

MIDI p.l.c.
a public limited company incorporated under the laws of Malta,
company registration number C 15836

Issue of:
€50,000,000 4% Secured Bonds 2026
ISIN: MT0000421223

REGISTRATION DOCUMENT

Dated 28 June 2016

This document is a Registration Document issued pursuant to the requirements of Rule 4.13 of the Listing Rules of the Listing Authority 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 subsequently amended. This Registration Document should be read in conjunction with the most updated Securities Note issued from time to time containing information about the securities to which it relates.

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENTS ARE 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 IN 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 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, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN 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 ADVISER.

APPROVED BY THE DIRECTORS



Alec A. Mizzi	Joseph Bonello	David G. Curmi	David Demarco	Joseph A. Gasan	Alan Mizzi	Mark Portelli	Joseph Said
Manager & Registrar		Legal Advisers		Security Trustee		Sponsor	

BOV
Bank of Valletta

MAMO TCV
ADVOCATES

CSB GROUP

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING

Registration Document

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IMPORTANT INFORMATION

This Registration Document contains information on the Issuer, MIDI p.l.c., 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 subsequently amended.

No broker, dealer, salesman or other person has been authorised by the Issuer or its Directors to issue any advertisement or to give any information or to make any representations in connection with the issue and sale of securities of the Issuer other than those contained in the Prospectus and in the documents referred to therein, and if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or its Directors or advisers.

The Prospectus does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for securities issued by the Issuer by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) 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.

The Prospectus and the offering, sale or delivery of any securities 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 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.

It is the responsibility of any persons in possession of the Prospectus and any persons wishing to apply for any securities issued by the Issuer to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective investors for any securities that may be issued by the Issuer should inform themselves as to the legal requirements of so applying for any such securities and of any applicable exchange control requirements and taxes in the countries of their nationality, residence or domicile.

Save for the public offering 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 described in the Securities Note forming part of the Prospectus 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 or which, pending such implementation, applies Article 3.2 of said Directive, the securities can only be offered to **“qualified investors”** (as defined in said Directive), as well as in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of said Directive.

The securities of the Issuer 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.

All the advisers to the Issuer named in this Registration Document under the heading “*Persons Responsible, Advisers, Statutory Auditors and Security Trustee*” in section 3 of this Registration Document have acted and are acting exclusively for the Issuer in relation to this public offer 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 contents of the Issuer’s website or any website directly or indirectly linked to the Issuer’s website 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.

A prospective investor should always seek independent financial advice before deciding to invest in any financial instruments. A prospective investor should be aware of the potential risks in 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 legal advisers, accountants and/or other financial advisers as to legal, tax, investment or any other related matters concerning the Bonds and the Prospectus.

The value of investments can go up or down 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 advisers.

Statements made in this Registration Document are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

A copy of this document has been submitted to the Listing Authority in satisfaction of the Listing Rules, to 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 Companies Act.

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 howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus.

Forward-looking Statements

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer’s strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances. Prospective investors can generally identify forward-looking statements by the use of terminology such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe” or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer’s control. Important factors that could cause actual results to differ materially from the expectations of the Directors include those risks identified under section 2 of this Registration Document and elsewhere in the Prospectus.

If any of the risks described herein were to materialise, they could have a serious adverse effect on the Issuer’s financial results, trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued in terms of the Prospectus. Accordingly, the Issuer cautions prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by such statements, that such statements do not bind the Issuer with respect to future results and no assurance is given that the professed future results or expectations will be achieved.

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1. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meaning whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex II of the Securities Note;
Bonds or Secured Bonds	the four per cent (4%) secured bonds due 2026 being issued pursuant to the Prospectus having a nominal value of €100 each for an aggregate principal amount of fifty million euro (€50,000,000);
Bonds 2016/18	the EUR Bonds 2016/18 and GBP Bonds 2016/18;
Bondholder	a holder of Bonds;
Companies Act	the Companies Act (Cap. 386 of the laws of Malta);
Company; Issuer; or MIDI	MIDI p.l.c., a company registered in Malta with registration number C 15836;
Directors or Board	the directors of the Company whose names are set out in section 3.1 of this Registration Document;
Emphyteutical Deed	the public deed in the records of Notary Vincent Miceli of the fifteenth day of June of the year two thousand (15/6/2000) whereby the GOM, acting through the Land Department granted the Company the Emphyteutical Grant;
Emphyteutical Grant	the temporary emphyteutical concession of the Emphyteutical Land for a period of ninety nine years commencing from 15 June 2000 made by GOM to the Company by virtue of the Emphyteutical Deed;
Emphyteutical Land	the immovable property comprising Tigné Point and Manoel Island forming the subject-matter of the Emphyteutical Grant;
Euro or €	the lawful currency of the Republic of Malta;
EUR Bonds 2016/18	the €31,702,900 7% bonds 2016-2018 (ISIN: MT0000421207) issued by the Issuer pursuant to a prospectus dated 5 December 2008;
GBP Bonds 2016/18	the £7,214,300 7% bonds 2016-2018 (ISIN: MT0000421215) issued by the Issuer pursuant to a prospectus dated 5 December 2008;
GOM	the Government of Malta;
Group or MIDI Group	the Issuer and the subsidiary companies of the Issuer and the term “Group Company” shall be construed accordingly;

Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the laws of Malta);
Malta Stock 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;
Manoel Island	the divided portion of land at Manoel Island, limits of Gzira, comprised within the Emphyteutical Land as shown bordered in red on the plan Land Drawing letter 'L' letter 'D' one hundred and seventy four letter 'A' bar ninety nine (LD174A/99) attached to the Emphyteutical Deed;
Memorandum and Articles of Association or M&As	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
Project	the Issuer's project comprising the development of Tigné Point and Manoel Island and the operation of certain activities and businesses therein;
Prospectus	collectively the Summary Note, this Registration Document and the Securities Note, all dated 28 June 2016, as such documents may be amended, updated, replaced and supplemented from time to time;
Redemption Date	27 July 2026;
Registration Document	this document in its entirety;
Securities Note	the securities note issued by the Issuer dated 28 June 2016, forming part of the Prospectus;
Security Trustee	CSB Trustees & Fiduciaries Limited having company registration number C 40390 and its registered office at Vincenti Buildings, 28/19 Strait Street, Valletta VLT 1432, Malta, licensed by the MFSA to act as trustee and provide general corporate fiduciary services, or any other duly authorised person as may be appointed to act as security trustee in terms of the Trust Instrument;
Sponsor	Charts Investment Management Service Limited (C 7944) of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta, an authorised financial intermediary licensed by the MFSA and a member of the MSE;
Summary Note	the summary note issued by the Issuer dated 28 June 2016, forming part of the Prospectus;

Tigné Point	the divided portion of land at Tigné Point, Sliema, comprised within the Emphyteutical Land as shown bordered in red on the plan Land Drawing letter 'L' letter 'D' one hundred and seventy five letter 'A' bar ninety nine (LD175A/99) attached to the Emphyteutical Deed;
Trust Instrument	the agreement signed between the Issuer and the Security Trustee dated 24 June 2016 as better described in Section 9.6 of the Securities Note.

2. RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS 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. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. 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.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT FROM TIME TO TIME. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH THE BONDS ISSUED BY THE ISSUER (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THE PROSPECTUS, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS OF THIS DOCUMENT.

2.1 Risks relating to the Property Development Business of the Issuer

Material risks relating to real estate development may affect the economic performance and value of the properties under development

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Issuer's control, and which could adversely affect the economic performance and value of the Issuer's real estate properties under development. Such factors include:

- changes in general economic conditions in Malta;
- general industry trends, including the cyclical nature of the real estate market;
- changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes;
- delays or refusals in obtaining all planning, building, and other required permits and authorisations;

- shortages and/or price increases in raw materials or other construction inputs, such as, among others, cement, steel, energy and other utilities, leading to cost overruns;
- possible structural and environmental problems;
- acts of nature that may damage the properties or delay their development; and
- increased competition in the market segment in which the Issuer is undertaking the real estate development may lead to an over supply of commercial or residential properties in such markets, which could lead to a lowering of prices and a corresponding reduction in revenue of the Issuer.

Any of the factors described above could have a material adverse effect on the Issuer's business, its financial condition and prospects, which may include an increase in projected costs and times for completion of property developments.

The Issuer is subject to market and economic conditions generally

The Issuer 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. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates and property prices. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Issuer's planning during development, this shall have an adverse impact on the financial condition of the Issuer and its ability to meet its obligations under the Bonds.

The property market is a very competitive market that can influence sales of units of the Issuer

The real estate market in Malta is very competitive in nature. An increase in supply and/or a reduction in demand in the property segments in which the Issuer operates, may cause sales of units to sell at prices which are lower than are being anticipated by the Issuer or that sales of such units are in fact slower than is being anticipated. The occurrence of any of these events will have a significant adverse impact on the Issuer's business and financial condition.

The Issuer depends on third parties in connection with its business, giving rise to counter-party risks

The Issuer relies upon third-party service providers such as architects, project managers, building contractors, subcontractors and suppliers for the construction and completion of its property developments. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the Issuer's expectations and in accordance with their contractual obligations. If these risks were to materialise, the resulting development cost over runs or delays in completion could have an adverse impact on the Issuer's business, and its financial condition, results of operations and prospects.

Prospective purchasers may default on their obligations with the Issuer. Such parties may fail to perform or default on their obligations to the Company due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Company's control.

The successful completion of development at Tigné Point and the prospective development of Manoel Island may be impacted by the Issuer's relationship with the GOM, in terms of obligations falling upon both parties in terms of the Emphyteutical Deed.

The Issuer may be exposed to interest rate risk

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. The Issuer may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows due to having bank borrowings bearing a variable interest rate, and as a result of any future borrowings that are made under bank credit facilities set at variable interest rates.

The Issuer's management team and other key personnel have been and remain material to its growth

The Issuer's growth is in part attributable to the efforts and abilities of the members of its management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Issuer might not be able to replace them within the short term, which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer may not be able to obtain the capital it requires for development on commercially reasonable terms

The Issuer's ability to complete the property development at Tigné Point and execute its development plans for Manoel Island is dependent upon, amongst other things, its ability to generate sufficient funds internally and to access continued financing at acceptable terms and conditions. The Issuer's inability to access sufficient capital for its operations may have a material adverse effect on its financial condition, results of operations and prospects.

The Issuer's business may be adversely impacted by delays or refusals in obtaining planning permissions

The risk of delays or refusals in obtaining the necessary planning permissions is a risk commonly associated with property development projects. Following the publication of the Emphyteutical Deed, the Company applied for a number of Full Development Permits in respect of its developments at both Tigné Point and Manoel Island. Any future development of Tigné Point is subject to any planning policies that might apply from time to time for that locality. As regards Manoel Island, the outline development permit which was included in the Emphyteutical Deed, is incorporated by reference in the North Harbour Local Plan approved in 2006 by the Malta Environment and Planning Authority ("MEPA"). Delays or refusals in the issuance of development permits for the remaining areas earmarked for construction at Tigné Point and the development of Manoel Island would have an adverse effect on the business, financial condition and profitability of the Issuer.

Emphyteutical Deed Obligations

The entire development must be substantially completed by 31 March 2023 (article 8.1.4 of the Emphyteutical Deed). Failure of the Issuer to do so will result in penalties as described in the said article 8.1.4, and should the delay persist for more than three years, the GOM shall have the right to rescind the Emphyteutical Deed and article 21 regarding dissolution of the Emphyteutical Deed shall apply. The GOM shall also have the right to dissolve the Emphyteutical Deed should the Issuer fail to make three annual payment of groundrent or owes by way of groundrent a sum equal in amount to three yearly payments (article 21.1.1 of the Emphyteutical Deed).

2.2 Risks relating to the Commercial Rental Business of the Issuer

The Issuer is susceptible to adverse market conditions

The health of the commercial rental market may be affected by a number of factors such as national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, the availability of financing and yields of alternative investments. An increase in the supply of commercial retail and office space could impact negatively upon capital values and income streams of the Issuer's properties.

The Issuer is dependent on tenants fulfilling their obligations

The Issuer is dependent on tenants fulfilling their obligations under their lease agreements. The business, revenue and projected profits of the Issuer would be negatively impacted if tenants fail to honour their respective lease obligations.

The Issuer is subject to termination of lease agreements

The Issuer is subject to the risk that tenants may terminate or elect not to renew their respective lease, either due to the expiration of the lease term or due to an early termination of the lease. In cases of early termination by tenants prior to the expiration of the lease term, there is a risk of loss of rental income if the tenant is not replaced in a timely manner.

The Issuer may be subject to increases in operating and other expenses

At present, all operating expenses incurred by the Issuer are fully recharged to the tenants occupying the Issuer's properties. Nonetheless, in future, the Issuer's operating and other expenses could increase without a corresponding increase in revenue. The factors which could materially increase operating and other expenses include:

- unforeseen increases in the costs of maintaining the property; and
- material increases in operating costs that may not be fully recoverable from tenants.

No assurance can be given that the Issuer's current insurance coverage would be sufficient to cover all potential losses

The Issuer maintains insurance at levels determined by the Issuer to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Issuer operates. With respect to losses for which the Issuer is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Issuer may not be able to recover the full amount from the insurer. No assurance can be given that the Issuer's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

3. PERSONS RESPONSIBLE, ADVISERS, STATUTORY AUDITORS AND SECURITY TRUSTEE

3.1 Persons Responsible

The Directors are the persons responsible for the information contained in this Registration 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 Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The current Directors of the Issuer are:

Name and ID No. of Director	Function
Dr Alec A. Mizzi ID 511256 M	Chairman and Non-Executive Director
Mr Joseph Bonello ID 267352 M	Non-Executive Director
Mr David G. Curmi ID 477759 M	Non-Executive Director
Mr David Demarco ID 18862 M	Non-Executive Director
Mr Joseph A. Gasan ID 311050 M	Non-Executive Director

Mr Alan Mizzi ID 150263 M	Non-Executive Director
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Mr Mark Portelli ID 94965 M	Non-Executive Director
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Mr Joseph Said ID 746249 M	Non-Executive Director
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The address of the Directors is the same as that of the Issuer. All the Directors are of Maltese nationality.

3.2 Advisers to the Issuer

Legal Advisers

Mamo TCV Advocates
Palazzo Pietro Stiges
103, Strait Street
Valletta VLT 1436
Malta

Sponsor

Charts Investment Management Service Limited
Valletta Waterfront, Vault 17
Pinto Wharf
Floriana FRN 1913
Malta

Manager & Registrar

Bank of Valletta p.l.c.
BOV Centre
Cannon Road
St. Venera SVR 9030
Malta

3.3 Statutory Auditors and Financial Advisers

PricewaterhouseCoopers
78, Mill Street
Qormi QRM 3101
Malta

The annual statutory consolidated financial statements of the Issuer for the financial years ended 31 December 2013 to 2015 have been audited by PricewaterhouseCoopers.

PricewaterhouseCoopers is a firm of Certified Public Accountants holding a practicing certificate to act as auditors in terms of the Accountancy Professions Act, 1979 (Cap. 281 of the laws of Malta).

