



MERCURY TOWERS
BY ZAHA HADID ARCHITECTS

MERCURY PROJECTS FINANCE p.l.c.

1400, Block 14, Portomaso, St. Julians, Malta

Co. Reg. No. C89117

COMPANY ANNOUNCEMENT

Consolidation of Phases 1 and 2 of the Project

Planning Permit for the Exchange Project with approved changes to the Project

As communicated by way of announcement of the Company dated 21st December 2021, the Company was informed that the Planning Authority has on the 17 December 2020 approved development permit reference number PA 1892/19 concerning principally the Exchange Project on the Exchange Site (both terms as defined in the Prospectus, and namely in the Registration Document dated 4th March 2019) but affecting also the main tower and other aspects of the Project on Mercury Site (both terms as defined in the Prospectus, and namely in the Registration Document dated 4th March 2019).

The Company is informed that such permit has now become executable.

By virtue of such permit, approval was granted:

“To demolish the Go-Exchange building and excavate site to accommodate an entertainment arena, an extension to the existing car park and back of house facilities approved in PA 6955/17, and to construct a 9 storey (29m) residential block with retail (Class 4B) facilities on the lower floors and a swimming pool at roof level. The redesign of the podium to include a 19- storey hotel (Class 3B), as an extension to the approved hotel. To restore and refurbish the underground vaults housing the Hotel Spa. To reorganise the uses in the approved main residential tower to incorporate the addition of a residential floor at level 31, an amenity floor at level 32 and receded roof structure capping the building. The resulting overall height is 121.66m above street level.”

Consolidation of Phase 1 and Phase 2 into a single project, both from a development perspective and also from an ownership perspective

As mentioned in the Registration Document dated 4th March 2019, whilst Mercury Towers Limited (the “Guarantor”) is the owner of the Mercury Site (as defined in such Registration Document) on which the Project consisting essentially of the tower, hotel and commercial outlets (“Phase 1 Project”), Mercury Exchange Limited (a limited liability company registered under the laws of Malta with registration number C 87640, which is a related company to the Group that is ultimately beneficially owned by the same shareholder of the Guarantor but does not form part of the same group of companies as the Group), entered into a promise of sale agreement with SGE Property Company Limited, to acquire the Exchange Site (as defined in the said Registration Document) which is adjacent to the Mercury Site, as shown on the attached site plan. The Company was made aware of the intention that the said Mercury Exchange Limited would develop the Exchange Project (as defined in

Directors

Joseph Portelli

Mario Vella

Peter Portelli

Stephen Muscat



MERCURY TOWERS
BY ZAHA HADID ARCHITECTS

MERCURY PROJECTS FINANCE p.l.c.

1400, Block 14, Portomaso, St. Julians, Malta

Co. Reg. No. C89117

such Registration Document) on such Exchange Site, consisting essentially of a hotel, offices, retail outlets and residential units (“Phase 2 Project”).

The Company has been informed by the management of the Guarantor that the development permit PA 1892/19 and the design and conceptual changes and developments contained therein have on the one hand been driven by, and have at the same time highlighted and stressed, the desire and sensibility to rationalise and consolidate Phase 1 Project and Phase 2 Project into one single project, from an ownership, design, operational and financial perspective, inter alia for the reasons further explained below.

The project was redesigned to take into account considerations raised by various stakeholders. As a result the building height of Phase 2 Project is much lower than originally envisaged. Furthermore, the consolidated project, as approved, links both Phases 1 and 2 through the car park, back of house and shopping mall which is spread over 7 floors. The back of house of the entire project is located on the floor above the carpark. The shopping mall is located over three floors all across Mercury House, the Tower, the Hotel Podium Area and the Peripheral Block.

Given that the two Phases are intrinsically interlinked, it makes logistical and financial sense to integrate the projects both during the construction phase and, more importantly, during the operational phase especially due to the following considerations:

- (i) The shopping mall is being considered as a whole area for rental purposes, and it is thus sensible to consolidate the Phase 1 and Phase 2 properties (and therefore rental income generated therefrom);
- (ii) The Tower consists of serviced apartments, some of which will be operated by the Hotel which now forms part of the Phase 2 Project, and therefore this calls for a rationalization of the income of such serviced apartments by consolidating it into the same entity.

The Company has been informed that in view of the above-mentioned considerations and also in view of the fact that the new designs make the separate cost allocations and revenue attributions between the two distinct Phases impractical, the Guarantor and Mercury Exchange Limited have been in discussions and concluded that it is more commercially sensible to consolidate the two Phases in all respects. It has therefore been agreed to exercise the assignment option included in the Promise of Sale Agreement for the acquisition of the Exchange Site, as originally entered into by Mercury Exchange Limited with SGE Property Company Limited on 2 August 2018, such that the Exchange Site is acquired by the Guarantor. The Guarantor will thus become the owner of the two adjacent sites (the Mercury Site and the Exchange Site), to be developed and eventually operated by it holistically as a single consolidated project.

Directors

Joseph Portelli

Mario Vella

Peter Portelli

Stephen Muscat



MERCURY TOWERS
BY ZAHA HADID ARCHITECTS

MERCURY PROJECTS FINANCE p.l.c.

1400, Block 14, Portomaso, St. Julians, Malta

Co. Reg. No. C89117

Financing requirements

The Company is informed that the Guarantor has secured financing for the completion of the whole Project, including the Commercial Mall, save for financing of the completion of the Hotel. The financing for the completion of the hotel will be sought as soon as it is decided to proceed with completion of such Hotel as may be deemed sensible in view of developments in the hospitality industry. This financing, together with inflows being, and to be, generated from sales of apartment units to be built on the Peripheral Block is deemed sufficient to construct and finish the whole Project (excluding the Hotel as aforesaid).

Repayment of bonds and the security given for payment

Although the income streams changed due to the redesign of the various aspects of the whole project, the prospect for repayment of the bonds has not been affected. The total income from the whole project should be more than sufficient to cover the repayment of principal and interest of the bonds and the repayment of the bank loans.

The security given to the Security Trustee for the benefit of bondholders remains unaffected.

Concluding Remarks

It is worth noting that in respect to Phase 1 any operational delays experienced so far are presently not envisaged to have a negative financial impact on the overall viability of the enhanced project in its entirety.

By order of the Board

Joseph Saliba

Company Secretary

29th April 2021

Directors

Joseph Portelli

Mario Vella

Peter Portelli

Stephen Muscat

