

CIRCULAR TO BONDHOLDERS

in respect of the

€14,000,000 4.0% Secured Bonds 2026

ISIN: MT0002351204

BONDHOLDERS' MEETING • 30th June 2026

IMPORTANT INFORMATION

This Circular is being issued by Shoreline Mall p.l.c., a company registered and incorporated under the laws of Malta with company registration number C 84005 and having its registered address situated at Suite 407, Level 4, Block SCM01, Smart City Malta, Ricasoli, Malta (the 'Company').

This Circular is being issued to all persons who are recorded as holders of the Series A Bonds (as defined in the Registration Document dated 18th June 2020) issued by the Company (the 'Bondholders') in the register of bondholders maintained by the Central Securities Depository of the Malta Stock Exchange as at the close of business on 30th May 2026 (the 'Record Date').

Where any or all of your bonds held in the Company are sold or transferred, you are kindly requested to pass this Circular and any other relevant documents, or copies thereof, to the person through whom the sale or transfer was affected for transmission to the purchaser or transferee.

BUSINESS BEING DISCUSSED AT THE MEETING OF BONDHOLDERS

This Circular provides Bondholders with a full explanation of the resolution being put forward at the forthcoming Bondholders' Meeting to be held on the 30th June 2026 at 15.00hours.

Agenda Item 3: Approval of Extension of the Redemption Date of the Series A Bonds and Consequential Amendments to the Terms and Conditions of the Bonds

Proposal

The Board is proposing that Bondholders approve, pursuant to a resolution duly passed in accordance with Section 4.14 of the Securities Note (dated 18th June 2020), the amendments to the Terms and Conditions of the Series A Bonds (the 'Proposed Amendments'), principally:

- extending the redemption date by two (2) years, from 1 August 2026 to 1 August 2028;
- increasing the coupon rate from 4.00% per annum to 6.50% per annum (an uplift of 250 basis points), accruing from 31 July 2026;
- introducing a one-time commitment fee of 0.25% of the face value of the Bonds payable alongside the 1 August 2026 interest coupon; and

- Subject to the approval of the proposed amendments to the Terms and Conditions of the Bonds, the Company shall provide, or procure the provision of, the covenants set out in Section 1.3 below and the establishment of the sinking fund referred to in Section 2 below.

1. EXPLANATORY NOTE

1.1 Performance of the Company and the Shoreline Mall

At the time of issuance of the Series A Bonds in July 2020, the Shoreline Mall was at a development-stage. Bondholders accordingly invested in the envisaged development of a principal mixed-use complex at SmartCity Malta, supported by planning permits, contractor appointments, and detailed financial projections. At that stage, construction and execution risk constituted key factors in the overall investment portfolio.

The position has since evolved materially. The Shoreline Mall has now been completed, is fully operational, and is in its second year of trading. The execution risk inherent at the time of issuance has accordingly been substantially mitigated, and the asset now constitutes an established, income-generating retail and leisure destination with a proven track record of performance.

The Company is pleased to report the following positive performance:

- Retail sales for the first nine months of the financial year 2025/2026 grew by 18.0% on a year-on-year comparable basis, amounting to €34,346,608 from July 2025 to March 2026 — a strong and sustained rate of growth that reflects increasing footfall, strong tenant performance, and a thriving retail environment.
- Customer spend per visit increased by 11.3%, indicating not only more visitors but higher-quality engagement and a more compelling retail offering — a hallmark of a well-curated, well-managed mall.
- The value of the assets of the Company has improved from the original number projected in the valuation forming part of the Registration Document of €70,000,000 (once completed and operational) to €81,530,000. Such valuation was on the basis of an assessment of the fair value of the investment property after taking into consideration the discounted cash flows for projected rental income less operating expenses necessary to manage the Shoreline Mall. The updated valuation excludes the six (6) luxury Villas in Block H (the ‘Villas’) which are reported on the books of the Company as inventory under construction (that is *circa* €6,000,000 pre revaluation). This represents a substantial uplift in value reflecting the operational maturity of the Shoreline Mall, the strong tenant mix, and market position, thereby providing an added level of security to the Bondholders which exceeds twice the amount of the total outstanding Bonds (that is both Series A Bonds and Series B Bonds¹).

