

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**

# SECURITIES NOTE

Dated 28 June 2016

*This document is a Securities Note issued pursuant to the requirements of Rule 4.14 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 Securities Note should be read in conjunction with the Registration Document containing information about the Issuer dated 28 June 2016.*

**THE AUTHORISATION BY THE LISTING AUTHORITY FOR THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT 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.**

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Legal Advisers

Security Trustee

Sponsor

**BOV**  
Bank of Valletta

**MAMO TCV**  
ADVOCATES

**CSB** GROUP

**CHARTS**  
WEALTH MANAGEMENT • CORPORATE BROKING

Securities Note

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## IMPORTANT INFORMATION

This Securities Note, forming part of the Prospectus, contains information on an issue by the Issuer, MIDI p.l.c., of €50,000,000 Secured Bonds due 2026 having a nominal value of €100. The Bonds will be issued at par and bear interest at the rate of 4% per annum payable annually on 27 July of each year, until the Redemption Date. The nominal value of the Bonds will be repayable in full at maturity on the Redemption Date unless otherwise previously repurchased for cancellation.

This Securities Note contains information about the Issuer and the Bonds in accordance with the requirements of the Listing Rules, the Companies Act, and the Commission Regulation.

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 sale of Bonds of the Issuer other than those contained in the Prospectus and in the documents referred to herein, 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 Bonds 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 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 this document 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 applicants for any securities that may be issued by the Issuer should inform themselves as to the legal requirements of applying for any such securities and any applicable exchange control requirements and taxes in the countries of their nationality, residence or domicile.

Save for the issue 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 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, as subsequently amended, or which, pending such implementation, applies article 3.2 of said Directive, the Bonds 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 Bonds 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 under the heading **“Advisers to the Issuer”** and **“Statutory Auditors and Financial Advisers”** in sections 4.1 and 4.2 respectively of this Securities Note have acted and are acting exclusively for the Issuer in relation to this issue 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.

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 before deciding to make an investment in the Bonds.

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity.**

Statements made in the Prospectus 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, 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.

## **INFORMATION REGARDING CONSENT BY THE ISSUER AND THE DIRECTORS TO THE USE OF THE PROSPECTUS IN THE EVENT OF ANY RESALE OR FINAL PLACEMENT OF BONDS BY AUTHORISED FINANCIAL INTERMEDIARIES**

The Issuer and the Directors consent to the use of this Prospectus (and accept responsibility for the information contained therein) with respect to any subsequent resale or final placement of Bonds by any Authorised Financial Intermediaries, in circumstances where there is an offer of securities to the public which requires the publication of a prospectus in terms of the Prospectus Directive, provided this is limited only:

- i. to any resale or final placement of Bonds taking place in Malta; and
- ii. to any resale or final placement of Bonds taking place within the period of 60 days from the date of the Prospectus.

Neither the Issuer nor the Directors nor the Sponsor have any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or final placement of Bonds.

Other than as set out above, neither the Issuer nor the Directors nor the Sponsor have authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Directors or the Sponsor and neither the Issuer nor the Directors nor the Sponsor has any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should seek legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or the Directors or Sponsor. The Issuer and the Directors do not accept responsibility for any information not contained in this Prospectus.

**In the event of a resale or final placement of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale or final placement at the time such is made.**

Any resale or final placement of Bonds to an investor by an Authorised Financial Intermediary, will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale or final placement to provide the investor with that information and neither the Issuer nor the Sponsor has any responsibility or liability for such information.

**Any Authorised Financial Intermediary using this Prospectus in connection with a resale or final placement of Bonds subsequent to the Bond Issue shall from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale or final placement in accordance with the consent of the Issuer and the Directors and the conditions attached thereto.**

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: [www.midimalta.com](http://www.midimalta.com)

The consent provided herein shall no longer apply following the lapse of a period of 60 days from the date of the Prospectus.

## **FORWARD LOOKING STATEMENTS**

This Securities Note may contain "forward looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that future results or expectations will be achieved.

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## 1. DEFINITIONS

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document issued by the Issuer on 28 June 2016.

<b>Applicant</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Issuer or to any of the other Authorised Financial Intermediaries;
<b>Application Form</b>	the forms of application for the subscription for the Bonds, specimens of which are contained in Annex I of this Securities Note;
<b>Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries listed in Annex II of this Securities Note;
<b>Bond(s) or Secured Bond(s)</b>	the four per cent (4%) secured bonds due 27 July 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);
<b>Bonds 2016/18</b>	the EUR Bonds 2016/18 and GBP Bonds 2016/18;
<b>Bond Conditions</b>	the terms and conditions applicable to the Bonds set out in section 11 under the heading “Terms and Conditions of the Bonds” of this Securities Note;
<b>Bond Exchange Programme</b>	the bond exchange programme set out in section 8.5 under the heading “Bond Exchange Programme” of this Securities Note;
<b>Bondholder</b>	a holder of the Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price or Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Commission Regulation</b>	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;
<b>Companies Act</b>	the Companies Act (Cap. 386 of the laws of Malta);
<b>Company; Issuer or MIDI</b>	MIDI p.l.c., a company registered in Malta with registration number C 15836;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange, having its address at Malta Stock Exchange, Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Current Shareholders</b>	shareholders of the Issuer as at the Cut-Off Date;
<b>Cut-Off Date</b>	close of business on 24 June 2016 (trading session of 22 June 2016);
<b>Emphyteutical Deed</b>	the public deed in the records of Notary Vincent Miceli of 15 June 2000 whereby the GOM, acting through the Land Department granted the Company the Emphyteutical Grant;

<b>Emphyteutical Grant</b>	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;
<b>Emphyteutical Land</b>	the immovable property comprising Tigné Point and Manoel Island forming the subject-matter of the Emphyteutical Grant;
<b>EUR Bonds 2016/18</b>	the €31,702,900 7% bonds 2016-2018 (ISIN: MT0000421207) issued by the Issuer pursuant to a prospectus dated 5 December 2008;
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Existing Holders</b>	existing holders of the Bonds 2016/18 as held on the Cut-Off Date;
<b>GBP Bonds 2016/18</b>	the £7,214,300 7% bonds 2016-2018 (ISIN: MT0000421215) issued by the Issuer pursuant to a prospectus dated 5 December 2008;
<b>GOM</b>	the Government of Malta;
<b>Group or MIDI Group</b>	the Issuer and the subsidiary companies of the Issuer and the term “Group Company” shall be construed accordingly;
<b>Initial Security Interest</b>	has the meaning set out in section 9.5 of this Securities Note;
<b>Interest Payment Date</b>	27 July of each year, between 2017 and the year in which the Bonds are redeemed (both years included), provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day;
<b>Issue Date</b>	expected on 03 August 2016;
<b>Listing Authority</b>	the Malta Financial Services Authority, as appointed in terms of the Financial Markets Act (Cap. 345 of the laws of Malta);
<b>Listing Rules</b>	the listing rules issued by the Listing Authority;
<b>Malta Stock Exchange or MSE</b>	the 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;
<b>Manoel Island</b>	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;
<b>MFSA</b>	the Malta Financial Services Authority, incorporated in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
<b>Offer or Bond Offer</b>	the invitation to subscribe for Bonds contained in the Prospectus;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Preferred Applicants</b>	Existing Holders and Current Shareholders as at the Cut-Off Date, excluding their spouses and dependents;
<b>Preferred Applicants Offer Period</b>	the period between the 01 July 2016 and 18 July 2016 during which the Bonds are on offer to Preferred Applicants;
<b>Public Offer Period</b>	the period between the 04 July 2016 and 20 July 2016 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer to the general public;
<b>Prospectus</b>	collectively the Summary Note, the Registration Document and this Securities Note, all dated 28 June 2016, as such documents may be amended, updated, replaced and supplemented from time to time;
<b>Prospectus Directive</b>	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 and amending Directive 2001/34/EC, as subsequently amended;



