registered office is at Level 3, Tower Business Centre, Tower Street, Swatar, Birkirkara BKR4013, Malta (the "Security Trustee") represented by .... as duly authorized.

WHEREAS:

a. Mercury Projects Finance p.l.c. (the **"Issuer"**) shall issue up to €50,000,000 Secured Bonds at an annual interest rate of 4.3% to be redeemed and finally repaid on 25 April 2032 (the **"Secured Bonds"**) by virtue of, and subject to the terms and conditions of, a prospectus dated 21 March 2022 issued by the Issuer in connection with the issue of such Secured Bonds (such prospectus, as the same may be amended, varied or supplemented from time to time, hereinafter referred to as the **"Prospectus"**);

b. the majority of the Issuer's shares are owned by the Guarantor;

c. the Prospectus provides that, and it is a condition precedent for the issuance of the Secured Bonds that, *inter alia*, the Guarantor executes and grants this Guarantee and Indemnity Agreement (hereinafter referred to as "Guarantee") whereby it jointly and severally guarantees the punctual performance of the Issuer's payment obligations under the Bond Issue in favour of the Security Trustee for the benefit of the Bondholders; and

d. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee.

NOW, THEREFORE, IT IS BEING HEREBY AGREED AND COVENANTED AS FOLLOWS:

1 INTERPRETATION

In this Guarantee, unless the context otherwise requires:

"Indebtedness" means all moneys, obligations and liabilities now or at any time hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and/or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability;

"writing" or **"in writing"** shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

Capitalised terms used herein which are defined in the Prospectus shall, unless otherwise defined herein or unless the context otherwise requires, have the same meanings herein as in the Prospectus.

The Guarantor hereby acknowledges and declares that it has received a copy of the Prospectus as approved and issued by the Issuer.

ANNEX II _ GUARANTEE

2 GUARANTEE

2.1 COVENANT TO PAY

In satisfaction of the conditions precedent for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised, as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

2.2 LIABILITY AMOUNT

This is a continuing Guarantee for the whole amount of Indebtedness due or owing by the Issuer under the Secured Bonds but, notwithstanding anything contained in this Agreement, the amount due by the Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €50,000,000 or any lesser aggregate nominal value of Secured Bonds subscribed for and issued pursuant to the Bond Issue, apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and/or the Guarantor and/or other provider/s of Collateral which shall be additional to the maximum sum herein referred to.

2.3 INDEMNITY

As a separate and independent stipulation, the Guarantor agrees, as a principal obligation, to indemnify the Security Trustee on demand for all costs, charges and expenses incurred by it relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and/or the Guarantor and/or other provider/s of Collateral as well as for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee.

3 CONTINUING AND UNCONDITIONAL LIABILITY

3.1

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid or until such time as the maximum amounts referred to in clause 2.2 above are paid by the Guarantor hereunder, and will not be prejudiced or affected by, nor shall it in any way be discharged or reduced by reason of:

(a) the bankruptcy, insolvency or winding up of the Issuer; or

(b) the incapacity or disability of the Issuer or any other person liable for any reason whatsoever; or

(c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer, or the Guarantor; or

(d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable; or

(e) the release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Issuer or any other person liable; or

(f) any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the Security Trustee.

3.2

This Guarantee provides the Security Trustee with the right of immediate recourse against the Guarantor, and the Security Trustee shall not be obliged before taking steps to enforce any of its rights and remedies under this Guarantee:

(a) to make or file any claim in a bankruptcy, liquidation, administration or insolvency of the Issuer or any other person; or

(b) to make, demand, enforce or seek to enforce any claim, right or remedy against the Issuer or any other person.

4 WAIVER OF GUARANTOR'S RIGHTS AND GUARANTOR'S WARRANTIES

4.1

Without prejudice to clause 2.2 above, this Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or the Guarantor or any other person shall have made any irrevocable payment of the Indebtedness.

4.2

Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee:

(a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer;

(b) demand or accept repayment, in whole or in part, of any Indebtedness now or hereafter due to the Guarantor from the Issuer or for repayment of same or demand any collateral in respect of same or dispose of same;

(c) take any step to enforce any right against the Issuer arising pursuant to the Guarantee or any payment made by the Guarantor thereunder;

(d) claim any set-off or counter-claim against the Issuer nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or benefit or share any payment from or in composition with the Issuer.

4.3

Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full the Guarantor further agrees that:

(a) if an Event of Default under the Prospectus occurs, any sums which may thereafter be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing;

(b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer shall be suspended.

5 ADDITIONAL GUARANTEE.

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

6 BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT.

6.1

This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

6.2

The Guarantor shall not be entitled to assign or transfer (by novation or otherwise) any of its rights or obligations under this Guarantee.

7 REPRESENTATIONS AND WARRANTIES

7.1 The Guarantor represents and warrants:-

(a) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;

(b) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its constitutional document and the laws of its incorporation;

(c) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;

(d) that this Guarantee does not and will not constitute default with respect to or violate any law, rule, regulation, judgment, decree or permit to which the Guarantor is or may be subject; or the Guarantor's constitutional document; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;

(e) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature;

(f) that the obligations binding it under this Guarantee rank at least *pari passu* with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by law;

(g) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;

(h) that all the information, verbal or otherwise, tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts;

(i) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

7.2

As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

8 | DEMANDS AND PAYMENTS

8.1

Without prejudice to clause 2.2 above, all the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated and due on the seventh (7th) day following the Security Trustee's first written demand to the Guarantor to pay. All demands shall be sent to the address or facsimile number or email address as are stated below as the same may be changed by notice in writing by one party to the other.

8.2

All sums payable by the Guarantor under this Guarantee shall be paid in full to the Security Trustee in the currency in which the Indebtedness is payable:

(a) without any set-off, condition or counterclaim whatsoever; and

(b) free and clear of any deductions or withholdings whatsoever except as may be required by law or regulation which is binding on the Guarantor.

8.3

If any deduction or withholding is required by any law or regulation to be made by the Guarantor, the amount of the payment due from the Guarantor shall be increased to an amount which (after making any deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required.

8.4

The Guarantor shall promptly deliver or procure delivery to the Security Trustee of all receipts issued to it evidencing each deduction or withholding which it has made.

9 | NOTICES

Every notice, request, demand, letter or other communication hereunder shall be in writing, in the English language, and shall be delivered by hand or by pre-paid post, fax or email at the address, fax number or email address of the addressee set out below or as otherwise notified to the sender. Any such notice sent by prepaid post shall be deemed to have been received five (5) days after dispatch and evidence that the notice was properly addressed stamped and put into the post shall be conclusive evidence of posting. Any such notice sent by email or fax, or delivered by hand shall be deemed to have been received on the date on which it is sent or delivered, and failure to receive any confirmation shall not invalidate such notice.

If to the Guarantor:

Address: **J. Portelli Projects,**
1400, Block 14, Portomaso, St. Julians, Malta
Fax number:
E-mail address:
To the attention:

If to the Security Trustee:

Address: **Level 3, Tower Business Centre**,
Tower Street, Swatar, Birkirkara BKR4013, Malta
Fax number:
E-mail address:
To the attention:

13 APPLICABLE LAW AND JURISDICTION

This Guarantee and any non-contractual matters in relation thereto shall be governed by and construed in accordance with the laws of Malta.

The parties agree that the Courts of Malta have exclusive jurisdiction to settle any disputes in connection herewith and in connection with any non-contractual matters in relation hereto, and accordingly submit to the jurisdiction of such Courts.

The parties waive any objection to the Maltese Courts on grounds of inconvenient forum or otherwise as regards proceedings in connection herewith and agree that a judgement or order of such a Court shall be conclusive and binding on them and may be enforced against them in the Courts of any other jurisdiction.

....

duly authorised, on behalf of Mercury Towers Ltd (Guarantor)

....

duly authorised, on behalf of CSB Trustees and Fiduciaries Limited (Security Trustee)

Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

The Directors
Mercury Projects Finance p.l.c.
1400, Block 14, Portomaso,
St. Julian's, Malta

Re: Financial Analysis Summary – 2022

21 March 2022

Dear Sirs,

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 Mercury Projects Finance p.l.c. (the "**Issuer"**) and Mercury Towers Ltd (the "**Guarantor**"), where the latter is the parent company of the "**Group**". The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2018, 2019 and 2020 has been extracted from the audited financial statements of the Issuer and Guarantor for the three years in question.

(b) The forecast data for the current financial year 2021 has been provided by management.

