

SECURITIES NOTE

Dated 4th March 2019

This Securities Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended. 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:

€11,500,000 3.75% Secured* Bonds 2027

of a nominal value of €100 per Bond issued at par

ISIN: MT0002191204

(the “Series I Bonds”)

and

€11,000,000 4.25% Secured* Bonds 2031

of a nominal value of €100 per Bond issued at par

ISIN: MT0002191212

(the “Series II Bonds” and together with the Series I Bonds the “Bonds”)

by



MERCURY PROJECTS FINANCE P.L.C.

a public limited liability company duly incorporated under the Laws of Malta, with Company registration number C89117

with the joint and several Guarantee* of Mercury Towers Limited

a private limited company registered in Malta with company registration number C 77402

*Prospective investors are to refer to the Guarantee contained in Annex III of this Securities Note and Sections 5.5 and 5.6 of the Registration Document for a description of the Guarantee and the Collateral in general.



THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS, ACCURACY OR COMPLETENESS OF THE PROSPECTUS 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 THESE SECURITIES.

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

THE BONDS 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 SAID BONDS BY THE GUARANTOR AND SECURED BY THE COLLATERAL. THE BONDS WILL RANK *PARI PASSU* WITHOUT ANY PRIORITY OR PREFERENCE AMONG THEMSELVES BUT, IN RESPECT OF THE GUARANTOR AND SAVE FOR SUCH EXCEPTIONS AS MAY BE PROVIDED BY APPLICABLE LAW, SHALL RANK WITH PRIORITY OR PREFERENCE OVER ALL UNSECURED INDEBTEDNESS, BY VIRTUE AND TO THE EXTENT OF THE FIRST SPECIAL HYPOTHEC OVER THE RELEVANT SECURITY PROPERTY WHICH THE GUARANTOR HAS AGREED TO CONSTITUTE IN FAVOUR OF THE SECURITY TRUSTEE FOR THE BENEFIT OF THE BONDHOLDERS.

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

APPROVED BY THE DIRECTORS



Joseph Portelli



Stephen Muscat



Mario Vella



Peter Portelli

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY MERCURY PROJECTS FINANCE P.L.C. (THE "ISSUER") OF TWO SERIES OF BONDS, NAMELY:

1. €11,500,000 SECURED BONDS 2027 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 3.75% PER ANNUM, WITH THE NOMINAL VALUE OF THE BOND BEING REPAYABLE IN FULL AT MATURITY ON THE APPLICABLE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE "**SERIES I BONDS**"); AND
2. €11,000,000 SECURED BONDS 2031 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.25% PER ANNUM, WITH THE NOMINAL VALUE OF THE BOND BEING REPAYABLE IN FULL AT MATURITY ON THE APPLICABLE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE "**SERIES II BONDS**").

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.

THE SECURITIES NOTE HAS BEEN PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED FROM TIME TO TIME BY VARIOUS INSTRUMENTS, INCLUDING BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015).

THIS SECURITIES NOTE SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER DATED [-].

ALL OF THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR UNDER THE HEADING "DIRECTORS" IN SECTION 3.1 OF THE REGISTRATION DOCUMENT, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS SECURITIES NOTE. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE 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.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR 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 ISSUE OR SALE OF THE BONDS 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 AND THE GUARANTOR NAMED UNDER THE HEADING "ADVISORS TO THE ISSUER AND THE GUARANTOR" IN SECTION 3.3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS THE CASE MAY BE, IN RELATION TO THIS ISSUE 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 ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED FINANCIAL INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

THE LISTING 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 THE PURPOSES OF, AN OFFER OR INVITATION FOR SUBSCRIPTION OF BONDS BY ANY PERSON (I) IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN ANY JURISDICTION 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 ISSUE 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.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING (AS AMENDED) OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF THE SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AND/OR IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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 LISTING AUTHORITY IN SATISFACTION OF THE LISTING 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.

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 RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

TABLE OF CONTENTS

CONTENTS

1.	DEFINITIONS.....	1
2.	RISK FACTORS.....	5
2.1	Forward-looking Statements.....	5
2.2	General	5
2.3	Risks relating to the Bonds	6
3.	PERSONS RESPONSIBLE	9
4.	ESSENTIAL INFORMATION.....	10
4.1	Interest of natural and legal persons involved in the Bond Issue	10
4.2	Reasons for the offer and use of proceeds	10
4.3	Expenses	11
4.4	Security	11
4.5	Consent for use of Prospectus.....	11
5.	OFFER STATISTICS.....	13
5.1	Offer Statistics – Series I Bonds.....	13
5.2	Offer Statistics – Series II Bonds	14
6.	INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING.....	16
6.1	General	16
6.2	Registration, form, denomination and title	16
6.3	Ranking of the Bonds	17
6.4	Rights attaching to the Bonds	17
6.5	Interest.....	18
6.6	Yield.....	18
6.7	Redemption and purchase.....	18
6.8	Payments.....	18
6.9	Events of Default.....	19
6.10	Transferability of the Bonds	20
6.11	Further issues	21
6.12	Resolutions and meetings of Bondholders	21
6.13	Bonds held jointly	22
6.14	Bonds held subject to usufruct	22
6.15	Authorisations and approvals.....	22
6.16	Representations and warranties	22
6.17	Notices	23
6.18	Governing law and jurisdiction	23

7.	TAXATION	24
7.1	Malta tax on interest.....	24
7.2	Exchange of information.....	24
7.3	Maltese tax on capital gains on transfer of the Bonds.....	24
7.4	Duty on documents and transfers	25
8.	TERMS AND CONDITIONS OF THE BOND ISSUE	26
8.1	Expected timetable.....	26
8.2	Terms and conditions of Application	26
8.3	Plan of distribution and allotment	30
8.4	Placing agreements.....	30
8.5	Pricing	31
8.6	Allocation policy.....	31
8.7	Admission to trading.....	31
8.8	Additional Information	31
ANNEX	I	— SPECIMEN APPLICATION
FORMS.....		
ANNEX II – AUTHORISED FINANCIAL INTERIMEDIARIES		
ANNEX III – GUARANTEE		
ANNEX IV – FINANCIAL ANALYSIS SUMMARY.....		

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:

Act	The Companies Act, 1995, Cap. 386, Laws of Malta;
Applicant/s	A person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application	The application to subscribe for Secured Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
Application Form	The application form for subscription for Bonds of the relevant Series, a specimen of which is contained in Annex I of this Securities Note;
Authorised Financial Intermediaries	The financial intermediary/ies whose details appear in Annex II to this document;
Bond/s or Secured Bond/s	The Series I Bonds and the Series II Bonds, and “ Series ” means any of such Series;
Bondholders	The holders of the Bonds, each a “ Bondholder ”;
Bond Issue	The issue of Bonds;
Bond Issue Price	In respect of both Series I Bonds and Series II Bonds, means the nominal value of each Bond (€100 per Bond);
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;
Collateral	The following security granted by the Guarantor in favour of the Security Trustee for the benefit of Bondholders: (a) a first ranking special hypothec over the respective Security Property in respect of Series I Bonds and Series II Bonds; and (b) the Guarantee;
CSD or Central Securities Depository	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;
Directors or Board	The directors of the Issuer whose names and addresses are set out under the heading “Identity of the Directors, Senior Management, Advisors and Auditors of the Issuer and Guarantor” in Section 3 of the Registration Document;
Deed of Hypothec	A notarial deed to be entered into by and between the Issuer and the Security Trustee whereby ‘inter alia’ the Issuer constitutes in favour of the Security Trustee that part of the Collateral which according to law requires the execution of a notarial deed;

Euro or €	The official currency of the member States of the European Union that form part of the Euro-zone, including Malta;
Group or Mercury Group	Mercury Towers Limited, a company registered under the laws of Malta with company registration number C 77402 and having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta (as ultimate parent company) and 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 4 th March 2019 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, scope and terms of the Guarantee appended to the Securities Note as Annex III thereto;
Guarantor	Mercury Towers Limited, a company registered under the laws of Malta with company registration number C 77402 and having its registered office at 1400, Block 14, Portomaso, St. Julians, Malta;
Interest Payment Date	23 March of each year between and including each of the year 2020 and the year 2027 in the case of the Series I Bonds and each of the year 2020 and the year 2031 in the case of the Series II Bonds, 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 4 th April 2019;
Issuer or Company	Mercury Projects Finance p.l.c., a company registered under the laws of Malta with company registration number C 89117 and having its registered office at 1400, Block 14, Portomaso, St. Julian’s, Malta;
Issuer-Guarantor Loan	The loan facility between the Issuer (as lender) and the Guarantor (as borrower) referred to in Section 4.2 of this Securities Note;
Listing Authority	The Board of Governors of the MFSA, appointed as the Listing Authority for the purposes of the Financial Markets Act, 1990, (Cap. 345, Laws of Malta) in terms of Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Listing Rules	The Listing Rules of the Listing Authority;
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 publication of this Securities Note;
MFSA	The Malta Financial Services Authority established in terms of the Malta Financial Services Authority Act, 1988, (Cap. 330, Laws of Malta);
Offer Period	The period between 13 th March 2019 and 27 th March 2019 (or such earlier date as may be determined by the Issuer) 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;

Placement Agreements	The subscription / placement agreement/s between the Issuer and the Authorised Financial Intermediaries, as referred to in Section 8.4 of this Securities Note;
Prospectus	Collectively, the Registration Document, the Securities Note and the Summary Note;
Redemption Date	27 th March 2027 in the case of the Series I Bonds and 27 th March 2031 in the case of the Series II Bonds;
Redemption Value	In respect of each Bond, means the nominal value of such Bond (€100 per Bond);
Registration Document	The registration document issued by the Issuer dated 4 th March 2019, forming part of the Prospectus;
Registrar	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 (Chapter 370 of the laws of Malta) and is a member of the MSE;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	This document in its entirety;
Security Property	<p>In respect of Series I Bonds, the following immovable property owned by the Guarantor:</p> <ul style="list-style-type: none"> - The airspace within Mercury Site which will accommodate and wherein there will be developed the planned 12 apartments within the uppermost level (i.e. Level 30) of the Tower, having a planned internal floor area measuring approximately 908 sq.m. and external balconies measuring 120 sq.m and, upon completion, the said 12 apartments themselves; - The restaurant (including lounge area) located at Level 01 in the Tower overlooking the main piazza which measure approximately 470 sq.m. and which on the date hereof is in shell form; - The conference area and meeting rooms and ancillary facilities located at Level 02 in the Tower which measure approximately 498 sq.m. and which on the date hereof are in shell form; and - The airspace within Mercury Site which will accommodate and wherein there will be developed the planned indoor pool, spa, lounge bar and amenities within Level 11 of the Tower, having a planned area measuring approximately 770 sq.m. and, upon completion, the said indoor pool, spa, lounge bar and amenities themselves,