<b>Redemption Date</b>	27 July 2026;
<b>Redemption Value</b>	the nominal value of each Bond;
<b>Registration Document</b>	the registration document issued by the Issuer dated 28 June 2016, forming part of the Prospectus;
<b>Securities Note</b>	this document in its entirety;
<b>Security Interest</b>	the Initial Security Interest as may be varied or reduced from time to time in terms of clauses 8 and 9 of the Trust Instrument and any other security which may be held in trust for the Bondholders as beneficiaries under the terms of the Trust Instrument, including any undertaking, guarantee, mandate, pledge, title, transfer, grant, privilege or hypothec or the placing of property in possession or control of the Security Trustee with rights of retention and sale;
<b>Security Trustee</b>	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;
<b>Summary Note</b>	the summary note issued by the Issuer dated 28 June 2016, forming part of the Prospectus;
<b>Tigné Point</b>	the divided portion of land at Tigné Point, Sliema, comprised within the Emphtheutical 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;
<b>Trust Instrument</b>	the agreement signed between the Issuer and the Security Trustee dated 24 June 2016 as better described in section 9.6 of this Securities Note.

## 2. RISK FACTORS

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.**

**AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. 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 DECIDING TO MAKE AN INVESTMENT IN THE BONDS. 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.**

**NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.**

**ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.**

## 2.1 Risks relating to the Bonds

An investment in the Bonds involves certain risks including, but not limited to those described below:

### *Trading and Liquidity*

There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Bond Issue Price or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer's Bonds at any given time, which presence is dependent upon the individual decisions of investors over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds. These factors include the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates generally. No prediction can be made about the effect which any future public offerings of the Issuer's securities or any takeover or merger activity involving the Issuer will have on the market price of the Bonds prevailing from time to time.

### *Interest Rate Risk*

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

### *Changes in Laws and Regulations*

The Bonds are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of this Prospectus.

### *Amendments to the Bond Conditions*

The Bond Conditions contain provisions in section 11.9 of this Securities Note for calling meetings of Bondholders in the event that the Issuer wishes to amend any of the Bond Conditions. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

## 2.2 Risks relating to the Security Interest

An investor in the Bonds will bear certain risks relating to the Security Interest according to the ranking of the relative Security Interest.

- i. Security interests protecting third party interests are identified in section 9.5 of this Securities Note; in respect of the special hypothec (forming part of the Initial Security Interest) enjoyed by the Bonds, third party interests have been registered which will rank in priority to Bondholders against the assets of the Issuer for so long as such security interests remain in effect, as explained further in sections 9.4 and 9.5 of this Securities Note.
- ii. By acquiring the Bonds, the Bondholder is considered to be bound by the terms of the Trust Instrument as if he had been a party to it. The Trust Instrument contains a number of provisions, which the investors ought to be aware of prior to acquiring the Bonds and, therefore, investors ought to read the description of the Trust Instrument contained in section 9.6 before acquiring the Bonds. For instance, in terms of the Trust Instrument:
  - a. The Security Trustee is not liable for any loss or expense attributable to any action taken or omitted to be taken by the Security Trustee, or any person appointed by the Security Trustee, unless the loss or expense is shown to have been caused by the gross negligence or misconduct of the Security Trustee or the person so appointed;
  - b. The Security Trustee is not bound to take any such steps or proceedings or take any other action to

enforce the security constituted by the Security Interest unless the Security Trustee shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;

- c. the Security Trustee is not bound to declare the Bonds to have become immediately due and repayable in the case of an Event of Default, described in section 11.7 of this Securities Note, under the Bonds Conditions found in this Securities Note, unless requested to do so by a resolution passed by Bondholders holding not less than seventy-five per cent (75%) in nominal value of the Bonds then outstanding at a meeting of the Bondholders;
- d. the Bondholders are entitled to require the Security Trustee to convene a meeting of the participation of Bondholders; and
- e. the Security Trustee is entitled to accept reductions in and/or variations to the Security Interest.

### **3. PERSONS RESPONSIBLE**

This document includes information given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer and the Bonds. All of the Directors, whose names appear under the heading "Persons Responsible" in section 3.1 of the Registration Document, accept responsibility for the information contained herein.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

### **4. ADVISERS TO THE ISSUER, AUDITORS AND SECURITY TRUSTEE**

#### **4.1 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 and Registrar***

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

## 4.2 Statutory Auditors and Financial Advisers

PricewaterhouseCoopers  
78, Mill Street  
Qormi QRM 3101  
Malta

## 4.3 Security Trustee

Registered office:  
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

# 5. ESSENTIAL INFORMATION

## 5.1 Interest of Natural and Legal Persons involved in the Offer

Bank of Valletta p.l.c. holds, directly and indirectly through its 50% shareholding in MSV Life p.l.c., a substantial shareholding (that is, in excess of 10%) in the Issuer and is also acting as Manager and Registrar. Lombard Bank Malta p.l.c. is a shareholder of the Issuer. Charts Investment Management Service Limited is acting as Sponsor and Mediterranean Bank plc is a sister company of the Sponsor. Each of the aforementioned entities is included in the list of Authorised Financial Intermediaries.

Each of the aforementioned entities has in place a 'Conflict of Interest Policy' and procedures and controls designed to identify, prevent or manage conflicts of interest. Where a conflict of interest is considered to arise, the subject entity is obliged by law to manage such conflict in the best interest of prospective investors, in line with the said internal policy, procedures and controls. Consequently, before proceeding to subscribing to any Bonds, a prospective investor shall be informed of the said conflict of interest.

Save for the above and any fees payable in connection with the Bond Issue to Charts Investment Management Service Limited as Sponsor and Bank of Valletta p.l.c. as Manager and Registrar, so far as the Issuer is aware, no person involved in the Offer has any other interest that is material to the Offer.

## 5.2 Reasons for the Offer and Use of Proceeds

The proceeds from the Bond Issue, net of expenses, are expected to amount to *circa* €49,000,000. However, the value of Bonds acquired by Existing Holders by virtue of the Bond Exchange Programme detailed in section 8.5 of this Securities Note will not be paid in cash. The net proceeds will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (i) an amount of up to *circa* €40,832,900 of the net proceeds, less the value of the Bonds acquired through the Bond Exchange Programme, shall be used for the purpose of redeeming any Bonds 2016/18 remaining in issue as at 15 December 2016, being the first early date of redemption of the Bonds 2016/18. As at the date of the Prospectus the value of Bonds 2016/18 in issue stands at *circa* €40,832,900 (being the aggregate of

€31,702,900 EUR Bonds 2016/18 and £7,214,300 (equivalent to *circa* €9,130,000) GBP Bonds 2016/18). The amount of the principal still outstanding on the Bonds 2016/18 and any interest payable thereon will be dealt with as detailed in section 9.6.2.2, paragraph (i) of this Securities Note;

- (ii) the amount of *circa* €1,500,000 shall be used to obtain the release of the security interest provided by the Company to secure loan and overdraft facilities made available by HSBC Bank Malta p.l.c. to Solutions and Infrastructure Services Limited ("**SIS**"), a wholly owned subsidiary of the Issuer ("**SIS Banking Facilities**");
- (iii) the amount of *circa* €2,200,000 shall be advanced to Bank of Valletta p.l.c. as cash collateral in order for the aforementioned bank to cancel the security interest securing the obligations of the Company in terms of the euro/sterling cross currency interest rate swap instrument ("**SWAP Instrument**"). Upon termination of the SWAP Instrument, any residual amount from the aforesaid €2,200,000 will be used for general corporate funding purposes of the Group and/or to further reduce the corporate indebtedness of the Group;
- (iv) the amount of €4,500,000 shall be used to fund various infrastructural and restoration works at Tigné Point which are deemed essential for closing off the Tigné Point project.