(c) Our commentary on the Issuer and Guarantor's results and financial position is based on the explanations provided by management.

(d) The ratios quoted in the Financial Analysis Summary 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 comparatives has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

Nick Calamatta
Director

FINANCIAL ANALYSIS SUMMARY

MERCURY FINANCE

Mercury Projects Finance p.l.c.

21 March 2022

Prepared by Calamatta Cuschieri Investment Services Ltd

Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

TABLE OF CONTENTS

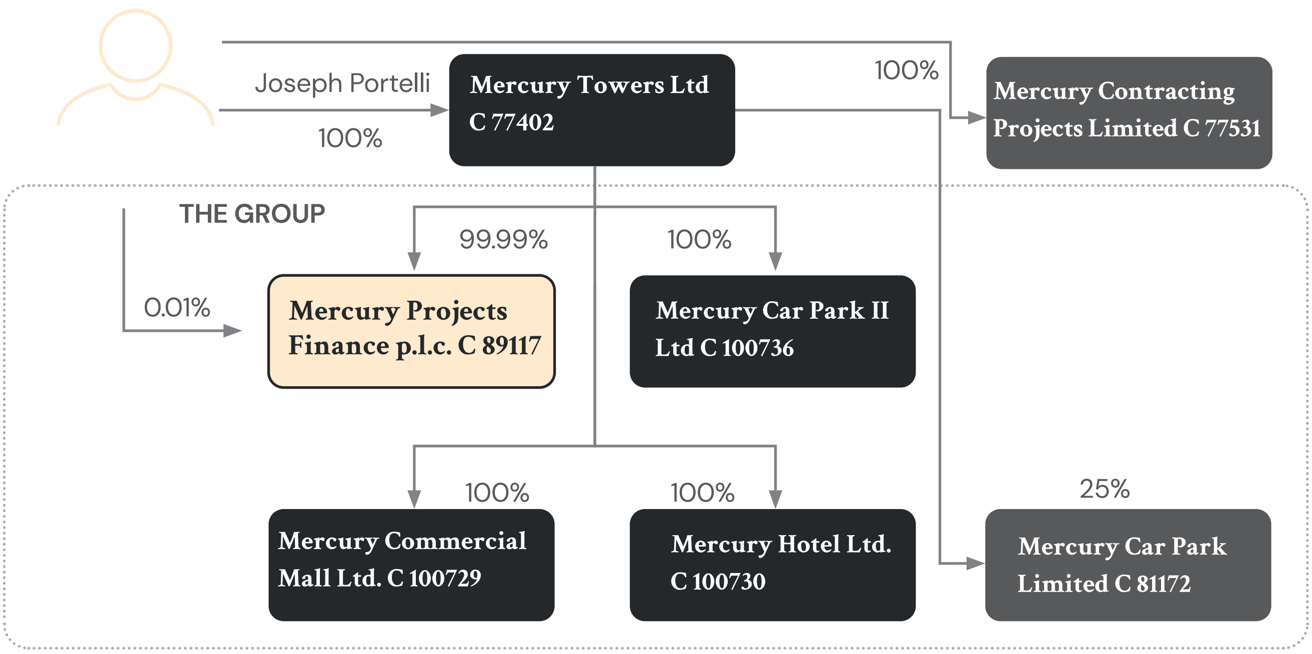
Introduction

Mercury Projects Finance p.l.c. has applied for a bond issue in respect of €50m 4.30% bonds maturing on 25 April 2022, of a nominal value of €100 per bond issued at par by the Issuer. This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

PART 1 _ INFORMATION ABOUT THE GROUP

1.1 The Group's Key Activities and Structure

The Group structure is as follows:



The **"Group"** of companies or the **"Mercury Group"** consists of the following companies: Mercury Projects Finance p.l.c. (the **"Issuer**"), Mercury Towers Ltd acting as the **"Guarantor"** of the Issuer, Mercury Car Park Limited, Mercury Car Park II Ltd., Mercury Hotel Ltd., and Mercury Commercial Mall Ltd.

The key activities of the Group comprise of the development of a mixed-use project (the **"Project"**) that amongst others, involves the development of a 34-floor tower (including serviced apartments), a five-star luxury hotel spanning over the podium area, retail and commercial spaces spanning across the entire project, a commercial mall, a rooftop bar, as well as an underlying car park. The development is being completed in two phases (Phase I and Phase II). Following the development, the Group will operate, among others, the aforementioned hotel, the car park, the commercial mall, and the Mercury Experience - an entertainment-themed simulator ride.

The Issuer, Mercury Projects Finance p.l.c. (**"MPF"**), with company registration number C 89117, is a limited liability company registered in Malta on 16 January 2019. The Issuer is, except for one share that is directly held by Mr Joseph Portelli, a wholly-owned subsidiary of the Guarantor, which is the parent company of the Group. The Issuer, which was set up and established to act as a finance vehicle, has as at the date hereof an authorised share capital of €500,000 divided into 500,000 ordinary shares of €1 each and has an issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up.

The Guarantor, Mercury Towers Ltd (**"MTL"**), is a private limited liability company incorporated and registered in Malta on 28 September 2016, with company registration number C 77402. The Guarantor, which is the parent company of the Group, owns land in the heart of St. Julian's for the purpose of completing the Project in question. The Guarantor, has as at the date hereof an authorised share capital of €20,500,000 divided into 20,500,000 ordinary shares of €1 each and has an issued share capital of €10,500,000 divided into 10,500,000 ordinary shares of €1 each, all fully paid up. The sole shareholder of the Guarantor is Mr Joseph Portelli.

Mercury Car Park Limited, in which the Group holds a 25% equity interest, owns the car park underneath Phase I of the Project. The company shall also operate the car park going forward. Mercury Car Park II Ltd will own the remaining car spaces developed in Phase II of the Project.

Mercury Hotel Ltd., a subsidiary of MTL will own and operate the hotel, which is further explained in detailed in section 1.4 of this Analysis.

Mercury Commercial Mall Ltd., a subsidiary of MTL, will operate and own the commercial mall. It is assumed that the retail outlets will be rented to third parties in shell form internally. However, the common areas of these outlets and the exterior (where applicable) will be fully finished.

Finally, Mercury Contracting Projects Limited ("**MCPL**"), albeit not part of the Group, is fully owned by Mr Joseph Portelli and is trusted with carrying out the development and the finishing of the Project.

1.2 _ Directors and Key Employees

Board of Directors - Issuer

As of the date of this Analysis, the board of directors of the Issuer is constituted by the following persons:

Name	Office Designation
Mr Joseph Portelli	Chairman and Executive Director
Mr Stephen Muscat	Independent Non-executive Director
Mr Mario Vella	Independent Non-executive Director
Mr Peter Portelli	Independent Non-executive Director

The business address of all of the directors is the registered office of the Issuer. Dr Joseph Saliba is the company secretary of the Issuer.

Board of Directors – Guarantor

As of the date of this Analysis, the board of directors of the Guarantor is constituted by the following person:

Name	Office Designation
Mr Joseph Portelli	Executive Director

The business address of the director is the registered office of the Issuer. Dr Ian Stafrace is the company secretary of the Guarantor.

The sole executive director is responsible for the executive management of the Issuer and the Group, and together with other senior members of the executive team is responsible for the Issuer's and the other Group companies' day-to-day management. The executive director is responsible for the general executive management and sales and business development as well as for eventual hotel operations. Other members of the Group's management team are; Mr Silvan Mizzi, who acts as the Guarantor's Chief Financial Officer, and Ms Lorraine Ellul Bonavia, who is responsible for the general legal and administrative affairs of the Guarantor and the Group.

As of the date of this Analysis, the Issuer does not have any employees of its own, whereas the Guarantor has two full-time employees.

1.3 _ Major Assets owned by the Group

The Issuer does not have any substantial assets other than the loans receivable from the Guarantor since it is essentially a special purpose vehicle set up to act as the financing company for the Project. The major assets of the Group are the underlying land and building on which the Project is being constructed.

The Guarantor owns land in the heart of St. Julian's measuring *circa* 9,648m^2, which it acquired on a freehold title over two phases. In Phase I, 7,701.8m^2 was acquired in two stages, in December 2016 and June 2017, for a total price of *circa* €24.3m. In Phase II, a plot of 1,964m^2 was acquired in August 2021. Although the land was acquired in two phases and the Mercury Project is often referred to as being developed in two phases, they are intrinsically intertwined such that the Project is being developed and will be eventually operated by the Group holistically as a single consolidated project.