	<p>(also referred to as “Series I Bonds Security Property”); and</p> <p>in respect of Series II Bonds, the following immovable property owned by the Guarantor:</p> <ul style="list-style-type: none"> - the old building known as ‘Mercury House’ within the Mercury Site, as the same is planned to be developed pursuant to execution of the Project (also referred to as “Series II Bonds Security Property”)
Security Trust Deed or Trust Deed	The security trust deed entered into between the Security Trustee, the Issuer and the Guarantor dated 4 th March 2019;
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 BKR4013, 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);
Series I Bonds	The €11,500,000 bonds due 2027 of a face value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the respective Redemption Date, bearing interest at the rate of 3.75% per annum, as set out in this Securities Note;
Series II Bonds	The €11,000,000 bonds due 2031 of a face value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the respective Redemption Date, bearing interest at the rate of 4.25% per annum, as set out in this Securities Note;
Sponsor or Sponsor and Registrar	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 (Chapter 370 of the laws of Malta) and is a member of the MSE;
Summary Note	The summary note issued by the Issuer dated 4 th March 2019, forming part of the Prospectus;
Terms and Conditions	The terms and conditions of issue of each of the Series I Bonds and the Series II 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:

- words importing the singular shall include the plural and vice-versa;
- words importing the masculine gender shall include also the feminine gender and vice-versa;
- the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
- any references to a person includes natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
- 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;
- 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 NEITHER THE ISSUER NOR THE GUARANTOR IS IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE VALUE, YIELD, MARKETABILITY, REPAYABILITY AND OTHER CHARACTERISTICS OF THE BONDS.

THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR 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. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISKS MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

2.1 Forward-looking Statements

This Securities Note contains “forward looking statements” which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Directors. No assurance is given that the future results or expectations will be achieved.

2.2 General

The value of investments can go up or down and past performance is not necessarily indicative of future performance.

The nominal value of the Bonds will be repayable in full upon respective maturity, unless the Bonds are previously repurchased and cancelled. An investment in the Issuer and the Bonds involves certain risks, including those described below and in the Section entitled “Risk Factors” in the Registration Document.

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the Laws of Malta) 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:

- (i) 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;
- (ii) 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;
- (iii) understands thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (iv) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.3 Risks relating to the Bonds

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 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.

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. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. 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 (saving 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 Listing 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 Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspension or listing revocation / discontinuation 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 Listing Rules of the Listing Authority, the Companies Act and the Regulation 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 Section 6.12 of this Securities Note in the event that it wishes to amend any of the Terms and Conditions of this Bond Issue or of either of the Series I Bonds or Series II Bonds. 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), although 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.

Risks relating to the Collateral

The Secured 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 said Secured Bonds by the Guarantor and the Collateral. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves but, in respect of the Guarantor, 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 hypothecs over the Security Property relative to the Series I Bonds and that relative to the Series II Bonds which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders of the Series I Bonds and the Series II Bonds. In view of the fact that the Secured 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 Secured 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 this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

The Guarantee is further supported by the special hypothec that is to be granted over the respective Security Property to secure payments under each of the Series I Bonds and Series II Bonds. In terms of the Security Trust Deed, the Security Trustee retains the discretion to substitute any one of the immovable properties placed as Security Property for any such Series with another immovable property owned by the Group or some affiliated company, subject to a property valuation report by an independent architect to be appointed by the Issuer with the consent of the Security Trustee, confirming that the value of the property substituting and being added to the immovable properties constituting the Security Property is at least equal to the value of the immovable property which has been removed as a Security Property. Whilst this special hypothec in respect of each Series of Bonds grants the Security Trustee a right of preference and priority for repayment of the relevant Series over the creditors of the Guarantor in respect of the Security Property relative to such Series, there can be no guarantee that the value of the said Security Property over the term of the relevant Series of Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the said Series of 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. 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 Secured Bonds. Upon full payment of principal and interest under the Series I Bonds, the first ranking special hypothec over the Series I Bonds Security Property and securing the said Series I Bonds shall be cancelled, and the Security Trustee shall appear on and sign any notarial deed or other document as may be necessary for this purpose, and such special hypothec will not secure payments under the Series II Bonds which will remain secured by the first ranking special hypothec over the Series II Bonds Security Property.

Furthermore, whilst the independent valuation opines that the value of the Security Property relative to each Series of Bonds in its current state actually exceeds the aggregate nominal value of the relevant Series of Bonds, there is no guarantee that such value determined in the independent valuation would be achieved, particularly if the Collateral is enforced at a time when such Security Property is still not completed and unfinished, in which case various pressures in the market may push the price down (including the perceived weakness in the financial situation of the Group by potential buyers, the hesitation of potential buyers to take up the commitments, efforts and challenges of completing the same, the lost opportunity of fetching a good price typically offered by an immovable which is finished and which can be operated immediately).

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, 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. There can be no assurance that such valuation of property will reflect actual market values.

Notwithstanding that the Bonds constitute the general, direct and unconditional obligations of the Issuer and in relation to the Guarantor the general, direct, unconditional and secured obligations, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and the Guarantor which may rank with priority or preference to the Collateral.

3. PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules 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” in Section 3 (“Identity of the Directors, Senior Management, Advisors and Auditors of the Issuer and Guarantor”) 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.

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 8.3 of the Registration Document, and save for the subscription for Bonds by the Authorised Financial Intermediaries (which include the Sponsor), and any fees payable in connection with the Bond Issue to the Sponsor and 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, net of expenses of the Bond Issue, which are expected to amount to approximately €22,050,000, will be used by the Issuer to provide a loan facility to the Guarantor, to be used as provided below (the “**Issuer-Guarantor Loan**”). The Issuer-Guarantor Loan will be regulated 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.

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

- (i) **Re-financing existing bank loans:** an amount of *circa* €5,650,000 will be used to re-finance outstanding banking facilities of the Guarantor with Lombard Bank Malta p.l.c., which funds were originally principally utilised to acquire the Mercury Site;
- (ii) **Construction and finishing of Project elements owned by the Guarantor:** the amount of *circa* €16,400,000 will be used to finance part of the fees and costs due by the Guarantor to Mercury Contracting Projects Limited in respect of development and finishing works on the Retained Property (as defined in the Registration Document) in terms of the contract of works between the two companies.

The Issuer-Guarantor Loan shall be drawn down as follows:

- (a) the amount used to repay the bank loan indebtedness to Lombard Bank Malta p.l.c. will be deemed immediately drawn down upon execution of the notarial deed creating the Issuer-Guarantor Loan; and
- (b) the balance will be advanced 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 Retained Property received by the Guarantor from Mercury Contracting Projects Limited in terms of the contract of works between the Guarantor and the said Mercury Contracting Projects Limited and against presentation of such invoices, 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, for the full or any part of the amounts already invoiced and/or paid to the said Mercury Contracting Projects Limited at any time up to the execution of the said notarial deed.

All proceeds from the Bond Issue shall be held by the Security Trustee pending perfection of the Collateral to secure the Secured Bonds, in accordance with the provisions of the Security Trust Deed.

In terms of the Prospectus and Security Trust Deed, the Security Trustee shall not release any of the Bond Issue proceeds (after receiving same from the Registrar), except for the payment of the loan to Lombard Bank Malta p.l.c. as provided in (i) above, until such time as the Collateral is duly constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed, including the due renunciation by Mercury Contracting Projects Limited of the special privilege over the Security Property accorded to it by law in respect of works thereon.

The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List; and (ii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed. Subject to the satisfaction of the above-mentioned conditions (which are also mentioned as conditions precedent in Section 8.4 below), the Bonds shall be fully subscribed pursuant to the Placement Agreements (see Section 8.4 below) In the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds to the investors.

4.3 Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €450,000. There is no particular order of priority with respect to such expenses.

4.4 Security

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

- (a) a first ranking special hypothec over the Series I Bonds Security Property in respect of Series I Bonds and the holders thereof, and a first ranking special hypothec over the Series II Bonds Security Property in respect of Series II Bonds and the holders thereof; 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 and the Guarantor 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 Secured 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 (of the respective Series, as applicable) in proportion to their respective holding of Secured Bonds (of the respective Series, as applicable). Pursuant to the provisions of the Trust Deed, the Security Trustee shall retain all proceeds from the Secured Bonds until such time as the Collateral shall have been duly constituted in favour of the Security Trustee. No Secured 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 Secured 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 Secured 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 18 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.

4.5 Consent for use of Prospectus

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

The Issuer has entered into the Placement Agreements with the Authorised Financial Intermediaries (See Section 8.4 below). It is the intention of such Authorised Financial Intermediaries that during the Offer Period they shall accept subscriptions for the Bonds from customers. For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries during the Offer Period 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 Directive, 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 taking place in Malta; and
- iii. to any resale or placement of Bonds taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, the Security Trustee 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 the Sponsor 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 or the Sponsor and neither the Issuer nor the Sponsor has any responsibility or liability for the actions of any person making such offers.

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.

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 Sponsor. The Issuer does not accept responsibility for any information not contained in the Prospectus.