In the event that the Bond Issue is not fully subscribed, the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in (i) and (ii) above which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

All proceeds from the Bond Issue shall be held by the Security Trustee pending the fulfilment of the conditions indicated in section 9.6.2.1 of this Securities Note and in the event that any of the said conditions is not satisfied:

- (i) the Security Trustee shall return Bond proceeds received back to Applicants; and
- (ii) no Bonds 2016/18 shall be transferred in the Issuer's name in consideration for the issue of Bonds in terms of the Bond Exchange Programme detailed in section 8.5 of this Securities Note, and as such Existing Holders shall retain title of their respective holding of Bonds 2016/18.

Furthermore, following the satisfaction of the conditions set out in section 9.6.2.1 of this Securities Note, certain amounts shall be held by the Security Trustee and dealt with as specified in section 9.6.2.2 (paragraphs (ii) and (iii) respectively) of this Securities Note.

### 5.3 Expenses

Professional fees, costs related to publicity, advertising, printing, listing and registration, selling commission, as well as sponsor, manager and registrar fees and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €1,000,000 and shall be borne by the Issuer.

## 6. OFFER STATISTICS

<b>Issuer:</b>	MIDI p.l.c., a company registered in Malta with registration number C 15836;
<b>Issue:</b>	4% Secured Bonds due 2026;
<b>ISIN:</b>	MT0000421223;
<b>Amount:</b>	Fifty million euro (€50,000,000);
<b>Form:</b>	The Bonds will be issued in fully certificated and registered form, without interest coupons. If and for as long as the Bonds are admitted to listing on the Malta Stock Exchange, certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder will be registered in dematerialised form by an appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD or as may be stipulated by the MSE Bye-Laws from time to time;
<b>Denomination:</b>	euro (€);
<b>Minimum amount per subscription:</b>	Minimum of two thousand euro (€2,000) and integral multiples of one hundred euro (€100);
<b>Redemption Date:</b>	27 July 2026;
<b>Issue Price:</b>	At par (€100 for each Bond);
<b>Status of the Bonds:</b>	The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer. They shall at all times rank <i>pari passu</i> without priority or preference among themselves. They shall rank subsequent to any other prior ranking indebtedness of the Company, if any, as detailed in sections 9.4 and 9.5 of this Securities Note;
<b>Listing:</b>	The Listing Authority has approved the Bonds for admissibility to listing. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>Closing date for Applications:</b>	18 July 2016 in the case of Preferred Applicants and 20 July 2016 (or such earlier date as may be determined by the Issuer in the event of over-subscription) in the case of the general public;
<b>Preferred Applicants' Offer Period</b>	the period between the 01 July 2016 and 18 July 2016 during which the Bonds are on offer to Preferred Applicants;
<b>Public Offer Period:</b>	The period between 04 July 2016 and 20 July 2016 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which the Bonds are on offer to the general public;
<b>Interest:</b>	4% per annum for each of the Bonds;
<b>Yield:</b>	The gross yield calculated on the basis of the Interest, the Issue Price and the Redemption Value of the Bonds at maturity is 4% for each of the Bonds;

<b>Interest Payment Date(s):</b>	Annually on 27 July as from 27 July 2017 (the first interest payment date);
<b>Redemption Value:</b>	At par (€100 for each Bond);
<b>Manager / Registrar:</b>	Bank of Valletta p.l.c.;
<b>Sponsor:</b>	Charts Investment Management Service Limited;
<b>Security Trustee:</b>	CSB Trustees & Fiduciaries Limited;
<b>Notices:</b>	Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his/her registered address and posted;
<b>Governing Law:</b>	The Bonds are governed by and shall be construed in accordance with Maltese law;
<b>Jurisdiction:</b>	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

## 7. EXPECTED TIMETABLE

1	Application Forms mailed to Preferred Applicants	30 June 2016
2	Opening of Preferred Applicants Offer Period	01 July 2016
3	Application Forms available to the general public	04 July 2016
4	Closing of Preferred Applicants Offer Period	18 July 2016
5	Opening of Subscription Lists	18 July 2016
6	Closing of Subscription Lists	20 July 2016
7	Commencement of interest	27 July 2016
8	Announcement of basis of acceptance	27 July 2016
9	Refunds of unallocated monies	03 August 2016
10	Admission to listing on the MSE and dispatch of allotment advices	03 August 2016
11	Commencement of trading on the MSE	04 August 2016

The Issuer reserves the right to close Subscriptions Lists before 20 July 2016 in the event of over-subscription, in which case the events set out in steps 8 to 9 above shall be brought forward, although the number of working days between the respective events shall not also be altered.

## 8. DETAILS OF THE OFFER AND ADMISSION TO TRADING

### 8.1 The Bond Issue

The Issuer is issuing 4% Secured Bonds due 2026 for an aggregate principal amount of €50,000,000. The Bonds, having a nominal value of €100 each, will be issued at par and shall bear interest at the rate of 4% per annum payable annually in arrears on 27 July of each year, the first such payment to be made on 27 July 2017. The Bonds, unless previously purchased and cancelled, will be redeemed on 27 July 2026.

The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and effect cancellation of the Bonds 2016/18 held by Existing Holders electing to acquire Bonds through the Bond Exchange Programme (as better described in section 8.5 of this Securities Note).

### 8.2 Distribution and Offer Period

The Bonds are open for subscription to all categories of investors, which may be broadly split as follows:

- (i) The Issuer has reserved an aggregate amount of Bonds equivalent to the amount of Bonds 2016/18 of *circa* €40,832,900, subject to any cash top-up as applicable (any Existing Holder whose holding in Bonds 2016/18 is less than the equivalent amount of €2,000 is required to pay the difference up to the minimum subscription amount of €2,000), for subscription by Existing Holders through the Bond Exchange Programme during the Preferred Applicants Offer Period;
- (ii) The Issuer has reserved an aggregate amount of Bonds amounting to €2,000,000 for subscription by Current Shareholders during the Preferred Applicants Offer Period;
- (iii) The remaining balance of *circa* €7,167,100 in Bonds shall be made available for subscription by: (a) Existing Holders in respect of any number of additional Bonds applied for, other than through the Bond Exchange Programme, exceeding in value the nominal amount of EUR Bonds 2016/18 and/or the equivalent euro value of the nominal amount of GBP Bonds 2016/18 held by them as at the Cut-Off Date, during the Preferred Applicants Offer Period; and (b) the general public during the Public Offer Period.

In the event that the aggregate amount of *circa* €42,832,900 reserved for the Preferred Applicants (detailed in clauses (i) and (ii) above) is not fully taken up, such unutilised portion/s shall also become available for allocation to subscribers in terms of clause (iii) above.

In the event that subscriptions exceed the reserved portion referred to in clause (ii) above of €2,000,000, the unsatisfied excess amounts of such Applications will automatically participate in the amount of Bonds available in clause (iii) above.