The land, the constructed portion of the Project, and the airspace have been classified as "property, plant, and equipment", "investment property" and "inventory" in the financial statements of the Group.

- Property, plant, and equipment: €13.1m, as at September 2021 (2020: €11.7m) consisting of airspaces which will be retained by the Group to be used in the supply of services (operated as a hotel). The property is still under construction.

- Investment property: €41.7m, as at September 2021 (2020: €40.9m) which comprises the retained property which will be leased out to third parties. As of 30 September 2021, this consisted of serviced apartments on Level 30 and Level 31 of Mercury Tower, the Twist, Mercury House, the Pavilion, parts of Commercial Mall, and the rooftop bar.

- Inventory: €25.0m as at September 2021 (2020: €8.9m) the Group's inventory consists of the various serviced apartments available for sale.

As of December 2021, the Project was still under construction and hence was not yet available for use.

1.4 _ Operational Developments

The Group was set up in view and for the purpose of, and will principally operate by reference to, the Project. The Group has a limited operating history and is of recent origin, with the longest existing member of the Group being the Guarantor, set up in 2016. Nevertheless, the ultimate beneficial owner of the Group, Mr Joseph Portelli has a long trading history in the acquisition, development, management, and operation of real estate developments including hotels, residential, office, retail property, and entertainment projects.

As discussed above, the Issuer is proposing a total bond issue of €50m with a term of ten years. The proposed bond issue shall be secured. The proceeds from the said bond issue, are intended to be used by the Issuer and advanced to MTL via a loan agreement for the following purposes, in the amounts and order of priority set out below:

- the amount of €35m to fund the construction, development, and finishing of the Hotel (as discussed further below in this section); and

- the amount of €15m for general corporate funding purposes.

The most recent developments of the Group are described hereunder:

Mercury Project

As mentioned above, the development and finishing of the Project are carried out by MCPL, a related party that is wholly owned by Mr Joseph Portelli. This is governed through a contract of works agreement entered into between MCPL and MTL in 2016. As mentioned above, the Project will be developed in two Phases (Phase I and Phase II).

Works for Phase I are still underway. To date, the Mercury Tower, the Pavilion, and the Phase I car park have been built in shell form. Mercury House has also been partially restored and is currently housing the Group's head office. The finishing of Mercury Tower and the commercial elements are expected to be handed over by Q1 2023.

Construction works on Phase II car park, commercial mall, and lower grounds of the hotel are currently in progress, with the commercial elements ready to be handed over by October 2022, and the hotel fully operational from January 2024. The development is expected to be inaugurated in March 2023.

Mercury Tower

The Tower is part of Phase I of the project. It will be a 34-storey building above ground level, and 6-storeys underground, four of which are designated as parking spaces. The gross floor area of the units within the tower (excluding parking spaces) is 20,591m^2 (previously 19,754m^2). The tower will consist of 291 branded serviced apartments the majority of which are intended to be sold to third parties (279 apartments), with the remaining 12 apartments intended to be retained by the Guarantor. As at 31 December 2021, from Phase I of the project, 243 apartments were sold and the deed of transfer signed and 18 were on a Promise of Sale Agreement. Out of the remaining apartments, as previously mentioned, 12 serviced apartments will remain unsold. All the unsold apartments are classified as inventory.

As of the date of this Analysis, the Tower is complete in shell form and the installation of the glass fiber reinforced concrete façade, glass balustrades, and aluminum apertures are now in their advanced stages. Finishing works are expected to be complete by Q4 2022.

Apart from the serviced apartments, the Mercury Tower also includes:

- **A commercial area at level 11** (the Twist), which incorporates an outdoor pool, is a unique and versatile event space and will be rented out to third parties as an exclusive location to host a variety of events, ranging from weddings to conferences;

- **A rooftop bar at level 33** (entrance on level 32); a viewing gallery which will be accessible to guests and patrons alike;

- **Three levels of commercial space** (level B01 to level 1) will form part of the Commercial Mall and are connected to other commercial parts of the development;

- **All-day dining restaurant** situated on level 2 that will be operated by a third party; and

- Levels 10, 12, and (part of) level 32 of the Mercury Tower shall include **plant rooms and storage facilities.**

Peripheral Block

The Peripheral Block will form part of Phase II of the project. It will be a 9-storey block and it will house 170 luxury suites across 6/7 levels of the building, all of which are intended to be sold to third parties.

The peripheral residential block will include a total of 170 serviced apartments across seven levels (levels 2 to 8). The serviced apartments are planned to have an average net internal area of *circa* 60m². As of the date of this Analysis, 15 apartments have been sold and 96 were on Promise of Sale, while 59 remain available for sale.

Works on the peripheral residential block have commenced and are planned to be completed and finished by December 2022.

Three levels of commercial space (levels B01 to level 1) of the peripheral residential block will form part of the Commercial Mall. The peripheral block also houses an outdoor pool for hotel residents, a herb garden, and a running track located on the roof of the block.

Hotel

Another major element of Phase II of the Project will be a 19-storey 5-star branded hotel, consisting of 130 rooms. Its accommodation capacity will extend by virtue of the serviced apartments whose owners sign up for a hotel accommodation pooling arrangement.

The Hotel will be owned and operated by Mercury Hotel Ltd. through a hotel management agreement with the internationally renowned hotel chain Meliá, in particular with Meliá Hotels International S.A. (as manager) and Prodigios Interactivos S.A. (as provider), in respect of the Hotel and its facilities, for the management and operation of the Hotel under the brand name of 'ME'. The operations are expected to commence by the beginning of 2024.

Commercial Outlets

The Project will also comprise a mix of retail and catering outlets, spanning on levels B01, ground floor, and level 1 of the tower, podium, and peripheral building. It is currently planned that the commercial outlets will consist of a number of shops with a total floor area exceeding 12,242m². The commercial shopping mall will mainly be located over three floors across Mercury House, Mercury Tower, the Hotel Podium, and the Peripheral Block (underlying Mercury Suites). The entertainment areas will also form part of the commercial mall. The commercial outlets are being developed as both parts of Phases I and II.

Ancillary components

The Mercury House, a restored 19th century building, will partly host the head office of the Group, part of the commercial mall, and an element of food and beverage activity. **The Pavilion** is located on the North corner of the site, adjacent to Mercury House. It will form part of the Commercial Mall offering, which at this stage is planned to accommodate a uniquely designed food and beverage space. **The Mercury Experience** is an entertainment-themed simulator ride, consisting of rigged seats and virtual reality or visual projections to create the illusion of flight. Additionally, the Project will house an indoor **go-kart track** as well as an **ice-skating rink**. The construction of the above forms part of both Phases I and II of the Project.

Car park

The Mercury Project also comprises a sub-structure car park, underneath all the sites spanning from levels B06 to B03 on the Mercury Site and levels B07 to B03 on the Exchange Site. The car park includes a total of 683 car spaces and 45 lock-up garages.

Mercury Car Park Limited, in which the Group holds a 25% equity interest, owns the car park underneath Phase I. The company shall also operate the car park going forward. On 30 November 2021, Mr Joseph Portelli (on behalf of MTL) entered into a Promise of Sale Agreement with Bersella Holdings Limited to acquire a further 68% shareholding (4,080 Class A shares) in Mercury Car Park Limited for €9m. Therefore, provided this acquisition goes through, MTL will hold a 93% shareholding in Mercury Car Park Limited. The acquisition of shares is expected to be completed by not later than 30 June 2022.

None of the 683 car spaces are intended to be sold, as it is planned that such spaces will be used as a public car park to complement the commercial offering.

1.5 _ COVID-19 impact on the Group's operational and financial performance

The Group has been closely monitoring the developments ensuing from the outbreak of the

COVID-19 pandemic and the impact on both the local and global economy, with specific reference to the real estate industry. Even at this time, when the outbreak subsides but peaks again when new variants emanate, the current situation precludes any prediction of its ultimate impact, which may have a continued negative impact on economic and market conditions, triggering a period of global and local economic slowdown.

The pandemic has adversely impacted global and local commercial activities in several industries. However, to date, the Group has continued to operate without significant disruptions, even during the more challenging months of the pandemic. Construction has been limitedly impacted and at this point in time, given that the Government relaxed the strict COVID-19 related restrictions experienced during the first half of the year, management is confident that the Group can continue to manage the situation without any significant impact.