In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary will 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 will 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 the Sponsor 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 through the MSE which will also be made available on the Issuer's website: www.mercuryfinance.com.mt

5. OFFER STATISTICS

5.1 Offer Statistics – Series I Bonds

Issue:	€11,500,000 3.75% Secured Bonds 2027.
Amount:	€11,500,000.
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:	MT0002191204.
Bond Issue Price:	At par (€100 per Bond).
Minimum amount per subscription:	Minimum of €2,000 and integral multiples of €100 thereafter.
Offer Period:	13 March 2019 to 27 March 2019 (or such earlier date as may be determined by the Issuer in the event of over-subscription), both days included.
Plan of Distribution:	The Series I Bonds have been conditionally placed with the Authorised Financial Intermediaries pursuant to the Placement Agreements as provided in Section 8.4 below. The Authorised Financial Intermediaries intend to re-sell the Bonds, in whole or in part to underlying customers.
Redemption Date:	27 March 2027.
Redemption Value:	At par (€100 per Bond).
Status of the Bonds:	The Series I 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 respective special hypothec on the respective Security Property. In respect of the Guarantor, 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 Guarantor, by virtue and to the extent of the first ranking special hypothec over the Series I Bonds Security Property which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders of Series I Bonds.
Listing:	The Listing Authority has approved the Series I 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 into conditional placement agreement/s with the Authorised Financial Intermediaries whereby the Secured Bonds have been made available for subscription during the Offer Period.
Interest:	3.75% per annum, on the Nominal Value of each Series I Bond.
Interest Payment Date(s):	Annually on 27 March as from 27 March 2020 (the first Interest Payment Date).

Governing Law:	The Series I 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 Series I 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.

5.2 Offer Statistics – Series II Bonds

Issue:	€11,000,000 4.25% Secured Bonds 2031.
Amount:	€11,000,000.
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:	MT0002191212.
Bond Issue Price:	At par (€100 per Bond).
Minimum amount per subscription:	Minimum of €2,000 and integral multiples of €100 thereafter.
Offer Period:	13 March 2019 to 27 March 2019 (or such earlier date as may be determined by the Issuer in the event of over-subscription), both days included.
Plan of Distribution:	The Series II Bonds have been conditionally placed with the Authorised Financial Intermediaries pursuant to the Placement Agreements as provided in Section 8.4 below. The Authorised Financial Intermediaries intend to re-sell the Bonds, in whole or in part to underlying customers.
Redemption Date:	27 March 2031.
Redemption Value:	At par (€100 per Bond).
Status of the Bonds:	The Series II 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 respective special hypothec on the respective Security Property. In respect of the Guarantor, 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 Guarantor, by virtue and to the extent of the first ranking special hypothec over the Series II Bonds Security Property which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders of Series II Bonds.
Listing:	The Listing Authority has approved the Series II 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 into conditional placement agreement/s with the Authorised Financial Intermediaries whereby the Secured Bonds have been made available for subscription during the Offer Period.
Interest:	4.25% per annum, on the Nominal Value of each Series II Bond.
Interest Payment Date(s):	Annually on 27 March as from 27 March 2020 (the first Interest Payment Date).
Governing Law:	The Series II 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 Series II 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 of each Series 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 Secured Bonds of the relevant Series herein described and to accept and be bound by the said Terms and Conditions.

6.1 General

Each Series I Bond forms part of a duly authorised issue of 3.75% Secured Bonds 2027 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €11,500,000 (except as otherwise provided under Section 6.11 “Further Issues”).

Each Series II Bond forms part of a duly authorised issue of 4.25% Secured Bonds 2031 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €11,000,000 (except as otherwise provided under Section 6.11 “Further Issues”).

The Issue Date of the Bonds of each Series is expected to be 4 April 2019. The Bonds are created under Maltese law.

- (a) The currency of the Bonds is Euro (€).
- (b) Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN: MT0002191204 for Series I Bonds and ISIN: MT0002191212 for Series II Bonds.
- (c) Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the respective Redemption Date.
- (d) The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- (e) Save for the placement arrangement/s entered into with the Authorised Financial Intermediaries, the Bond Issue is not underwritten.
- (f) 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.

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.

Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will 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 the afore-mentioned website.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiples of €100 in the case of both the Series I Bonds and the Series II Bonds, provided that on subscription the Bonds will be issued for a minimum of €2,000 in the case of both the Series I Bonds and the Series II Bonds 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 €2,000 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 6.10 of this Securities Note.

6.3 Ranking of the Bonds

The Secured 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 Secured Bonds of both Series shall be guaranteed in respect of both the interest due and the principal amount under said Secured Bonds by the Guarantor in terms of the Guarantee. In respect of the Guarantor, the Secured Bonds shall rank with priority or preference to all other present and future unsecured obligations of the Guarantor, save for such exceptions as may be provided by applicable law, by virtue and to the extent of the first ranking special hypothec over the Series I Bonds Security Property as regards the Series I Bonds, and the Series II Bonds Security Property as regards the Series II Bonds.

Pursuant to the Trust Deed, the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders of the relevant Series as beneficiaries, a special hypothec over the respective Security Property.

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

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 Series I Bonds Security Property for the full amount of €11,500,000 (being the total nominal value of the Series I Bonds), for the benefit of Bondholders of Series I Bonds; and
- will have the benefit of a special hypothec over the Series II Bonds Security Property for the full amount of €11,000,000 (being the total nominal value of the Series II Bonds), for the benefit of Bondholders of Series II Bonds.

Upon full payment of principal and interest under the Series I Bonds, the first ranking special hypothec over the Series I Bonds Security Property and securing the said Series I Bonds shall be cancelled, and the Security Trustee shall appear on and sign any notarial deed or other document as may be necessary for this purpose, and such special hypothec will not secure payments under the Series II Bonds which will remain secured by the first ranking special hypothec over the Series II Bonds Security Property.

Furthermore, Mercury Contracting Projects Limited, being the principal contractor engaged to construct and develop the Project has undertaken to waive its right to inscribe a special privilege in its favour over the Security Property.

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 Secured Bonds shall bear interest from and including 27 March 2019:

- (i) in the case of the Series I Bonds, at the rate of 3.75% per annum on the nominal value thereof; and
- (ii) in the case of the Series II Bonds, at the rate of 4.25% per annum on the nominal value thereof,

payable annually in arrears on each Interest Payment Date.

The first interest payment will, in the case of both Series of Bonds, be effected on 27 March 2020 (covering the period 27 March 2019 to 26 March 2020), and the last interest payment will, in the case of Series I Bonds, be effected on the respective Redemption Date, namely 27 March 2027 (covering the period 27 March 2026 to the said Redemption Date) and, in the case of Series II Bonds, be effected on the respective Redemption Date, namely 27 March 2031 (covering the period 27 March 2030 to the said 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, the Bond Issue Price and the Redemption Value of the Bonds is:

- (i) in the case of Series I Bonds, 3.75% per annum; and
- (ii) in the case of Series II Bonds, 4.25% per annum.

6.7 *Redemption and purchase*

Unless previously purchased and cancelled:

- (i) the Series I Bonds will be redeemed at their nominal value (together with interest accrued to the respective date fixed for redemption) on 27 March 2027; and
- (ii) the Series II Bonds will be redeemed at their nominal value (together with interest accrued to the respective date fixed for redemption) on 27 March 2031.

Subject to the provisions of this Section 6.7, the Issuer may at any time purchase Bonds of any Series in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders of the relevant Series 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 in the Application Form and/or such other bank account as the Bondholder may designate 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.

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.

6.9 *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 or (as the case may be) of the registered Bondholders of the relevant Series at the relevant time, by notice in writing to the Issuer and the Guarantor declare the Bonds, or either the Series I Bonds or the Series II 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 or under Bonds of any Series 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 or the Guarantor 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 to perform all or any of its obligations hereunder or under the Trust Deed;
- (k) the Issuer or the Guarantor 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;
- (l) 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 (l) 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 or, as the case may be, under the Bonds of the relevant Series, shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

Provided that in the event of any breach by the Issuer or the Guarantor of any of the covenants, obligations or provisions contained herein or in the Trust Deed due to any fortuitous event of a calamitous nature beyond the control of the Issuer or (as the case may be) the Guarantor, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer or (as the case may be) the Guarantor 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 or (as the case may be) of the Bondholders of the relevant Series 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 and the Guarantor are each observing and performing all the obligations, conditions and provisions on their respective parts contained in the Bonds and the Trust Deed.

6.10 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 in accordance with the rules and regulations of the MSE applicable from time to time.

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.

6.11 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.

6.12 Resolutions and meetings of Bondholders

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 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 ten per cent (10%) 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.

Where the matter to be consulted upon or requiring consent or approval of Bondholders or the change to the Terms and Conditions relates exclusively to one Series of Bonds, to the rights attaching to one such Series and/or the holder of one such Series, then the matter shall be discussed, resolved and voted upon at a meeting called solely for the holders of the relevant Series, and in such case all the provisions of this Section 6.12 or any other provision of the Prospectus relating to meetings of Bondholders shall apply 'mutatis mutandis' to such Series specific meeting and references therein to Bonds and Bondholders (including quorum and voting thresholds or majorities calculated by reference to a percentage of the nominal value of Bonds) shall be construed as references to the relevant Series of Bonds and to the holders thereof respectively.

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 6.12 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, 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.

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.

6.13 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 person whose name shall be inserted in the field entitled “Applicant” on the Application Form, 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.

6.14 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 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.

6.15 Authorisations and approvals

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors’ resolution passed on 22 February 2019. 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 22 February 2019.

6.16 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.

The Prospectus contains all relevant material information with respect to the Issuer and the Guarantor and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantor, their respective businesses and financial position, the omission of which would, in the context of the issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

6.17 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 that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

6.18 Governing law and jurisdiction

The Bonds, all the rights and obligations of the Bondholders and the Issuer and the Guarantor, 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 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 (in terms of the Guarantee) the Guarantor and each Bondholder therefore 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 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. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted but will not specify 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 unless the beneficiary is a non-resident of Malta. 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.

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. 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:	13 March 2019 to 27 March 2019
2	Commencement of interest:	27 March 2019
3	Expected date of constitution of special hypothecs on Security Property	3 April 2019
4	Expected date of notification of registration:	4 April 2019
5	Expected date of admission of Bonds to listing:	4 April 2019
6	Expected date of commencement of trading in the Bonds:	5 April 2019

The Issuer reserves the right to close the Offer Period earlier in the event of over-subscription, in which case the events set out in steps 3 onwards and the Issue Date may be brought forward. The events set out in steps 4 onwards and the Issue Date may also be brought forward in the event that the special hypothecs on Security Property is constituted before the date indicated above.

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 Guarantor on the one hand and the Security Trustee and Bondholders on the other.