3.4 Security Trustee

Registered office:
CSB Trustees & Fiduciaries Limited
Vincenti Buildings
28/19, Strait Street
Valletta VLT 1432
Malta

Correspondence address:
CSB Trustees & Fiduciaries Limited
The Penthouse, Tower Business Centre
Tower Street
Swatar BKR 4013
Malta

4. INFORMATION ABOUT THE ISSUER

4.1 Introduction

Full legal and commercial name:	MIDI p.l.c.
Registered address:	North Shore, Manoel Island, limits of Gzira GZR 3016, Malta
Place of registration, incorporation and domicile:	Malta
Registration number:	C 15836
Date of registration:	31 January 1994
Legal form:	A public limited liability company duly registered in terms of the Companies Act
Legislation under which Issuer operates:	The Companies Act, any regulations enacted thereunder and any other applicable legislation enacted in Malta
Telephone number:	+356 20655500
E-mail address:	info@midimalta.com
Website:	http://www.midimalta.com/

4.2 Principal Activities and Markets

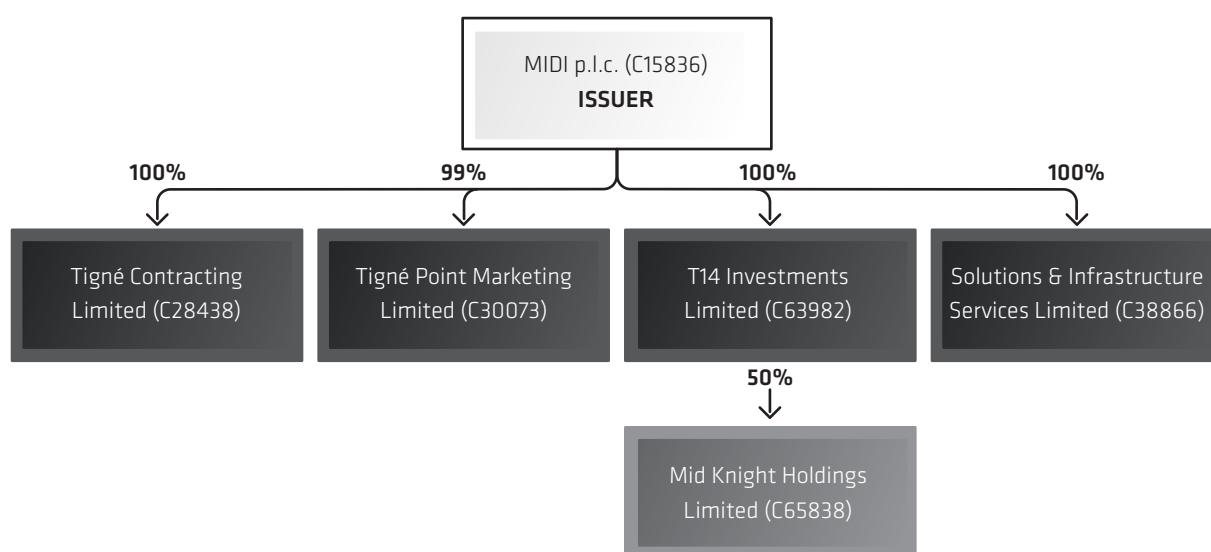
The principal activity of the Company is the development and disposal of immovable property situated in Malta at Tigné Point, Sliema and Manoel Island, Limits of Gzira. MIDI operates principally in the high-end segment of the property market in Malta.

In June 2000, the Company acquired land comprising Tigné Point and Manoel Island from the GOM by title of temporary emphyteusis for a period of 99 years as from 15 June 2000. Construction works commenced in late 2000. Under the same Emphyteutical Deed, the Issuer also acquired from the Malta Maritime Authority, for a period of 99 years, the right to develop and operate a yacht marina on a defined area facing the south shore of Manoel Island in Ta'Xbiex Creek, Limits of Gzira. A summary of the Emphyteutical Deed is provided in Annex I of this Registration Document.

4.3 Organisational Structure

The Issuer has a number of subsidiary and associate companies through which it carries on some aspects of its operations.

The diagram below illustrates the current composition of the Group.



Tigné Contracting Limited

Tigné Contracting Limited (“**TCL**”) was established in Malta on 10 July 2001 as a private limited liability company. TCL serves as the Group’s main contractor to execute the construction and development of Tigné Point and Manoel Island. As such, the majority of contracts with third party contractors are entered into through this company.

Tigné Point Marketing Limited

Tigné Point Marketing Limited (“**TPML**”) was established in Malta on 7 August 2002 as a private limited liability company. TPML handles all marketing (including advertising and PR campaigns) and sales activities of the Group. The company has a specialised selling and marketing team, and is the main point of contact with MIDI’s customers.

T14 Investments Limited & Mid Knight Holdings Limited

T14 Investments Limited (“**T14L**”) was established in Malta on 21 February 2014 as a private limited liability company. During 2014, T14L entered into a joint venture through Mid Knight Holdings Limited to develop and manage a business centre (known as the T14 site) located at Tigné Point. T14L has an equity investment of €2 million in Mid Knight Holdings Limited and loans receivable from the same company of €6 million and €3.7 million, repayable in 2027 and 2029 respectively.

Solutions and Infrastructure Services Limited

Solutions and Infrastructure Services Limited (“**SIS**”) was established in Malta on 5 June 2006 as a private limited liability company. The company was initially set up as a joint venture between MIDI and Siemens S.p.A. On 14 September 2015, MIDI acquired the 50% shareholding of Siemens S.p.A. in SIS for the consideration of €1. As part of the acquisition agreement, Siemens S.p.A. waived a shareholder’s loan due by SIS of €350,000, and following a restructuring exercise agreed to by the contracting parties, Siemens S.p.A. made an informal capital contribution to SIS of €1,742,000.

The principal operations of SIS include the management of the public car park facilities owned by Tigné Mall p.l.c. and the Company, as well as the operation of an HVAC centralised system. The latter operation consists of the provision of heating and cooling to various residential and commercial components at Tigné Point.

Apart from HVAC, other building technologies such as fire detection, access control and CCTV services are also provided by SIS at Tigné Point. To a limited extent, SIS is involved in the provision of information and communications technology related services.

5. BUSINESS OVERVIEW

5.1 Tigné Point

5.1.1 Site Plan



5.1.2 Completed Project Phases

Tigné Point is a residential, commercial and leisure development located on the north-eastern coast of Malta, approximately one kilometre north of Malta's capital Valletta. Development of Tigné Point commenced in December 2000 and comprises high-end residential units having a wide selection of layouts, including penthouses, duplexes and split levels. Furthermore, the development offers a number of cafes, restaurants, a shopping mall (The Point), retail outlets and extensive public spaces.

A summary of completed project phases at Tigné Point, as at the date of this Registration Document, is provided hereunder:

- T1 comprises the property known as the Clock Tower which was built by the Issuer and transferred to the GOM together with 24 underlying car park spaces in terms of schedule 20 of the Emphyteutical Deed. Furthermore, the T1 site also includes an additional 132 car park spaces owned by the Issuer and which form part of the Tigné Point public car park.
- The Point shopping mall (T2) was launched on 20 March 2010 together with a multi-storey public car park and certain outlets on Pjazza Tigné. On 2 May 2013, the Issuer disposed of its shareholding in Tigné Mall p.l.c. (the owner and operator of The Point shopping mall) for a net cash consideration of €20.9 million.
- T4 to T9 Tigné South apartments were launched on the market in 2002. All 200 apartments have been sold.

- Block T10 (comprising 59 units) and 22 apartments overlooking Pjazza Tigné were released to the market in 2008 and 2011 respectively. All apartments have been sold.
- Pjazza Tigné (T11) was developed by the Issuer and is considered to be the property of the GOM as it constitutes a public area in terms of the Emphyteutical Deed. The underlying car park is owned by the Issuer and occupies 4 basement levels consisting of 435 car park spaces.
- Surrounding Pjazza Tigné, the Issuer developed 3 buildings internally known as T4P, T7P and T9P which consist of 11 commercial units (office, retail and catering) and 22 apartments. Whilst the Issuer has transferred the said apartments to third parties, it retained ownership of the commercial units which are currently rented out.
- During the course of 2009, the Clubhouse (T12) was completed and commissioned in June of the same year. It comprises 2 catering outlets and ancillary facilities, a Health & Leisure facility, and facilities including an external pool, pool deck and other related amenities available to residents of Tigné Point.
- The restoration of Fort Tigné (T13) was completed in 2010. Management plans to lease the property for commercial use once works on the public access surrounding the Fort are completed.
- In January 2012, the Malta Environment and Planning Authority issued the full development permits for the phases at Tigné North, which include the Q1, Q2, T14 and the "Q" Car Park underlying the aforesaid three blocks ("Tigné North"). The "Q" Car Park consists of a number of car spaces, lock-up garages, storage rooms, motorcycle bays and plant rooms. Whilst the majority of the units contained therein are intended to be sold together with the Q1 and Q2 apartments, the Issuer has retained ownership of a total of 62 car park spaces located on the second basement level. In terms of an agreement between the Issuer and Mid Knight Holdings Limited, the said car spaces are intended to be leased. One of the plant rooms referred to above is leased out to SIS whilst another is subject to a promise of sale agreement between the Issuer and Mid Knight Holdings Limited.
- The T14 site is located in the Tigné North phase of the Tigné Point project and is described in further detail in section 5.2 below.

In addition to the above, development of the Q1 block was practically complete by the end of 2015. The Q1 block comprises a footprint of 640m² and a gross floor area measuring approximately 9,044m². Development on this project commenced in 2013 and includes 39 apartments as follows:

**Q1 Block - Tigné Point
Residential**

	No. of Units	%
2-bedroom unit	12	31
3-bedroom unit	24	61
3-bedroom penthouse	3	8
	39	100

Demand for these apartments was very positive and all units were sold as at the date of this Registration Document. Direct development costs (that is, construction costs and professional fees) to develop and deliver the apartments in a finished and complete state (other than the penthouses which were delivered in shell form) amounted to *circa* €16 million. An amount of €10 million was funded through bank borrowings and the remaining balance from internal sources and sales proceeds. As at the date of this Registration Document, the said bank borrowings have been fully repaid. Total gross revenue from the sale of the Q1 apartments amounts to *circa* €41 million.

5.1.3 Current Project Phases

Q2 Block – Residential and Commercial

The Q2 block is uniquely positioned within close proximity to the water's edge and shall, when completed, comprise 60 residential apartments distributed on 13 floors. The block, which forms part of the North Phase of the Tigné Point project, has a footprint of *circa* 906m² and a gross floor area measuring approximately 11,829m². The Q2 block also includes commercial units at ground level, having a total rentable area of *circa* 367m². Development on this site commenced in 2014 and is expected to be completed in the first quarter of 2018.

The configuration of units in the Q2 block is as follows:

Q2 Block - Tigné Point

Residential and Commercial

	No. of Units	%
1-bedroom unit	24	40
2-bedroom unit	8	13
3-bedroom unit	16	27
3-bedroom unit (with the possibility of a 4th bedroom)	8	13
4-bedroom unit	2	3
3-bedroom penthouse	1	2
4-bedroom penthouse	1	2
	60	100

The overall direct development cost relating to Q2, for delivery in a complete state (other than the commercial space and penthouses), is estimated at *circa* €21 million. The Group has obtained a bank loan facility of €13 million to finance the expenditure on the superstructure. The remaining balance of costs is expected to be funded from sales revenue and other internal cash resources. Civil works on the project are close to completion, and mechanical & electrical works and finishes have commenced.

The Group launched 32 apartments on the market in March 2016 and initial interest from estate agents and potential investors has been positive, with promise of sale agreements for 27 apartments already entered into. The remaining apartments are expected to be offered in 2017. The Group expects to generate gross revenue from sales of Q2 apartments in excess of €60 million.

5.1.4 Future Development

T15, T16 and T20 Sites

The T15, T16 and T20 sites form part of the Tigné North phase, being the last sites for development at the Tigné Point project. The sites have an aggregate footprint of 5,774m². An application for the issuance of full development permits for these sites was filed with MEPA in 2010. The application provided for a low density

development of approximately 1,520m², consisting of a number of retail outlets and two restaurants over the T15 site, a piazza on the T16 site and another restaurant on the T20 site surrounded by a landscaped area. Whilst the substructures for the T15 and T16 sites have already been completed, and include a total of 39 car parking spaces, in the planning application referred to above, the substructures for the T20 site were earmarked to include a total of 163 car parking spaces.

In view of evolving market conditions, the Company had resolved not to pursue the aforementioned application, the processing of which was placed in a suspended state by the relevant authorities. As part of the Company's ongoing efforts to ensure that its developments reflect market requirements as well as stakeholder interests and expectations, the Company will be reviewing its planning applications for the T15, T16 and T20 sites, taking account of current planning policies for the location.

5.1.5 Commercial Leases

Piazza Tigné

MIDI owns a total of eleven (11) commercial units having a total rentable area of *circa* 2,200m², and which units abut onto Piazza Tigné. One (1) unit is rented out on commercial terms to Tigné Point Marketing Limited, which is engaged in sales and marketing, and is a fully owned subsidiary of the Company. Another unit, measuring approximately 65m², is presently occupied by an entity offering condominium related services to those residential units for which the Company is still acting as the administrator. The remaining nine (9) commercial units are leased to third parties for a minimum rental duration of 15 years, with an option to terminate such lease every 5 years.

T12 Clubhouse

The T12 Clubhouse comprises a number of different elements, which broadly consist of: (i) two catering outlets measuring approximately 1,029m² (inclusive of external areas); (ii) an area of 2,414m² located on two underground levels, which property is earmarked for a health & leisure facility; and (iii) facilities consisting of an external pool, pool deck and other related amenities and which are available to residents of Tigné Point. This part of the T12 Clubhouse does not generate any revenue for the Company.

The abovementioned catering outlets were leased to a related party in 2009 for a period of 20 years. As to the areas earmarked for the health & leisure facility, the Company is currently undertaking an exercise to identify a potential tenant for the premises.

Fort Tigné

With restoration works complete on Fort Tigné, additional works are required in the areas intended for public access which surround Fort Tigné. Once complete, it will enable pedestrians to gain access to the Belvedere route, commencing at Tigné Seafront and reaching Qui-si-sana via Fort Tigné, and will therefore significantly enhance the attractiveness and viability of the Fort as a commercial and catering establishment. Fort Tigné has a rentable area (inclusive of external areas) of approximately 5,000m².

The Company is seeking to lease Fort Tigné. The prospective tenant would be responsible for the finishing works necessary for the intended use.

Q2 Outlets

The ground floor area of the Q2 block, measuring approximately 800m², has been identified as a site for commercial outlets. The Company currently has plans for 3 units earmarked for use as retail and office outlets. Access to the proposed outlets will be through the pedestrian passage from Qui-si-sana leading to Piazza Tigné.

5.2 T14 Block - Commercial

In 2014, the Issuer sold the T14 site, having a footprint area of 2,074m² and located on the north side of Tigné Point, for a consideration of €11.7 million to Mid Knight Holdings Limited, a joint venture company between T14 Investments Limited (a wholly owned subsidiary of the Issuer) and Benny Holdings Limited. Mid Knight Holdings Limited will be developing and operating on the acquired site a business centre having a rentable area of 13,500m². The structure, together with the common area finishes, is expected to be completed during the fourth quarter of 2016. The finishes of the internal rentable areas of the offices are scheduled for completion by the third quarter of 2017.

It is estimated that the cost of construction will amount to €25 million and will be funded as to €13 million through a bank facility, and from sale proceeds described hereinabove and the balance from revenue sources of the company.

Enjoying views both of the sea and the Pjazza, the office block will be divided into two wings each having 8 floors above ground floor and will be connected by an atrium bridge. It is planned that the ground floor area will be leased to third parties for the operation of catering outlets. To provide better access to the property, a number of car parking spaces at basement level will be reserved for use by office tenants on a 24/7 basis.

In July 2015, Mid Knight Holdings Limited entered into a promise of sale agreement to sell, together with an undertaking to carrying finishing works pertaining to the fourth floor of both wings of T14 to a third party for an aggregate cash consideration of €6.85 million.