¹ Maturing in 2032.

1.2 Update on Legal Dispute

Despite the Mall's continued operational and financial performance, the Company's ability to proceed with the orderly refinancing of the Series A Bonds has been directly affected by a legal dispute that is entirely unrelated to the Mall's business or the Company's own conduct.

As previously communicated by the Company, Koray Global Malta Limited ('KGML') filed precautionary garnishee orders against the Company and other entities within the Shoreline Group. These orders arise from a contract dispute between KGML and Shoreline Contracting Limited ('SCL') — a company within the Shoreline Group — in connection with construction works. As explained, the Company itself was never a party to that contract and has no direct involvement in the underlying dispute.

Notwithstanding this, the precautionary measures filed by KGML have imposed certain legal constraints affecting the Company's assets that has, in practical terms, hindered the Company's ability to complete the refinancing of the Series A Bonds through the channels previously envisaged and announced to the market.

The garnishee order is not an indication of any weakness in the Company's balance sheet, any failure of the Mall's operations, or any inadequacy in the security available to Bondholders. It is an external legal measure that has created a procedural obstacle at an inconvenient time.

The Company is actively and vigorously pursuing all available legal avenues to have these measures lifted. Specifically, the Company has filed an application to substitute the garnishee order with an alternative form of security — a special hypothec over real estate assets of Shoreline Residence Limited (C 77212) valued at approximately €44,000,000. This application is currently pending before the Court, and the Company has no control over the timeframe within which the Court will determine whether to accede to the Company's request for such substitution.

In the meantime, the international arbitration proceedings before the International Chamber of Commerce are expected to commence in November 2026, with the current projected timeline for conclusion by May 2027.

The Company remains confident in its legal position and continues to contest all of KGML's claims, with the aim to protect its interests and those of the Bondholders.

1.3 Covenants

The Company further notes that, irrespective of the outcome of the judicial proceedings, the assets of Shoreline Residence Limited (C77212) are of sufficient value (in excess of €105,000,000, at market value) to fully indemnify the Company from any claims or liabilities linked to the ongoing litigation with KGML, thereby ensuring that the Company and its assets remain ring-fenced and unaffected by the aforementioned judicial proceedings.

In this regard, it should be noted that, in addition to the proposed amendments, upon their approval the Company shall procure an indemnity from Shoreline Residence Limited and its parent company, Shoreline Holdings Limited (86187), in respect of any claims brought by KGML against the Company in connection with the case referred to in paragraph 1.2 below.

Furthermore, the Company undertakes, for the benefit of the Bondholders, that it shall not, for the duration of the extended term of the Bonds, make any repayment of intercompany loans or other intra-group indebtedness. This undertaking is intended to ensure that the Company's available financial resources are prioritised towards the eventual redemption of the Bonds.

1.4 Rationale for the Proposed Extension

In light of the above, the Directors are proposing a two-year extension to the Series A Bond redemption date. The Board is of the view this is a measured, proactive step designed to allow the necessary time for the legal proceedings to be resolved, and for the Company to execute on its strategy in an orderly and value-maximising manner.

In particular, the extension period will allow the Company to:

- (i) have sufficient time to secure the revocation and/or substitution of the precautionary Garnishee Order with an alternative form of security, thereby removing the legal obstacles presently adversely impacting the Company's ability to redeem the Series A Bonds via, *inter alia*, refinancing and/or the sale of the Villas;
- (ii) have sufficient time to bring the ongoing arbitration proceedings to their conclusion — currently scheduled for May 2027 — and obtain a final determination (unappealable) that vindicates the Company's position;
- (iii) complete the sale of the Villas at favourable market values; and
- (iv) repay the Series A Bonds in full at maturity — or earlier, at the Company's discretion — from a combination of the sale proceeds of the Villas, the Company's operational cash flows, and/or refinancing.

The Directors confirm that they have consulted, and continue to consult, with the Security Trustee² in connection with this proposal, and that the Security Trustee has indicated that the proposed amendments represent an appropriate course of action in the best interests of the Bondholders.

The Board is of the view that the proposed extension to the redemption date represents a strategically sound and commercially prudent course of action, taken with the sole objective of protecting and maximising value for Bondholders.