The Group will continue to monitor the developments in relation to the COVID-19 pandemic and is coordinating its operation response based on its business continuity plan and on guidance from health organisations, Government, and general pandemic response best practices. Management is confident that, notwithstanding the current circumstances, the Group will be able to operate through the prevalent market conditions and does not believe that there is any significant financial impact on the Company that would otherwise require any further disclosures.

Notwithstanding the above, it is worth noting that currently certain works are being negatively impacted by restrictions on the availability of imported skilled workforce for specialised work. This may possibly result in the Group experiencing a delay in terms of the Project's completion date.

1.6 _ Impact of increased monitoring imposed by the Financial Action Task Force

At a FATF plenary session held in June 2021, it was decided that Malta should be put under increased monitoring. The financial projections in this document do not take into consideration any effect that this might have on operations. It is not immediately clear what effect if any, this development will have on the operations and prospects of the Company. The Company will monitor and assess developments to be in the best position to take any action necessary.

1.7 _ Listed Debt Securities of the Issuer

Mercury Projects Finance p.l.c. currently has the following outstanding debt securities:

	ISIN	€m
3.75% MCY Secured Bonds 2027 (Series I)	MT0002191204	11.5
4.25% MCY Secured Bonds 2031 (Series II)	MT0002191212	11.0

PART 2 _ HISTORICAL PERFORMANCE AND FORECASTS

The Issuer ia a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies.

For the purpose of this Analysis, the focus is on a review of the performance of the Guarantor, which constitutes the entire group of companies.

The financial information in sections 2.1 to 2.3 is extracted from the audited financial statements of the Issuer for the financial years ended 31 December 2019 and 2020. As at the time of the Analysis, only the management accounts until September 2021 were available, therefore we used the projected figures for the 2021 - 2024 period.

The Guarantor's consolidated historical financial information for the years ended 31 December 2019 and 2020, as well as the projected figures for 2021 - 2024 in a similar fashion to the Issuer are set out in section 2.4 to 2.6 of this Analysis.

2.1 _ Issuer's Income Statement

Income Statement	2019A	2020A €000	2021F €000	2022P €000	2023P €000	2024P €000
Finance income	825	1,121	1,121	2,902	3,496	3,496
Finance costs	(690)	(899)	(898)	(2,493)	(3,024)	(3,024)
Net finance income	**135**	**222**	**223**	**409**	**472**	**472**
Administrative expenses	(57)	(80)	(79)	(100)	(102)	(104)
Profit before tax	**78**	**142**	**144**	**309**	**370**	**368**
Taxation	(44)	(74)	(73)	(143)	(165)	(165)
Profit after tax	**34**	**68**	**71**	**166**	**205**	**203**

The Issuer generates income from the differential in interest rates between the coupon on the bonds it needs to pay to its bondholders and the interest income collected from MTL as a payment for the funds advanced from the Issuer. The interest rate differential is 1% in the case of both bonds in issue as shown in section 1.7 of this Analysis. The finance income is the interest income generated by the Issuer while finance costs are the coupon payments. There has been no change in the above process last year, therefore, the FY21 income statement figures of the Issuer are largely in line to that of FY20.

The Issuer intends to follow the same process with the proposed bond, however, the expected spread will be lower than the 1% spread utilised in the previous bonds. As a result of this, the Issuer is expected to record relatively unchanged year-on-year profits in future periods. As the proposed bond will be issued during 2022, the Issuer will not collect interest for the full FY22, but will do so for FY23 and FY24.

2.2 _ Issuer's Statement of Financial Position

Statement of Financial Position	2019A €000	2020A €000	2021F €000	2022P €000	2023P €000	2024P €000
Assets						
Non-current assets						
Loans and receivables	22,444	22,444	22,444	72,444	72,444	72,444
Current assets						
Other receivables	828	1,047	1,211	2,622	2,622	2,622
Cash and cash equivalents	257	142	33	409	636	838
	1,085	**1,189**	**1,244**	**3,031**	**3,258**	**3,460**
Total assets	**23,529**	**23,633**	**23,688**	**75,475**	**75,702**	**75,904**
Equity and liabilities						
Share capital	250	250	250	250	250	250
Retained earnings	34	101	170	314	519	722
Total equity	**284**	**351**	**420**	**564**	**769**	**972**
Non-current liabilities						
Interest bearing borrowings	22,500	22,500	22,500	72,500	72,500	72,500
Current liabilities						
Other payables	701	708	703	2,268	2,268	2,268
Current tax liability	44	74	65	143	165	165
	745	**782**	**768**	**2,411**	**2,433**	**2,433**
Total liabilities	**23,245**	**23,282**	**23,268**	**74,911**	**74,933**	**74,933**
Total equity & liabilities	**23,529**	**23,633**	**23,688**	**75,475**	**75,702**	**75,904**

The Issuer's major assets mostly comprise of the loans advanced to the Guarantor, where in FY20 this represented *circa* 95% of total assets. The remaining 5% mainly represents accrued interest due on the aforementioned loans, in addition to cash and cash equivalents. Total equity in FY20 stood at €351k, and was at €398k in September of 2021. It consisted of the Issuer's share capital of €250k, coupled with the profit generated from the interest rate differential of the coupon payable to the bondholders and the interest income received from MTL for the advancement of the bond proceeds. Total liabilities amounted to *circa* €23.2m with the majority of this being the previous bonds (as listed in section 1.7 of this Analysis) totalling €22.5m, followed by the interest due on these bonds (classified under other payables).

The total assets are projected to increase substantially in FY22 as the proposed €50m bond will inflate the Issuer's balance sheet. It is, however, projected to remain fairly stable for the rest of the projected period as no bonds are expected to be issued or to mature during FY23 and FY24

2.3 _ Issuer's Statement of Cash Flows

Statement of Cash Flows	2019A	2020A	2021F	2022P	2023P	2024P
	€000	€000	€000	€000	€000	€000
Cash flows from operating activities						
Profit before tax	78	142	144	310	370	368
Movement in finance income	(825)	(75)	–	–	–	–
Movement in finance expense	693	–	–	–	–	–
Movement in other receivables	(3)	–	–	(1,636)	–	–
Movement in other payables	7	8	(6)	1,823	–	–
Taxes paid	–	(44)	(83)	(120)	(143)	(165)
Net cash generated from/(used in) operating activities	**(50)**	**31**	**55**	**376**	**227**	**203**
Cash flows from investing activities						
Loans advanced to related parties	(22,444)	–	–	(50,000)	–	–
Net cash generated from/(used in) investing activities	**(22,444)**	**–**	**–**	**(50,000)**	**–**	**–**
Cash flows from financing activities						
Issue of share capital	250	–	–	–	–	–
Proceeds from bond issue	22,500	–	–	50,000	–	–
Movement on Parent Company Account	1	(146)	(164)	–	–	–
Net cash generated from/(used in) financing activities	**22,751**	**(146)**	**(164)**	**50,000**	**–**	**–**
Net movements in cash and cash equivalents	**257**	**(115)**	**(109)**	**376**	**227**	**203**
Opening cash and cash equivalents	–	257	142	33	409	635
Closing cash and cash equivalents	**257**	**142**	**33**	**409**	**635**	**838**

Given its treasury management function, the Issuer's main cash movements, other than that of raising and repaying debt instruments, is to advance loans to the Guarantor against an annual interest charge ranging between 4.5% and 5.25% *per annum*.

The interest rate on these loan advancements was set at a rate higher than the bond interest, so that the spread allows the Issuer to pay for any administrative expenses it incurs to administer its debt instruments on behalf of the Parent.

As such, no major cash movements are expected to be reported in FY21.