5.3 Solutions & Infrastructure Services Limited

Solutions & Infrastructure Services Limited (“SIS”) is principally engaged in the management of a public car park and the operation of an HVAC centralised system. The public car park currently consists of *circa* 900 car park spaces, of which 673 spaces are owned by the Company and located substantially underneath the footprint of Pjazza Tigné, whilst the remaining 227 spaces are situated below The Point shopping mall and are owned by Tigné Mall p.l.c. Both the Company as well as Tigné Mall p.l.c. engaged the services of SIS to operate the public car park. Revenues generated from this car park, net of management fees due to SIS, are apportioned between the Company and Tigné Mall p.l.c. on a pro rata basis according to the number of car park spaces owned by each entity.

The operation of the HVAC centralised system consists of the provision of heating and cooling to various residential and commercial units at Tigné Point. Additional offerings of SIS include other building technologies such as fire detection, access control and CCTV services, and limited ICT related services.

The development currently underway at Tigné Point necessitates an additional investment in the HVAC system in the region of €2,000,000 in order to cater for the envisaged increase in demand. The additional investment in the HVAC system will also result in a more efficient operation. The said works were awarded to Siemens with whom an agreement was reached for a credit of €1,000,000 to be provided in connection with the aforementioned additional investment. The remaining balance will be financed from internal funds of the company.

5.4 Manoel Island

Manoel Island is located on the north-eastern coast of Malta, approximately one kilometre north-west of Valletta. The island flanks one side of the Valletta peninsula and borders Sliema creek to the North and Lazzaretto creek to the South. The island’s main features include Fort Manoel, an 18th century fortification built by the Knights of St John, and the Lazaretto, built in 1643, initially used as a quarantine centre and later as a hospital and Military base.

Manoel Island is envisaged as a mixed-use development with low lying residential, commercial and recreational environment. Large tracts of the island, in particular around the fort, will be a green area comprising the provision of public footpaths for the enjoyment of the public and of residents alike. These large green areas will be integrated with other open spaces, including the ditch of the Fort, and with the foreshore around the island, that will be enhanced and made accessible to all.

In October 2015, the Issuer appointed an international consultancy firm to prepare a concept brief on the Manoel Island project. The principal objective of this exercise was to establish a vision for the Manoel Island development and to derive a 'Highest and Best Use Analysis' for the property. Research was conducted in four (4) European countries amongst high net worth individuals and focused on their respective interest in investing in property, particularly in the central Mediterranean region. In addition, the consultancy firm studied the projected supply and quality of property coming to market in the next eight years (to 2023) in order to identify possible local gaps in the property market.

Through a selection process, the Issuer thereafter engaged with five (5) internationally renowned master planners for each to present either a preliminary conceptual design for the development of Manoel Island based on the aforementioned brief or to indicate how they would approach the preparation of a masterplan for the project. The submissions were received in April 2016, which reflect a mix of high-end residential units, a wide variety of commercial property (retail, hospitality and catering), a casino and leisure facilities.

The submissions are currently being considered by the Issuer in conjunction with the international consultancy firm with an aim of engaging one of the firms to prepare a masterplan for the project, which will subsequently form the basis of an application to the Planning Authority. The Planning Authority is expected to process the said application on the basis of policy NHGT16 of the North Harbour Local Plan which provides that "Full Development Applications that significantly change the mix and scale of uses within the Manoel Island development as approved in the Outline Development Permit will only be considered subject to the preparation by MEPA, of supplementary planning guidance that takes account of the overall land use of this Local Plan". The Local Plan also states that a "cautious policy approach will be taken to future amendments to the Manoel Island Project beyond the existing committed levels of development as approved in the Outline Development Permit".

Following the finalisation of the masterplan, the Issuer intends to proceed with a professional investor search, with the aim of identifying a strategic partner with whom to undertake the Manoel Island project. The Company has already received interest in the said project, with discussions having been held with a number of interested investors. Nonetheless the Company remains committed to its current strategy of seeking the finalisation of the masterplan and the subsequent professional investor search.

6. VALUATION OF GROUP PROPERTIES

As at the date of this Prospectus, the Group held a property portfolio valued at €137.2 million. The properties have been valued by an independent valuer and a copy of his condensed valuation report is included in Annex II of this Registration Document. The list of properties owned by the Group is presented hereunder:

MIDI p.l.c.

Property Portfolio

Valuation as at 13 June 2016

	€'000
Commercial premises:	
Q2 Block - ground floor	3,237
T4P, T7P and T9P Blocks - 11 outlets	11,885
T12 Clubhouse - 2 catering outlets, health & leisure facility and car parking spaces	6,518
Fort Tigné	3,876
	<hr/> 25,516
Car parking spaces:	
T11 Section, T8/T9/T10 Section (level -4) - 519 spaces	12,975
T1 Section - 132 spaces	3,300
'Q' car park (level -2) - 62 spaces	1,550
Car park behind T2 Section - 35 spaces	875
T15/T16 Section - 39 spaces	975
	<hr/> 19,675
Storage rooms:	
Total area of <i>circa</i> 3,216m ²	<hr/> 1,929
Property currently being developed:	
Q2 Block residential apartments	<hr/> 48,996
Properties earmarked for development:	
T15 site	458
T20 site	636
Manoel Island	40,000
	<hr/> 41,094
Total	<hr/> 137,210

The Issuer's property at Manoel Island is stated in the above valuation on an 'at least' basis of €40 million, which approximates its carrying amount in the Company's financial statements. As stated in section 5.4 above, the Company is in the course of drawing up a detailed strategy and master plan for the development of the site. It has also been engaged in discussions with third parties who have expressed an interest in the project. In view of these developments the Directors believe that it would be premature, and not in the best interest of the Company's shareholders, to include in this Prospectus an estimate of the current open market value of the said site.

7. FINANCIAL INFORMATION

The historical financial information about the Issuer is included in the audited consolidated financial statements for the financial years ended 31 December 2013 to 2015. The said statements have been published and are available for inspection as per section 18 below.

Set out below are highlights taken from the abovementioned financial statements of the Issuer:

MIDI p.l.c. Income Statement for the year ended 31 December

	2013 Actual €'000	2014 Actual €'000	2015 Actual €'000
Development & sale of property	6,430	11,837	38,784
Property rental & management activities	1,367	1,474	2,259
Revenue	7,797	13,311	41,043
Cost of sales	(6,705)	(12,116)	(31,123)
Gross profit	1,092	1,195	9,920
Other net operating costs	(1,641)	(1,532)	(1,451)
EBITDA	(549)	(337)	8,469
Depreciation	(51)	(56)	(197)
Movement in fair value of investment property	1,786	-	4,851
Operating profit/(loss)	1,186	(393)	13,123
Net finance costs	(2,753)	(2,813)	(3,204)
Share of loss of joint venture	-	(5)	(14)
Impairment charge on goodwill	-	-	(448)
(Loss)/profit before tax	(1,567)	(3,211)	9,457
Taxation	143	1,059	462
(Loss)/profit for the year from continuing operations	(1,424)	(2,152)	9,919
Loss for the year from discontinued operations	(37)	-	-
(Loss)//profit for the year	(1,461)	(2,152)	9,919
Other comprehensive income			
Revaluation surplus, net of deferred tax	-	-	902
Cash flow hedges, net of deferred tax	(233)	137	(18)
Gains from changes in fair value of available-for-sale financial assets	10	49	16
Total comprehensive income (expense) for the year net of tax	(1,684)	(1,966)	10,819

**MIDI p.l.c. Balance Sheet
as at 31 December**

	2013 Actual €'000	2014 Actual €'000	2015 Actual €'000
ASSETS			
Non-current assets			
Property, plant and equipment	921	902	21,208
Investment property	32,162	32,162	21,728
Investment in joint ventures	-	1,995	1,981
Available-for-sale financial assets	661	710	726
Trade and other receivables	608	1,417	1,945
Loans receivable from joint ventures	-	10,051	9,701
Term placements with banks	200	200	200
Deferred tax assets	-	-	343
	<u>34,552</u>	<u>47,437</u>	<u>57,832</u>
Current assets			
Inventories - development project	127,288	129,489	115,130
Trade and other receivables	5,521	6,510	2,870
Current tax assets	1,185	632	2,788
Term placements with banks	650	2,050	2,050
Cash and cash equivalents	9,724	5,551	6,792
	<u>144,368</u>	<u>144,232</u>	<u>129,630</u>
Total assets	<u>178,920</u>	<u>191,669</u>	<u>187,462</u>
EQUITY			
Capital and reserves			
Called up share capital	42,832	42,832	42,832
Share premium	15,879	15,879	15,879
Reserves	(214)	(28)	2,033
Retained earnings	3,897	1,745	10,504
	<u>62,394</u>	<u>60,428</u>	<u>71,248</u>
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	50,620	47,228	48,268
Other non-current liabilities	25,638	24,249	23,573
	<u>76,258</u>	<u>71,477</u>	<u>71,841</u>
Current liabilities			
Borrowings	707	5,418	1,806
Other current liabilities	39,561	54,346	42,567
	<u>40,268</u>	<u>59,764</u>	<u>44,373</u>
	<u>116,526</u>	<u>131,241</u>	<u>116,214</u>
Total equity and liabilities	<u>178,920</u>	<u>191,669</u>	<u>187,462</u>

**MIDI p.l.c. Cash Flow Statement
for the year ended 31 December**

	2013 Actual €'000	2014 Actual €'000	2015 Actual €'000
Net cash from operating activities	(4,609)	(3,007)	5,257
Net cash from investing activities	22,788	(38)	(65)
Net cash from financing activities	(11,211)	(1,208)	(3,951)
Net movement in cash and cash equivalents	6,968	(4,253)	1,241
Cash and cash equivalents at beginning of year	2,040	9,008	4,755
Cash and cash equivalents at end of year	9,008	4,755	5,996

In **2013**, revenue from the development and sale of property amounted to €6.4 million (2012: €8.1 million). This decrease in revenue was anticipated due to the fact that the Issuer had a very limited number of apartments available for sale. During 2013, the Issuer commenced construction of the Q1 block (comprising 39 apartments). Within 2 months from launch in October 2013, MIDI entered into promise of sale agreements for 33 apartments. This high demand for Q1 units clearly exceeded MIDI Group's expectations and projections. Since these apartments were delivered during 2015, revenue and profits generated thereof are accounted for in the 2015 audited financial statements.

Following the successful launch of Q1 in 2013, the Issuer initiated planning in the same year for the development of the Q2 block, consisting of *circa* 60 apartments and commercial space at ground level.

On 2 May 2013, the Issuer disposed of its shareholding in Tigné Mall p.l.c. (the operator of The Point Shopping Mall) and as such, the results from this activity are included in the income statement as 'loss for the year from discontinued operations'.

Revenue from property rental and management activities amounted to €1.4 million in 2013 (2012: €1.2 million). Such activities comprise the public car park operation and rental income generated from the retail and catering establishments situated at Tigné Point.

In 2013, the Issuer reported an increase in the fair value of its investment property (consisting of public car parking areas and commercial/retail properties held for rental purposes) of €1.8 million (2012: nil). Overall, the Issuer incurred a loss for the year of €1.5 million compared to a loss of €1.9 million in the prior year.

The movements in the balance sheet as at 31 December 2013, compared to a year earlier, principally related to the disposal in 2013 of 42,400,000 ordinary shares of €0.50 each held in Tigné Mall p.l.c. The said disposal resulted in an aggregate consideration of €21.2 million and generated a cash surplus, net of expenses, of €20.9 million. As a consequence of this transaction, Group assets were reduced by €62.4 million (being total assets of Tigné Mall p.l.c.), and Group liabilities decreased by €41.2 million (being total liabilities of Tigné Mall p.l.c. and primarily comprising bank borrowings). Furthermore, MIDI p.l.c. utilised €10.2 million of cash proceeds to reduce outstanding bank borrowings of the Group.

Investment property as at 31 December 2013 (amounting to €32.1 million) includes *circa* 651 public car parking spaces valued at €15.4 million, located underneath a number of blocks at Tigné Point, and commercial/retail properties held for rental purposes and valued at €16.7 million. The latter properties mainly comprise: (i) 10 commercial properties situated around Pjazza Tigné and at ground level in a number of blocks (7 units are retail outlets, 2 units are restaurants, and 1 property is MIDI's sales office); (ii) 2 restaurants situated in the clubhouse area (T12); (iii) a fitness centre underneath the clubhouse area; and (iv) Tigné Fort, which is fully restored.

Inventories – development project as at 31 December 2013 amounted to €127.3 million (2012: €126.5 million). Inventories comprise the cost of development intended in the main for resale purposes, and includes the purchase cost of acquiring the land (being the cash equivalent value of the contracted price), cost of development works (including design, construction, site security and other related costs), and borrowing costs attributable to the development phases of the project. Construction works during the year ended 31 December 2013 were mainly focused on the Q1 residential block.

As at 31 December 2013, liabilities (other than borrowings and bonds) amounted to €65.2 million (2012: €69.9 million). An amount of €51.4 million is payable to the GOM in accordance with the contracted terms of the Emphyteutical Deed. A material portion of the said balance shall be payable in kind, principally through the performance of restoration works on historical sites forming part of Manoel Island, and through the completion of all public infrastructure works required at Tigné Point and Manoel Island.

In **2014**, revenue from the development and sale of property amounted to €11.8 million (2013: €6.4 million) and mainly related to the sale of the T14 site located at Tigné Point for a consideration of €11.7 million to Mid Knight Holdings Limited, a joint venture company between T14 Investments Limited (a subsidiary of the Issuer) and Benny Holdings Limited. Once developed, Mid Knight Holdings Limited will operate a 13,500m² business centre on the acquired site. No profit or loss was recognised on this transaction. It is expected that the business centre will be completed during 2017.

During the same year, works relating to the Q1 block (39 apartments) were underway leading to substantial completion in 2015. Construction on the Q2 block (60 apartments) commenced in July 2014, with delivery of apartments in the Q2 block targeted for 2018.

Revenue generated from the property rental and management operations increased marginally by €0.1 million, from €1.4 million in 2013 to €1.5 million. In 2014, the Group leased out all remaining commercial space at Pjazza Tigné. In addition, the public car park operation registered a year-on-year increase in revenue.

After accounting for net finance costs of €2.8 million (2013: €2.8 million) and tax income of €1.1 million (2013: €0.1 million), the Group registered a net loss for the year of €2.2 million (2013: loss €1.5 million).

The principal movements in the balance sheet as at 31 December 2014 related to the equity investment in Mid Knight Holdings Limited of €2 million and loans receivable from the same company of €6 million (maturing in 2027) and €3.7 million (maturing in 2029). These loans are unsecured and are subject to a fixed interest rate of 5%.

Non-current and current liabilities (other than borrowings and bonds) were higher by €13.4 million in 2014 at €78.6 million (2013: €65.2 million). The amount of €10.0 million from such increase comprises 'payments received on account' and represents the deposit and amounts received from each prospective purchaser on account of the purchase price of residential property pursuant to the signing of the promise of sale agreement, together with other intermediate payments pending the completion of the residential property and ensuing signing of the final deed of sale pertaining thereto.

Revenue from development & sale of property increased in **2015** from €11.8 million (in 2014) to €38.8 million, primarily reflecting contracts signed for the sale of 38 Q1 apartments and delivery thereof to their respective owners. The contract for the sale of the remaining apartment in Q1 is expected to be entered into in 2016. Revenue from property rental & management activities also increased in 2015 by 53% from €1.5 million in 2014 to €2.3 million. The increase is principally due to the generation of the first full year's rental income receivable from retail units at the Pjazza. Furthermore, 2015 revenue includes income generated by SIS pursuant to the acquisition by the Issuer of 50% shareholding in SIS on 14 September 2015. Consequently, the 2015 consolidated financial statements of the Issuer comprise the financial results of SIS for the period 14 September 2015 to 31 December 2015 reflecting the 100% shareholding in the company.

