



## SHAREHOLDERS' CIRCULAR

6 JULY, 2020

This circular is being issued by Main Street Complex p.l.c. (C 34767), with registered office at Main Street Complex, Antoine de Paule Square, Paola, PLA 1262, Malta (the "**Company**"), and sent to those shareholders appearing on the register of members of the Company as at the close of business on 29 June 2020, and is intended to provide an explanation on matters of extraordinary business which are being proposed to shareholders at the 2020 Annual General Meeting of the Company (the "**Circular**").

## 1. IMPORTANT INFORMATION

This Circular approved by the Board of Directors of the Company, containing information about two of the resolutions to be proposed for approval at the forthcoming annual general meeting of the Company (“AGM”), is being dispatched to all persons appearing on the Company’s register of members as at close of business on 29 June 2020 (the “Members”).

This Circular is being issued in compliance with the Listing Rules issued by the Listing Authority, in particular the requirements set out in Listing Rules 6.1.7 and 6.16 for circulars relating to changes to the memorandum and articles of association, Listing Rule 6.1.11 for circulars relating to business other than ordinary business, and Listing Rule 6.2 on the contents of all circulars.

Where any or all of the shares in the Company held by a recipient of this Circular have been sold or transferred by the date of receipt of this document, a copy of this Circular should be passed on to the person through whom the sale or transfer was effected, for transmission of the Circular to the purchaser or transferee.

All the directors of the Company as at the date hereof, namely Joseph A. Gasan, Etienne Borg Cardona, Mario Camilleri, Christopher Mifsud and Isabella Vella (together the “Directors”) 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 is the case, the information contained in this document is in accordance with the facts and does not omit anything which is likely to affect the import of such information.

This Circular is important and requires your immediate attention as you shall be required to vote at the AGM. If you remain in doubt as to what voting action to take, you are advised to consult an appropriate independent adviser.

## 2. INTRODUCTION

In addition to the resolutions relating to the ordinary business of the Company being placed before the Members at the AGM, the Directors are also placing, before the Members, resolutions relating to the following matters of extraordinary business:

- a. proposed amendments to the Company’s Memorandum and Articles of Association and the substitution of the Company’s current Memorandum and Articles of Association with that made available to Members at the registered office of the Company and on the Company’s website since the dispatch of the notice convening the AGM, which amendments require the approval of an extraordinary resolution of the Company in general meeting; and
- b. the approval of the directors’ remuneration policy as required in terms of Listing Rule 12.26A, which requires the approval of an ordinary resolution of the Company in general meeting.

## 3. PROPOSED EXTRAORDINARY BUSINESS

### EXTRAORDINARY RESOLUTION: AMENDMENTS TO THE COMPANY’S MEMORANDUM AND ARTICLES OF ASSOCIATION

The proposed resolution reads as follows:

“That the current Memorandum and Articles of Association of the Company be and are hereby abrogated and replaced by the new Memorandum and Articles of Association (a copy of which was made available to shareholders at the registered office of the Company and on the Company’s website since the dispatch of the notice convening this meeting), amended as explained in the Shareholders’ Circular dated 6 July, 2020 and circulated together with the notice convening this meeting.”

### Explanatory Note

#### A. General

- A1. The changes being proposed are the following:
  - i. amendments to article 24 (Accounts) of the Articles of Association; and
  - ii. updates to clause 4 (Capital), clause 5 (Directors) and clause 8 (Shareholders) of the Memorandum of Association.

A2. The change proposed to be made to article 24 (Accounts) of the Articles of Association is that sub-article 24.2 thereof be deleted and replaced by the following:

*“The Directors shall cause a copy of the profit and loss account and balance sheet (including annexes thereto as required in terms of the Act) which are to be laid before the Company in General Meeting, together with a copy of the Auditors’ report and Directors’ report (hereinafter all of the aforesaid to be collectively referred to as the ‘Annual Accounts’), to be sent to every Member of the Company and other persons entitled to receive notices of General Meetings, at least twenty one (21) days prior to the Annual General Meeting.*

*PROVIDED that, the Company shall not be required to send a printed copy of the Annual Accounts: (i) to those Members of the Company who have been duly given notice of the General Meeting at which the Annual Accounts are to be laid, where the Company has made available to such Members an electronic copy of such Annual Accounts on its website or otherwise, and has notified such Members accordingly; or (ii) to holders of debentures who are not entitled to receive notices of General Meetings of the Company. Notwithstanding the aforesaid, the Company shall provide a printed copy of such Annual Accounts to any of its Members if so requested in writing.”*

A3. In addition, clauses 4, 5 and 8 of the Memorandum of Association are to be updated so as ensure that the details found in the Memorandum of Association are up to date and reflective of the information available at the Malta Business Registry.