2.4 _ Group's Income Statement

Income Statement	**2019A €000**	**2020A €000**	**2021F €000**	**2022P €000**	**2023P €000**	**2024P €000**
Revenue	9,047	19,836	7,542	44,843	20,478	38,140
Cost of sales	(7,428)	(12,863)	(6,268)	(35,286)	(9,084)	(14,730)
Gross profit	**1,619**	**6,973**	**1,274**	**9,557**	**11,394**	**23,410**
Other income	5	185	–	–	–	–
Total operating costs	(1,101)	(1,073)	(792)	(1,763)	(3,680)	(7,613)
Impairment loss on financial assets	(127)	(16)	–			
EBITDA	**396**	**6,069**	**481**	**7,792**	**7,715**	**15,797**
Depreciation	–	–	–	(60)	(635)	(4,756)
EBIT	**396**	**6,069**	**481**	**7,732**	**7,080**	**11,041**
Net finance costs	(1,096)	(899)	(832)	(3,279)	(3,608)	(4,864)
Revaluation of investment property	–	24,561	–	–	–	–
Profit/(loss) before taxes	**(700)**	**29,731**	**(351)**	**4,453**	**3,472**	**6,177**
Taxation	(741)	(4,825)	(510)	(1,338)	(1,804)	(1,776)
Profit/(loss) for the period/ year	**(1,441)**	**24,906**	**(861)**	**3,115**	**1,668**	**4,401**

ANNEX III _ FINANCIAL ANALYSIS SUMMARY

Ratio Analysis	2019A	2020A	2021F	2022P	2023P	2024P
Profitability						
Growth in Total Revenue (YoY Revenue Growth)	125.6%	119.3%	-62.0%	494.6%	-54.3%	86.2%
Gross Profit Margin (Gross Profit / Revenue)	17.9%	35.2%	16.9%	21.3%	55.6%	61.4%
EBITDA Margin (EBITDA / Revenue)	4.4%	30.6%	6.4%	17.4%	37.7%	41.4%
Operating (EBIT) Margin (EBIT / Revenue)	4.4%	30.6%	6.4%	17.2%	34.6%	28.9%
Net Margin (Profit for the year / Revenue)	-15.9%	125.6%	-11.4%	6.9%	8.1%	11.5%
Return on Common Equity (Net Income / Average Equity)	237.0%	102.5%	-3.2%	8.1%	3.4%	8.5%
Return on Assets (Net Income / Average Assets)	-2.3%	45.8%	-0.9%	2.1%	1.0%	2.6%

The Group commenced to recognise revenue in FY17, which pertain to the sale of the airspace of the serviced apartments and the car park. By the date of this Analysis, the Group sold a total of 258 serviced units. Until September 2021, excluding the sale of airspace on the car park in 2017, total sales of €35.4m have been recognized. In the first nine months of 2021, Mercury Group generated €2.5m in revenues, with this being projected to reach €7.5 m in 2021, illustrating an elevated variance in comparison to previous forecasts.

As per discussion with Mercury management, the reason for this variance primarily relates to the fact that Phase II of the Project experienced some months of delay during 2021. This, in turn, delayed the signing of the deeds of the Phase II apartments. Deeds that should have been signed between September 2021 and December 2021 have been signed between November 2021 and February 2022. Thus, a substantial amount of the revenue forecasted to be recognised in FY21 will be recognised in FY22. As per discussions held with management, none of the Promises of Sale (POSs) fell through, simaltenously reiterating that this is merely a timing difference. The decrease in revenue has a ripple effect, impacting the rest of the income statement.

In terms of revenue projections, MTL assume that revenue and EBITDA generated in FY21 and FY22 solely pertain to the sale of serviced apartments. As the Project is expected to be inaugurated in March 2023, FY23 revenue will comprise the sale of serviced apartments, rental of level 31 units, and operation of all components except for the hotel. Although the hotel is expected to be complete in FY23, for prudence, operations are expected to commence a year later, to ensure that it would not be impacted by the lingering effects of the pandemic. All serviced apartments are expected to be sold by FY24, as this revenue stream is expected to substantially contribute to the FY24 revenue but cease after that. The Group, however, will retain and continue to lease 12 apartments that will continue to contribute lease revenue to the Group's top line.

In FY21, the Group sold 12 Phase I and 15 Phase II apartments, expecting to report revenue of €7.5m. In FY22, the Group estimates the sale of the remaining units in relation to Phase I and the majority of the remaining units from Phase II of the Project. On aggregate, due to the delay of Phase II, total revenue is expected to amount to €44.8m during FY22, incorporating a portion of the Phase II revenue that was previously expected to be recognised in FY21.

The cost of sales of MTL is directly related to the cost of the development of the units, with this expected to amount to €6.3m in FY21, yielding a gross profit of €1.3m in the same year. In the previous Analysis of the Issuer dated 30 June

2021, cost of sales and gross profit for FY21 were projected to amount to €19.2m and €7.8m respectively. As previously explained, this is merely a question of timing and the previously-projected sales in 2021 will be recorded in 2022. In the case of the serviced apartments sold on airspace, the cost of sales includes the cost of land to acquire the site allocated on a pro rata basis of the apartments' gross floor area. For serviced apartments sold in shell form, the cost of sales includes the cost of land, the excavation, and the construction costs, similarly on a *pro rata* basis.

Administrative expenses, which primarily consist of wages and salaries, professional fees, bank charges, insurance, audit fees, and other fees which cannot be capitalised as part of the Project, stood at *circa* €1.1m in FY20. Until 30 September 2021, the Group incurred €0.5m operating costs that are expected to amount to €0.8m in FY21. These were previously projected to be €2.5m. Impairment loss on financial assets stood at €16k in FY20, while in FY21 no such loss is expected to be incurred.

As a result of the above, the Group expects to generate an EBITDA of €0.5m in FY21, translating into an EBITDA margin of 6.4% that is expected to gradually increase moving forward.

The Project is currently still in construction phase and, accordingly, no depreciation charges have been recognised to date. Depreciation will start to be accounted for once the Project is fully completed.

Financing costs amounted to €0.9m in FY20, with these being projected to amount to €0.8m in FY21. These figures predominantly reflect the interest paid on the Issuer's bonds, more specifically the two issued tranches of €11.5m and €11m, incurring a coupon of 3.75% and 4.25%, respectively. Management noted that other interest currently being incurred by the Group is at present being capitalised, given that the Project is still under construction.

The fair value of investment property amounted to €24.6m during FY20 with this being attributable to upward revaluation movements concerning the investment property forming part of the Project.

The Group's income tax expense amounted to €4.8m, a substantial portion of which relates to deferred tax on the revaluation of investment property. The Group expects taxation to amount to €0.5m during FY21 and €1.3m in FY22.

In FY2020, the Group generated a profit of €24.9m and is projected to report a loss of €0.9m in the full year FY2021. In FY22 the Group is projected to report a gain of €3.1m. Consequently, the net margin is expected to be negative 11.4% for FY21 and a positive 6.9% in FY22 (FY20: 125.6%).

Specifically, in view of the aforementioned developments, the net margin of the Guarantor is projected to gradually increase further across the projected period as clearly noted in the ratio analysis table presented above (Net Margin FY24: 11.5%).

Moreover, in view of the expected positive improvement in the Guarantor's financial performance, both Return on Common Equity and Return on Assets are projected to amount higher across the projected period with these expected to improve to 8.5% and 2.6% respectively during FY24.

2.5 _ Group's Statement of Financial Position

Statement of Financial Position	2019A €000	2020A €000	2021F €000	2022P €000	2023P €000	2024P €000
Assets						
Non-current assets						
Intangible asset	–	–	– 5,058	5,058	5,058	
Property, plant and equipment	22,294	11,661	24,747	77,350	77,119	72,654
Investment property	401	40,886	34,544	72,040	74,355	74,533
Investment in associate	1	2	2 664	1,417	2,684	
Other receivables	689	–	–	–	–	–
Restricted Cash	21	21	21	21	21	21
Deferred tax asset	143	–	–	–	–	–
	23,549	**52,570**	**59,314**	**155,133**	**157,970**	**154,950**
Current assets						
Inventories	18,023	8,919	31,599	12,993	6,407	100
Trade and other receivables	20,380	7,337	18,346	1,440	1,691	2,490
Cash and cash equivalents	267	578	5,409	12,004	1,908	11,174
	38,670	**16,834**	**55,354**	**26,437**	**10,006**	**13,764**
Total assets	**62,219**	**69,404**	**114,668**	**181,570**	**167,976**	**168,714**
Equity and liabilities						
Share capital	500	500	10,500	20,000	20,000	20,000
Investment property reserve	–	22,596	18,182	22,922	22,922	22,922
Retained earnings	(1,108)	1,201	340	3,850	5,518	9,919
Total equity	**(608)**	**24,297**	**29,022**	**46,772**	**48,440**	**52,841**
Non-current liabilities						
Borrowings	–	–	40,250	40,328	36,014	33,331
Bonds payable	22,500	22,500	22,500	72,500	72,500	72,500
Deferred tax liability	–	3,203	2,819	4,057	4,057	4,057
	22,500	**25,703**	**65,569**	**116,885**	**112,571**	**109,888**
Current liabilities						
Borrowings	10,566	10,406	1,863	6,955	4,314	2,683
Trade and other payables	29,761	8,924	18,093	10,837	2,530	3,182
Taxation payable	–	74	120	120	120	120
	40,327	**19,404**	**20,076**	**17,912**	**6,964**	**5,985**
Total liabilities	**62,827**	**45,107**	**85,645**	**134,797**	**119,535**	**115,873**
Total equity & liabilities	**62,219**	**69,404**	**114,668**	**181,570**	**167,976**	**168,714**