1.5 The Proposed Amendments

In recognition of the inconvenience this situation has caused to Bondholders, and as a demonstration of the Company's commitment to protecting bondholder value, the Directors are proposing an extension on materially improved terms. The Proposed Amendments are designed to ensure that Bondholders are compensated — and rewarded — for their continued support.

Subject to Bondholder approval, the principal Terms and Conditions of the Bonds shall be amended as follows:

Term	Current	Proposed (Subject to Approval)
Redemption Date	1 August 2026	1 August 2028 (two-year extension), with possibility of early redemption (in whole or in part) at the Company's discretion at any time by giving 30-days prior notice
Interest Rate	4.0% per annum	6.50% per annum (an increase of 250 basis points) accruing from 31 July 2026
Commitment Fee	N/A	0.25% of face value of the Series A Bonds — a one-time payment to be made together with the interest payment due on 1 August 2026

This Resolution seeks the approval of Bondholders to amend the Terms and Conditions of the Bonds in terms of Section 4.14 of the Securities Note, including the extension of the redemption date.

² As per Company Announcement Ref.No SHM35, Tri-Mer Services Limited (C 36968) were appointed as the new security trustee following the voluntary retirement of Trident Trust Company (Malta) Limited. Tri-Mer Services Limited, accepted to assume all rights, powers, functions and obligations of the retiring security trustee in terms of the Security Trust Deed (dated 11th November 2019), effective as of the 26th September 2024.

2. THE SINKING FUND

As a further measure to enhance Bondholder protection during the extension period, the Company will establish a dedicated Sinking Fund operating on the following terms:

- Funding source:
 - Net proceeds of sale of the Villas (after sale costs and any prior-ranking entitlements) shall be paid directly into the Sinking Fund upon completion of each sale;
 - Rent payable by the tenants of the Shoreline Mall shall, upon and subject to the removal of the above-mentioned garnishee order, be paid directly into the Sinking Fund
- Application – Amounts in the Sinking Fund may only be applied towards the (early or final) redemption of the Series A Bonds. The Company may utilise the proceeds to buy back some or all of the Series A Bonds.

3. CONTINUITY OF SECURITY

The Directors confirm that:

- the first-ranking Special Hypothec over the Shoreline Mall Complex, constituted in favour of the Security Trustee pursuant to the Security Trust Deed dated 11 November 2019, as amended, shall continue in full force and effect for the duration of the extended term;
- the obligations of the Company under the Security Trust Deed (including, without limitation, the maintenance of the Interest Buffer and the obligation to procure that the Special Hypothec covers all amounts due to Bondholders) shall continue to apply *pari passu* in respect of the Bonds as so amended;
- the Security Trustee retains all its rights, powers and remedies under the Security Trust Deed, including the right to enforce the Special Hypothec on the occurrence of an Event of Default;
- as at the date of this Circular, no Event of Default has occurred and is continuing.

DIRECTORS' RECOMMENDATIONS

The Directors of the Company have duly considered and reviewed the proposals outlined in this Circular and, to the best of their knowledge and belief and to the extent of the circumstances and facts known to them, have determined that the proposals are in the best interests of the bondholders and the Company. Consequently, the Directors recommend that the bondholders vote in favour of all of the resolutions being presented for the Bondholders Meeting.

DOCUMENTS AVAILABLE FOR INSPECTION

For the duration of this Circular, copies of the following documents shall be available for inspection at the registered office of the Company during normal business hours, and are available on the Company's website:

- the Memorandum and Articles of Association of the Company;
- the Prospectus, comprising the Registration Document dated 18 June 2020 and the Securities Note dated 18 June 2020, in respect of the €14,000,000 4.0% Secured Bonds 2026 (Series A) and the €26,000,000 4.5% Secured Bonds 2032 (Series B);
- the Security Trust Deed dated 11 November 2019, as amended;
- the latest audited consolidated financial statements of the Company;
- the Notice of the meeting, together with the Proxy Form;
- this Circular.

DECLARATION BY DIRECTORS

All the Directors of the Company, namely Mr Ryan Edward Otto, Mr Charles Scerri, Mr Robert Ancilleri and Mr Roderick Psaila, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors who have taken all reasonable care to ensure that such information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.