The minimum subscription of Bonds must be €2,000 and any subscription thereafter must be in multiples of €100. Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries listed in Annex II of this Securities Note.

### 8.3 Allocation Policy

The Issuer shall allocate the Bonds on the basis of the following policy and order of priority:

- i. An aggregate amount of Bonds equivalent to the amount of Bonds 2016/18 (*circa* €40,832,900) shall be allocated to Existing Holders applying for Bonds by way of the Bond Exchange Programme, subject to a minimum amount of €2,000 and in multiples of €100.



- ii. An aggregate amount of €2,000,000 has been reserved for subscription by Current Shareholders and shall be allocated in accordance with the allocation policy as determined by the Issuer and Registrar;
- iii. Following the allocation referred to in paragraphs (i) and (ii) hereof, the remaining Bonds shall be allocated to:
  - (a) Existing Holders having applied for Bonds in excess of their respective holding in the Bonds 2016/18;
  - (b) Current Shareholders with respect to such unsatisfied excess amount that may result from an oversubscription in the reserved portion of €2,000,000; and
  - (c) Applications submitted by the general public,

without priority or preference and in accordance with the allocation policy as determined by the Issuer and Registrar.

The Issuer will announce the allocation policy for the allotment of the Bonds through a company announcement within five (5) Business Days of the closing of the Public Offer Period.

#### **8.4 Allotment Results**

It is expected that an allotment advice to Applicants will be dispatched within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Listing shall be effected subject to the fulfilment of the conditions set out in section 9.6.2 of the Securities Note. Dealing shall commence upon admission to trading of the Bonds by the MSE, and subsequent to the above mentioned notification.

#### **8.5 Bond Exchange Programme**

Existing Holders of EUR Bonds 2016/18 applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of EUR Bonds 2016/18 at par value, subject to a minimum holding of €2,000 in Bonds. Accordingly, any Existing Holder whose holding in EUR Bonds 2016/18 is less than €2,000 shall be required to pay the difference together with the submission of their Application Form 'A'.

Existing Holders of GBP Bonds 2016/18 applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of GBP Bonds 2016/18. For such purpose, the par value of each holding in GBP Bonds 2016/18 shall be converted to the equivalent value in euro at the exchange rate of €1: £0.834, rounded up to the nearest €100. In determining the aforesaid exchange rate, the Issuer was guided by the reference exchange rate published by the European Central Bank on 27 June 2016 at 15:30 hours<sup>1</sup>. Subscriptions shall be subject to a minimum holding of €2,000 in Bonds. Accordingly, any Existing Holder whose holding in GBP Bonds 2016/18 is less than the equivalent amount of €2,000 shall be required to pay the difference in Euro together with the submission of their Application Form 'B'.

Holders of EUR Bonds 2016/18 and GBP Bonds 2016/18 shall use Application Forms 'A' and 'B' respectively, to be mailed directly by the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with cleared funds, if applicable (as described below), during the Preferred Applicants Offer Period.

By virtue of the submission of the duly completed and signed Application Form, Existing Holders shall indicate their agreement to settle the consideration for the Bonds by surrendering in the Issuer's favour for cancellation all or part of the Bonds 2016/18 together with the payment of such additional amount in cash as may be required, and such Application Form shall be deemed:

<sup>1</sup> <https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>

- (i) to confirm that all or part (as the case may be) of the said Bonds 2016/18 as indicated in the Application Form are to be transferred in the Issuer's favour for cancellation; and
- (ii) as an irrevocable mandate to the Issuer to engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary and to fully and effectively vest title in the appropriate number of Bonds in the Existing Holder.

Any Existing Holder wishing to surrender and cancel all or part of their Bonds 2016/18 in exchange of the Bonds shall only be entitled to do so during the Preferred Applicants Offer Period.

## **8.6 Refunds**

If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned by the Issuer, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant on the relevant Application Form within five (5) Business Days from the date of announcement of acceptance of Bonds (refer to section 7 of this Securities Note).

Neither the Issuer nor the Registrar will be responsible for any charges, loss or delays in transmission of the refunds.

In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Bonds 2016/18, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

## **8.7 Admission to Trading**

The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 28 June 2016.

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 03 August 2016, and trading is expected to commence on 04 August 2016.

# **9. INFORMATION CONCERNING THE BONDS**

## **9.1 Description of the Bonds**

Once issued, the Bonds shall constitute the debt obligations of the Issuer that bind the Issuer to pay to the Bondholders interest on each Interest Payment Date and the nominal value of the Bonds on the Redemption Date. The Bonds shall be issued at a nominal value of €100 for each Bond. The Bonds have been created in terms of the Companies Act. The issue of the Bonds is being made in accordance with the requirements of the Listing Rules, the Companies Act, and the Commission Regulation.

The Bonds will be issued in dematerialised form, and following admission of the Bonds to the Official List of the Malta Stock Exchange, the Bonds shall be held in book-entry form by the CSD of the Malta Stock Exchange.

Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN code MT0000421223.

## **9.2 Currency of the Bond Issue**

The currency of the Bonds is euro (€).

### 9.3 Rights attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to:

- (i) the payment of capital;
- (ii) the payment of interest;
- (iii) the benefit of the Security Interest through the Security Trustee;
- (iv) attend, participate in and vote at meetings of Bondholders in accordance with section 11 of this Securities Note ("Terms and Conditions of the Bonds"); and
- (v) enjoy all such other rights attached to the Bonds emanating from this Prospectus.

### 9.4 Summary of Existing Registered Privileges and Hypothecs

A summary of existing registered privileges and hypothecs resulting from searches carried out up to the 06 May 2016 is attached to this Securities Note as Annex III.

### 9.5 The Security Interest

The Bonds shall be secured by the Security Interest held by the Security Trustee in favour of the Bondholders as beneficiaries of the Trust Instrument. Details of the Trust Instrument are contained in section 9.6 of this Securities Note.

Prior to the issue and allotment of the Bonds, the Bonds shall be secured by the Initial Security Interest. The Initial Security Interest may be varied or reduced from time to time, as provided for in clauses 8 and 9 of the Trust Instrument, so however that the value of the security forming part of the Security Interest from time to time shall not be less than the aggregate nominal amount of the Bonds and the interest payable thereon. Further detail on this matter is found in section 9.6 below. In the event that the Initial Security Interest be varied as aforesaid, the ranking of the Security Interest may not be the same as the ranking of the Initial Security Interest indicated in Annex III. Moreover, the Security Trustee, if it is deemed to be in the interest of Bondholders, may provide its consent for security to be granted by the Issuer which shall rank prior to the Initial Security Interest in terms of and under the conditions set out in clauses 8 and 9 of the Trust Instrument, described in section 9.6.2 of this Securities Note. In such cases, the Security Trustee shall, in giving his consent, act for the benefit of Bondholders, as he is obliged to do in terms of law (article 3.1 of the Trusts and Trustees Act (Cap. 331 of the laws of Malta).

The **Initial Security Interest** shall consist of the following:

- (i) the special hypothec to be constituted by the Issuer in favour of the Security Trustee by virtue of a deed of hypothec for the amount of fifty million euro (€50,000,000) and interest and costs thereon, over the immovable property detailed below under the heading "Summary of Security in favour of the Security Trustee" (sub-headings: "Commercial premises"; "Car parking spaces"; "Storage rooms"; and "Properties earmarked for development"). This special hypothec shall rank as indicated below (see also Annex III).
- (ii) the pledge of 11,699,999 shares in T14 Investments Limited ( C 63982 ), detailed below under the heading "Summary of Security in favour of the Security Trustee" (sub-heading: "Shareholding in T14 Investments Ltd"), to be constituted by the Company in favour of the Security Trustee by virtue of the pledge agreement for the principal amount of the Bonds or any amount outstanding and any interest thereon. These shares have not been previously pledged.