ANNEX III _ FINANCIAL ANALYSIS SUMMARY

Ratio Analysis	2019A	2020A	2021F	2022P	2023P	2024P
Financial Strength						
Gearing 1 (Net Debt / Net Debt and Total Equity)	101.9%	57.1%	67.1%	69.7%	69.6%	64.8%
Gearing 2 (Total Liabilities / Total Assets)	101.0%	65.0%	74.7%	74.2%	71.2%	68.7%
Gearing 3 (Net Debt / Total Equity)	-5394.6%	133.1%	204.0%	230.4%	229.0%	184.2%
Net Debt / EBITDA	82.8x	5.3x	123.1x	13.8x	14.4x	6.2x
Current Ratio (Current Assets / Current Liabilities)	1.0x	0.9x	2.8x	1.5x	1.4x	2.3x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.5x	0.4x	1.2x	0.8x	0.5x	2.3x
Interest Coverage (EBITDA / Cash interest paid)	0.4x	6.8x	0.6x	2.4x	2.1x	3.2x

The Group's assets are principally comprised of property, plant and equipment, investment property, inventories and trade, and other receivables. As of 30 September 2021, the Group's total assets stood at €98.3m (FY20: €69.4m), and they are expected to reach €114.7m by year-end 2021.

The Group's asset base is expected to reach € 181.6m by 31 December 2022, following the increase in property, plant, and equipment, as well as an investment property, driven by the construction and development costs required to complete the Project. Thereafter, the Group's asset base is expected to decrease to €168.7m by FY24, mainly due to the sale of the remaining apartments in stock.

As of September 2021, the Group had €13.1m of property, plant, and equipment and these mainly consisted of the hotel podium and back of house. As of the 2021 financial year-end, this is projected to amount to €24.7m. The expected increase between September and December 2021 will be attributable to the transfer of rooftop bar from investment property to property, plant and equipment as well as the expected substantial capital expenditure of €6.4m.

In terms of forward-looking expectations, property, plant and equipment is expected to increase to €72.7m by FY24 and stabilise around that level going forward as all the property retained by the Group is expected to be completed, including mainly the following: the ME hotel, Mercury Experience, the rooftop bar, and the car park. Property, plant and equipment is projected to depreciate in line with the assets' useful life.

Investment property shall include the serviced apartments on Level 31, commercial mall, the twist, all-day dining/office space, and the Mercury House that the Group is expecting to retain and operate. The carrying value was €41.7m as of September 2021 and is expected to be reported with the value of €34.5m at the financial year-end. This substantial difference is due to the transfer of the rooftop bar from investment property to property, plant and equipment as well as due to the fact that level 30 is assumed to be sold in the projections rather than retained by the Group. As a result, the projections reflect this shift from investment property to inventory.

Investment property shall be tested for impairment and revalued once every three years. Although management expects to revalue the investment property upon completion of the Project, the projections do not assume any uplifts to the investment property.

Inventories amounted to €25.0m as of September 2021, with this expected to increase to €31.6m by 2021 year-end. The increase can be attributed to the transfer of the Level 30 apartments from investment property to inventory as these are earmarked to be sold rather than retained as well as due to the completion of apartments in that period. Inventories were previously projected to be €18.7m at FY21 however as the sale of Phase II apartments was delayed, Mercury Group is expected to report a substantially higher inventory figure in FY21. Inventories are expected to decrease substantially to €100k by FY24 as the Group completes the sale of all apartments developed for that purpose.

Trade and other receivables amounted to €11.1m as of 30 September 2021 that is expected to increase to €18.3m by end FY21. The majority of the year-end balance (€16.5m) is expected to represent the advances by the Group to MCPL for contracting works which MCPL will be delivered to the Guarantor in the foreseeable future. These are expected to decrease substantially during FY22 as the €16.5 million advance payments made to MCPL, will be unwound and MCPL shall invoice future construction and development of the Mercury Project.

As of September 2021, the total equity amounted to €32.1m and it is expected to be reduced slightly, to €29m by year end. The reduction is the result of the reversal of the revaluation and the deferred tax liability pertaining to the Level 30 apartments that are not recorded on the books as retained apartments but as apartments for sale. Afterwards, as the Project continues to retain generated revenue, the total equity is projected to increase further. The commercial mall is also expected to be revaluated upwards in FY22 which will lift the equity balance as well.

As of September 2021, the Group's liabilities amounted to €66.1m and these are projected to be €85.6m by FY21 end. The liabilities of the Group mainly consist of financial debt and trade and other payables. Financial debt is made up of the Issuer's €22.5m bonds currently on the market, and bank borrowings amounting to €29.2m including bank loans and a temporary overdraft. Trade and other payables amounted to €11.1m as at 30 September 2021, further growing to €18.1m by year-end. The majority of the payables balances, €9.1m in September 2021, reflects deposits received by potential buyers of the units, as per the POSs which are transferred to revenue upon signature of the deed of sale.

Total liabilities are expected to increase to €134.8m during FY22 mainly due to an increase in bank loans in order to acquire the 68% shareholding in Mercury Car Park Limited. After the initial increase, total liabilities are expected to decrease as the Group repays its existing bank loans and bonds. By FY24, the amount of total liabilities is expected to decrease to €115.9m and continue decreasing thereafter.

In view of the Guarantor's existing bank loans, the bonds currently in issue, in addition to this proposed bond, the Guarantor's overall gearing is expected to amount higher over the projected period as clearly depected through the Gearing 1 and Gearing 2 ratios respectively. Nevertheless, the Guarantor's interest coverage ratio is expected to improve to 3.2x in FY24, with this being predominantly in line to the expected improvement in the overall financial performance as clearly discussed in section 2.5 above.

2.6 _ Group's Statement of Cash Flows

Statement of Cash Flows	2019A €000	2020A €000	2021F €000	2022P €000	2023P €000	2024P €000
Cash flows from operating activities						
Operating profit/(loss) before working capital movements	(218)	6,085	481	7,793	7,714	15,797
Movement in inventory	2,817	9,104	(20,318)	15,906	5,754	6,226
Movement in trade and other receivables	(19,517)	13,716	(11,009)	16,906	(251)	(799)
Movement in trade and other payables	(1,821)	(20,793)	9,068	(7,256)	(7,554)	652
Contract liability	136	–	101	–	–	–
Tax paid	(741)	(1,450)	(464)	(2,001)	(2,557)	(3,043)
Net cash generated from/ (used in) operating activities	**(19,344)**	**6,662**	**(22,141)**	**31,288**	**3,106**	**18,833**
Cash flows from investing activities						
Acquisition of property	(6,101)	(5,293)	(13,236)	(67,515)	(867)	–
Acquisition of car park (68% shareholding)	–	–	–	(9,000)	–	–
Replacement expenditure	–	–	–	–	(185)	(389)
Net cash generated from/ (used in) investing activities	**(6,101)**	**(5,293)**	**(13,236)**	**(76,515)**	**(1,052)**	**(389)**
Cash flows from financing activities						
Proceeds from issue of shareholder's loan	–	–	10,000	–	–	–
Repayment of bank borrowings	–	(159)	(8,542)	(9,830)	(6,955)	(4,314)
Movements in borrowings	4,340	–	40,250	15,000	–	–
Movements from loans from related companies	(1,350)	–	–	–	–	–
Interest paid	–	(899)	(1,499)	(3,348)	(5,195)	(4,864)
Net proceeds of bond	22,500	–	–	50,000	–	–
Net cash generated from/ (used in) financing activities	**25,490**	**(1,058)**	**40,209**	**51,822**	**(12,150)**	**(9,178)**
Net movements in cash and cash equivalents	**45**	**311**	**4,832**	**6,595**	**(10,096)**	**9,266**
Opening cash and cash equivalents	222	267	578	5,410	12,005	1,909
Closing cash and cash equivalents	**267**	**578**	**5,410**	**12,005**	**1,909**	**11,175**

Ratio Analysis	2019A	2020A	2021F	2022P	2023P	2024P
Cash Flow						
Free Cash Flow (Net cash from operations+ interest - Capex)	€(25,445)	€2,268	€(33,878)	€(32,879)	€7,434	€23,697

As of 30 September 2021, the Group generated cash outflow from operating activities of €25.2m that are expected to be reported at *circa* €22.1m at year end. The majority of this cash outflow was used for the acquisition of the Exchange Site and cash advancements to MCPL for financing the construction costs. Driven by the sale of serviced apartments and operations of all components of the Mercury Project, following the inauguration in March 2023, the Group is expected to generate year-on-year net cash inflows from operations, from FY2022 onwards. Management's projected cash flow statement shows a substantial increase in cash generation from operations over the projected period.