In 2015, the Issuer registered a notable improvement in EBITDA from a loss of €0.3 million in 2014 to a positive €8.5 million. After accounting for an increase in fair value of investment property of €4.9 million (2014: nil) and an impairment charge on goodwill (in relation to the acquisition of SIS) of €0.4 million (2014: nil), the Issuer recorded a profit after tax of €9.9 million as compared to a loss of €2.2 million in 2014.

The movements in the balance sheet as at 31 December 2015 when compared to a year earlier, principally include: (i) the consolidation of SIS, being a wholly owned subsidiary of the Issuer; (ii) movements in inventories, borrowings and creditors in relation to sale of apartments in Q1 block; and (iii) movements in inventories and borrowings relating to the construction of the Q2 block.

The public car park valued at €15.4 million has been re-classified from investment property to property, plant and equipment, as a result of SIS, operators of the car park, becoming a wholly owned subsidiary of the Group in 2015. Furthermore, plant relating to SIS of €3.5 million is included in property, plant and equipment.

Inventories as at 31 December 2015 were lower by €14.4 million (when compared to 31 December 2014) from €129.5 million in 2014 to €115.1 million. The movement reflects the netting of a reduction in inventories as a result of the sale of 38 Q1 apartments and an increase in inventories primarily due to the development of the Q2 block. Movement of €3.6 million in trade and other receivables is principally due to the receivable from SIS which is eliminated on consolidation as from 2015.

Other current liabilities decreased by €15.4 million, principally being deposits and other amounts received from customers during development of Q1 apartments. Such amounts were released in 2015 on execution of sale contracts for 38 Q1 apartments. During the year, the Issuer affected repayments of bank and other borrowings of €13.4 million and withdrew an aggregate amount of €9.3 million from bank borrowings.

8. TREND INFORMATION

There has been no material adverse change in the prospects of the Issuer since the date of its latest published audited financial statements.

At the time of publication of this Registration Document, the Issuer considers that generally the Group will be subject to the normal business risks associated with the development and disposal of immovable property in Malta and does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of its business and that of the Group, at least with respect to the current financial year.

The Tigné Point development faces competition from other high end mixed-use projects in Malta that offer a mix of residential units, offices and/or retail space. Following the launch of approximately half of the apartments from the Q2 phase in March 2016, the Company is satisfied with the level of interest and demand for high-end residential property at Tigné Point. This launch followed the previous one held in the last quarter of 2013 for the Q1 apartments, in respect of which promise of sale agreements were entered into for the majority of the said apartments within a few months from launch. Market conditions between the Q1 launch and that of Q2 improved, leading to an uplift over and above the inflationary rate in the selling prices of apartments at Tigné Point.

The Board adopted a strategy whereby a number of apartments from the Q2 phase shall be retained as inventory, to be launched closer to completion date. The Directors believe that there remains significant scope for growth in the high-end market segment. The Directors are also of the opinion that a trend which continues to emerge in this segment of the property market is a preference for high quality accommodation, forming part of a mixed use development which encompasses catering offerings, public spaces and other amenities.

With respect to revenue generated by the Company from the rental of commercial properties at Tigné Point, namely the retail and catering establishments situated at Pjazza Tigné and the two (2) foreshore restaurants located within the T12 Clubhouse at Tigné Point, which are at present fully occupied, management is primarily

involved in the upkeep of said properties in order to retain current tenants and attract prospective clients at better rates in the eventuality of expiring lease agreements. Due to the prime location of the respective outlets and good demand for retail and catering establishments at Tigné Point, management is optimistic that full occupancy can be retained in the foreseeable future. Regarding Fort Tigné and the health & leisure facility within the T12 Clubhouse, management is currently undertaking an exercise to identify potential tenants for the said premises.

The Board is of the opinion that the value pertaining to the Q2 commercial premises on the ground floor will be maximised once all surrounding works would be completed and as such will be launched on the market in due time.

Following the acquisition of the remaining 50% shareholding in SIS, the Group has adopted a strategy that directs existing resources together with additional investment already committed on the principal operations of SIS, namely HVAC related services and the management of the public car park at Tigné Point. With the completion of additional phases of the Tigné Point development, demand is expected to continue to increase for both HVAC related services as well as utilisation of the public car park.

9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 The Board

The Company is currently managed by a Board consisting of eight members entrusted with the overall direction and management of the Company. The Board is composed completely of independent non-executive Directors.

None of the Directors and members of senior management of the Company have been:

- convicted in relation to fraud or fraudulent conduct in the last five years;
- made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- disqualified by a court from acting as director or manager in the last five years.

9.1.1 Curriculum Vitae of Directors

Hereunder is a brief *curriculum vitae* of each of the current Directors:

- (i) **Mr Joseph Bonello** has been active in the private industry for more than 40 years mainly involved in the international procurement and trading of goods and services. He is a graduate of the Chartered Institute of Purchasing and Supply. Mr Bonello holds the office of Chairman of SIS and is a member of the audit committee of the Issuer.

- (ii) **Mr David G. Curmi** started his career in the insurance industry thirty years ago during which time he held various senior executive positions with a number of insurance operators in the Maltese market. He was the Managing Director of Citadel Insurance Services Ltd. and Citadel Insurance p.l.c., Director of Medpoint Insurance Brokers Ltd., Director of Mediterranean Survey Bureau Ltd., Director of International Insurance Management Services Ltd., Director of EuroMed Risk Solutions Ltd., President of the Malta Insurance Association, Honorary Secretary of the Malta Chamber of Commerce, Vice President of the Malta Chamber of Commerce and Governor of Finance Malta. At present he holds the post of Chief Executive Officer of MSV Life p.l.c., Chief Executive Officer and Director of Growth Investments Ltd., Director of Mapfre Middlesea p.l.c., Director of Plaza Centres p.l.c., Chairman of the National Development and Social Fund, Chairman of Trade Malta Ltd. and Chairman of L.B. Factors Ltd. Mr Curmi is an Associate of the Chartered Insurance Institute of the United Kingdom and a Chartered Insurer. He is also a regular lecturer on various insurance topics at the University of Malta and at the Malta Insurance Training Centre.

- (iii) **Mr David Demarco** obtained his Bachelor of Accountancy (Hons.) from the University of Malta in 1990 and followed that up with a Masters in Business Administration in 1995. He also holds the ACIB banking diploma issued by the Institute of Financial Services as well as a CPA warrant. Mr Demarco has been in employment with MSV Life p.l.c. since 2010 and occupies the position of Chief Financial Officer overseeing the company's financial management and accounting processes. Prior to joining MSV Life p.l.c., Mr Demarco worked within the banking industry. He was Chief Financial Officer for HSBC Bank Malta p.l.c. during the period 2004 to 2010. Mr David Demarco is also a Director of Tigné Mall p.l.c. and SIS.
- (iv) **Mr Joseph A. Gasan** is the Chairman of Gasan Group Limited, GasanMamo Insurance Limited and several companies constituting the Gasan Group. He is also a director of several companies including the Issuer, Kemmuna Limited, International Automobiles Limited and TumasGasan Holdings Limited. Mr Gasan assumed the running of the family business in 1971 and in the mid-seventies initiated and directed an expansion and diversification programme which resulted in the evolvement of the Gasan Group to its present level of development. Under his Chairmanship, the Gasan Group successfully expanded its portfolio of activities, established leadership of the automotive business, captured a significant share of the insurance market, secured a strong presence in the development of residential and commercial property and maximised business opportunities in the engineering sector. The result has been the creation of a dynamic enterprise with the necessary human and financial resources to continue to seek fresh opportunities.
- (v) **Dr Alec A. Mizzi** graduated as Doctor of Laws from the University of Malta in 1979 and Master of Laws from the University of London in 1980, in which year he joined Alf Mizzi & Sons Group. He has been Managing Director of Alf Mizzi & Sons (Marketing) Ltd. since 1986 and was appointed CEO of Alf. Mizzi & Sons Group in 1993. He is non-executive director of a number of Alf. Mizzi & Sons subsidiary and associated companies, including Intercomp Ltd., Consolidated Biscuit Co Ltd., Macpherson Mediterranean Ltd., Homemate Ltd, Kitchen Concepts Ltd, Inspirations Ltd., Supermarkets (1960) Ltd., Retail International Ltd, Mellieha Bay Hotel Ltd, Kemmuna Ltd, as well as various overseas subsidiaries. Apart from being a Director of the Issuer since 1994, he has been appointed Chairman in 2015. He held the post of Chairman of Tigné Mall p.l.c. between 2005 and 2014, and of SIS between 2006 and 2012. Dr Mizzi has also been appointed by GOM as non-executive Chairman of Malta Enterprise Corporation (2006 - 2008) and Malta Industrial Parks Ltd (2005 - 2008), as well as Director of Water Services Corp, Malta External Trade Corp (METCO), Malta Venture Capital p.l.c. and Grand Harbour Rehabilitation Project. He has also served as Director of HSBC Fund Management Ltd, and is a Director of, amongst others, EC Global Ltd.
- (vi) **Mr Alan Mizzi** a chartered accountant by profession since 1986 and joined Alf. Mizzi & Sons Ltd a year later. He currently holds the office of Chief Financial Officer thereof. Mr Mizzi also holds the role of managing director of certain operations within the Alf. Mizzi & Sons group of companies. As from 23 September 2015, Mr Mizzi was also appointed as a non-executive director of Plaza Centres plc.
- (vii) **Mr Mark Portelli** graduated from the University of Manchester in 1986 where he obtained a BA (Hons) in Economics and is a Member of the Institute of Chartered Accountants in England and Wales. He has been in employment with The Virtu Steamship Co. Limited since 1990 and serves as a director on a number of companies, including Banif Bank (Malta) p.l.c. and Manoel Island Yacht Yard Limited, in which he has a beneficial interest.
- (viii) **Mr Joseph Said** joined Barclays Bank in 1968 (later operating as Mid Med Bank) where he served for seventeen years in virtually all areas of the bank. In 1986 Mr Said was elected Fellow of the Chartered Institute of Bankers (UK). In 1985 he took up a post in the private sector during which period he became involved in a number of new ventures and initiatives. In 1992 he was appointed by the GOM to serve as a director of Malta Shipbuilding Company Limited. Mr Said currently serves as a director on a number of companies and is also a member on the Board of Trustees of a private college. In 1998, he joined Lombard Bank Malta p.l.c. as Chief Executive Officer and is also a Director of the said bank. Between 2008 and 2013 Mr Said served as Chairman of Heritage Malta. Furthermore, Mr Said is Chairman of Maltapost p.l.c.

9.1.2 Directors' Service Contracts and Remuneration

None of the Directors have a definitive service contract with the Company. In terms of the Memorandum and Articles of Association, the maximum aggregate remuneration of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Company in general meeting.

At the 2015 Annual General Meeting, held on 18 June 2015, the shareholders of the Company resolved to set a maximum annual aggregate remuneration for the Directors, which was capped at €50,000. Total Directors' remuneration for the financial year ended 31 December 2015 amounted to €48,910.

9.1.3 Loans to Directors

As at the date of the Prospectus, there are no loans outstanding by the Company to any of its Directors, or any guarantees issued for their benefit by the Company.

9.2 Supervisory Board

The Board delegates some of its responsibilities to the Supervisory Board, which is composed of Dr Alec A. Mizzi (Chairman), Mr Luke Coppini (CEO), Mr David G. Curmi, Mr Joseph A. Gasan and as from May 2016 also includes Mr Jesmond Micallef (CFO). The objective of the Supervisory Board is to take, or to establish the basis on which, all decisions within the Company are taken, other than decisions on those matters specifically reserved for the Board of Directors or the other committees. The Supervisory Board is also entrusted to act as an interface between the Senior Management of the Company and the Board of Directors.

Some of the more important functions carried out by the Supervisory Board include *inter alia*, reporting on strategic matters to the Board of Directors and the consideration of all new business opportunities, including joint ventures with third parties on existing or new projects.

9.3 Project Management Advisory Committee

In view of the inherent operations of the Company as a property developer, the Supervisory Board set-up a sub-committee in the form of an advisory committee to assist it with project management related matters pertaining to the Tigné Point development. In furtherance of such an advisory role, the Project Management Advisory Committee's ("PMAC") involvement extends to the three main stages of project management: (i) the preparatory stages of the development; (ii) the performance stage when construction works are undertaken on site; and (iii) the handover stage when following completion, the end product is either transferred to a third party purchaser or alternatively sought to be implemented by the Company as part of its overall operations. The PMAC is composed of Mr David Demarco (Chairman), Mr Alan Mizzi, members of the Company's Senior Management Team and a number of other consultants.

9.4 Management

In terms of the Memorandum and Articles of Association, the Directors may from time to time appoint any person to the office of Chief Executive of the Company for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment. The Chief Executive may be asked to attend Board meetings or General Meetings of the Company provided that he shall have no right to vote thereat. If the person appointed to the office of Chief Executive is a director of the Company he shall be designated as Managing Director. In such case, such person shall have the right to attend and vote at Board Meetings *qua* director of the Company. The Directors may entrust to and confer upon a Chief Executive or Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers. The Directors have appointed Mr Luke Coppini as Chief Executive Officer ("CEO") of the Company.

9.4.1 Senior Management of the Company

The Senior Management team of the Company consists of:

- (i) **Mr Luke Coppini** (Chief Executive Officer) – joined the Company in September 2008. He holds an accountancy warrant having graduated with the Association of Chartered Certified Accountants in 1991 and appointed as Fellow in 1997. Prior to being appointed CEO in September 2012, Mr Coppini was responsible for the Finance, Administration, IT and Human Resource functions at the Company. Before joining the Company, Mr Coppini held a number of key management positions within the local automotive, beverage, textile and building industries.
- (ii) **Mr Jesmond Micallef** (Chief Financial Officer) – was first employed at MIDI between 2002 and 2009 in the role of Management Accountant. He then rejoined MIDI in 2011 as Chief Accountant taking up the post of Chief Financial Officer in 2013. He is an Associate Member of the Chartered Institute of Management Accountants (CIMA) and also holds the designation of Chartered Global Management Accountant (CGMA). He also holds an MSc in Management Accounting, Internal Auditing and IT Systems obtained from ESC Lille. Mr Micallef has held management positions within a number of companies in the beverage, construction, educational and information technology industries.
- (iii) **Dr Darren Azzopardi** (Company Secretary) – graduated Doctor of Laws from the University of Malta in 2010. He joined the Company in 2007 and has held various roles within the organisation. Since January 2011, he has acted as secretary to the Company's Board of Directors, as well as secretary to the Company's Supervisory Board. In September 2012 he was appointed as Company Secretary, a role which he holds to date. Dr Azzopardi also performs a number of administrative and legal functions within the Company.
- (iv) **Mr James Vassallo** (Sales and Marketing Manager) – joined in June 2002 and his main responsibilities include sales, marketing, PR functions and all launch, pricing and sales strategies. He is also involved in design planning support, client, media and estate agency relationship management and the supervision of Tigné Point Marketing Ltd. Mr Vassallo has fifteen years of management experience in the real estate, hospitality and leisure fields. He has established a wide network of industry and media contacts both locally and overseas.
- (v) **Mr Ivan Piccinino** (Senior Project Manager) – graduated as an architect and civil engineer from the University of Malta in 1995. His first working experience in the construction industry was as a structural engineer at the Malta Hilton and Portomaso project in St Julians which lasted eight years. He joined the Company in 2003 and was appointed Senior Project Manager of the Company in 2011, a position which he retains to the present day.