- (a) The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List of the MSE; and (ii) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days of the close of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- (b) The Issuer has entered into Placement Agreements with the Authorised Financial Intermediaries for the subscription of the Bonds. Members of the general public who wish to subscribe for Bonds are to contact any of the Authorised Financial Intermediaries through whom they may participate in the Bond Issue. Investors may apply for the subscription of Bonds by submitting a duly completed Application Form for the relevant Series of Bonds in the Series-specific form set out in Annex I hereto to an Authorised Financial Intermediary. Applications may be lodged with any Authorised Financial Intermediary by not later than 12:00 hours on 27 March 2019.
- (c) By submitting a signed Application Form, the Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made that: (i) 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).
- (d) 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, acting through an Authorised Financial Intermediary, until which time the Application shall be irrevocable by the Applicant):

- (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 of or in connection therewith shall be subject to the exclusive jurisdiction of the courts of Malta, as provided in section 6.18 (“Governing law and jurisdiction”).
- (e) If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and 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 on their behalf. Such representative may be requested to submit the relative power of attorney/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 appear on the Application Form.
- (f) 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. Reference is made to Section 6.13 (“Bonds held jointly”).
- (g) In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. Reference is made to Section 6.8 (“Payments”) and Section 6.14 (“Bonds held subject to usufruct”). 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).
- (h) 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 Form 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 signing the Application Form 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.
- (i) 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.
- (j) No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- (k) It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or

other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

- (l) Subject to all other terms and conditions set out in the Prospectus, the Issuer, the Registrar and an Authorised Financial Intermediary reserve the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, 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 properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- (m) The Secured Bonds of each Series will be issued in multiples of €100. The minimum subscription amount of Secured Bonds of each Series that can be subscribed for by Applicants is €2,000. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. Submission of Application Forms must be accompanied by the full price of the Secured Bonds applied for, in Euro. Payment may be made either in cash or by cheque as required by the respective Authorised Financial Intermediary. In the event that any cheque accompanying an Application Form is not honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the relative Application Form.
- (n) In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for (and the Issuer and Authorised Financial Intermediaries reserve the right to do so in case of oversubscription or otherwise in their absolute discretion), the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five Business Days from the date of final allocation. The respective Authorised Financial Intermediary or the Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- (o) 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.
- (p) By completing and delivering an Application Form through an Authorised Financial Intermediary, the Applicant:
 - (i) irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (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 or the Authorised Financial Intermediary, at the respective address indicated in the Prospectus, or to the MSE at its registered office at the relevant time (currently situated at its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta). 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 Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, 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 Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, 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 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) 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;
- (viii) 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;
- (ix) 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;
- (x) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xi) 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;
- (xii) agrees that unless such Application is made with Calamatta Cuschieri Investment Services Limited as Authorised Financial Intermediary, Calamatta Cuschieri Investment Services Limited will not, in its capacity of Sponsor, treat the Applicant as its customer by virtue of such Applicant making an Application for the Bonds, and that Calamatta Cuschieri Investment Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- (xiii) 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 Form;
- (xiv) agrees that any returned monies including refund of all unapplied Application monies will be returned at the Applicant's risk and will be returned by direct credit into the bank account as specified in the Application Form;
- (xv) 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;
- (xvi) 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 the Guarantor, 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;

- (xvii) agrees that the terms and conditions of the Trust Deed, which is available for inspection as set out in Section 18 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 Bond Issue, including Series I Bonds and Series II Bonds, which has a total value of €22.5 million, will be distributed via the Authorised Financial Intermediaries mentioned in Annex II pursuant to the conditional Placement Agreements entered into with Issuer. The full amount of the Series I Bonds (€11.5 million) and of the Series II Bonds (€11 million) has been placed with such Authorised Financial Intermediaries. Accordingly, the Bond Issue has been fully placed with the Authorised Financial Intermediaries.

In terms of each Placement Agreement entered into with the Authorised Financial Intermediaries, the Issuer bound itself to issue, and such Authorised Financial Intermediaries bound themselves to subscribe for the Bonds, subject to the Bonds being admitted to trading on the Official List of the Malta Stock Exchange and the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed and to the satisfaction of other conditions stated therein.

In terms of the Placement Agreements, the Authorised Financial Intermediaries, may subscribe for Bonds for their own account (where applicable) or for the account of underlying customers, including retail customers, and shall in addition be entitled to either distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or instruct the Issuer and the Registrar to issue a portion of the Bonds subscribed by them directly to their underlying customers and/or submit Application Forms directly in the name of their underlying customers.

In each case, subscription amounts made by Applicants through Authorised Financial Intermediaries, including those made under nominee holdings, shall be in multiples of €100 Bonds, subject to a minimum subscription amount of €2,000 in Bonds by each individual Bondholder/underlying customer.

It is expected that an allotment advice will be dispatched to Applicants by the CSD shortly after listing of the Bonds. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

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

8.4 Placing agreements

The Issuer has entered into placement agreement/s with Authorised Financial Intermediaries for the placement of the Bonds.

In terms of the placement agreement/s, the Issuer is conditionally bound to issue, and the Authorised Financial Intermediary is conditionally bound to subscribe to, the number of Bonds indicated therein. Provided that the Bonds are admitted to listing on the Official list of the Malta Stock Exchange and the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed, and subject to other conditions set out in the Placement Agreements, the Bonds shall be fully subscribed to by the Authorised Financial Intermediaries. 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.

The overall amount of the placing commissions payable under the Placement Agreements is €225,000.

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 II hereto pursuant to the Placement Agreements entered into by them with the Issuer, details of which can be found in Section 8.4 above.

Subsequently, the Authorised Financial Intermediaries shall be responsible for the allocation of the Bonds amongst their respective Applicants. Such allocation shall at all times be subject to the minimum investment amount for the subscription of Bonds, set at €2,000 per underlying Applicant.

8.7 Admission to trading

The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 4 March 2019.

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 4 April 2019 and trading is expected to commence on 5 April 2019.

8.8 Additional Information

Except for the financial analysis summary set out as Annex IV, 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.

ANNEX I – SPECIMEN APPLICATION FORMS

Mercury Projects Finance plc

€11,500,000 3.75% Secured Bonds 2027

APPLICATION FORM

Application No. _____

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

A	APPLICANT (see notes 2 to 7)																				
	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Corporate <input type="checkbox"/> CIS																		
B	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">TITLE (Mr/Mrs/Ms/...)</td> <td colspan="2">FULL NAME & SURNAME / REGISTERED NAME</td> </tr> <tr> <td colspan="3">ADDRESS</td> </tr> <tr> <td colspan="2"></td> <td>POST CODE</td> </tr> <tr> <td>MSE A/C NO. (if applicable)</td> <td colspan="2">I.D. CARD / PASSPORT / COMPANY REG. NO.</td> </tr> <tr> <td>E-MAIL ADDRESS</td> <td>TEL NO.</td> <td>MOBILE NO.</td> </tr> <tr> <td>Already Registered for e-Portfolio <input type="checkbox"/></td> <td>Please register me for e-Portfolio <input type="checkbox"/></td> <td>Please do NOT register me for e-Portfolio <input type="checkbox"/></td> </tr> </table>			TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME / REGISTERED NAME		ADDRESS					POST CODE	MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.		E-MAIL ADDRESS	TEL NO.	MOBILE NO.	Already Registered for e-Portfolio <input type="checkbox"/>	Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME / REGISTERED NAME																				
ADDRESS																					
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Already Registered for e-Portfolio <input type="checkbox"/>	Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>																			
C	ADDITIONAL (JOINT) APPLICANTS (see note3) (please use additional application form if space is not sufficient)																				
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.																		
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.																		
D	MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4) (to be completed ONLY if the Applicant is a minor)																				
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.																		
	TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.																		
E	<p>I/We apply to purchase and acquire the amount set out below (see Notes 8 and 9)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"> AMOUNT IN FIGURES € </td> <td style="width: 60%;"> AMOUNT IN WORDS </td> </tr> </table> <p>In respect of a €11,500,000 3.75% Secured Bonds 2027 issued by Mercury Projects Finance plc (minimum of €2,000 in multiples of €100 thereafter) at the Bond Issue Price (at par) as defined in the Prospectus dated the 4th March 2019 (the "Prospectus") in terms of the Terms and Conditions as set out in the Prospectus.</p>			AMOUNT IN FIGURES €	AMOUNT IN WORDS																
AMOUNT IN FIGURES €	AMOUNT IN WORDS																				
F	RESIDENT - WITHHOLDING TAX DECLARATION (see note 9 & 10) (to be completed ONLY if the Applicant is a Resident of Malta)																				
	<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).																				
G	NON-RESIDENT DECLARATION FOR TAX PURPOSES (see Note 12) (to be completed ONLY if the Applicant is a Non-Resident)																				
	TAX COUNTRY	TOWN OF BIRTH																			
	T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH																			
	PASSPORT/NATIONAL I.D. CARD NUMBER	ISSUE DATE																			
	<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.																				
H	INTEREST, REFUND AND REDEMPTION MANDATE (see Note 11) (completion of this panel is mandatory)																				
	BANK	IBAN																			
	<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.</p> <table style="width: 100%;"> <tr> <td style="width: 33%; text-align: center;"> _____ Signature/s of Applicant/s (All parties are to sign in the case of a joint Application) </td> <td style="width: 33%; text-align: center;"> _____ Financial Intermediary </td> <td style="width: 33%; text-align: center;"> _____ _____ </td> </tr> </table>			_____ Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)	_____ Financial Intermediary	_____ _____															
_____ Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)	_____ Financial Intermediary	_____ _____																			
	FINANCIAL INTERMEDIARY'S STAMP		FINANCIAL INTERMEDIARY'S CODE																		

Notes on how to complete this Application Form and other information

1. The following is to be read in conjunction with the Prospectus dated 4 March 2019 regulating the Bond Issue. In particular this Application is governed by the Terms and Conditions of Application contained in Section 8.2 of the Securities Note dated 4 March 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).
Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B) will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form (in Panel B). Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. Application must be for a minimum of €2,000 and thereafter in multiples of €100. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Registrar – Mercury Projects Finance p.l.c.". In the event that the cheque accompanying the Application Form is not honored on the first presentation the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 7 of the Prospectus, unless the Issuer is otherwise instructed by a Bondholder, 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 a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. If any Application is not accepted, after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in the Application Form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
The contents of Notes 9, 10 and 12 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
13. The Offer Period will open on the 13 March 2019 and will close on the 27 March 2019. Completed Application Forms are to be delivered to the offices of any of the Authorised Financial Intermediaries listed in Annex II of the Securities Note by not later than 12:00 of 27 March 2019. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount committed in terms of the respective Placement Agreement as mentioned in Section 8.4 of the Securities Note by latest 12:00 on 27 March 2019. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer or its duly appointed agents including the CSD and the Registrar, or the Authorised Financial Intermediary through whom the Application Form is delivered may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. acknowledge that the Issuer or its duly appointed agents including the CSD and the Registrar, or the Authorised Financial Intermediary (as applicable) may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by them. Any such requests must be made in writing and addressed to the Issuer, its agents, the CSD, the Registrar or the Authorised Financial Intermediary (as applicable) at their respective address as mentioned in the Prospectus. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