**MIDI p.l.c.****Summary of Security in favour of the Security Trustee****€'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
	<u>25,516</u>

**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
	<u>19,675</u>

**Storage rooms:**

Total area of <i>circa</i> 3,216m <sup>2</sup>	<u>1,929</u>
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**Properties earmarked for development:**

T20 site	<u>636</u>
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**Shareholding in T14 Investments Ltd:**

Value of 11,699,999 shares in T14 Investments Ltd	11,700
Less Government's privilege on T14 Site	<u>(6,037)</u>
	<u>5,663</u>

<b>Total</b>	<b><u><u>53,419</u></u></b>
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\* Note on item "Shareholding in T14 Investments Ltd": In terms of a public deed in the records of Notary Dr Pierre Attard of 12 July 2014 between *inter alia* the Issuer and Mid Knight Holdings Limited ("MKH"), the Issuer transferred the site for the development of the T14 Building to MKH. The said site was burdened by a special hypothec in favour of the GOM, as security for the payment of the premium, and this is better described in Annex III. On the said deed, the Issuer remained responsible to pay the amount of €6,037,155.24 and to obtain the cancellation of the registration of such hypothec. MKH is entitled in terms of the said deed to make payments of capital or dividends due to the MIDI Group in a pledged account in favour of MKH as security pending the cancellation of the said special hypothec. The value of this special hypothec has been taken into consideration when establishing the value of the Initial Security Interest to be given to the Security Trustee.

In terms of article 1995 of the Civil Code (Cap. 16 of the laws of Malta), the property of a debtor is the common guarantee of his creditors, all of whom have an equal right over such property, unless there exist between them "lawful causes of preference." Privileges and hypothecs are "lawful causes of preference".

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 of the Civil Code). A debt due to a pledgee is considered a privileged debt over the thing which is held as a pledge (article 2009(a) of the Civil Code). Securities, including shares, may be pledged by their holder in favour of any person as security for any obligation (article 122(1) of the Companies Act). In the event of default under the agreement constituting the pledge, and upon giving notice by judicial act to the pledgor and the company whose shares are pledged, the pledgee is entitled to dispose of the securities which are pledged in his favour or appropriate and acquire the securities himself in settlement of the debt due or part thereof. This is without prejudice to the right of the pledgee to apply for judicial sale of the securities and notwithstanding the provisions of the Civil Code or of the memorandum and articles of the company whose shares are pledged (Article 122(6) of the Companies Act).

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 fulfilment of an obligation (article 2011 of the Civil Code); a special hypothec is a hypothec which affects particular immovables (article 2012 of the Civil Code).

Debts which are secured by privileges rank according to the order set out by law (articles 2089 to 2091 of the Civil Code), whilst debts which are secured by hypothecs rank according to the date of registration (article 2092 of the Civil Code).

The pledge of 11,699,999 shares in T14 Investments Limited therefore would constitute a privilege in favour of the Security Trustee, on behalf of the Bondholders, which in terms of article 2089 of the Civil Code means that the principal amount of the Bonds still outstanding together with accrued interest ranks prior to other debts over the shares so pledged. Moreover the Security Trustee, acting on behalf of the Bondholders, may exercise any of the remedies specified at law in order to enforce the pledge over the said shares.

The special hypothec over the immovable property indicated above would secure the principal amount of the Bonds still outstanding together with accrued interest however in the event of enforcement of the special hypothec, the Security Trustee, on behalf of the Bondholders, will rank after the persons and/or entities indicated below (see also Annex III), and in preference to any future creditors, save in situations where the Security Trustee consents to security to be granted by the Issuer ranking prior to the Initial Security Interest as noted above.

Following the publication of the relevant deeds of postponement, waiver, reduction and/or cancellation of the general hypothecs and/or special hypothecs described in Annex III to the Securities Note and identified therein as pending postponement, waiver, reduction or cancellation, as applicable; as well as the publication of the relative deed of hypothec and the execution of the pledge agreement constituting the Initial Security Interest, the Initial Security Interest shall **rank** as follows:

The Initial Security Interest which consists of the pledge of 11,699,999 shares in T14 Investments will be first ranking with respect to the said shares.

The Initial Security Interest over the immovable property indicated above will rank after the following:

- (a) the security interest which the GOM retained in its capacity as the holder of the *directum dominium* over the Emphyteutical Land, as security for the payment of ground rent which security interest follows the transfer of land; and
- (b) any security interest which may arise by operation of law.

The Initial Security Interest over the immovable property will also rank after the general hypothecs granted by the Issuer in favour of purchasers of property on the deeds of sale, over all the Issuer's property present and future in warranty of peaceful possession. On the final deeds of sale the purchasers specifically renounced to their rights under section 2016 of the Civil Code to cause to be registered, as a further security, a special hypothec on the Company's property.

Moreover, the security interests granted by the Company to secure the SIS Banking Facilities (vide items 12 and 13 in Annex III) and the obligations of the Company in terms of the SWAP Instrument (vide items 2, 4 and 11 in Annex III) shall also rank prior to the Initial Security Interest over the immovable property until such time as the events described in section 9.6.2.2 (ii) and (iii) of this Securities Note occur.

It should also be noted that in terms of the Trust Instrument the Security Trustee may retain and pay to itself out of any monies or the proceeds of any investments in its hands upon the trusts of the Trust Instrument all sums owing to it in respect of remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled under the Trust Instrument or by law or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Security Interest.

Pursuant to the provisions of the Trust Instrument, the Security Trustee shall retain all proceeds from the Bonds until such time as the Initial Security Interest shall have been duly constituted in favour of the Security Trustee. No Bonds shall be issued and allotted until the Initial Security Interest has been duly constituted and the Malta Stock Exchange admits the Bonds to trading as listed instruments.

## **9.6 The Trust Instrument**

The following does not purport to constitute an exhaustive summary of the Trust Instrument. This section 9.6 is simply intended to give an overview of the more salient provisions of the Trust Instrument. For more information on the provisions of the Trust Instrument, please refer to the Trust Instrument which is available for inspection as indicated in section 18 of the Registration Document.

Terms in this section 9.6 have the meaning assigned to them in the Trust Instrument.

### **9.6.1 General provisions**

The trust is constituted in terms of Article 2095E of the Civil Code (Cap. 12 of the laws of Malta), and is to be treated as constituted in the context of a commercial transaction in terms and for the purposes of the Trusts and Trustees Act (Cap. 331 of the laws of Malta) (Clauses 3.2 and 3.3).

### **9.6.2 Safeguards for the Applicants and Existing Holders**

#### **9.6.2.1 Conditions**

The net proceeds from the issue of the Bonds shall be held by the Security Trustee pending the fulfillment by the Issuer of the following conditions (Clause 4.3):

- (i) the publication of the deed/s pertaining to the postponements, waivers, reductions or cancellations of the general hypothecs and/or special hypothecs described in Annex III to the Securities Note and identified therein as pending postponement, waiver, reduction or cancellation, as applicable;
- (ii) the publication of the deed of hypothec forming part of the Initial Security Interest;
- (iii) the execution of the pledge agreement forming part of the Initial Security Interest; and
- (iv) the admission of the Bonds to the Official List of the MSE.