9.4.2 Remuneration of Senior Management

The terms and conditions of employment of senior management are specified in their respective indefinite contracts of employment. The Company's policy is such that none of the Company's senior management is entitled to any share options and/or profit sharing arrangements. The total amount of remuneration paid to senior management during the financial year ended 31 December 2015 amounted to €428,340.

9.5 Conflict of Interest

A number of Directors are also directors of other members of the Group, including Mid Knight Holdings Limited (a joint venture company). The Chief Executive Officer sits as a director on the board of some of the subsidiary, associated and joint venture companies of the Company. Conflicts of interest could potentially arise in relation to transactions involving the Issuer, other companies within the Group as well as with joint venture and associated companies. Except as otherwise provided for in this Registration Document, the Company is not aware of any further private interest or duties unrelated to the Group which may or are likely to place the Directors or Chief Executive Officer in conflict with any interest in, or duties towards the Company.

Conflicts of interest affecting board members may arise from time to time with regards to:

- (i) Contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works which have been/may be entered into between MIDI p.l.c., Tigné Contracting Limited, Solutions & Infrastructure Services Limited, Mid Knight Holdings Limited and companies related to board members;
- (ii) Financing and insurance related services which have been/may be provided to MIDI p.l.c. by companies related to board members;
- (iii) Activities, including retail projects, carried on by MIDI p.l.c., which may compete with similar activities carried on, in the close proximity of the project by companies related to board members;
- (iv) Purchases of apartments by directors or by companies related to board members; and
- (v) Rental Agreements by directors or by companies related to board members.

All contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works, and any other purchases are based upon the principle of competitive bidding. The CEO negotiates with suppliers in order to ensure that the best quality goods and services are procured by MIDI at the least possible price. With regard to construction services, the Supervisory Board is responsible, with assistance from the Project Management Advisory Committee, to supervise the tendering process. In particular, the Supervisory Board is responsible for assisting and directing the CEO in negotiations with contractors, suppliers and service providers and is responsible for the award of tenders not exceeding the value of €2,000,000. Any tenders exceeding such a value are awarded by the Board.

By virtue of the Memorandum and Articles of Association of the Company, the Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of the Company. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has material interest in accordance with the Memorandum and Articles of Association.

Article 91(5) of the Memorandum and Articles of Association states that if any question arises at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, then such question shall be referred to the auditors and their ruling shall be final and conclusive, except in a case where the nature or extent of the interests of the director concerned have not been fairly disclosed.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Group.

10. BOARD PRACTICES

10.1 The Issuer's Audit Committee

The Audit Committee, set up in terms of the Principles laid out in the Listing Rules, is appointed by the Board and is directly responsible and accountable to the Board. The Audit Committee's primary purpose is to protect the interests of the Company's shareholders, and assist the directors in conducting their role effectively so that the Company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Audit Committee is composed of three Non-Executive Directors. Mr Joseph Said acts as Chairman of the Committee. The other two (2) members of the committee are Mr Mark Portelli and Mr Joseph Bonello. Mr Mark

Portelli is considered to be an independent member taking into account the relevant criteria specified in the Listing Rules, who the Board also considers to be competent in accounting in terms of the Listing Rules.

The Board has set formal terms of reference of the Audit Committee that establish its composition, role and function. The Board reserves the right to change these terms of reference from time to time.

When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Group.

The main role and responsibilities of the Audit Committee are:

- (i) to review procedures and assess the effectiveness of the internal control systems, including financial reporting;
- (ii) to assist the Board in monitoring the integrity of the financial statements, the internal control structures, the financial reporting processes and financial policies of the Company;
- (iii) to maintain communications on such matters between the Board, management, the independent auditors and the internal auditors;
- (iv) to review the Company's internal financial control system and, unless addressed by a separate risk committee or the Board itself, risk management systems;
- (v) to monitor and review the effectiveness of the Company's internal audit function on a regular basis;
- (vi) to make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in general meeting;
- (vii) to monitor and review the external audit functions, including the external auditor's independence, objectivity and effectiveness;
- (viii) to develop and implement policy on the engagement of the external auditor to supply non-audit services;
- (ix) to establish internal procedures and to monitor these on a regular basis;
- (x) to establish and maintain access between the internal and external auditors of the Company and to ensure that this is open and constructive;
- (xi) to review and challenge where necessary, the actions and judgments of management, in relation to the interim and annual financial statements before submission to the Board, focusing particularly on:
 - (a) critical accounting policies and practices and any changes in them;
 - (b) decisions requiring a major element of judgment;
 - (c) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - (d) the clarity of disclosures and compliance with International Financial Reporting Standards;
 - (e) significant adjustments resulting from the audit;
 - (f) compliance with stock exchange and other legal requirements;
 - (g) reviewing the Company's statement on Corporate Governance prior to endorsement by the Board;

- (xii) to gain an understanding of whether significant internal control recommendations made by internal and external auditors have been implemented by management;
- (xiii) to review the organisation of the internal audit function of the Company, including its plans, activities, staffing and organisational structure;
- (xiv) to monitor the statutory audit of the annual and consolidated accounts;
- (xv) to discuss Company policies with respect to risk assessment and risk management, review contingent liabilities and risks that maybe material to the Company;
- (xvi) to vet and approve related party transactions; and
- (xvii) to consider other matters that are within the general scope of the Committee that are referred to it by the Board of Directors.

The Audit Committee is required to meet a minimum of four (4) times a year.

When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements.

The Audit Committee oversees the Internal Audit process which independent appraisal function was established within the Group to carry out business process risk based audits aimed at ensuring adequate controls and efficient business processes. Such a process is undertaken by Ernst & Young, with representatives of the firm attending the meetings of the Audit Committee and thereby reporting directly to the Audit Committee.

10.2 Corporate Governance

The Issuer supports the Code of Principles of Good Corporate Governance (the “**Code**”) forming part of the Listing Rules and is confident that the adoption of the Code has resulted in positive effects accruing to it.

The Board deems that, as at the date of this Registration Document, the Issuer is fully compliant with the requirements of the Code, except for the instances detailed hereunder:

Principle 3: Executive Directors

The Board is composed entirely of independent Non-Executive Directors. Though the provisions of main principle 3 suggest that the board should be composed of executive and non-executive directors, including independent non-executives, the focus of the supporting principles is on the importance of having non-executive directors as opposed to having executive directors. With the role played by the Supervisory Board as an interface between the Board of Directors and the Company's Senior Management, the Board is satisfied that the strategy of the Board is adequately implemented. Furthermore, the CEO, CFO as well as the Company Secretary attend / are invited to attend (as applicable) all meetings of the Board of Directors.

Principle 4: Code Provision 4.2.7 - Succession policy for the future composition of the Board

According to the Company's Memorandum and Articles of Association, the appointment of Directors to serve on the Board of Directors is a matter which is entirely reserved to the shareholders of the Company, who are afforded the power to nominate and elect a new Board of Directors on an annual basis. Thus, the Board does not consider it practical to develop a succession policy for the future composition of the Board. However, all newly appointed Directors are given a thorough induction course in the operations, activities and procedures of the Company by Senior Management to be able to carry out the function of a Director in an effective manner.

Principle 7: Evaluation of Board's Performance

In the context of the nature of the Company's operations and the stage of its operations together with the composition and roles of the Board, the Board does not consider that such a formal evaluation of performance is necessary. Nonetheless a review of the strengths and weaknesses of each Director is taken into consideration when reviewing the composition of the Board's committees.

Principle 8B: Nominations Committee

The Board does not consider the setting up of a Nominations Committee as appropriate given that the appointment of Directors to the Board is a matter which is reserved entirely to the Group's shareholders in terms of the Memorandum and Articles of Association of the Company.

In accordance with the Company's Memorandum and Articles of Association, pursuant to a call for nominations for election to the office of Director, by notice in at least two (2) daily newspapers, all shareholders are entitled to submit nominations for such an election and have at least fourteen (14) days to submit such nominations to the Company.

Principle 9: Relations with Shareholders and with the Market (Code Provision 9.3)

There are no procedures disclosed in the Company's Memorandum or Articles as recommended in Code Provision 9.3, to resolve conflicts between minority shareholders and controlling shareholders.

In order to afford protection to minority shareholders, the Chairman and Company Secretary ensure that sufficient contact is maintained with shareholders to understand issues and concerns. The office of the Company Secretary maintains regular communication with investors and provides individual shareholders with the opportunity to raise matters at any time throughout the year, ask questions at the annual general meeting or to submit written questions in advance. Furthermore, as provided by the Companies Act, minority shareholders may convene extraordinary general meetings.

11. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

As at the date of this Registration Document, shareholders with 5% or more of the share capital of the Company comprised the following:

Name	Shareholding
Alf. Mizzi & Sons Ltd	14.21%
MSV Life p.l.c.	12.55%
Gasani Enterprises Limited	11.09%
Bank of Valletta p.l.c.	8.91%
FINCO Treasury Management Ltd – clients' accounts	5.42%
Vassallo Builders Group Limited	5.06%
Rizzo Farrugia & Co (Stockbrokers) Ltd – clients' accounts	5.06%

All companies forming part of the respective groups of companies of which Alf. Mizzi & Sons Limited, Bank of Valletta p.l.c., Gasani Enterprises Limited, Gatt Investments Limited, MSV Life p.l.c., Polidano Brothers Limited, Vassallo Builders Group Limited, Lombard Bank Malta p.l.c. form part, and First Gemini p.l.c., are considered by the Directors to be related parties by virtue of the shareholding of the aforementioned companies in MIDI p.l.c. All

entities owned, controlled or significantly influenced by the Company's ultimate shareholders, together with the Directors, close members of their families and all entities owned, controlled or significantly influenced by these individuals, are the principal related parties of the Group.

Further information on related party transactions is included in the audited consolidated financial statements of the Issuer for the year ended 31 December 2015, which is available for inspection as per section 18 below.

The Company is not aware of any other arrangements, the operation of which may, at a subsequent date, result in a change in control of the Company.

12. HISTORICAL FINANCIAL INFORMATION

The financial information about the Issuer is included in the audited consolidated financial statements for the financial years ended 31 December 2013 to 2015. The said statements have been published and are available at the Issuer's registered office.

There were no significant changes to the financial or trading position of the Issuer or the Group since the end of the financial period to which the last audited financial statements relate.

13. LITIGATION

Neither the Company nor any member of the Group is or has been engaged in nor, so far as the Company or any member of the Group is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had during the twelve (12) months preceding the date of this Prospectus, a significant effect on the Company's or the Group's financial position or profitability.

14. ADDITIONAL INFORMATION

14.1 Share Capital

As at the date of this Prospectus, the authorised share capital of the Issuer is ninety million euro (€90,000,000) divided into four hundred and fifty million (450,000,000) ordinary shares having a nominal value of twenty euro cents (€0.20) each.

The issued share capital of the Issuer is forty-two million, eight hundred and thirty-one thousand, nine hundred and eighty four euro and forty euro cents (€42,831,984.40) divided into two hundred and fourteen million, one hundred and fifty-nine thousand, nine hundred and twenty-two (214,159,922) ordinary shares having a nominal value of twenty euro cents (€0.20) each which are all held by the public and listed on the Malta Stock Exchange. The ordinary shares rank *pari passu* amongst each other for all purposes irrespective of any premium paid thereon. Each ordinary share is entitled to one vote.

14.2 Memorandum and Articles of Association

14.2.1 Objects

The principal object and purpose of the Company is that of acquiring, developing and disposing of the immovable property or rights over such immovable property consisting of land and buildings at Manoel Island and Tigné Point in Malta; and to establish, promote and invest in the Project and in any other enterprise or undertaking connected thereto (Clause 3 of the M&As).

14.2.2 Voting Rights in respect of Ordinary Shares

Each ordinary share shall be entitled to one vote. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every member present in person shall have one (1) vote, and on a poll every member present in person or by proxy shall have one (1) vote for each share of which he is the holder.

On a poll, votes may be given personally or by proxy and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

No member shall be entitled, in respect of any share in the capital of the Company held by him, to be present or to vote on any question, either in person or by proxy, at any General Meeting, or upon any poll, or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such share remains unpaid.

14.2.3 Appointment of Directors

Article 98 of the Company's Memorandum and Articles of Association states that at each Annual General Meeting of the Company, all the directors shall retire from office. A director retiring from office shall retain office until the dissolution of such Meeting and a retiring director shall be eligible for re-election or reappointment (Article 99).

The Directors of the Company shall be elected as provided in Article 102 of the Company's Memorandum and Articles of Association that is a maximum of eight (8) directors shall be elected at each Annual General Meeting (or at an Extraordinary General Meeting convened for the purpose of electing directors). Voting shall take place on the basis that every member shall have one (1) vote in respect of each ordinary share held by him. A member may use all his votes in favour of one candidate or may split his votes in any manner he chooses amongst any two or more candidates. The Chairman of the Meeting shall declare elected those candidates who obtain the greater number of votes on that basis.

14.2.4 Powers of Directors

The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not, by the Companies Act or by the Articles of Association, required to be exercised by the Company in General Meeting, subject, nevertheless, to the provisions of the Articles of Association and of the Companies Act and to such directions, being not inconsistent with any provisions of the Articles of Association and of the Companies Act, as may be given by the Company in General Meeting: provided that no direction given by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if such direction had not been given. The general powers conferred upon the Directors by this provision shall not be deemed to be abridged or restricted by any specific power conferred upon the Directors by any other provision of the M&As.

Subject to the provisions of the Articles of Association, the Board of Directors may exercise all the powers of the Company to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

15. MATERIAL CONTRACTS

The following contracts are deemed by the Issuer to be material:

- (i) The **Emphyteutical Deed**, details of which are given throughout the Prospectus and which is described in detail in Annex I.
- (ii) By virtue of an **instrument of transfer** entered into on 14 September 2015 between the Issuer and Siemens SpA, an Italian company registered in Milan, Italy ("Siemens"), and pursuant to a preliminary agreement (the "Preliminary Agreement") entered into on 30 July 2015 among the Company, Siemens and SIS, the Company acquired Siemens's 50% shareholding (consisting of 2,000,000 ordinary 'A' shares of one euro (€1) each) in SIS for the consideration of one euro (€1). One of the said shares was acquired by Tigné Contracting Limited (C 28438), a subsidiary of MIDI.

The Preliminary Agreement contemplated other transactions which were also executed on 14 September 2015, including:

- (a) the waiver by Siemens of the sum of €350,000 which was due to it by SIS by way of a shareholder's loan; and
- (b) an informal capital contribution made by Siemens to SIS in the amount of €1,742,000 as part of a restructuring exercise agreed between the shareholders and made concurrently with the signing of the instrument of transfer. The contribution was made by means of a public deed in the records of Notary Dr Michael J. Galea.

The development underway at Tigné Point necessitates an additional investment in the HVAC system (a centralised system of heating, ventilation and cooling) in the region of €2,000,000 in order to cater for the envisaged increase in demand. The additional investment in the HVAC system will also result in a more efficient operation. The said works were awarded to Siemens with whom an agreement was reached for a credit of €1,000,000 to be provided in connection with the aforementioned additional investment.

As at 14 September 2015, SIS was projecting a loss in the region of €600,000 for its financial year ending 30 September 2015 and its gross assets amounted to €5.6 million. The Company believes that there is a solid foundation to turn around the financial results of SIS.

The Company also agreed to guarantee loan and overdraft facilities made available by HSBC Bank Malta p.l.c. to SIS, which guarantee is secured *inter alia* by items 12 and 13 of Annex III to the Securities Note, which will be released as described in section 9.5 and 9.6.2.2 of the Securities Note.