A	APPLICANT (see notes 2 to 7)									
	<input type="checkbox"/> Non-Resident			<input type="checkbox"/> Minor (under 18)			<input type="checkbox"/> Corporate			<input type="checkbox"/> CIS
B	TITLE (Mr/Mrs/Ms/...)			FULL NAME & SURNAME / REGISTERED NAME						
	ADDRESS									
								POST CODE		
	MSE A/C NO. (if applicable)				I.D. CARD / PASSPORT / COMPANY REG. NO.					
	E-MAIL ADDRESS				TEL NO.			MOBILE NO.		
	Already Registered for e-Portfolio <input type="checkbox"/>			Please register me for e-Portfolio <input type="checkbox"/>			Please do NOT register me for e-Portfolio <input type="checkbox"/>			
C	ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use additional application form if space is not sufficient)									
	TITLE (Mr/Mrs/Ms/..)			FULL NAME & SURNAME				I.D. CARD / PASSPORT NO.		
D	MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4) (to be completed ONLY if the Applicant is a minor)									
	TITLE (Mr/Mrs/Ms/..)			FULL NAME & SURNAME				I.D. CARD / PASSPORT NO.		
E	I/We apply to purchase and acquire the amount set out below (see Notes 8 and 9)									
	AMOUNT IN FIGURES €				AMOUNT IN WORDS					
F	In respect of a €11,000,000 4.25% Secured Bonds 2031 issued by Mercury Projects Finance plc (minimum of €2,000 in multiples of €100 thereafter) at the Bond Issue Price (at par) as defined in the Prospectus dated the 4 March 2019 (the "Prospectus") in terms of the Terms and Conditions as set out in the Prospectus.									
	RESIDENT - WITHHOLDING TAX DECLARATION (see note 10) (to be completed ONLY if the Applicant is a Resident of Malta)									
	<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).									
G	NON-RESIDENT DECLARATION FOR TAX PURPOSES (see Note 12) (to be completed ONLY if the Applicant is a Non-Resident)									
	TAX COUNTRY				TOWN OF BIRTH					
	T.I.N. (Tax Identification Number)				COUNTRY OF BIRTH					
	PASSPORT/NATIONAL I.D. CARD NUMBER				ISSUE DATE					
	<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.									
H	INTEREST, REFUND AND REDEMPTION MANDATE (see Note 11) (completion of this panel is mandatory)									
	BANK			IBAN						
I	I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.									
<div>Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)</div> <div>Financial Intermediary</div>										
FINANCIAL INTERMEDIARY'S STAMP					FINANCIAL INTERMEDIARY'S CODE					

Notes on how to complete this Application Form and other information

1. The following is to be read in conjunction with the Prospectus dated 4 March 2019 regulating the Bond Issue. In particular this Application is governed by the Terms and Conditions of Application contained in Section 8.2 of the Securities Note dated 4 March 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).
Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B) will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form (in Panel B). Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. Application must be for a minimum of €2,000 and thereafter in multiples of €100. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Registrar – Mercury Projects Finance plc". In the event that the cheque accompanying the Application Form is not honored on the first presentation the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 7 of the Prospectus, unless the Issuer is otherwise instructed by a Bondholder, 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 a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. If any Application is not accepted, after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in the Application Form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
The contents of Notes 9, 10 and 12 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
13. The Offer Period will open on the 13 March 2019 and will close on the 27 March 2019. Completed Application Forms are to be delivered to the offices of any of the Authorised Financial Intermediaries listed in Annex ii of the Securities Note by not later than 12:00 of 27 March 2019. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount committed in terms of the respective Placement Agreement as mentioned in Section 8.4 of the Securities Note by latest 12:00 on 27 March 2019. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer or its duly appointed agents including the CSD and the Registrar, or the Authorised Financial Intermediary through whom the Application Form is delivered may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. acknowledge that the Issuer or its duly appointed agents including the CSD and the Registrar, or the Authorised Financial Intermediary (as applicable) may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the. Any such requests must be made in writing and addressed to the Issuer, its agents, the CSD, the Registrar or the Authorised Financial Intermediary (as applicable) at their respective address as mentioned in the Prospectus. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES

- **Calamatta Cuschieri Investment Services Limited**
Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta
Tel: 25688130

ANNEX III – GUARANTEE

THIS GUARANTEE and INDEMNITY AGREEMENT is dated 4 March 2019 and made between:

- (i) **Mercury Towers Limited**, a company incorporated under the laws of Malta with registration number C77402 and whose registered office is at 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 €22,500,000 Secured Bonds, consisting of up to €11,500,000 Bonds at an annual interest rate of 3.75% to be redeemed and finally repaid on 27 March 2027 (the **“Series I Bonds”**) and up to €11,000,000 Bonds at an annual interest rate of 4.25% to be redeemed and finally repaid on 27 March 2031 (the **“Series II Bonds”**) and together with the Series I Bonds referred to as the **“Secured Bonds”**) by virtue of, and subject to the terms and conditions of, a prospectus dated 4 March 2019 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.

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 €22,500,000 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 which shall be additional to the maximum sum herein stated.

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 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 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 or any other person liable for the Indebtedness;
- (b) demand or accept repayment, in whole or in part, of any Indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness 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 or any other person liable for the Indebtedness arising pursuant to the Guarantee or any payment made by the Guarantor thereunder;
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness;

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 and any other person who may be liable for the Indebtedness, including any co-guarantors, 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, save for any other priority and preference created by virtue of the Deed of Hypothec, 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: 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 Limited (Guarantor)**

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

ANNEX IV – FINANCIAL ANALYSIS SUMMARY

FINANCIAL ANALYSIS SUMMARY
Mercury Projects Finance p.l.c.
4th March 2019

The Directors
Mercury Projects Finance p.l.c.,
J Portelli Projects,
1400, Block 14, Portomaso,
St. Julian's, PTA 9044, Malta

4th March 2019

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the Listing Authority 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"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the period ending 31 December 2017 has been extracted from the audited financial statements of Mercury Towers Ltd for the financial period 28 September 2016 to 31 December 2017.

(b) The forecast data for the current financial year 2018 and 2019 have been provided by management.

(c) Our commentary on the Issuer and Guarantor's results and financial position is based on the explanations set out by the Issuer in the Prospectus and Listing Authority Policies.

(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 competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,



Nick Calamatta

Table of Contents

<i>Part 1 - Information about the Group</i>	<i>1</i>
1.1 Issuer and Guarantor's Key Activities and Structure	1
1.2 Directors and Key Employees	2
1.3 Major Assets owned by the Group	3
1.4 Operational Developments	4
<i>Part 2 – Historical Performance and Forecasts</i>	<i>6</i>
2.1 Issuer Projected Statement of Comprehensive Income	6
2.2 Issuer Projected Statement of Financial Position	7
2.3 Issuer Projected Statement of Cash Flows	8
2.4 Guarantor's Statement of Comprehensive Income	9
2.5 Guarantor's Statement of Financial Position	10
2.6 Guarantor's Statement of Cash Flows	12
2.7 Summary and Ratio Analysis	13
<i>Part 3 – Key Market and Competitor Data</i>	<i>15</i>
3.1 General Market Conditions	15
3.2 Comparative Analysis	17
<i>Part 4 - Glossary and Definitions</i>	<i>19</i>

Part 1 - Information about the Group

1.1 Issuer and Guarantor's Key Activities and Structure

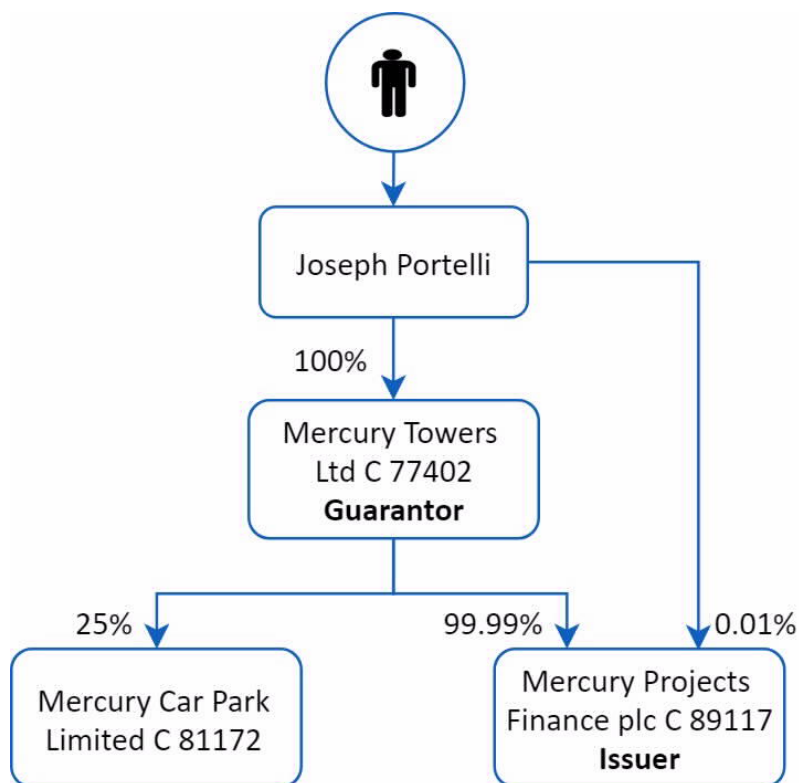
The "Group" of companies consists of the Issuer, the Guarantor and Mercury Car Park Limited.