## **B. Amendments to article 24 of the Memorandum of Association**

This amendment is being proposed in light of the relatively recent amendments made to the provisions of Article 180(2) of the Companies Act (Chapter 386 of the laws of Malta) by virtue of Act XXVI of 2019 – Various Financial Services Laws (Amendment) Act, 2019 to the effect that, unless otherwise provided in the memorandum or articles of the company in question, copies of the annual accounts for the accounting period shall not be required to be sent to members of a company who have been duly given notice of a general meeting of the company at which the company’s annual accounts shall be laid, and where the company has made available to its members an electronic copy of such annual accounts, either on its website or otherwise, and has informed its members accordingly, provided that the company must provide a printed copy of such annual accounts to any member upon written request.

The Board of Directors noted that the provisions of article 24.2 of the Articles of Association, as currently drafted, would preclude the Company from availing itself of the newly introduced exemption in article 180(2) of the Companies Act.

Having considered this proposed amendment to article 24 of the Articles of Association and the advice received in connection therewith, the Board of Directors recommends the adoption of this resolution by the General Meeting.

## **C. Updates to clauses 4, 5 and 8 of the Memorandum of Association**

The updates proposed to be made to clauses 4, 5 and 8 of the Memorandum of Association are required in order for the details contained in the Memorandum of Association in respect of the share capital of the Company (Clause 4), the Directors of the Company (Clause 5) and the shareholders of the Company (Clause 8) are up to date and reflective of the most recent information available at the Malta Business Registry, further to statutory notifications made to the Malta Business Registry from time to time further to changes in share capital, Directors or shareholders respectively.

## **ORDINARY RESOLUTION: APPROVAL OF DIRECTORS’ REMUNERATION POLICY**

The proposed resolution reads as follows:

**“That the Company’s remuneration policy, as explained in the Shareholders’ Circular dated 6 July, 2020 and circulated together with the notice convening this meeting, be and is hereby approved.”**

### **Explanatory Note**

Following amendments made to Chapter 12 of the Listing Rules in July 2019, as a result of the transposition of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (the **“Shareholder Rights Directive II”**), the Directors have drawn up a remuneration policy relating to the remuneration payable to the Directors of the Company (the **“Remuneration Policy”**).

The over-arching objective of the proposed Remuneration Policy is to promote the long-term success and development of the Company, and to attract, motivate and retain individuals with an apt combination of skills, knowledge, experience and expertise. Furthermore, the Remuneration Policy is formulated on the general principle of upholding integrity and

good governance in the conduct of the affairs and business of the Company, by establishing clear, comprehensive, and objective parameters upon which the remuneration that may be paid to the Directors of the Company and its subsidiaries are to be made, together with the decision-making process involved.

The Directors are proposing that this Remuneration Policy be approved by the Members as required in terms of the Listing Rules. Should the approval by the Members be forthcoming, the effective date of the Remuneration Policy shall be 29 July, 2020, and the Directors of the Company shall be remunerated in accordance with this Remuneration Policy, with effect from the date of approval by the Company in general meeting. The Remuneration Policy shall be reviewed regularly, and any material changes shall be submitted to a vote of the annual general meeting of the Company before adoption, and in any case at least every four (4) years. Should the general meeting not approve the Remuneration Policy, the Company shall continue to pay remuneration to its directors in accordance with its existing practices, and shall submit a revised policy for approval at the following general meeting.

The Company will pay remuneration to the Directors in accordance with the Remuneration Policy, once approved by the general meeting.

As from the AGM to be held in 2021, the audited financial statements of the Company shall contain a remuneration report to be drawn up in accordance with the requirements of Appendix 12.1 of the Listing Rules, for the purpose of providing the Company's shareholders with a comprehensive overview of the remuneration, including all benefits in whatever form, awarded or accrued during the most recent financial year to individual directors of the Company (including to newly recruited and to former directors), in accordance with the Remuneration Policy.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or certified copies thereof will be available for inspection at the Company's registered office situated at Main Street Complex, Antoine de Paule Square, Paola, PLA 1262, Malta, for at least fourteen (14) days from the date of publication of this Circular:

- a. the Company's existing Memorandum and Articles of Association;
- b. the Company's draft Memorandum and Articles of Association, as amended should the resolution set out above be passed;
- c. the Remuneration Policy;
- d. the Company's last annual financial report for the financial year ended 31 December 2019; and
- e. the Company's interim financial report for the period 1 January 2019 to 30 June 2019.

#### **5. DIRECTORS' RECOMMENDATION**

The Directors, having made the necessary considerations, are of the view that the proposed resolutions, including those not set out in this Circular, are in the best interests of the Company and its shareholders as a whole. The Directors therefore recommend that the Members vote in favour of the said resolutions at the forthcoming AGM.