- (iii) A **shareholders' agreement** was signed on 11 July 2014 between T14L, Benny Holdings Limited, MIDI and Mid Knight Holdings Limited. Prior to this, T14L and Benny Holdings Limited set up Mid Knight Holdings Limited, with the two parties each holding fifty per cent (50%) of the issued share capital of this company to fund, develop and subsequently manage and administer the business centre with underlying catering establishments to be developed on the T14 Site (namely the T14 Building) (hereinafter referred to as the "Joint Venture").

Mid Knight Holdings Limited purchased the T14 Site from MIDI by virtue of a deed dated 12 July 2014 in the records of Notary Pierre Attard whereby MIDI sold and transferred to Mid Knight Holdings Limited the temporary *dominium utile* for the period remaining out of the original period of ninety nine (99) years of the Emphyteutical Grant which commenced on the fifteenth day of June of the year two thousand (15/6/2000), of the T14 Site for the total price of eleven million seven hundred thousand euro (€11,700,000), which price is subject to deferred payments as stated in the said deed and under the other terms and conditions contained in the said deed.

MIDI and Benny Holdings Limited agreed that part of the said price due to MIDI for the sale of the T14 Site, which was assigned by MIDI to T14L, is payable by Mid Knight Holdings Limited exclusively to T14L. T14L

is jointly and severally liable with MIDI for the payments due by MIDI to the GOM for premium payments in order to release the T14 Site from the relative hypothec securing the relevant portion from the premium payments. Also, until the T14 Site is released from the said hypothec in favour of the GOM, payments to T14L may be settled by Mid Knight Holdings Limited into an account pledged in favour of Mid Knight Holdings Limited, and the balance of the price due to T14L and/or any security attached thereto may not be assigned. The said deed which is available as a document for inspection as set out in section 18 of this Registration Document.

Save for the above, the Issuer has not entered into any material contracts which are not in the ordinary course of its business and which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

16. PROPERTY VALUATION REPORT

In connection with the issue of the Bonds in accordance with the terms of the Prospectus, the Issuer commissioned Edgar Caruana Montaldo, Architect and Civil Engineer, to issue a property valuation report in relation to each of the properties owned by the Group. The following are the details of said independent valuer:

Name: Edgar Caruana Montaldo
Business address: 41a, Tal-Herba Street, B'Kara BKR 2322, Malta

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus in question. Accordingly, the property valuation reports referred to herein are dated 13 June 2016.

A copy of the reports dated 13 June 2016 compiled by Architect Edgar Caruana Montaldo in respect of the properties owned by the Group, the aggregate value of which has been stated at *circa* €137.2 million, are available for inspection as set out in section 18 of this Registration Document.

17. STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the financial analysis summary and the architect's property valuation reports, the Prospectus does not contain any statement or report attributed to any person as an expert.

The financial analysis summary dated 24 June 2016 has been included in Annex IV of the Securities Note in the form and context in which it appears with the authorisation of Charts Investment Management Service Limited of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

The architect's property valuation reports dated 13 June 2016 are being made available in the form and context in which they appear with the authorisation of Architect Edgar Caruana Montaldo of 41a, Tal-Herba Street, B'Kara BKR 2322, Malta, who has given and has not withdrawn his consent to said reports being made available for inspection as set out in the following section 18 of this Registration Document. A condensed property valuation report has been included in Annex II of this Registration Document.

Neither of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that the financial analysis summary and the architect's condensed property valuation report have been accurately reproduced 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.

18. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document, the following documents or certified copies thereof, where applicable, shall be available for inspection at the registered office of the Issuer at North Shore, Manoel Island, Limits of Gzira GZR 3016, during office hours:

- (a) Memorandum and Articles of Association;
- (b) Audited consolidated financial statements for the financial years ended 31 December 2013 to 2015;
- (c) The letter of confirmation drawn up by PricewaterhouseCoopers dated 24 June 2016;
- (d) The independent architect's property valuation reports dated 13 June 2016;
- (e) Financial analysis summary prepared by Charts Investment Management Service Limited dated 24 June 2016;
- (f) The Emphyteutical Deed;
- (g) Searches of privileges and hypothecs carried out up to 6 May 2016;
- (h) Copy of the deed dated 12 July 2014 in the records of Notary Pierre Attard, entered into between the Issuer, Mid Knight Holdings Limited, T14 Investments Limited, Tigné Contracting Limited and Benny Holdings Limited; and
- (i) The Trust Instrument,

Items (a), (b) and (e) above are also available for inspection in electronic form on the Issuer's website at www.midimalta.com

Annex I

Summary of the Emphyteutical Deed – Issues Arising Thereunder

Introduction

As explained above the Company holds the land at Tigné Point Sliema and Manoel Island by title of temporary emphyteusis granted to it by GOM for a period of 99 years which commenced on the 15 June 2000.

The Emphyteutical Deed imposes a number of obligations and restrictions on the Company in favour of GOM, the most salient of which can be generally grouped under the following headings:

- (i) Payment of the annual groundrent (Article 3 of the Emphyteutical Deed);
- (ii) Payment of the premium (price) for the Emphyteutical Grant (Article 4);
- (iii) Obligations relating to the development of the Emphyteutical Land (Article 8);
- (iv) Obligations relating to the restoration of historic sites and buildings on the Emphyteutical Land (Article 9);
- (v) Relocation Obligations (Article 10);
- (vi) Restrictions on the transfer of the Emphyteutical Land or parts thereof (Article 11).

Some of these obligations are secured by charges over the Emphyteutical Land.

For certain specific purposes such as the allocation of the premium, development of the Emphyteutical Land and the release of charges, the Emphyteutical Deed divides the Emphyteutical Land into a number of “Phase Areas” (Schedule 15).

Tigné Point is divided into 7 Phase Areas:

Tigné Sports Phase Area
Tigné South Phase Area
Tigné Pjazza Phase Area
Tigné North Three and Fort Phase Area
Tigné North Two Phase Area
Tigné North One Phase Area
Tigné Tower Phase Area

Manoel Island is divided into 8 Phase Areas:

Marina South Phase Area
Marina Central Phase Area
Lazzaretto Phase Area
Fort Manoel Phase Area
Manoel Sports Club Phase Area
Marina Lido Phase Area
Marina Mall Phase Area
Marina North Phase Area

The following is a summary of the most salient parts of the Emphyteutical Deed. It may not be deemed to be exhaustive.

Title

The contract of emphyteusis is contemplated in the Maltese Civil Code (Chapter 16 of the Laws of Malta) and is regulated by articles 1494 to 1524 of the Civil Code.

Article 1494 defines emphyteusis as “a contract whereby one of the contracting parties grants to the other, in perpetuity or for a time, a tenement for a stated yearly rent or ground-rent which the latter binds himself to pay to the former, either in money or in kind, as an acknowledgment of the tenure.” The grantor is sometimes referred to as “the direct owner” and the grantee as “the emphyteuta”. Some of the relevant articles of the Civil Code are mandatory provisions while others are not and can be contracted out of.

The rights of the emphyteuta over the tenement, sometimes referred to as the *dominium utile*, and the rights of the direct owner, sometimes referred to as the *dominium directum*, are real rights/immovable property in terms of the Code (article 310).

Therefore, subject to any restrictions contained in the Emphyteutical Deed, the Company can develop the Land, sell its emphyteutical rights over the Land and secure any obligation it enters into by creating a charge on the *dominium utile*. The Company can also transfer the Land or parts thereof by title of sub-emphyteusis or for instance by title of lease. In simple terms, a temporary emphyteusis can be described as a “half-way house” between ownership and lease.

The Land is held under temporary emphyteusis which means that when the 99 year period expires, the Land with any buildings, constructions and other improvements reverts back to GOM as the direct owner (article 20). However, the Emphyteutical Deed grants any person who acquires a residential unit the right to convert the temporary emphyteusis into a perpetual emphyteusis in consideration of a nominal payment (article 2). This right is not available in respect of non-residential units.

Groundrent

The total annual groundrent which is payable in terms of the Emphyteutical Deed (article 3) amounts to €1,118,100 (Lm480,000) until 31 March 2025, €1,956,673 (Lm840,000) from the 1 April 2025 until 31 March 2050 and €2,236,198 (Lm960,000) from 1 April 2050 onwards.

The annual groundrent is in respect of the entire Emphyteutical Land. In case of transfers of Phase Areas or other parts of the Emphyteutical Land including units or blocks of buildings built on the Emphyteutical Land, the groundrent is to be divided as stated in Schedule 21. The division of groundrent as provided in the Emphyteutical Deed is necessary for the purposes of recognition of the transferee by GOM and of defining the liability of the transferee for ground rent.

In the case of the Transfer (see Restrictions on Transfers below) of an entire Phase Area, the groundrent for each Phase Area is specified (paragraph (a) of clause 5 of Schedule 21).

Schedule 21 (clause 5 paragraph (b)) also provides for the division of groundrent in respect of other Transfers, such as transfers of units or blocks of buildings, by reference to the area of Floorspace (defined in article 3.3 of the Emphyteutical Deed essentially as the utilisable internal floorspace) as follows:

1. €4.31 (Lm1.85) per 1 square metre of Floorspace for the period commencing on the date of the Emphyteutical Deed and ending on 31 March 2025;
2. €7.55 (Lm3.24) per 1 square metre of Floorspace for the period commencing on the 1 April 2025 and ending on 31 March 2050;
3. €8.62 (Lm3.70) per 1 square metre of Floorspace for the period commencing on the 1 April 2050 and ending on the date of expiration of the duration of the Emphyteutical Deed.

The Company has already utilised these provisions to apportion the groundrent with respect to *inter alia* apartments, garages and store-rooms ("Units") in Tigné Point. In terms of the said deeds, the GOM agreed that when a Unit is transferred to a Transferee (as defined in Clause Eight (8) of Schedule Twenty One (21) of the Emphyteutical Deed) the special privilege registered in favour of GOM pursuant to the Emphyteutical Deed, to the extent only that the special privilege was registered to secure the payment of the groundrent, shall continue to attach to such Unit only for the apportioned groundrent as agreed by the GOM and the Company on the said deed, it being understood that the effects thereof for each Unit shall be suspended until such time when the Transfer of a Unit is made to a Transferee and shall come into effect immediately and without the need of any further formality in relation to a Unit when such Unit is Transferred.

Premium

The total premium payable by the Company to GOM in terms of the Emphyteutical Deed (article 4) is / was €92,173,305 (Lm39,570,000) made up of 4 components:

- (i) €12,974,610 (Lm5,570,000) payable in instalments (up to the year 2006) without interest as stated in Schedule 7 (article 4.1.1). This has been paid;
- (ii) €46,587,468 (Lm20,000,000) payable in instalments (from the year 2010 up to 2023) without interest as stated in Schedule 7. GOM was given an option, exercisable up to 31 March 2006, to subscribe for 10,000,000 Preference Ordinary Shares "A" in the Company in full and final settlement of such premium (article 4.1.2). This option was not exercised, and therefore this component remains payable in line with the Emphyteutical Deed;
- (iii) €20,964,361 (Lm9,000,000) payable by the carrying out of (a) the infrastructural works in terms of article 8 of the Emphyteutical Deed which include the drainage, water, electricity and telecommunications distribution systems (it is not clear whether "infrastructural works" in clause 4.3 of Emphyteutical Deed includes also the Public Areas as defined in clause 8.2); and (b) the reclamation works at Manoel Island specified in article 10.1 of the Emphyteutical Deed (article 4.1.3);
- (iv) €11,646,867 (Lm5,000,000) payable by carrying out of the restoration works in terms of article 9 except those mentioned in article 13.4 (the restoration works on the external fortifications of Fort Manoel) the costs of which shall be set-off against the €1,164,686 (Lm500,000) casino concession fee.

Schedule 9 attributes the premium to each separate Phase Area. This attribution has been made principally for the purposes of enforcement and the progressive release of the privilege by GOM.

Development Obligations

The Company is to develop the Emphyteutical Land in accordance with the outline development permit attached as Schedule 14 to the Emphyteutical Deed or such other planning permits which may be issued, but no part of the Emphyteutical Land can be used for industrial purposes except for light industries in connection with yachting services and industrial art, crafts and handicrafts (article 7).

The phasing of the development is also specified in the Emphyteutical Deed (article 8). The time limits generally depend on and start to run from the issue of full and final development permits. With respect to the first phase, there are time limits for the filing of applications for permits, for commencement of works following the issue of permits and for substantial completion of the phase. The first phase was a choice between (i) a combination of the Tigné South and Tigné Sports Phases including the Qui-Si-Sana to Tigné Front Trunk Road and (ii) the Marina South Phase, including the new bridge, dredging works and breakwater at Manoel Island. The Company chose the former.

There is more flexibility with respect to the other phases - the Emphyteutical Deed (article 8.1.3) simply obliges the Company to substantially complete the phase within a specified time period (Schedule 17) from the commencement of development (but it is up to the Company to decide when to commence development). Excavations, site preparations and construction up to planned surface street level are not deemed to be commencement of development (and thus the time-limits in Schedule 17 do not start to run) except where part of the Emphyteutical Land is transferred to third parties.

The time periods for substantial completion of the Manoel Island Phase Areas are the following:

Marina South Phase Area	6 years
Marina Central Phase Area	6 years
Lazzaretto Phase Area	6 years
Manoel Sports Club Phase Area	4 years
Marina Lido Phase Area	4 years
Marina Mall Phase Area	3 years
Marina North Phase Area	3 years

The time periods for substantial completion of the Tigné Point Phase Areas are the following:

Tigné Sports Phase Area	3 years
Tigné South Phase Area	5 years
Tigné Pjazza Phase Area	3 years
Tigné North Three and Fort Phase Area	3 years
Tigné North Two Phase Area	3 years
Tigné North One Phase Area	3 years
Tigné Tower Phase Area	5 years

The entire development shall be substantially completed by the 31 March 2023 (article 8.1.4).

In terms of article 8.1.2, the Company was obliged to substantially complete, by not later than four (4) years from the date of issue of the relative Full Development Permit for the entire phase/s (not being one subject to appeal or reconsideration) and any other necessary permits and authorisations, any one (at the Company's option) of the following two (2) phases:

- (i) The Tigné South and Tigné Sports Phases which include the Qui-Si-Sana to Tigné Front trunk road; or
- (ii) The Marina South Phase which includes the new Manoel Island bridge, the dredging works between Manoel Island and Gzira and the Manoel Island breakwater.

The Company had to apply for the relative Full Development Permit and all necessary permits and authorisations referred to above by not later than twelve (12) months from the date of signing of the Emphyteutical Deed.

The Company opted for the Tigné South and Tigné Sports Phase Areas (including the Qui-si-Sana to Tigné Front trunk road) (as the first Phase) and completed the same.

The Company is responsible (see article 8.2) for the construction and installation of the public infrastructure on the Emphyteutical Land including the drainage, water, electricity and telecommunications distribution systems (referred to as "the Public Infrastructure") and for the construction on the Emphyteutical Land of the areas destined for public use including roads, squares, and parks (referred to as "the Public Areas"). The Public Areas are defined in the Emphyteutical Deed by means of Schedule 18 and plans attached, which are based on the Outline Development Permit attached to the Emphyteutical Deed but it is specified that the exact measurement and location of the Public Areas are to be ultimately determined after taking into account changes to the plans. The Public Infrastructure and Public Areas once completed are to be transferred to GOM (article 12). Upon completion of such Public Areas and Public Infrastructure (and even before the transfer thereof to GOM by means of a public deed) the responsibility and control of the same shall 'ipso facto' pass to the GOM (or any authority, corporation, company or person designated by GOM) who shall thereafter be responsible for the maintenance, upkeep, repair, replacement and cleanliness thereof in accordance with normal standards.