The Issuer, Mercury Projects Finance plc, 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 held by Mr Joseph Portelli, a wholly owned subsidiary of the Guarantor, which latter entity 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, 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 measuring c. 7,702 sqm, which it acquired on a freehold title over two stages, in December 2016 and June 2017 respectively. The land is earmarked for the construction, development and operation of mixed use development project (the "Project") comprising, amongst others, a tower (incl. apartments), a boutique hotel, retail and commercial activity, as well as an underlying car park. In February 2018, the Planning Authority approved the Group's plans for the above-mentioned development, and issued a development permit for the Project.

The authorised and issued share capital of the Guarantor is €500,000 divided into 500,000 ordinary shares having a nominal value of €1 each. As from 20 December 2018, Mr. Joseph Portelli became the sole shareholder of the Guarantor. Originally, Mr. Joseph Portelli and BB Investments Limited, a company wholly owned by Mr. Adrian Buttigieg, equally owned the Guarantor. Subsequently on 20 December 2018, Mr. Portelli acquired the 250,000 ordinary shares held by Mr. Buttigieg in the Guarantor.

The Group structure is as follows:



1.2 Directors and Key Employees

Board of Directors - Issuer

As at the date of the prospectus, the Issuer is constituted by the following persons:

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

The business address of all of the directors is the registered office of the Issuer. Refer to section 7 of the registration document for the curriculum vitae of the directors. Dr. Joseph Saliba is the company secretary of the Issuer.

Board of Directors – Guarantor

As at the date of the prospectus, the Guarantor is constituted by the following persons:

Name	Office Designation
Joseph Portelli	Executive Director

The business address of the director is the registered office of the Issuer. Refer to section 7 of the registration document for the curriculum vitae of the directors. 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 hotel operations. Other members of the Group's management team, apart from the two executive directors are; Silvan Mizzi who acts as the Guarantor's and the Group's Chief Financial Officer, and Lorraine Ellul Bonavia, who is responsible for the general legal and administrative affairs of the Guarantor and the Group.

As at the date of the prospectus, the Issuer does not have any employees of its own and the Group has two full-time employees.

1.3 Major Assets owned by the Group

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company.

The Group is currently principally involved in the real estate sector, with a view of entering the hospitality and leisure sector in the near future. The Guarantor owns land in the heart of St. Julian's measuring c. 7,702 sqm, which it acquired on a freehold title over two stages, in December 2016 and June 2017 respectively. The land is earmarked for the construction, development and operation of mixed use development project (the "Project") comprising, amongst others, a tower (incl. apartments), a boutique hotel, retail and commercial activity, as well as an underlying car park. In February 2018, the Planning Authority approved the Group's plans for the above-mentioned development, and issued a development permit for the Project.

Mercury Car Park Limited in which the Group holds a 25% equity interest, owns and will operate the car park, which is part of the Project and will give access to over 400 parking spaces situated on levels -3 to -6 of the property.

The major asset of the Group is comprised of the land in St Julians, which is owned by the Guarantor and has been classified as “investment property” and “property held for resale” in the following table:

Asset	Balance as at 31 December 2017	Balance as at 30 June 2018
Investment Property	€9.4 million	€10.9 million
Property held for resale	€21.1 million	€21.2 million
Investment in Mercury Car Parks Limited (25%)	n/a	€0.01 million

1.4 Operational Developments

The Group was set up in view and for the purposes of, and will principally operate by reference to, the Project. The Group has a limited operational history and is of recent origin, with the longest existing member of the Group being the Guarantor, set up in September 2016, and the Issuer being a newly set up subsidiary of such Guarantor. Albeit, 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 and entertainment projects and outlets.

As intimated above the mercury site was acquired in two stages, for the total price of €24.3 million. The first acquisition in December 2016 was made for the total price of €17.4 million and was mainly financed through the deposits received by the Guarantor on the preliminary agreements for the sale of airspaces for development of apartments within the Tower. The second acquisition was made on June 2017 for the price of €6.8 million, excluding the interest accrued on the payments due between the first and second deed amounting to €305,385, which were financed through a bank loan advanced to the Guarantor.

The Project is designed by internationally renowned architectural firm Zaha Hadid Architects and is one of the final projects signed off by Zaha Hadid herself. The Project was awarded full development permit by the Malta Planning Authority on 7 February 2018 – REF. Planning Authority Permit PA 06955/17.

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 will be flanked by a 31-storey Tower as well as 2 underground storeys with a boutique hotel situated in its podium and in parts of the said Tower, and will also be serviced by an underlying 4-storey car parking facility.

The following are the main featural highlights of the Project:

Tower

The Tower is going to be spread over 31-stories above ground level, and 6-stories underground, four of which are designated as parking spaces. The Gross floor area of the tower (excluding parking spaces) is of 19,754 square meters. The tower will mainly consist of 275 branded serviced apartments, the majority of which are intended for sale to third parties (most of these have already been concluded subject to preliminary agreements), although some of these are intended to be retained by the Guarantor. Predominantly the uppermost level, which is intended to be used as part of the hotel accommodation pooling arrangement explained below, and levels 10 to 12 and -2 to 2 thereof, which are allocated to be used as an integral part of the Hotel and its amenities.

The owners of the apartments 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. Also, to be operated as part of the Hotel, who will therefore let these to the Guarantor for pre-agreed periods under a pre-agreed rental consideration arrangement.

Hotel

Another major element of the Project will be a 5-star branded hotel, consisting of a 52-room stand-alone building at the podium of the Tower and connected and joined to such Tower, and extending into levels -2 to 2 and 10 to 12 of the said Tower. Its accommodation capacity will extend by virtue of the serviced apartments whose owners sign up to the hotel accommodation pooling arrangement mentioned above.

The Hotel will be owned and operated by the Guarantor which has entered into a hotel management agreement dated 14 August 2018 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.

Commercial Outlets

The Project will also comprise a mix of retail and catering outlets, situated across the open large piazza onto which the Tower and the Hotel will abut. It is currently planned that the commercial outlets will consist of nine shops with a total floor area exceeding 1,120 square meters and four catering establishments with a total floor area exceeding 1,500 square meters, although such plans may change from time to time by joining or further splitting such elements or otherwise.

Open areas and amenities

The buildings will be located around several open and landscaped areas, including piazzas, which will occupy approximately half of the total floor area. Moreover, the entire complex will sit on and be serviced by a four-storey underground car park with over 400 parking spaces, which are generally meant for use by owners and users of the various components of the Project and the public. As noted earlier, the car park will be owned and operated by a company separate from the Group (albeit partly owned by the Guarantor).

Part 2 – Historical Performance and Forecasts

The Issuer was incorporated on 16 January 2019 and, accordingly, has no trading record or history of operations. Furthermore, the Issuer itself 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. For the purpose of this document, the focus is on a review of the performance of the Guarantor, which constitutes the entire group of companies. The Guarantor's historical financial information for the period ended 31 December 2017, as audited by KPMG, is set out in the audited consolidated financial statements of the Guarantor. Forecasts are based on management projections.

2.1 Issuer Projected Statement of Comprehensive Income

Projected Statement of Comprehensive Income	2018F	2019P
	€000s	€000s
Finance income	-	920
Finance costs	-	(860)
Administrative expenses	-	(51)
Profit before tax	-	9
Taxation	-	(16)
Profit after tax	-	(7)

The Issuer is projected to incur a loss in the financial period ending 2019 as the taxation expenses will be higher than the profit before tax. Finance costs represents the interest charge on the bond issue and finance income relates to a spread charged over the Issuer's effective coupon rate (covering the amortisation of bond issue costs).

2.2 Issuer Projected Statement of Financial Position

Projected Statement of Financial Position	2018F	2019P
	€000s	€000s
Assets		
Non-current assets		
Loans and receivables	-	22,050
Deferred tax asset	-	-
	-	22,050
Current assets		
Accrued income	-	920
Cash and cash equivalents	-	207
	-	1,127
Total Assets	-	23,177
Equity and liabilities		
Share capital	-	250
Retained earnings	-	(7)
Total equity	-	243
Non-current liabilities		
Amortised bond issue	-	22,086
Current liabilities		
Trade and other payables	-	9
Accrued bond interest	-	824
Current tax liability	-	16
	-	848
Total liabilities	-	22,934
Total Equity & Liabilities	-	23,177

The Issuer's major asset shall comprise the loans advanced to its parent company. The major liability shall comprise of Series I Bond and Series II Bond, on which a coupon rate of 3.75% and 4.25% is payable to bond holders annually respectively.

As the newly incorporated financing arm of the Group, the gearing levels (Total Liabilities / Total Assets) of Mercury Projects Finance plc are projected at 99.0% as at 31 December 2019. The Issuer's gearing levels are projected to decrease marginally thereafter, up until redemption of the Series II Bond in 2030.

2.3 Issuer Projected Statement of Cash Flows

Projected Statement of Cash Flows	2018F	2019P
	€000s	€000s
Cash flows from operating activities		
EBITDA	-	(51)
Movement in trade and other payables	-	8
Net cash used in operating activities	-	(43)
Cash flows from investing activities		
<u>Loans and receivables</u>		
Advances to Mercury Towers Ltd	-	(22,050)
Interest received	-	-
Net cash used in investing activities	-	(22,050)
Cash flows from financing activities		
Equity injections / contributions	-	250
<u>Bond</u>		
Net proceeds	-	22,050
Interest paid	-	-
Net cash generated from/(used in) financing activities	-	22,300
Net movements in cash and cash equivalents	-	207
Opening cash and cash equivalents	-	-
Closing cash and cash equivalents	-	207

The net cash generated from operating activities represents the net finance margin between the Issuer's coupon expenses and interest charged to its fellow subsidiaries, the administration expenses, the taxation paid on the Issuer's profit, and the one time movement representing the projected increase in trade and other payables.

The net cash flows from investing and financing activities reflect the two bond issues amounting to €11 million and €11.5 million, net of €0.45 million issue costs, and its distribution between the Group's subsidiaries. The projections also include the €0.25m of share capital, issued and fully paid upon the setting up of Mercury Projects Finance plc on 16 January 2019.

The issuer is projected to have an average interest cover ratio (Finance Income / Finance Costs) 1.07x in 2019, representing the margin from the inter-company loan given by the Issuer to the Guarantor over the life of the bonds.

2.4 Guarantor's Statement of Comprehensive Income

The Guarantor, Mercury Towers Ltd was recently incorporated on 28 September 2016 and hence only one set of audited unconsolidated financial statements for the period ended 31 December 2017 is available. Consequently, we have presented the historical performance for the period ended 31 December 2017 compared with the projected performance for the years ending 31 December 2018 and 31 December 2019 in the following financial performance.