#### **9.6.2.2 Transfer of the net proceeds of the Bonds to the Issuer**

Upon the satisfaction of the conditions indicated in section 9.6.2.1 above, the Security Trustee shall transfer the net proceeds from the issue of the Bonds to the Issuer less:

- (i) the Reserved Amount (if any), which shall be transferred by the Security Trustee to the Reserve Account referred to in the agreement entered into between the Company and HSBC Bank Malta p.l.c. dated 23 December 2010, where the Reserved Amount is the difference, if any, between:
  - (a) the amount of principal still outstanding on the Bonds 2016/18 and any interest payable thereon until the date of maturity after taking into account the Existing Holders who do not participate in the Bond Exchange Programme described in section 8.5 of this Securities Note, or who do not participate fully in the said Bond Exchange Programme; and

- (b) the value of any assets held in trust by HSBC Bank Malta p.l.c. in virtue of an agreement entered into between the Company and HSBC Bank Malta p.l.c. dated 23 December 2010, which assets are held in trust in favour of the Existing Holders.
- (ii) the amount of *circa* €1,500,000, which shall be transferred by the Security Trustee to the Issuer or to any person who the Issuer may delegate the Security Trustee to transfer the said amount to, for the purposes of and upon the release of the security interest described in items 12 and 13 of Annex III, registered in favour of HSBC Bank Malta p.l.c., granted by the Company to secure the SIS Banking Facilities; and
- (iii) the amount of *circa* €2,200,000, which shall be transferred by the Security Trustee to the Issuer or to any person who the Issuer may delegate the Security Trustee to transfer the said amount to, for the purposes of and upon the cancellation of the security interest described in item 2, 4 and 11 of Annex III, registered in favour of Bank of Valletta p.l.c., securing the obligations of the Company in terms of the SWAP Instrument.

### 9.6.3 Variation or reduction of the Security Interest

The Trust Instrument makes provision for the following situations:

- (i) In the event that the Bonds are purchased and cancelled by the Issuer, the value of the Security Interest is to be reduced by an amount equivalent to the principal amount of the Bonds so purchased and cancelled (Clause 7.4).
- (ii) The Company has the right to have a part or parts of the property being secured by the Security Interest to be released from the effects of the Security Interest and/or to have the relative Security Interest waived or postponed, without substituting other property or money, provided that the property remaining immediately after such release or waiver shall have an aggregate value as shown by a valuation of not less than the aggregate nominal amount of the Bonds and the interest payable thereon for a period of one (1) year. The Trust Instrument defines 'valuation' as a valuation made by such professional valuer as may be nominated or approved by the Security Trustee ("Valuer") on the basis of sale in the open market between a willing buyer and a willing seller or on such other basis as the Security Trustee may approve, in the case of immovable property, and as a valuation made by a Valuer on the basis of applicable international standards, or such other basis as the Security Trustee may approve, in the case of movable property. The Issuer and the Security Trustee have the right to require a valuation at any time at the Issuer's expense, and may require the release, waiver or postponement of the Security Interest as aforesaid within twelve (12) months of the date of the valuation. (Clause 8)
- (iii) The Company has the right to have all or any part of the property secured by the Security Interest to be released from the effects of the relative Security Interest and/or of having the relative Security Interest waived or postponed upon alternative security being provided in favour of and to the satisfaction of the Security Trustee. In such cases, the Valuer would have to certify that following substitution the aggregate value of the property secured by the security Interest shall be not less than the aggregate nominal amount of the Bonds and the interest payable thereon for a period of one (1) year. In this case, the Security Trustee may, subject to agreement with the Company, instead of requiring a valuation, treat the value of the property as being its proposed sale price. (Clause 9)

Furthermore, upon purchase and cancellation of all the Bonds or payment on redemption or otherwise of the principal amount of the Bonds, payment of all interest thereunder and reimbursement of all expenses incurred by, and payment of remuneration due to the Security Trustee under the Trust Instrument, the Security Interest shall be released, and the hypothecs, pledges or other security constituting the security Interest shall be cancelled.

### 9.6.4 Covenants and representations and warranties

The Company has covenanted various obligations with the Security Trustee which apply for the duration of the continuance of the Security Interest (Clause 11). These covenants may be enforced by the Security Trustee (Clause 15.1). Moreover, the Company has made a number of representations and warranties to the Security Trustee, that relies on such representations and warranties (Clause 13).

### 9.6.5 Functions and powers of the Security Trustee

The Trust Instrument makes provision for various powers of the Security Trustee. Most notably, the Security Trustee may, by notice in writing to the Issuer, declare the Bonds to have become immediately due and repayable in the case of an Event of Default under the Bond Conditions (section 11.7 of this Securities Note) and may take any proceedings against the Company as it may deem fit including for the enforcement of the Security Interest if the Company fails to pay the principal amount as and when the Bonds are due to be redeemed and failure continues for 30 days after written notice is given to the Company or at any time after the Bonds have become immediately due and repayable (Clause 12). The functions and powers of the Security Trustee are dealt with in Clause 15 of the Trust Instrument, which also provides that generally the Security Trustee shall not be liable for any error of judgement committed in good faith unless it is proved that it was grossly negligent in ascertaining the pertinent facts and the Security Trustee, its officers, employees and agents are entitled to be indemnified out of the property subject to the Security Interest so far as may be lawful in respect of all liabilities incurred in the execution of the trusts of the Trust Instrument.

The Security Trustee may pay to itself out of the trust fund all sums owing to it in respect of remuneration, costs, charge, expenses or interest, or by virtue of any indemnity from the Company to which it is entitled under the Trust Instrument or by law or by virtue of any release of indemnity granted to it, out of any monies or the proceeds of any investments in its hands upon the trusts of the Trust Instrument. All such sums shall be retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Security Interest. (Clause 18.3)

### 9.6.6 Resignation and removal of Security Trustee

The Security Trustee may resign as security trustee by giving not less than three (3) months' notice in writing to the Company. The Company may remove the Security Trustee by giving him at least one (1) months' notice.

In the event of the Security Trustee giving notice or being removed, the Company undertakes to procure a new trustee to be appointed ("the Successor Trustee"). The retirement or removal shall not become effective until such time as a Successor Trustee, is appointed and the Security Interest is transferred to the Successor Trustee. Upon appointment of the Successor Trustee, references contained in the Trust Instrument and this Prospectus to the Security Trustee shall be deemed to refer to the Successor Trustee.

**The terms and conditions of the Trust Instrument shall, upon subscription or purchase of any Bonds, be binding on such subscriber or purchaser as a beneficiary under the trust as if the Bondholder had been a party to the Trust Instrument and as if the Trust Instrument contained covenants on the part of each Bondholder to observe and be bound by all the provisions hereof, and the Security Trustee is authorised and required to do the things required of it by the Trust Instrument.**

### 9.7 Registration, Form, Denomination and Title

1. Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.
2. The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.
3. The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100, provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.



## **9.8 Interest**

The Bonds shall accrue interest at the rate of 4% per annum, payable annually on the Interest Payment Date. Interest shall accrue as from 27 July 2016. The first Interest Payment Date shall be 27 July 2017 (covering the period 27 July 2016 to 26 July 2017). Further information is provided in section 11.4 of this Securities Note.

## **9.9 Transferability of the Bonds**

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in multiples of €100 in accordance with the rules and regulations of the MSE applicable from time to time. Further information on the transferability of the Bonds is provided in section 11.8 of this Securities Note.