The Company is required to dredge an area of the Emphyteutical Land of 4,521 square metres (as specified in the Emphyteutical Deed), and this area will revert to GOM. The Company is also required to reclaim an area of 5,250 square metres (as specified in the Emphyteutical Deed), and this will be added to the Emphyteutical Land granted to the Company. The ground rent due to GOM for the reclaimed Emphyteutical Land will be equal to the ground rent that will be deducted for the dredged Emphyteutical Land, and so there will be no net change to the total amount of ground rent due to GOM.

In case of breach of the time-limits in respect of any Phase Area, GOM is entitled to a penalty of €350 (Lm150) per day for delay in first 6 months, a penalty of €1,165 (Lm500) per day for any subsequent period of delay, and if the delay goes beyond 3 years to rescission of the Emphyteutical Grant for that Phase Area. With respect to the first phase, which is the combined Tigné South and Tigné Sports Phases, GOM has the right to rescind the entire emphyteutical concession if the time limits for the first phase are not complied with (article 21). The Emphyteutical Deed contemplates a 6-month cure period in such case (see Dissolution below).

For the above-mentioned purposes “substantial completion” means (a) as regards Public Infrastructure and Public Areas, when 85% of works involved are completed and (b) as regards Buildings and Units, when 85% thereof are completed in shell form together with the external finishes and apertures. Any Public Infrastructure and Public Areas are to be actually completed within 18 months from the date on which substantial completion was agreed to take place.

For the duration of the Emphyteutical Grant, the Company is also granted the exclusive right to develop and operate a yachting centre on the sea facing the south shore of Manoel Island (article 6). Article 6.4 of the Emphyteutical Deed grants the Company a right of first refusal following the expiry of the 99-year concession. By virtue of a decision dated the 6 October 2008, the Commission for Fair Trading *obiter* commented negatively on this right of first refusal, describing it as anti-competitive.

For the duration of the Emphyteutical Grant, the Company is also granted the right to open and operate a casino.

Restoration Obligations

Article 9 provides for the phasing and the performance of the obligations to restore the heritage sites and buildings.

Restoration works of sites listed in article 2.3, excluding Fort Manoel in respect of which specific time-limits are prescribed in the Emphyteutical Deed, are to be substantially completed (i.e. completion of 85% of the relevant restoration works) together with the relative Phase Area: provided that works necessary to prevent further deterioration of such sites were to commence within 6 months from the date of the Emphyteutical Deed and were to be completed within 2 years from signing of the Emphyteutical Deed. The restoration works are to be actually completed within 1 year from the date on which substantial completion was agreed to take place. It seems that in respect of restoration works listed in the Heritage Studies Report (attached to Schedule 14 of the Emphyteutical Deed) which do not relate to sites listed in clause 2.3, the time-limit applicable thereto would be the general one under clause 8.1.4 (i.e. 31 March 2023).

The main restoration site at Manoel Island is Fort Manoel. The Emphyteutical Deed applies the following time periods in respect of the restoration of Fort Manoel:

- (i) Cleaning of ditch / restoration of parade ground and the structures within the fort must commence not later than 1 year from the date of the relative Full Development Permit, and shall be substantially completed by 5 years from that date.
- (ii) All other restoration works must commence not later than 6 years from the date of the relative Full Development Permit, and shall be substantially completed by 10 years from that date.

The Company had to apply for the relative Full Development Permit and all necessary permits and authorisations referred to above by not later than one (1) year from the date of signing of the Emphyteutical Deed.

Other principal buildings include the Lazzaretto Buildings, Cemetery Chapel, Customs House and Quarantine Cattle-Sheds.

The restoration sites at Tigné Point are Fort Tigné and Tigné Chapel (already completed).

Relocation Obligations

The Emphyteutical Deed (article 10) also imposes on the Company other obligations consisting of the construction, finishing and transfer to GOM, within specified time limits, of certain premises and facilities which will be used by persons and organisations which prior to the signing of the Emphyteutical Deed used certain buildings and facilities on the Emphyteutical Land. The Company is to be compensated for the performance of some of these obligations, which compensation is to be set off against the premium due by the Company to GOM.

In the Manoel Island Phase Areas, these obligations relate to the football pitch and ancillary facilities, the 'bocci' pitch and the Club House.

In the Tigné Point Phase Areas, these obligations relate to 12 residential units and 24 car parking spaces, and specified sports facilities which are all situated in Block T1 and were transferred to GOM in 2005, and a football training pitch and ancillary facilities which were located within the same structure that houses The Point shopping mall.

Certificate of Completion of Works

Article 25 of the Emphyteutical Deed provides that the Company and GOM may give notice in writing to each other informing one another of completion, substantial completion, actual completion or finishing of any works, including infrastructural and restoration works or to the carrying out of any such works up to a certain stage. The Company and GOM shall inform their respective architects to issue a joint certificate in this respect.

Should there be a case of disagreement in connection with the above-mentioned or if the certificate is not issued within 14 days from the date of service of the notice in writing mentioned in article 25 above then the matter shall be settled by arbitration (Schedule 28 of the Emphyteutical Deed).

Restrictions on Transfers

In terms of the Emphyteutical Deed (article 11.1), any Transfer (as defined in Schedule 21) of the Emphyteutical Land or any part thereof or any improvement thereon other than as provided in Clauses 1 to 4 of the said Schedule requires the consent of GOM.

Therefore, while the Company has the right to grant by title of emphyteusis or sub-emphyteusis (which are included in the definition of the word "Transfer" contained in the Emphyteutical Deed) the Emphyteutical Land or any part of it as contemplated in clause 1 to 4 of Schedule 21, it would however require the consent of the GOM in circumstances which are not so contemplated in those clauses.

Clauses 1 to 4 of Schedule 21 of the Emphyteutical Deed allow the Company to transfer any building or unit in a building which is constructed in shell form without the consent of the GOM. The Company can, however, only Transfer undeveloped Emphyteutical Land without the consent of GOM if: (a) the Transfer is a transfer of a whole Phase Area to a Subsidiary as envisaged in clause 2 of Schedule 21 (where Subsidiary is defined as a company or commercial partnership in which at least 60% of the ordinary share capital and voting rights are held by the Company), or (b) the Transfer is a transfer of the Tigné Tower Phase Area to a Simple Majority Subsidiary as envisaged in clauses 3 of Schedule 21 (where Simple Majority Subsidiary is defined as a company or commercial partnership in which the majority of the ordinary share capital and voting rights are held by the Company), or (c) the proposed Transfer is made "consequent to a judicial sale" as contemplated in clause 4 of the Schedule.

The apparent purpose of these provisions is that of preventing pure speculation on undeveloped Emphyteutical Land since the Company was selected and the Emphyteutical Deed contemplates that the Company is to develop the Emphyteutical Land. The exception in respect of the Company's subsidiaries allows some flexibility in case where the Company still retains indirect control of the Emphyteutical Land.

The Emphyteutical Deed (paragraph 6 of Schedule 21) also provides that in case of a Transfer of a Phase Area to a Subsidiary or Simple Majority Subsidiary in terms of clause 2 or 3 of Schedule 21, the said subsidiary shall be responsible with the Company (implying joint and several liability) for the performance and observance of the Development obligations (referred to in article 8) and the Restoration obligations (referred to in article 9) which relate to the particular Phase Area. The Relocation obligations are specifically mentioned in article 10 but they may be said to be indirectly included in article 8 which imposes an obligation to substantially complete the Phase Areas within a specific time limit.

Under article 11.5, transfers of Ordinary Shares in the Company to third parties without the written consent of GOM are prohibited, until substantial completion of the Tigné South and Tigné Sports Phases which include the Qui-Si-Sana to Tigné Front trunk road (the first phase opted for by the Company in terms of article 8.1.2). These Phases have been completed and, therefore, this restriction is no longer applicable.

However, transfers of Ordinary Shares amongst the existing shareholders and/or consequent to a pledge of Ordinary Shares to a Bank or Financial Institution are not caught within this prohibition.

Security

Some of the obligations outlined above are secured by privileges and hypothecs. Privileges and hypothecs confer upon the secured creditor a right of preference over property of the debtor (article 1996 Civil Code) which, in essence, gives the holder of a privilege or a hypothec prior ranking over unsecured or lower ranking creditors when property of the debtor is forcibly sold for non-payment of debts.

A "privilege is a right of preference which the nature of a debt confers upon a creditor over the other creditors, including hypothecary creditors" (Article 1999 Civil Code). "Special privileges over immovables continue to attach to such immovables whatever transfers to other persons take place" (article 2002(2) Civil Code).

A "hypothec is a right created over the property of a debtor or of a third party, for the benefit of the creditor, as security for the fulfillment of an obligation" (article 2011(1) Civil Code). A hypothec is general or special: it is general when it affects all the property present and future of the debtor; it is special when it affects only one or more particular immovables of the following kind: ... (c) the *dominium directum* over the said immovables given on emphyteusis, and the *dominium utile* over such immovables."

"A special hypothec continues to attach to any immovable charged therewith into whosoever's possession such immovable may pass" (article 2013(1) Civil Code) while "A general hypothec attaches to the property affected thereby only so long as such property does not pass into the hands of a third party" (article 2013(2) Civil Code).

The payment of groundrent is secured by a general hypothec over the Company's property as well as by a special privilege (article 3.4 of the Emphyteutical Deed) in terms of article 2010(a) of the Civil Code which gives the GOM as the direct owner a privilege "over the *dominium utile* of the emphyteutical tenement, for the debt due to him by the emphyteuta in respect of ground-rent and for the performance of the other obligations arising from the emphyteutical contract."

The payment of the outstanding balance of premium is secured by a special privilege (article 4.3 of the Emphyteutical Deed) in terms of article 2010(c) which gives GOM, as the alienor, a special privilege "over the immovable sold or alienated by means of a public Emphyteutical Deed, for the whole or the residue of the price, or for the performance of the covenants stipulated in the Emphyteutical Deed of sale or alienation."

The Emphyteutical Deed, however, also provides in certain circumstances for the postponement of the special

privilege which secures the outstanding premium as well as the release of the emphyteutical property from the effects of the privilege under certain terms and conditions (article 4.3 and schedule 10 of the Emphyteutical Deed).

The Emphyteutical Deed (clause 4.3 and Schedule 10) binds GOM to reduce the value of the privilege and release parts of the Emphyteutical Land from effects of the Privilege upon payment of premium in cash or by carrying out of works or upon the provision by the Company of first class bank guarantees or first ranking hypothecs on property. In more detail, in terms of Schedule 10, GOM has agreed to release Floorspace (defined as utilisable (whether for residential, commercial or other purposes) internal floorspace, excluding common parts, outside areas, verandahs, gardens and yards and includes Floorspace which may be developed and approved in future in accordance with future planning permits or changes thereto) in the Phase Areas from the effects of the privilege on the basis of rates per square meter that are specified in the Emphyteutical Deed. Payments of premium in cash which can be credited to secure the reduction of the privilege on any Phase Area and the release of such Phase Area from the effects thereof are limited in respect of each Phase Area to a maximum amount, thus leaving a balance of the total amount of premium attributed to such Phase Area to be repaid necessarily by the completion of works related to such Phase Area as specified in Schedule 10 (in such a way that the obligation to complete such works remains at all times secured by the privilege without the possibility for the Company of redeeming a Phase Area in full from the effects of the privilege before completing the respective works).

The Company has already utilised these provisions to obtain the release from the privilege (to the extent only that the special privilege was registered to secure the payment of the outstanding balance of the premium) of a number of Units as well as that of Phase Areas.

The following are a few general rules contained in the Emphyteutical Deed which regulate releases of the privilege. With respect to payments of premium in cash, the Company has the option to credit these to any Phase Area subject to maximum amount of cash premiums relative to that Phase Area specified in Schedule 10. The Company can provide first class bank guarantees or first ranking hypothecs on immovable property in lieu of cash payments of premium (but not in respect of premium payable in kind). Although Schedule 10 refers to release of Floorspace, it is expressly stated that upon full payment of premium attributable to a Phase Area, whether by cash payments or works or guarantees etc., the entire Phase Area in question shall be released from the effects of the privilege (including those parts which do not qualify as Floorspace).

By virtue of a numbers of deeds between the GOM and the Company, the parties have agreed to apportion the groundrent with respect to inter alia a number of apartments, garages and store-rooms (hereinafter referred to as "the Units") accordingly as better described in the relevant deeds.

In the above-mentioned deeds, the GOM has given its consent to reduce the Note of Hypothec and Privilege number 9973/2000 and to the reduction to the relative charge registered in the Land Registry as charge number cc1473/2000 registered in its favour and against the Company arising from the Emphyteutical Deed.

By virtue of a number of deeds, the GOM has agreed that the credit mentioned in the said Note of Hypothec and Privilege and Land Registry charge in so far as it refers to the outstanding balance of the premium mentioned therein be reduced. As set out in a deed in the records of Notary Dr Pierre Attard of the 10 May 2016 between the GOM and the Company, the said Note of Hypothec and Privilege and Land Registry charge in so far as they refer to the outstanding balance of the premium remains valid and effective up to the sum of €52,176,215.17.

The GOM has also agreed that when a Unit is transferred to a Transferee (as defined in Clause Eight (8) of Schedule Twenty One (21) of the Emphyteutical Deed) the special privilege mentioned in the said Note of Hypothec and Privilege and Land Registry charge, to the extent only that the special privilege was registered to secure the payment of the groundrent, shall continue to attach to such Unit only for the apportioned groundrent as agreed by the GOM and the Company on the said deed, it being understood that the effects thereof for each Unit shall be suspended until such time when the Transfer of a Unit is made to a Transferee and shall come into effect immediately and without the need of any further formality in relation to a Unit when such Unit is Transferred. The said Note of Hypothec and Privilege and Land Registry charge otherwise remain firm, valid and unimpaired on all the other property mentioned therein.

The GOM has agreed that when a Unit is transferred to a Transferee (as defined in Clause Eight (8) of Schedule Twenty One (21) of the Emphyteutical Deed) the special privilege mentioned in the said Note of Hypothec and Privilege and Land Registry charge, to the extent only that the special privilege was registered to secure the payment of the groundrent, shall continue to attach to such Unit only for the apportioned groundrent as agreed by the GOM and the Company on the said deed, it being understood that the effects thereof for each Unit shall be suspended until such time when the Transfer of a Unit is made to a Transferee and shall come into effect immediately and without the need of any further formality in relation to a Unit when such Unit is Transferred. The said Note of Hypothec and Privilege and Land Registry charge remain otherwise firm, valid and unimpaired on all the other property mentioned therein.

The waivers that have been undertaken to date with the GOM are reflected in the summary of privileges and hypothecs in Annex III of the Securities Note.

Financing

There are a few provisions in the Emphyteutical Deed which can be utilised by a bank or financial institution which provides finance in respect of the Project.

Under clause 4.3 of the Emphyteutical Deed if financing in respect of a Phase Area has been obtained from one or more Banks or Financial institutions, GOM has agreed that it will only execute and exercise its rights under the privilege in respect of that Phase Area up to the value attributed (in Schedule 10) to that Phase Area and not the entire balance of premium (that may be due for all the Phase Areas in the development), and, furthermore, GOM has agreed to postpone (in terms of ranking), in respect of the relevant Phase Area, such amount of the privilege which exceeds the said value attributed to that Phase Area after the privilege or hypothec registered or to be registered by such Bank and/or Financial Institution on such Phase Area (in such a way that the GOM's privilege remains first ranking on the Relevant Phase Area only up to the amount of premium attributed to such Phase Area).