Statement of Comprehensive Income	2017 Audited	2018 Forecast	2019 Projected
	€000s	€000s	€000s
Revenue	1,300	4,693	26,205
Cost of sales	(1,300)	(3,158)	(15,593)
Gross profit	-	1,535	10,612
Other operating income	8	-	-
Administrative and operating costs	(51)	(434)	(2,220)
EBITDA	(43)	1,101	8,392
Depreciation	-	-	(3)
EBIT	(43)	1,101	8,389
Finance costs	(115)	(150)	(164)
Loss/(Profit) before taxes	(158)	951	8,225
Taxation	-	(375)	(2,079)
Loss/(Profit) for the period/year	(158)	576	6,146

Revenue which amounted to €1.3 million in 2017, was netted off with cost of sales representing the cost to acquire the Car Park Site, as part of the mercury site acquisition, and the subsequent sale of the said car park to TTRS Holdings Limited. TTRS Holdings Limited was subsequently acquired by amalgamation by the company Mercury Car Park Limited.

Administrative expenses for 2017 amounted to €51,000, which largely comprised of bank charges (€30,000) incurred in connection with a bank facility of €7.2 million that was utilised to part-finance the acquisition of the land in 2017, as well as legal and professional fees (€20,000). Whilst the Guarantor had no employees during the period under consideration, the Guarantor's sole shareholder, namely Mr Joseph Portelli, was heavily involved in day-to-day operations. During July 2018, two full-time equivalents were employed to handle administrative and finance related tasks for the Guarantor.

The land acquired by Mercury Towers Ltd is earmarked for the development of hospitality and commercial activity (which is classified as "property, plant and equipment"), as well as apartment units for-resale (classified as "inventory held for sale"). In this respect, the portion of finance costs pertaining to property, plant and equipment has been capitalised by the Guarantor whilst the finance costs pertaining to inventory held for re-sale has been expensed accordingly.

EBITDA for 2018 and 2019 originates from the sale of airspace pertaining to the apartment units. It is important to note that revenue is recognised upon the signing of a contract of sale with a counterparty "Potential Purchaser", where €4.5 million (96.4% of total revenue) and €23.5 million (89.5% of total revenue) of the revenue levels for 2018 and 2019 respectively, relate to units that are subject to a promise of sale agreement as at 31 May 2018.

2.5 Guarantor's Statement of Financial Position

Statement of Financial Position	2017 Audited	2018 Forecast	2019 Projected
	€000s	€000s	€000s
Assets			
Non-current assets			
Property, plant and equipment	-	13,596	26,671
Investment property	9,374	1,674	1,852
Investment in associate	-	2	1,302
Deferred tax asset	-	-	33
	9,374	15,272	29,857
Current assets			
Inventory of units held for resale	21,114	20,751	5,681
Trade and other receivables	1,532	1,603	285
Cash and cash equivalents	69	377	7,836
	22,715	22,732	13,803
Total Assets	32,089	38,004	43,660
Equity and liabilities			
Share capital	500	500	500
Retained earnings	(158)	296	6,442
Total equity	342	796	6,942
Non-current liabilities			
Borrowings	5,900	-	-
Amortised bond issue	-	-	22,086
	5,900	-	22,086
Current liabilities			
Borrowings	1,244	5,659	-
Trade and other payables	24,603	11,668	12,190
Deposits held on account	-	19,872	1,594
Accrued bond interest	-	8	831
Current tax liability	-	-	16
	25,847	37,208	14,632
Total liabilities	31,747	37,208	36,718
Total equity & liabilities	32,089	38,004	43,660

The Guarantor's main asset comprises of land held for development, which is currently still in its development phase. In view of this, the Guarantor's operating activity since its date of incorporation has been limited. Total assets stood at €32.0 million as at 31 December 2017, of which €30.4 million represented the cost of land. The portion of land earmarked for hospitality and commercial activity (*which is classified as investment property and hence a non-current asset*) stood at €9.4 million, whilst the portion earmarked for the development of apartment units (*which is classified as inventory and hence a current asset*) amounted to €21.0 million. The remaining asset balance of €1.6 million largely comprises of amounts receivable from Mercury Car Park Limited of €1.3m, which relates to the acquisition of airspace pertaining to the car park.

The acquisition of the land was financed through a combination of bank finance and shareholder funding, as well as through the deposits received from the potential purchasers of apartment units within the tower. In this respect, total liabilities amounted to €31.7 million as at 31 December 2017, of which €7.2 million comprises of bank borrowings and €21.7 million relates to the deposits received from potential purchasers of apartment units.

Total equity amounted to €342,000 as at 31 December 2017, comprising of share capital of €500,000 and accumulated losses of €158,000, the latter reflective of the fact that the Guarantor is still in its construction and development phase.

Property, plant and equipment incorporates:

- the land component pertaining to the hotel;
- development costs incurred on the hotel;
- ongoing capital expenditure requirements envisaged in operational period.
-

The above-mentioned components pertaining to the commercial/retail units, which shall be leased out to third party tenants, is duly recognised as investment property.

Similarly, inventory of units held for sale represents the cost of units acquired from Mercury Contracting Projects Limited, being a related party to the Group, in completed form (i.e. since the properties had been unsold as at the date of construction together with the apportionment of the cost of land pertaining to the airspace of the said units, as a result of which the Guarantor was not in a position to sell airspace to third parties). These units are also projected to have been completely sold by the end of 2020.

2.6 Guarantor's Statement of Cash Flows

Statement of Cash Flows	2017 Audited	2018 Forecast	2019 Projected
	€000s	€000s	€000s
Cash flows from operating activities			
EBITDA	(43)	1,101	8,392
Movement in inventory	(21,114)	287	15,071
Movement in trade and other receivables	(1,533)	2,144	18
Movement in trade and other payables	24,603	11,043	522
Movement in deposits	-	(8,004)	(18,278)
Taxation paid	-	(375)	(2,097)
Net cash generated from operating activities	1,913	6,196	3,628
Cash flows from investing activities			
Capital expenditure (incl. capital interest)	(9,374)	(5,075)	(12,519)
Net cash used in investing activities	(9,374)	(5,075)	(12,519)
Cash flows from financing activities			
Issue of shares	1	-	-
Advances by shareholder	499	-	-
Movements in bank loan	7,144		
Repayments	-	(1,358)	(5,659)
Interest paid	(115)	(143)	(40)
Net proceeds from the bond	-	-	22,050
Net cash generated from/(used in) financing activities	7,529	(1,501)	16,351
Net movements in cash and cash equivalents	69	(380)	7,459
Opening cash and cash equivalents	-	757	377
Closing cash and cash equivalents	69	377	7,836

The Group experienced an inflow of cash from operating activities, which is the net result of the movements of working capital for the period ended 31 December 2017. As intimated above the cash outflow from inventory and trade and other receivables represents the expenditure incurred on the portion of land that is earmarked for the development of apartment units and the receivable from Mercury Car Park Limited in connection to the transfer of airspace pertaining to the car park respectively. The cash inflow from trade and other payables represents the deposits received from the potential purchasers of apartment units.

In 2017, Cash used in investing activities represents the outflow on the portion of land earmarked for hospitality and commercial activity which stood at €9.4 million. Cash generated from financing activities represents the proceeds received from the bank loan. Cash used in investing activities comprises of capital expenditure, which takes into account capitalised interest, in accordance with the requirements of "IAS23: Borrowings costs".

Repayments amounting to €5.7 million of bank borrowings in 2019, reflects €5.7 million repaid using the net proceeds from the bond issue.

2.7 Summary and Ratio Analysis

Guarantor	2017 Audited	2018 Forecast	2019 Projected
	€000s	€000s	€000s
Income Statement			
Revenue	1,300	4,693	26,205
<i>Growth in Revenue (YoY Revenue Growth)</i>	n/a	261.0%	458.4%
Operating Income (EBIT)	(43)	1,101	8,389
<i>Operating Margin (EBIT / Revenue)</i>	-3.3%	23.5%	32.0%
EBITDA	(43)	1,101	8,392
Net Income	(158)	576	6,146
<i>Net Margin (Net Income / Revenue)</i>	-12.2%	12.3%	23.5%
Balance Sheet			
Cash and Cash Equivalents	69	377	7,836
Total Current Assets	22,715	22,732	13,803
Total Non-Current Assets	9,374	15,272	29,857
Total Assets	32,089	38,004	43,660
Total Current Liabilities	25,847	37,208	14,632
Total Non-Current Liabilities	5,900	0	22,086
Total Debt	7,144	5,659	22,086
Total Equity	342	796	6,942
Net Debt	7,075	5,282	14,250
Cashflow Statement			
Cash from Operations	1,798	6,053	3,588
Capex	9,374	5,075	12,519
Free Cash Flow	(7,576)	978	(8,931)
Ratios			
Profitability			
Return on Common Equity (Net Income / Total Equity)	-46.2%	101.2%	158.9%
Return on Assets (Net Income / Total Assets)	-0.5%	1.5%	14.1%
EPS (Net Income / No of Shares)	(0.32)	1.15	12.29
Solvency			
Gearing 1 (Net Debt / Total Equity)	2068.7%	663.5%	205.3%
Gearing 2 (Total Liabilities / Total Assets)	98.9%	97.9%	84.1%
Net Debt / EBIT	(164.5)x	4.8x	1.7x
Current Ratio (Current Assets / Current Liabilities)	0.9x	0.6x	0.9x
Net Debt / CFO	3.9x	0.9x	4.0x
Interest Coverage (EBITDA / Interest Paid) ¹	(0.4)x	7.7x	209.8x

¹ A portion of bond interest in the construction and development phase has been capitalised in accordance with the requirements of "IAS23: Borrowings costs"

Issuer	2018 Forecast	2019 Projected
	€000s	€000s
Income Statement		
Revenue	n/a	920
Net Income	n/a	(7)
<i>Net Margin (Net Income / Revenue)</i>	n/a	-0.8%
Balance Sheet		
Cash and Cash Equivalents	n/a	207
Total Assets	n/a	23,177
Total Debt	n/a	22,086
Total Equity	n/a	243
Net Debt	n/a	21,879
Cashflow Statement		
Cash from Operations	n/a	(43)
Ratios		
<i>Solvency</i>		
<i>Net Debt / Assets</i>	n/a	94.4%
<i>Interest Coverage (Finance Income / Finance Costs)</i>	n/a	1.1

Part 3 – Key Market and Competitor Data

3.1 General Market Conditions

The Group 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 and their profitable operation. 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 Group's planning during development, this shall have an adverse impact on the financial condition of the Group and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

Economic Update²

While remaining strong, the pace of economic expansion in Malta slowed down marginally in the first quarter of 2018. The Bank's Business Conditions Index also moderated, though it continued to signal above-average economic conditions.