## **9.10 Maturity and Redemption**

The Bonds shall become due for redemption on 27 July 2026. Redemption of the Bonds shall be made at the nominal value of the Bonds. In addition, the Issuer reserves the right to purchase and cancel Bonds from the market at any time after issue.

## **9.11 Yield**

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 4%.

## **9.12 Authorisations and Approval**

The Board of Directors of the Issuer authorised the Bond Issue and the publication of the Prospectus pursuant to a board of directors' resolution passed on 26 April 2016.

## **9.13 Expected Issue Date of the Bonds**

The expected Issue Date of the Bonds is 03 August 2016.

# **10. TAXATION**

## **10.1 General**

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

## 10.2 Malta Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income. Where the Bondholder is a Maltese resident individual, he is still entitled to declare the gross interest in the tax return, however the tax so deducted will not be available as a credit against the individual's tax liability or for a refund as the case may be.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally in this latter case the Issuer will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

## 10.3 Exchange of Information

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

## 10.4 Maltese Taxation on Capital Gains on Transfer of the Bonds

On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, no tax on capital gains is chargeable in respect of transfer of the Bonds.

## 10.5 Duty on Documents and Transfers

In terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta) as the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.

**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## 11. TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions, which will be applicable to the Bonds (the “**Bond Conditions**”). Each Bondholder and any person claiming through or under a Bondholder is deemed to have notice and knowledge of, and is bound by, these Bond Conditions.

**The issue of these Bonds is being made subject to the provisions of these Bond Conditions and of the Trust Instrument. A Bondholder is deemed to have invested in the Bonds only after having received, read and understood the contents of these Bond Conditions, the Prospectus and the Trust Instrument and therefore only after having full knowledge of the information contained in these Bond Conditions, the Prospectus and the Trust Instrument and is accordingly deemed to have accepted all the terms and conditions set out in the Bond Conditions, the Prospectus and the Trust Instrument.**

### 11.1 General

Each bond forms part of a duly authorised issue of 4% Secured Bonds due 2026 having a nominal value of €100 each (the “**Bonds**”) of MIDI p.l.c. (the “**Issuer**”) for an aggregate principal amount of €50,000,000 (save what is provided in section 11.10 of this Securities Note). The Bonds issued by the Issuer shall be issued in euro (€).

### 11.2 Form, Denomination, Title and Pricing

1. The Bonds will be issued without interest coupons in denominations of integral multiples of €100 provided that on subscription they will be issued for a minimum of €2,000.
2. On subscription, the Bonds are being offered at par, that is at €100 per Bond.
3. The Bonds will be issued in dematerialised form and shall accordingly be evidenced by a book-entry in the register of Bondholders held by the CSD of the Malta Stock Exchange or as may be stipulated by the MSE Bye-Laws from time to time.
4. The nominal value of each Bond is being established to facilitate trading therein. The bonds, and the transfer thereof, shall be registered as provided under section 11.8 below.
5. A person in whose name a Bond shall be registered shall (to the fullest extent permitted by law) be treated at all times and for all purposes as the absolute owner of such Bond regardless of any notice of ownership or trust.

### 11.3 Status and Security Interest

1. The Bonds shall constitute the general, direct, unconditional and secured obligations of the Issuer. They shall at all times rank *pari passu* without any priority or preference among themselves. They shall rank subsequent to any other prior ranking indebtedness of the Company, if any.
2. In accordance with the provisions of the Trust Instrument, the Bonds shall be secured by the Security Interest held by the Security Trustee for the benefit of the Bondholders and in that respect only shall rank in preference to other present and future unsecured obligations of the Issuer, if any.
3. The ranking of the Initial Security Interest with respect to other lawful causes of preference is indicated in the Trust Instrument and in section 9.5 of this Securities Note.
4. In terms of article 1995 of the Civil Code (Cap. 16 of the laws of Malta), the property of a debtor is the common guarantee of his creditors, all of whom have an equal right over such property, unless there exist between them lawful causes of preference. Privileges and hypothecs are “lawful causes of preference”. Accordingly any debts which are secured by privileges, whether existing now or which may come into existence in the future would rank according to the order set out by law, and debts which are secured by hypothecs would rank according to the date of registration, subject to what is provided in the Trust Instrument and in section 9.5 of the Securities Note.

#### 11.4 Interest

1. The Bonds shall bear interest from and including 27 July 2016 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 27 July 2017 (covering the period 27 July 2016 to 26 July 2017).
2. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.
3. Each Bond will cease to bear interest from and including its due date of redemption unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue at the applicable rate specified above or at the rate of two per cent (2%) per annum above the European Central Bank's Refinancing Rate, whichever is the greater.
4. When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

#### 11.5 Payments

1. Payment of the principal amount (with interest accrued to the due date for redemption) as well as payment of any instalment of interest of the Bonds will be made in euro to the person in whose name such Bond is registered as at the close of business fifteen (15) days prior to the due date for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be) by direct credit to an account which is denominated in euro and held with any licensed bank in Malta as specified by the Bondholder. The Issuer shall not be responsible for any charges, loss or delay in transmission. Such payment shall be effected within seven (7) days of the due date for redemption or the Interest Payment Date (as the case may be).
2. All payments are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments by the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other Governmental charges of whatsoever nature imposed or levied by or on behalf of the GOM or authority thereof or therein having power to tax.
3. No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this section 11.5. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

#### 11.6 Redemption and Purchase

1. The Bonds will be redeemed at their nominal value (together with interest accrued to the due date for redemption) on 27 July 2026 (the "**Redemption Date**").
2. All Bonds so redeemed will be cancelled forthwith and may not be reissued or resold.
3. The Issuer and any Group Company may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so purchased by the Issuer will be cancelled forthwith and may not be re-issued or resold. All Bonds so purchased by any Group Company may be cancelled or held, reissued or resold at the discretion of the relevant purchaser. The Bonds so purchased, while held by or on behalf of any Group Company, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of these Bond Conditions including, without limitation, for the purposes of section 11.9.

## 11.7 Events of Default

1. The Security Trustee at its discretion may, and if so requested by a resolution passed by Bondholders holding not less than seventy-five per centum (75%) in nominal value of the Bonds then outstanding shall, give notice to the Issuer that the Bonds are, and they shall accordingly immediately become, due and repayable at their principal amount together with accrued interest, if any of the following events ("Events of Default") shall occur:-
  - (i) the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the Trustee; or
  - (ii) the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in these Bond Conditions or in the Trust Instrument and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the Security Trustee; or
  - (iii) any default occurs and continues for ninety (90) days under any contract or document relating to any Relevant Indebtedness (as defined below) of the Issuer in excess of €5,000,000 or its equivalent at any time; or
  - (iv) there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be made or is taken for the payment of money in excess of €5,000,000 or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
  - (v) the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
  - (vi) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
  - (vii) a provisional administrator is appointed of the whole or any part of the property of the Issuer or the Issuer ceases or threatens to cease to carry on its business or a substantial part thereof; or
  - (viii) all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government;

provided that in the case of paragraphs (ii), (iii), (iv), (vii) and (viii) the Security Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders.