The management accounts have recorded a cash outflow from investing activities of €3.1m in the first nine months of 2021 and the investing outflow is expected to be reported at €13.2m for the full year. The difference is projected to stem from the development of the Project in relation to the peripheral block and hotel, the mechanical and electrical works, and finishings. In FY22 the investing cash outflow in relation to the project development is also expected to be substantial, at €67.5m, however, will be immaterial in FY23 as most of the construction work is expected to be finalised by then.

Financing activities amounted to €27.9m in the first nine months of 2021 that are expected to be reported at around €40.2m at year-end. The increase between October and December 2021 is expected to originate from the increase in bank borrowings. The bond in question will generate a €50m financing cash inflow, and the Group will obtain a further €10m bank financing to acquire 68% shareholding in Mercury Car Park Limited, therefore the financing cash flow is expected to be hugely positive in FY22 as well. As no other major financing sources are projected to be used, the financing cash flow is expected to be negative afterward.

PART 3 _ KEY MARKET AND COMPETITOR DATA

3.1 _ General Market Conditions

The Issuer is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices, and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Issuer's planning during development, this shall have an adverse impact on the financial condition of the Issuer and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

Malta Economic Update[1]

The Bank's Business Conditions Index shows that in January annual growth in business activity remained well above its historical average, though it is gradually normalising, as many economic variables are reaching their pre-pandemic levels.

European Commission data show that economic sentiment in Malta rose in January when compared with December. It stood well above its level a year earlier and was marginally higher than its long-term average. The recent increase was driven by improved sentiment across all sectors but fell in the retail sector and to a lower extent among consumers.

In January, the European Commission's Economic Uncertainty Indicator (EUI) eased when compared with December. The recent decrease in uncertainty was largely driven by developments in industry, and to a lesser degree, in the construction and retail sectors. On balance, consumers continued to report that they were able to predict their household's financial situation with relative ease but less so relative to December. Meanwhile, uncertainty increased in the services sector.

In December, industrial production contracted on an annual basis for the fifth consecutive month and fell at a faster pace when compared with November. The volume of retail trade conversely rose, though at a slower pace when compared to a month earlier. The unemployment rate was unchanged from that recorded in November and well below last year's rate.

Commercial permits increased slightly in December relative to their year-ago levels, while residential permits fell. In January, the number of final deeds of sale rose on an annual basis but the number of promise-of-sale agreements declined.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 2.6% in December, up from 2.4% in the previous month. Similarly, inflation based on the Retail Price Index (RPI) rose to 2.6% in December from 2.4% a month earlier.

Maltese residents' deposits expanded at an annual rate of 10.4% in December, following an increase of 9.7% in the previous month, while annual growth in credit to Maltese residents stood at 8.3%, slightly below the rate of 8.4% recorded a month earlier.

Economic projections [2]

Since the Central Bank of Malta finalised its December 2021 projections, the pandemic situation continued to evolve with the emergence of the highly contagious Omicron variant, which caused a sharp spike in active cases of COVID-19. Consequently, containment measures were reinstated in several countries. However, progress with vaccination ensured that hospital admissions and patients in intensive care remained low. However, absences caused by the rapid spread of Omicron, amplified already elevated global supply disruptions and international price pressures.

Although stringency measures increased in Malta too, this was to a much lower extent than in other countries. Nevertheless, the worsening of the pandemic situation is expected to have adversely affected Malta's travel industry during the final weeks of 2021 and the start of 2022.

1 Central Bank of Malta – Economic Update 2/2022
2 Central Bank of Malta - Economic Projections 2021 - 2024 (2022:1)

At the same time, vaccination campaigns have intensified. By the end of January, around two thirds of Malta's population had received a third dose. Moreover, following a sharp rise in December, active cases have declined somewhat since the start of 2022. Therefore, some containment measures were relaxed in mid-January and eased further in February.

Meanwhile, the latest national accounts vintage has surprised on the upside once again. In particular, investment and private consumption growth were stronger than envisaged. Hence, despite some deteriotation in the pandemic situation, domestic economic activity levels over the projection horizon are assessed to be higher than those projected in December 2021. On the other hand, price pressures have intensified and hence, inflation is projected to pick-up more strongly than envisaged in the December 2021 round of projections.

Hospitality Sector

The tourism sector in Malta has been on a consistent upward trend since 2010, rising especially in the later years from 2017. The Maltese tourism industry has, in recent years, been renowned for its unabated growth, with each passing year yielding new record highs of inbound tourists visiting the island. Indeed, the tourism industry is considered to be a crucial pillar of the local economy as it is estimated to account for 15.8% of Malta's GDP and 52,800 jobs or 21.1% of total employment[3].

Unfortunately, the tourism sector both locally and internationally has been severely impacted by the outbreak of the COVID-19 pandemic, bringing the previous positive trend to a halt. 2020 probably was the cycle bottom and some recovery in tourism figures was noticeable in 2021. On a global scale, tourism experienced a 4% upturn in 2021, (415 million versus 400 million a year earlier). However, international tourist arrivals (overnight visitors) were still 72% below the pre-pandemic year of 2019 in Q4 2021. The pace of recovery remains slow and uneven across world regions due to varying degrees of mobility restrictions, vaccination rates, and traveler confidence[4].

On a European level, international tourist arrivals to Europe dropped 70% in 2020 over 2019, however, recovery has been the strongest among the regions along with America in 2021, mainly thanks to the easing of restrictions during warmer months as the pandemic subsided. At the end of 2021, travel restrictions have been tightened again due to the appearance of the COVID-19 Omicron variant. Lockdowns were re-introduced, albeit not as strict as in the earlier stages of the pandemic. International travel in Europe however still suffered at the end of last year.

Locally, as early as March 2020, Malta started to introduce several confinement measures, with the eventual suspension of all passenger flights. Malta international airport was then reopened in July 2020 and demand for travel started picking up. However, as the pandemic progressed and newer waves and variants appeared, restriction measures were temporarily reintroduced, having an inevitable negative impact on tourism in Malta.

The unprecedented impact of the pandemic on the local tourism industry is demonstrated by the data below. Where during 2020 local inbound tourists fell from 2,753k to 659k 2020, a 76.1% drop YoY. Similarly, the industry experienced a decrease in tourist guest nights from 19,339k in 2019 to only 5,227 in 2020, which is a 73% drop YoY. In a similar fashion, total tourist expenditure plummeted by 79.5% in 2020 when compared with 2019.

In 2021, tourism rebounded in Malta, in line with the improvement of the tourism situation in Europe however the figures still largely lag behind 2019 figures. Statistics are only available until November of last year however we can still see that the number of inbound tourists already increased by 35.5% vs. 2020. Similarly, tourist guest nights increased by 45.7% until November when compared to full-year 2020. Total expenditure increased by 79.3% on the same basis.

3 WTTC 2020 Economic Impact report for Malta
4 https://www.unwto.org/news/tourism-grows-4-in-2021-but-remains-far-below-pre-pandemic-levels

The above trends are also summarised in the following table, illustrating the number of tourist arrivals over the last four years:

Category	2018	2019	2020	2021 Jan-Nov	2020 vs. 2021
Inbound tourists*	2,599	2,753	659	892	35.5%
Tourist guest nights*	18,570	19,339	5,227	7,614	45.7%
Avg. length /stay	7.1	7.0	7.9	6.9	-12.7%
Tourist expenditure**	2,102	2,221	455	816	79.3%
Tourist exp. per capita (€)	809	807	691	914	32.3%

*in thousands
**in € millions

As of early 2022, the pandemic is in its third year and is still ongoing. However, the World Health Organization is optimistic that the acute phase of the pandemic will come to an end this year, turning into an endemic disease with smaller outbreaks regularly returning but not in a hugely disruptive way. Countries worldwide expect a stronger tourist season this year when compared to 2021 but arrivals will still remain 30% below pre-pandemic levels and is expected to possibly be fully reached by 2023. Travelling will probably remain a very different experience in 2022. COVID-19 testing and some form of quarantine will be necessary and mask-wearing is forecasted to continue to be commonplace during this year[5]. In view of this, a HVS[6] report predicts that the European hotel sector is expected to re-establish its RevPAR 2019 performance by 2024.

