



FINCO TREASURY MANAGEMENT LIMITED

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A Limited Liability Company registered in Malta on 9th November 1994, Registration No. C17017

Mercury Projects Finance P.l.c. 4.30% Secured Bond 2032

Salient Details & Time Table

| | |
|------------------------|---|
| Offeror & Issuer | Mercury Projects Finance |
| Guarantor | Mercury Towers Ltd |
| Currency | Euro |
| Security | Secured by Property owned by Mercury Hotel Ltd |
| Offer Price | 100% at par |
| Coupon | 4.30% per annum |
| Security & Guarantee | The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves. The Bonds shall be jointly and severally guaranteed in respect of both the interest due and the principal amount by the Guarantor in terms of the Guarantee and they shall also be secured by a first ranking special hypothec on the Security Property for Bonds (essentially the immovable property within which the Hotel is being developed) to be constituted by Mercury Hotel Ltd. in favour of the Security Trustee for the benefit of the Bondholders. The Bonds shall rank with priority or preference to all present and future unsecured obligations of the said Mercury Hotel Ltd., by virtue and to the extent of the said first ranking special hypothec |
| Maturity Date | 25 th April 2032 |
| Size | €50,000,000 |
| Listing | Official List, Malta Stock Exchange. |
| Interest Payment Dates | 25 th April annually |
| Minimum Applications | €5,000 (nominal) and in multiples of €100 thereafter |

Business Overview

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



Use of Proceeds:

The proceeds from the Bond Issue, will be used by the Issuer to provide a loan facility to the Guarantor, to be used as provided below (the “Issuer-Guarantor Loan 2022”). The Issuer-Guarantor Loan 2022 will bear interest at 4.5% per annum payable on 15 April of each year, and the principal amount thereof shall be repayable by not later than 15 April 2032. In turn, the Issuer-Guarantor Loan will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

1. Construction and finishing of the Hotel owned by Mercury Hotel Ltd.: the amount of circa €35,000,000 will be made available by the Guarantor to Mercury Hotel Ltd. and used to finance fees and costs due and to become due by Mercury Hotel Ltd. to Mercury Contracting Projects Limited in respect of the construction, development and finishing works on the Hotel and the various elements thereof in terms of the contract of works between the two companies; and
2. General corporate funding: the amount of circa €15,000,000 together with any residual amounts not utilised for the purposes identified in paragraph (i) above, shall be utilised for general corporate funding purposes of the Group.

Ratio Analysis

| Ratio Analysis | 2019A | 2020A | 2021F | 2022P | 2023P | 2024P |
|--|----------|--------|--------|--------|--------|--------|
| Financial Strength | | | | | | |
| Gearing 1 (Net Debt / Net Debt and Total Equity) | 101.9% | 57.1% | 67.1% | 69.7% | 69.6% | 64.8% |
| Gearing 2 (Total Liabilities / Total Assets) | 101.0% | 65.0% | 74.7% | 74.2% | 71.2% | 68.7% |
| Gearing 3 (Net Debt / Total Equity) | -5394.6% | 133.1% | 204.0% | 230.4% | 229.0% | 184.2% |
| Net Debt / EBITDA | 82.8x | 5.3x | 123.1x | 13.8x | 14.4x | 6.2x |
| Current Ratio (Current Assets / Current Liabilities) | 1.0x | 0.9x | 2.8x | 1.5x | 1.4x | 2.3x |
| Quick Ratio (Current Assets - Inventory / Current Liabilities) | 0.5x | 0.4x | 1.2x | 0.8x | 0.5x | 2.3x |
| Interest Coverage (EBITDA / Cash interest paid) | 0.4x | 6.8x | 0.6x | 2.4x | 2.1x | 3.2x |