6 July, 2020

*Approved and issued by the Board of Directors of Main Street Complex p.l.c. (C-34767), with registered office situated at Main Street Complex, Antoine de Paule Square, Paola, PLA 1262, Malta*

# REMUNERATION POLICY

MAIN STREET COMPLEX P.L.C.

(C 34767)

(the "Company")



## 1. INTRODUCTION

- 1.1. Following the transposition of the EU Shareholder Rights Directive II<sup>1</sup> into the Listing Rules in July 2019, which, among other objectives, seeks to enhance shareholder engagement and encourage listed entities to adopt a long-term and sustainable view in the conduct of its affairs, the Company has formulated its remuneration policy as required in terms of Listing Rule 12.26 (the "**Remuneration Policy**").
- 1.2. The Remuneration Policy of the Company is intended to provide an over-arching framework that establishes the principles and parameters to be applied in determining the remuneration to be paid to any member of the Board of Directors of the Company.
- 1.3. The Remuneration Policy is also intended to contribute to the development and attainment of the Company's corporate strategy and its long-term interests and sustainability.

## 2. FIXED REMUNERATION

### Directors

- 2.1. The remuneration payable to Directors of the Company shall consist of fixed remuneration, and shall not include any variable remuneration component based on performance indicators, or share-based remuneration.
- 2.2. Directors who are also appointed to chair, or to sit as members of, one or more of the committees of the Company, may be entitled to receive additional compensation to occupy such role.
- 2.3. In view of the management and organisational set-up of the Company, and the fact that the main asset of the Company is its investment in the Main Street Complex, the Board of Directors considers a fixed remuneration to be an appropriate and suitable basis of remuneration for the Directors in the performance of their duties.

### Basis upon which fixed remuneration is established

- 2.4. In determining the fixed remuneration component payable to the Directors, the following key factors, among others, shall be taken into consideration:
  - i. the minimum amount of working hours that individuals are expected to dedicate to their functions, duties and responsibilities;
  - ii. the level of competencies, knowledge, skills, abilities, experience and expertise enjoyed by such individuals;
  - iii. the level of responsibility attached to their position and the multiplicity of roles or involvements in the Company including involvements in any standing or ad-hoc sub-committees of the Company;
  - iv. any restrictions on secondary employment and involvements in other business activities or other activities, which restrictions are intended to ensure that such individuals are able to devote the required time, attention and dedication towards their position, and to maximise the contribution of such individuals towards to the growth and development of the Company;
  - v. the individual's contribution to the growth and success of the Company and, or the individual's role in the successful implementation of the Company's reputation and, or financial performance and position; and
  - vi. remuneration practices adopted by local companies operating in the same industry sector of like standing, reputation, size and complexity.

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<sup>1</sup> (EU) Directive 2017/828 of the European Parliament and of the Council of 17 May 2017, amending Directive 2007/36/EC, as regards the encouragement of long-term shareholder engagement.

### **3. DIRECTORS' CONTRACTS OF SERVICE**

- 3.1. Each Director is party to a director service contract with the Company, which contract sets out the respective role, responsibilities, duties and applicable remuneration of each Director, as well as the applicable term for which the Directors shall be engaged, which term shall be in accordance with the provisions of the Articles of Association of the Company regulating the appointment, resignation and removal of directors of the Company.
- 3.2. The policy of the Company is not to grant Directors any entitlement to termination payments and other payments linked to early termination.

### **4. IMPLEMENTATION AND REVIEW OF THE COMPANY'S REMUNERATION POLICY**

- 4.1. The aggregate emoluments that may be paid to Directors in any one financial year shall be as determined by the Company in general meeting in accordance with the Articles of Association of the Company. Accordingly, it is the shareholders that determine the aggregate amount of remuneration that Directors may receive in any one financial year. This Remuneration Policy is, therefore, intended to determine the principles and parameters upon which the aggregate emoluments that may be paid to Directors, as approved by the general meeting, are to be distributed amongst the Directors.
- 4.2. This Remuneration Policy shall be reviewed regularly, and any material amendments thereto shall be submitted to a vote by the annual general meeting of the Company before adoption, and in any case at least every four (4) years.
- 4.3. Where the Remuneration Policy shall be approved by the shareholders as aforesaid, the Company intends, as from the financial year ended 31 December 2020, to present an annual remuneration report in the form as required under Appendix 12.1 of the Listing Rules, which remuneration report shall be put forward to an advisory vote of the shareholders at such Annual General Meetings held after 31 December 2020, in accordance with the requirements of Listing Rule 12.26L.
- 4.4. The Remuneration Policy of the Company shall be available on the Company's website on <https://mainstreetcomplex.com/investor-relations/>