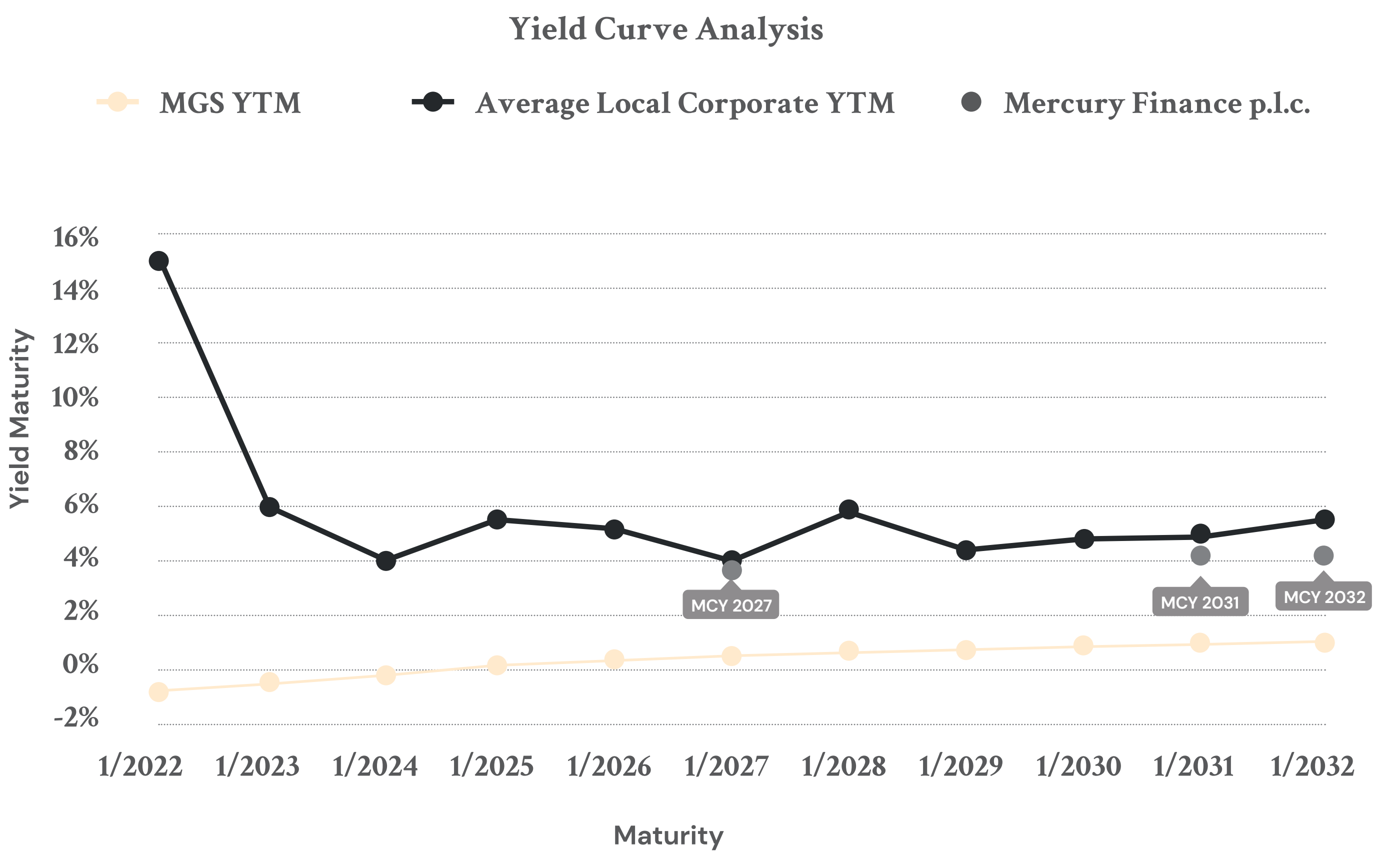
5 Economist Intelligence Unit – Tourism in 2022 report

6 HVS: The Impact of COVID-19 on the European Hotel Sector

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
5.8% International Hotel Investments p.l.c 2023	10,000	4.86%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
6% AX Investments Plc € 2024	40,000	5.47%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
4.4% Von der Heyden Group Finance p.l.c. Unsecured € 2024	25,000	4.14%	1.1x	135.0	41.0	69.6%	58.0%	27.2x	2.1x	-4.1%	-7.4%	-9.2%
6% International Hotel Investments p.l.c. € 2024	35,000	5.02%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
5% Tumas Investments p.l.c. Unsecured € 2024	25,000	4.11%	7.2x	229.6	137.5	40.1%	17.6%	1.6x	4.5x	8.3%	32.6%	-42.5%
5.75% International Hotel Investments p.l.c. Unsecured € 2025	45,000	5.40%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
4.5% Hili Properties p.l.c. Unsecured € 2025	37,000	3.74%	1.6x	149.6	62.7	58.1%	54.9%	14.6x	0.5x	6.8%	52.9%	-11.5%
4% MIDI plc Secured € 2026	50,000	3.21%	(.5)x	227.6	101.8	55.3%	37.8%	(64.5)x	2.9x	-2.1%	-75.1%	-89.8%
4% International Hotel Investments p.l.c. Secured € 2026	55,000	3.67%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
3.25% AX Group p.l.c. Unsec Bds 2026 Series I	15,000	3.25%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
3.75% Mercury Projects Finance p.l.c. Secured € 2027	11,500	3.53%	6.75x	69.4	24.3	65.0%	57.1%	5.3x	0.9x	210.3%	125.6%	119.2%
4.35% SD Finance p.l.c. Unsecured € 2027	65,000	4.15%	6.8x	324.4	137.6	57.6%	43.3%	4.1x	1.4x	9.0%	20.5%	5.7%
4% Eden Finance p.l.c. Unsecured € 2027	40,000	3.78%	(.5)x	190.5	108.5	43.1%	31.8%	(51.4)x	0.9x	-4.3%	-39.2%	-73.1%
3.75% Tumas Investments p.l.c Unsecured € 2027	25,000	3.34%	7.2x	229.6	137.5	40.1%	17.6%	1.6x	4.5x	8.3%	32.6%	-42.5%
4% Stivala Group Finance p.l.c. Secured € 2027	45,000	3.60%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%
3.85% Hili Finance Company p.l.c. Unsecured € 2028	40,000	3.63%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	20.5%	4.6%	0.0%
3.65% Stivala Group Finance p.l.c. Secured € 2029	15,000	3.34%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%
3.8% Hili Finance Company p.l.c. Unsecured € 2029	80,000	3.80%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	20.5%	4.6%	0.0%
3.75% AX Group p.l.c. Unsec Bds 2029 Series II	10,000	3.73%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
4.25% Mercury Projects Finance p.l.c. Secured € 2031	11,000	4.25%	6.75x	69.4	24.3	65.0%	57.1%	5.3x	0.9x	210.3%	125.6%	119.2%
4.30% Mercury Projects Finance p..lc. Secured € 2032	50,000	4.30%	6.75x	69.4	24.3	65.0%	57.1%	5.3x	0.9x	210.3%	125.6%	119.2%
Average*		**4.01%**										

Source: Latest available audited financial statements

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



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 Issuer's existing yields of its outstanding bonds.

As at 7 March 2022, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 5-6 (2027-2028) years was 289 basis points. The 3.75% MCY PLC Secured Bonds 2027 are currently trading at a YTM of 353 basis points, meaning a spread of 315 basis points over the equivalent MGS. This means that this bond is trading at a discount of 11 basis points in comparison to the market.

As at 7 March 2022, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 9-10 years was 253 basis points. The 4.25% MCY PLC Secured Bonds 2031 is currently trading at a YTM of 420 basis points, meaning a spread of 324 basis points over the equivalent MGS. This means that this bond is trading at a premium of 50 basis points in comparison to the market.

Meanwhile, the new proposed 4.3% Mercury bond is expected to be issued at a spread of 297 basis points over the equivalent MGSs. Moreover as at 7 March 2022 would be trading at a discount of 32 basis points in comparison to the market of comparable corporate bonds.

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.
Operating Profit (EBIT)	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.
Net Income	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). Specifically, this metric indicates how profitable a company is in relation to its total average assets.
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 de 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 de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than 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.
Current Liabilities	Obligations which are due within one financial year.

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 cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debtused 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.

NOTES

NOTES

NOTES

mercuryfinance.com.mt