If the said bank or financial institution acquires the Emphyteutical Land as a result of the enforcement of their security rights pursuant to the financing of the development of the Emphyteutical Land, such bank or financial institution will continue to benefit from the abatement of groundrent provision, even though the Emphyteutical Land is transferred. (article 3.2 of the Emphyteutical Deed).

If the emphyteutical concession is dissolved and GOM disposes of the Emphyteutical Land, within ten (10) years from such dissolution then, out of the proceeds of such disposal, any such bank or financial institution is to be paid the cost of any Public Infrastructure and Public Areas constructed on the Emphyteutical Land in connection with the Tigné South and Sports Phase, and the Marina South Phase but, in any case, not more than fifty per cent (50%) of such proceeds or fifty per cent (50%) of the cost of such Public Infrastructure and Public Areas (article 21.2 of the Emphyteutical Deed), whichever is the lower.

Such bank or financial institution which enjoys a duly registered hypothec or duly registered privilege over the Emphyteutical Land or any part of it may notify GOM and if such notice has been given GOM cannot proceed to dissolve the emphyteutical concession before the period of 6 months from the date that such bank or financial institution is served with a copy of the judicial letter sent to the Company for purposes of dissolution. At any time prior to dissolution, such bank or financial institution may notify GOM by judicial letter that it is willing to take over the outstanding obligations with respect to the Emphyteutical Land or any part of it. In such an event the bank or financial institution and the GOM shall, within three (3) months from the date of service of the judicial letter sent by the bank or financial institution, agree on a reasonable period of time for the carrying out of such outstanding obligations, which in any case shall be an extension not longer than the period of time originally granted, failing which the period will be fixed by arbitration.

Dissolution

GOM may dissolve the (entire) emphyteutical concession in the case of certain stipulated defaults by the Company (Article 21). These are:

- (i) failure to pay 3 annual amounts of ground rent or ground rent of an equivalent aggregate amount;
- (ii) failure to commence the first development phase (Tigné South and Tigné Sports Phase Areas) within a certain time, and to substantially complete it within 4 years from the issue of the final Full Development Permit. This obligation has been fulfilled;
- (iii) failure to carry out restoration works at Fort Manoel in the way and within the periods stated in the Emphyteutical Deed.

Before proceeding to dissolve the concession, GOM is obliged to serve notice to the Company, and to allow the Company a period of 6 months within which to rectify the default.

In the event of dissolution of the emphyteutical concession, the Emphyteutical Land and all improvements thereon will revert to GOM without compensation, except for the instances stated in Article 21.

The dissolution of the emphyteutical concession shall be without prejudice to and shall not in any way affect any real rights in respect of the Emphyteutical Land, any part of it or any buildings, works or structures thereon, already acquired by any third party who is acknowledged or entitled to be acknowledged by the GOM. In the event of a dissolution of the emphyteutical concession any groundrents, sub-groundrents, rents or other fees falling due after dissolution which are payable by such third parties to the Company shall become the property of the GOM and shall become payable to the GOM.

Should the emphyteutical concession be dissolved, the Yachting Centre concession shall also be dissolved (Article 21.3). However, in this event, any berthing rights which any third party may have acquired shall not be affected.

Annex II

Architect's Condensed Property Valuation Report

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Our Ref: VAL 002/16_P01_1

The Board of Directors

MIDI p.l.c.

MIDI p.l.c. North Shore, Manoel Island

Gzira GZR 3016

Malta

13 June 2016

Condensed Property Valuation Report

Dear Sirs,

In accordance with your instructions, the undersigned has carried out a valuation of immovable property, located at Tigné Point and Manoel Island, forming part of Tigné Point Development and which detailed valuation report, including the undersigned opinion of the value of the property is herewith submitted. The effective date of this valuation is 13 June 2016.

It is understood that the purpose of the valuation is for the inclusion with the Prospectus, to be published in connection with the proposed public bond issue by MIDI p.l.c., in accordance with the Listing Rules of the Listing Authority.

The undersigned declares that he is fully familiar with the property, and has had full access to all plans of the various properties, and the construction cost estimates as is sufficient for the purposes of this valuation. Further information as was considered necessary was obtained from the Directors, or their financial advisors; this information included projections of expected future revenue streams in terms of projected and likely selling prices, cost of land in terms of cash elements, as well as public infrastructure and restoration costs, as defined in the Emphyteutical Grant of 2000, and finally projections of estimated direct development costs, design, management and supervision costs, marketing and selling costs, estate management costs, and financing costs, the preparation of which was subject to review by the company's auditors, PricewaterhouseCoopers.

The valuation has been carried out by the undersigned, as an independent valuer, in accordance with the Kamra tal-Periti Valuation Standards for Accredited Valuers (2012), which are largely based on the TEGOVA (The European Group of Valuers' Associations) Valuation Standards (2009).

The undersigned confirms that there is no conflict of interest in advising you of the opinion of the value of the properties in question, since the undersigned or his associates will not benefit from the valuation instruction other than the valuation fee.

Valuation Standards for Accredited Valuers 2012 by Kamra tal-Periti require that the valuations for the purposes of investment be made on an assessment of a current Market Value and Existing use, when the current and future interests of investors are reliant in whole or in part on the performance of real estate assets. A market value represents the estimated amount for which a property should exchange, on date of the valuation, between a willing buyer and a willing seller in an arms'-length transaction, after proper marketing, wherein the parties have each acted knowledgeably, prudently and without compulsion. Existing use value assumes, in addition, that the valuation is based on the continuation of its existing use, but assuming that the properties are vacant.

The properties being valued are all subject to a Temporary '*utile dominium*' out of an emphyteutical concession by the GOM for 99 years which commenced on 15 of June 2000.

Site Location, building description and use

The properties being valued include for various buildings presently located at Tigné Point, Tigné Seafront, Tigné in Sliema and a detailed report on each of the separate units being valued has been carried out and is available for inspection at the registered office of MIDI p.l.c. The property at Tigné Point has a surface area of approximately 108,420m² on which a total gross surface area of the development envisaged is approximately 137,903m², excluding underground car-parking. The boundaries of the property are defined by the sea along the south-western, south-eastern, and north-eastern edges and broadly speaking by the axis formed by Censu Xerri Street, on the north-

western edge. The development on the site in question has been subject to various development permits, all of which are being attached in each separate detailed report. One of the properties being valued includes the Tigné Fort which is a heritage monument and a landmark building that dates back to the late 18th century. The project, namely Tigné Point was conceived as a mixed-use, lifestyle development and is known for its luxurious properties that are located within an esteemed address commanding accessibility and enjoying surrounding facilities and views. The valuation also includes Manoel Island.

Tenure

The Emphyteutical Deed imposes a number of obligations and restrictions on MIDI p.l.c. in favour of the GOM, under the following headings;

- i) Payment of the annual Ground-rent (Article 3 of the Emphyteutical Deed);
- ii) Payment of the Premium (price) for the Emphyteutical Grant (Article 4);
- iii) Obligations relating to the development of the Emphyteutical Land (Article 8);
- iv) Obligations relating to the restoration of the historic sites and buildings on the Emphyteutical Land (Article 9);
- v) Relocations obligations (Article 10);
- vi) Restrictions on the transfer of the Emphyteutical Land and Parts thereof (Article 11).

Some of these obligations are secured by charges over the Emphyteutical Land. The Emphyteutical Deed sets out that the overall project should be complete by 31 March 2023. The Emphyteutical Deed contains restrictions on the transfer of undeveloped land yet it allows without the need of obtaining GOM consent, the transfer of undeveloped land to Subsidiary.

The property is subject to a number of registered privileges and emphyteutical grant conditions, which have been taken to account in the preparation of this valuation report. The details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens, are referred to in Annex III of the Securities Note.

Valuation

On the basis of the above and according to other matters as outlined in each detailed valuation, the different components of the property have been valued on the basis of the open market value of the property in its existing state (which is equivalent to the present capital value in existing state) at the date of valuation.

Commercial Premises at Q2 Building - T17-West at Tigné Point, Tigné Seafront, Tigné, Sliema

3 commercial premises that were completed in shell form last year (2015) that in total include an area of *circa* 797m². This premises only is in shell form and is to be complete with finishes in beginning of 2018. Thus it has been valued on existing use value at a total sum of **€3,237,500** (Three Million, Two Hundred Thirty-Seven Thousand and Five Hundred Euro).

Commercial Premises at Blocks T4P, T7P AND T9P at Tigné Point, Tigné Seafront, Tigné, Sliema

11 in number Retail Units (*circa* 10 years old) located at Pjazza Level presently all complete with finishes and fully functional. One of the units is leased to Tigné Point Marketing Ltd. (a subsidiary company) which lease (current rent of €37,131.50 per annum that increases 3% annually) terminates in 2018. One unit is presently occupied by an entity offering condominium related services. The remaining nine (9) commercial units are leased to third parties for a minimum rental duration of 15 years, with an option to terminate such lease every 5 years. These units are being valued at a total sum of **€11,884,600** (Eleven Million, Eight Hundred and Eighty Four Thousand and Six-Hundred Euro).

Commercial Premises T12 -Clubhouse Area at Tigné Point, Tigné Seafront, Tigné, Sliema

The properties in question consist mainly of the commercial area known as T12 - Clubhouse that is located at the southern part of Tigné Point Development and is *circa* 11-12 years old. This part of the development comprises mainly of parking spaces, ancillary facilities to Catering outlets, 2 Restaurants and a Fitness Centre all being valued as at their present state which includes all finishes and in a fully functional state with regards to the parking areas and restaurants whereas the Fitness Centre is being valued as it is in its present state, that is in shell form. The abovementioned 2 Restaurants were leased to a related party in 2009 for a period of 20 years. These premises have been valued at a total sum of **€6,517,655** (Six Million, Five-Hundred and Seventeen Thousand, Six Hundred and Fifty-Five Euro).

Commercial Premises T13 - Tigné Fort at Tigné Point, Tigné Seafront, Tigné, Sliema

The property which dates to the late 18th century and part to the late 19th century being valued is referred to as T13 within Tigné Point Development and it includes for Tigné Fort including surrounding areas. The existing premises is being valued as it is in its present state (Un-converted/un-finished state) taking into consideration its commercial potential thus including permitted commercial uses. These premises have been valued at a total sum of **€3,875,835** (Three Million, Eight Hundred and Seventy Five Thousand, Eight-Hundred and Thirty-Five Euro).

Car-Park at Tigné Point, Tigné Seafront, Tigné, Sliema

The property being valued is *circa* 5 to 10 years old and it includes for the Basement Levels located beneath various Blocks spread on 4 floors namely Fourth Basement Level (Level -4), Third Basement Level (Level -3), Second Basement Level (Level -2) and the First Basement Level (Level -1). The car parking spaces include all relevant accesses through common parts and ramps and are fully complete and in a functional state.

• Public Car-park	519 car spaces	€12,975,000.00
• T1 Car-Park	132 car spaces	€3,300,000.00
• Q-Carpark	62 car spaces	€1,550,000.00
• Carpark behind T2	35 car spaces	€875,000.00
• T15 Carpark	39 car spaces	€975,000.00

T15 - T16 - Estimated Market Value of Existing Land with potential for Development - Property at Tigné Point, Tigné Seafront, Tigné, Sliema

The property being valued includes for the potential airspace which could accommodate 1,145m² of developable retail area spread on 2 floors. This area, as per Tigné Point Development is referred to as T15-T16. The value of the property in caption has been valued at a total amount of **€458,000** (Four-Hundred and Fifty-Eight Thousand Euro).

T20- Estimated Market Value of Land with potential for Development - Property at Tigné Point, Tigné Seafront, Tigné, Sliema

The property being valued includes for a large plot of land having an estimated developable airspace that could include c.a. 163 one-car parking spaces and a Restaurant with an internal developable airspace of *circa* 368m². The value of the property in caption has been valued at a total amount of **€636,200** (Six-Hundred and Thirty-Six Thousand and Two Hundred Euro).

Storage Rooms - Tigné Point, Tigné Seafront, Tigné, Sliema

This valuation includes for all storage areas (*circa* 5 to 10 years old) within Tigné Point Development all located at Garage Levels. From information I was provided the following are total areas of storage rooms per location:

Favray Court	672.97m ²
Caravaggio Court	610.50m ²
Pjazza Block	312.98m ²
Q - Carpark	546.70m ²
Preti Court	1,072.66m ²

Thus a total area of *circa* 3,215.81m²

I estimate the market value of the above mentioned properties at a total of **€1,929,486** (One Million, Nine-Hundred and Twenty-Nine Thousand, Four-Hundred and Eighty-Six Euro).

Q2 Block - Residential units (T17-West), Tigné Point - Property at Tigné Point, Tigné Seafront, Tigné, Sliema

The property being valued has just been completed in shell form and it includes a total of 60 residential units of which 24 are one-bedroom apartments, 8 are two bedroom apartments, 24 are two bedroom apartments, 2 are four bedroom apartments and 2 are three bedroom penthouses. The value of the property in caption has been valued, once complete with all finishes, at a total amount of €61,245,000 (Sixty-One Million, Two-Hundred and Forty-Five Thousand Euro).

The open market value of the property in its existing state at the date of valuation is **€48,996,000** (Forty-Eight Million, Nine-Hundred and Ninety-Six Thousand Euro).

Manoel Island

Manoel Island dates back to the early quarter of the 18th century and other parts between the mid 17th and mid 19th century has a surface area of approximately 340,000m². The island's main features are Fort Manuel and the Lazaretto (first used as a quarantine centre and later as a hospital and Military Base). The value of the property in caption has been valued as at present at a total amount of 'at least' **€40,000,000** (Forty Million Euro).

On the basis of the above, the estimated market value of all the above-mentioned properties in their existing state at the date of valuation is being valued at a total of **€137,210,276** (One Hundred and Thirty-Seven Million, Two Hundred and Ten Thousand, Two-Hundred and Seventy-Six Euro).

My opinion on the value of the properties in question is based upon the facts and evidence available at the date of the valuation, part of which information was made available at the date of the valuation and relevant inspections by the Directors and their advisors. No detailed area measurements have been undertaken and a

full structural survey of the premises was not carried out. Moreover, I would like to point out that I have not carried out environmental, archaeological or geo-technical surveys of the properties being valued with regards to the undeveloped land but however I have no reason to believe that there are such issues that may impede the envisaged development in relation the valuations in relation to undeveloped land /developable airspace. It has also been assumed that all development have been carried out / will be carried out according to all relevant MEPA permits and other statutory obligations, and where still to be constructed/finished, such works are to be according to high quality standards and first class workmanship by reputable contracting firms.

Valuations are not a prediction of price, nor a guarantee of value, and whilst my valuation is one which I consider both reasonable and defensible, different valuers may properly arrive at different opinions of value. Moreover, the value of property development is susceptible to changes in economical conditions, and may therefore change over relatively short periods. This valuation and reports is submitted without prejudice to the party to whom they are addressed. The undersigned advises that no responsibility is accepted or implied to third parties to whom this report may be disclosed, with or without our consent. In particular, the undersigned advises that no liability is accepted in contract, tort (including negligence, or breach of statutory duty), restitution or otherwise, in respect of any direct loss or profit, any indirect, special or consequential loss whatsoever howsoever caused including, without limitation, loss of profit, loss of business, loss of goodwill, loss of use of money and loss of opportunity.

In accordance with standard practice, neither the whole nor any part of this valuation nor any reference thereto may be included in any published document without the prior written approval of the undersigned for the context in which it may appear.

Yours faithfully,



Edgar Caruana Montaldo
B.E.& A.(Hons.), A.&C.E. Warrant No. 302