Group's Statement of Financial Position

| Statement of Financial Position | 2019A €000 | 2020A €000 | 2021F €000 | 2022P €000 | 2023P €000 | 2024P €000 |
|---------------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | |
| Non-current assets | | | | | | |
| Intangible asset | - | - | - 5,058 | 5,058 | 5,058 | |
| Property, plant and equipment | 22,294 | 11,661 | 24,747 | 77,350 | 77,119 | 72,654 |
| Investment property | 401 | 40,886 | 34,544 | 72,040 | 74,355 | 74,533 |
| Investment in associate | 1 | 2 | 2 664 | 1,417 | 2,684 | |
| Other receivables | 689 | - | - | - | - | - |
| Restricted Cash | 21 | 21 | 21 | 21 | 21 | 21 |
| Deferred tax asset | 143 | - | - | - | - | - |
| | 23,549 | 52,570 | 59,314 | 155,133 | 157,970 | 154,950 |
| Current assets | | | | | | |
| Inventories | 18,023 | 8,919 | 31,599 | 12,993 | 6,407 | 100 |
| Trade and other receivables | 20,380 | 7,337 | 18,346 | 1,440 | 1,691 | 2,490 |
| Cash and cash equivalents | 267 | 578 | 5,409 | 12,004 | 1,908 | 11,174 |
| | 38,670 | 16,834 | 55,354 | 26,437 | 10,006 | 13,764 |
| Total assets | 62,219 | 69,404 | 114,668 | 181,570 | 167,976 | 168,714 |
| Equity and liabilities | | | | | | |
| Share capital | 500 | 500 | 10,500 | 20,000 | 20,000 | 20,000 |
| Investment property reserve | - | 22,596 | 18,182 | 22,922 | 22,922 | 22,922 |
| Retained earnings | (1,108) | 1,201 | 340 | 3,850 | 5,518 | 9,919 |
| Total equity | (608) | 24,297 | 29,022 | 46,772 | 48,440 | 52,841 |
| Non-current liabilities | | | | | | |
| Borrowings | - | - | 40,250 | 40,328 | 36,014 | 33,331 |
| Bonds payable | 22,500 | 22,500 | 22,500 | 72,500 | 72,500 | 72,500 |
| Deferred tax liability | - | 3,203 | 2,819 | 4,057 | 4,057 | 4,057 |
| | 22,500 | 25,703 | 65,569 | 116,885 | 112,571 | 109,888 |
| Current liabilities | | | | | | |
| Borrowings | 10,566 | 10,406 | 1,863 | 6,955 | 4,314 | 2,683 |
| Trade and other payables | 29,761 | 8,924 | 18,093 | 10,837 | 2,530 | 3,182 |
| Taxation payable | - | 74 | 120 | 120 | 120 | 120 |
| | 40,327 | 19,404 | 20,076 | 17,912 | 6,964 | 5,985 |
| Total liabilities | 62,827 | 45,107 | 85,645 | 134,797 | 119,535 | 115,873 |
| Total equity & liabilities | 62,219 | 69,404 | 114,668 | 181,570 | 167,976 | 168,714 |



Time Table

| | |
|--|-------------------------------|
| 1 Offer Period: | 4 April 2022 to 14 April 2022 |
| 2 Placement Date: | 14 April 2022 |
| 3 Commencement of interest: | 25 April 2022 |
| 4 Announcement of basis of acceptance: | 25 April 2022 |
| 5 Dispatch of allotment letters: | 2 May 2022 |
| 6 Latest date of admission of Bonds to listing: | 10 May 2022 |
| 7 Latest date of commencement of trading in the Bonds: | 11 May 2022 |

It is expected that this bond will be over-subscribed, however Finco has entered into a Pre-Placement Agreement with the Issuer so as to be in a position to allocate its client applications in full. It is recommended to inform Finco telephonically immediately, on Tel: 21220002, should you have interest to invest, as this issue will close on 5th January 2022.

General Recommendation: Subject to the consideration of the circumstances of each Investor, Finco issues a BUY recommendation to clients to this bond, provided always that the holding is part of an overall well diversified portfolio.

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Availability of Prospectus

The Prospectus issued by Issuer is available at our offices for whoever is interested. In this respect, anyone interested may call at our offices to collect a copy.

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