Real gross domestic product (GDP) rose by 4.4% in annual terms, following an increase of 4.6% in the preceding quarter. Economic growth was driven by net exports. In contrast, domestic demand contracted as a decrease in investment offset growth in government and private consumption, while effect of changes in inventories on economic activity was minimal.

The moderation in GDP growth reflected that in potential output, which is estimated to have decelerated from 5.1% in the last quarter of 2017, to 4.5% in the quarter under review. The Bank's measure of the output gap indicates that the extent of overutilization of the economy's productive capacity has decreased from the high levels recorded in 2015 and 2016, but remains close to the level prevailing in 2017.

Price pressures remained moderate, with annual inflation based on the Harmonised Index of Consumer Prices (HICP) remaining unchanged at 1.3% in March compared with December. Services inflation remained the main contributor to overall inflation. Nonetheless, inflation in this subcomponent eased, as did energy inflation. Meanwhile, food inflation remained broadly unchanged, while inflation in non-energy industrial goods (NEIG) picked-up. The Bank's estimate of core inflation, which excludes the more volatile components, stood slightly below the headline figure in March, at 1.1%.

In 2019, real GDP growth is projected to moderate further to 4.8%. Private consumption is projected to remain the main driver of growth, while investment is expected to increase mainly on the back of the construction sector. Net exports are expected to contribute only modestly to GDP growth, as domestic demand fuels imports.

Hospitality³

² Central Bank of Malta – Quarterly Review No.3 2018

In the first quarter of 2018, activity in the tourism sector remained strong, in line with developments observed in previous quarters. Inbound tourists, nights stayed in Malta and expenditure all increased at double-digit rates in annual terms.

The number of inbound tourists rose by 18.8% compared with the same period a year earlier, reaching 414,400. Tourists visiting Malta for leisure purposes continued to be the drivers behind this increase, as those travelling for business purposes and other motives declined on a year earlier.

In the three months to March, the number of nights that tourists spent in Malta totalled 2.7 million, representing an increase of 18.4% on the corresponding period of 2017. In annual terms, nights spent in private accommodation registered a rise of 27.6% while those in collective accommodation increased by 13.5%.

Meanwhile, tourist expenditure in Malta increased by 14.4% on a year earlier, reaching €271.5 million. In absolute terms, spending on package and non-package holidays increased by broadly the same amount. Both categories recorded strong increases of 24.7% and 20.2% respectively, in annual terms. The “other” component of tourism expenditure increased, by a more modest 3.2%.

As tourist expenditure increased at a slower pace compared with arrivals, expenditure per capita decreased to €655, from €680 in the first quarter of 2017. Meanwhile, the average length of stay remained unchanged at 6.5 nights, whereas expenditure per night fell from €104.64 to €101.13.

The NSO's Property Price Index increased at a slightly faster pace during the first quarter of 2018. The index, which is based on actual transactions involving apartments, maisonettes and terraced houses, increased by 5.2% on a year earlier, after rising by 4.9% in the fourth quarter of 2017. For quarter three of 2018, the rate of increase in Malta was slightly higher than that registered in the euro area, which stood at 4.5%.

³ Central Bank of Malta – Quarterly Review No.3 2018

3.2 Comparative Analysis

The purpose of the table below compares the proposed debt issuance of the group to other debt instruments with similar duration. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

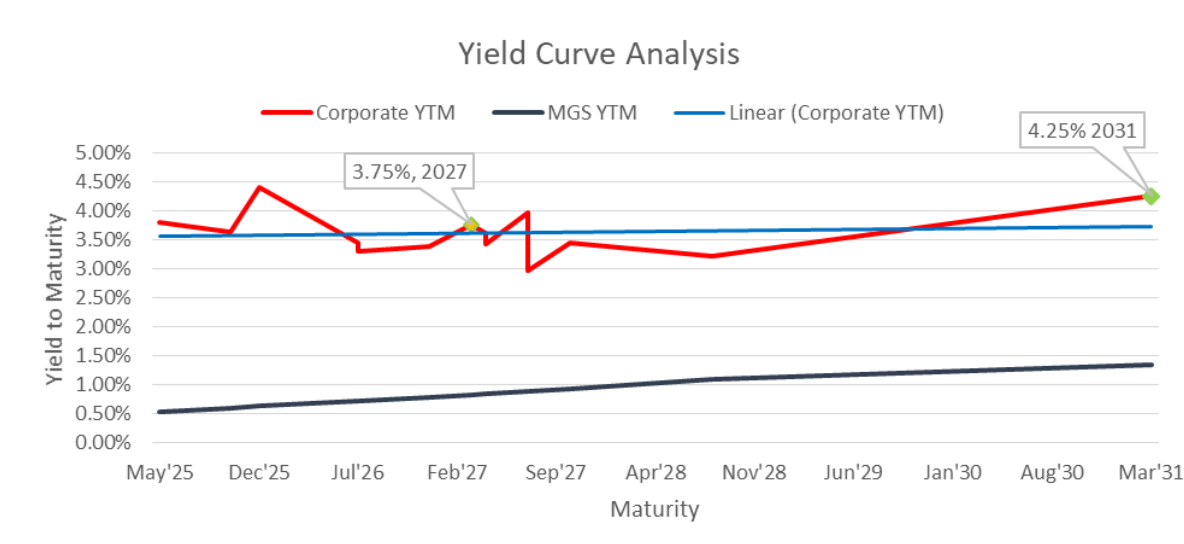
Security	Nom Value	Last Price*	Yield to Maturity*	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Total Equity	Net Debt / EBIT	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's		(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
5.75% International Hotel Investments plc Unsecured € 2025	45,000	110.58	4.61%	3.1	1,602.3	884.6	44.8%	57.1%	15.1	1.5	1.9%	6.1%	53.5%
4.5% Hili Properties plc Unsecured € 2025	37,000	105.00	3.82%	1.2	135.9	38.4	71.8%	232.8%	20.4	0.5	10.1%	53.1%	30.9%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000	105.00	4.19%	1.8	28.6	15.9	44.2%	67.9%	13.4	8.6	-1.1%	-43.7%	47.1%
4% MIDI plc Secured € 2026	50,000	103.50	3.40%	(.5)	235.3	86.6	63.2%	64.7%	(20.1)	2.4	27.0%	n/a	-46.5%
4% International Hotel Investments plc Secured € 2026	55,000	104.50	3.26%	3.1	1,602.3	884.6	44.8%	57.1%	15.1	1.5	1.9%	6.1%	53.5%
4% International Hotel Investments plc Unsecured € 2026	40,000	104.10	3.57%	3.1	1,602.3	884.6	44.8%	57.1%	15.1	1.5	1.9%	6.1%	53.5%
3.75% Mercury Projects Finance plc Secured € 2027 **	11,500	100.00	3.75%	7.7	38.0	0.8	97.9%	663.5%	4.8	0.6	101.2%	12.3%	261.0%
4.35% SD Finance plc Unsecured € 2027	65,000	105.10	3.80%	5.5	217.6	65.7	69.8%	92.1%	4.9	0.3	11.0%	14.5%	9.3%
4% Eden Finance plc Unsecured € 2027	40,000	104.00	3.31%	4.5	169.9	90.2	46.9%	57.5%	9.7	0.7	3.1%	7.8%	16.6%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	103.00	3.98%	1.8	28.6	15.9	44.2%	67.9%	13.4	8.6	-1.1%	-43.7%	47.1%
3.75% Tumas Investments plc Unsecured € 2027	25,000	105.75	3.10%	10.1	198.8	89.2	55.1%	51.8%	2.7	1.6	13.0%	20.1%	31.4%
4% Stivala Group Finance plc Secured € 2027	45,000	104.05	3.28%	9.5	179.7	145.1	19.3%	7.5%	2.8	1.6	76.5%	483.9%	6595.4%
4% Exalco Finance plc Secured € 2028	15,000	106.25	3.33%	3.7	55.4	35.5	36.0%	31.8%	6.3	0.3	9.4%	33.6%	24.7%
4.25% Mercury Projects Finance plc Secured € 2031 **	11,000	100.00	4.25%	7.7	38.0	0.8	97.9%	663.5%	4.8	0.6	101.2%	12.3%	261.0%
Average of Comparables **			3.64%	3.9	504.7	269.7	48.7%	70.4%	8.2	2.4	12.8%	49.5%	576.4%

Source: Audited financial statements, 2017

*as at 18/02/2019

** Mercury comparables relate to the Group forecast performance for 2018.

*** Average of comparables exclude the performance of Mercury.



As at 18 February 2019, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 9 years was 266 basis points. The new 2027 Mercury bond is being priced with a 3.75% coupon issued at par, meaning a spread of 293 basis points over the equivalent MGS, and therefore at a premium to the average on the market.

As at 18 February 2019, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 10-12 years was 252 basis points. The new 2031 Mercury bond is being priced with a 4.25% coupon issued at par, meaning a spread of 290 basis points over the equivalent MGS, and therefore at a premium to the average on the market.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, that is, from its real estate development and hotel operations
Operating Expenses	Operating expenses include the cost of real estate developments and hotel operations
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Profit before Tax (PBT)	Profit before tax is the profit achieved during the financial year after deducting all relevant expenses including interest expenses. This however does not include tax expense.
Earnings per share (EPS)	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date
Efficiency	
Return on Common Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by the average shareholders' equity of two year's financial performance.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
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 Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Current assets are all assets of the Company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.

Current liabilities	All liabilities payable by the Company within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Total debt of a company less cash and cash equivalents.
Non-current liabilities	The Company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current 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 a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's cash interest paid of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets.
Gearing ratio 1	Is calculated by dividing a company's net debt by shareholders' equity.
Gearing ratio 2	Is calculated by dividing a company's total liabilities by total assets.