2. At any time after the Bonds shall have become immediately due and payable as aforesaid, or in the event that the Issuer fails to pay the principal amount as and when the Bonds are due to be redeemed as provided by these Bond Conditions, and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Company, the Security Trustee may, at its discretion, and shall, if so requested by resolution passed by Bondholders holding not less than seventy-five per centum (75%) in nominal value of the Bonds then still outstanding, institute such proceedings as it may think fit against the Issuer to enforce repayment of the principal together with accrued but unpaid interest, including the enforcement of the Security Interest, provided that the Trustee shall not be bound to do so unless it shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.
3. The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that the Issuer is observing and performing all the obligations, conditions and provisions on their respective parts contained in the Bond Conditions and the Trust Instrument.
4. No Bondholder shall in any circumstances be entitled to any remedy (whether by way of action or otherwise howsoever) for the recovery of the Bonds or any part of it or any interest, unless the Security Trustee, having

become bound to take proceedings in accordance with the Trust Instrument, fails to do so. In that case any Bondholder may, on giving the Security Trustee an indemnity satisfactory to it, in the name of the Security Trustee (but not otherwise) himself either take such proceedings against the Issuer or prove in the winding-up of the Issuer.

5. For the purposes of this section 11.7, “Relevant Indebtedness” means any indebtedness in respect of:
  - (i) monies borrowed;
  - (ii) any debenture, bond, note, loan stock or other security creating or acknowledging indebtedness;
  - (iii) any acceptance credit;
  - (iv) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
  - (v) leases entered into primarily as a method of raising finance or financing the acquisition of the asset leased;
  - (vi) amounts raised under any other transaction having the commercial effect of borrowing or raising of money;
  - (vii) any guarantee, indemnity or similar assurance in respect of any such indebtedness.

## **11.8 Registration, Replacement, Transfer and Exchange**

1. A register of the Bonds will be kept wherein there will be entered the names and addresses of the Bondholders and particulars of the Bonds held by them respectively and a copy of such register will at all reasonable times during business hours be open to the inspection of the Bondholders at the registered office of the Issuer for the purpose of the Bondholders inspecting information held on their respective account. If and for as long as the Bonds are admitted to listing on the MSE, the said register will be kept at the Central Securities Depository of the MSE or as may be stipulated by, and in accordance with, the MSE Bye-Laws. The said CSD will issue on a twelve-monthly basis or at such other intervals as the MSE Bye-Laws shall from time to time determine, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the said CSD.
2. A Bond may be transferred or transmitted only in whole, in multiples of €100, in accordance with the rules and procedures applicable from time to time at the MSE.
3. Any person becoming entitled to a Bond in consequence of the death, bankruptcy or winding-up of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the MSE, elect either to be registered himself as Bondholder or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.
4. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
5. The cost and expenses of effecting any exchange or registration of transfer or transmission except for the expenses of delivery by regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Bondholder.
6. The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

## 11.9 Resolutions and Meetings of Bondholders

1. The Issuer may, through the Security Trustee, from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which, in terms of the Prospectus, require the approval of a meeting of Bondholders and to effect any change to the applicable Bond Conditions, including any change to a material term of issuance of the Bonds or the Prospectus, or to effect a change to the Trust Instrument.
  - (i) No change to the applicable Bond Conditions or any terms of this Prospectus which has an effect on the Bonds may be made unless such decision is made at a meeting of Bondholders duly convened and held.
  - (ii) A meeting of Bondholders shall be called by the Directors, through the Security Trustee, by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 11.9 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
  - (iii) The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
  - (iv) A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
  - (v) Any person who in accordance with the Memorandum and Articles of Association is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
  - (vi) Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
  - (vii) The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee.
  - (viii) The proposal placed before a meeting of Bondholders shall only be considered approved if at least 60% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

- (ix) Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.
2. Without prejudice to the above, the Security Trustee must convene a meeting of the Bondholders upon a requisition in writing signed by a Bondholder or Bondholders holding not less than twenty per cent (20%) in nominal amount of the beneficial interest in the Bonds for the time being outstanding and upon receiving such indemnity against the costs of convening and holding such meeting as it may reasonably require. Meetings shall be convened and requested only for the purpose of considering a resolution specified in the immediately preceding paragraph. The time and place of the meeting must be specified by the Security Trustee. Subject to what is stated in this paragraph, the rules applicable to proceedings at general meetings of Bondholders specified in the immediately preceding paragraph shall *mutatis mutandis* apply to meetings of Bondholders so convened.
  3. The Security Trustee at any time, prior to exercising any power or discretion under the Trust Instrument may call a meeting of Bondholders.
  4. In the event that the Bonds are listed, and for so long as the Bonds remain listed, any resolution which may be proposed shall be subject to any laws, regulations, rules or bye-laws which may be applicable from time to time.

#### **11.10 Further Issues**

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further bonds, debentures or any other debt securities either having the same terms and conditions as the Bonds in all respects (except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds or otherwise upon such terms and conditions as the Issuer may determine. Any further debt securities so issued may rank *pari passu* in all respects with the Bonds but shall not rank ahead of the Bonds.

#### **11.11 Bonds held Jointly**

In respect of a Bond held jointly by several persons (including husband and wife), the joint holders shall nominate one of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first named in the register of Bondholders shall for all intents and purposes be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

#### **11.12 Bonds held Subject to Usufruct**

In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-a-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner.

#### **11.13 Governing Law and Jurisdiction**

1. The Bonds are governed by and shall be construed in accordance with Maltese law.
2. Any legal action, suit or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholders shall, upon and by submitting an Application, acknowledge that they are submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.



### 11.14 Notices

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholders at his/her/its registered address and posted.

### 11.15 Listing

The Bonds, upon issue and subscription, shall be admitted to the Official List of the MSE. Accordingly, all these Bond Conditions shall be read in conjunction with the Listing Rules of the Listing Authority and with the Bye-Laws of the MSE as applicable from time to time.

## 12. TERMS AND CONDITIONS OF THE APPLICATION

The following are the terms and conditions which are applicable to Applications (the “**Application Conditions**”). Any Applicant is deemed to have notice of, and is bound by, these Application Conditions.

1. The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List of the MSE; and (ii) the Initial Security Interest being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied within 30 Business Days of the close of the Public Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
2. Subject to all other Application Conditions, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, including multiple or suspected multiple Applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application, which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
3. If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, then the Applicant shall receive a refund of the price of the Bonds applied for but not allocated, the Application monies or the balance of the amount paid on Application will be returned by direct credit into the Applicant's bank account as indicated in the Application Form, within five (5) Business Days from the date of final allocation. No interest shall be due on refunds and the Issuer shall not be responsible for any charges, loss or delay in transmission.
4. In the case of joint Applications, reference to the Applicant in these Application Conditions is a reference to each Applicant, and liability therefor is joint and several.
5. The consideration payable by holders of EUR Bonds 2016/18 applying for Bonds may be settled, after submitting the appropriate Application Form 'A', by the transfer to the Issuer of all or part of the EUR Bonds 2016/18 held by such Applicant as at the Cut-Off Date, subject to a minimum application of €2,000, which transfer shall be effected at the par value of the EUR Bonds 2016/18. Any holders of EUR Bonds 2016/18 whose holding in EUR Bonds 2016/18 is less than €2,000 shall be required to pay the difference together with the submission of their Application Form 'A'.

Holders of EUR Bonds 2016/18, electing to subscribe for Bonds through the Bond Exchange Programme, shall be allocated Bonds for the corresponding nominal value of EUR Bonds 2016/18 transferred to the Issuer (including cash top-up, where applicable).

The consideration payable by holders of GBP Bonds 2016/18 applying for Bonds may be settled, after submitting the appropriate Application Form 'B', by the transfer to the Issuer of all or part of the GBP Bonds 2016/18 held by such Applicant as at the Cut-Off Date. For such purpose, the par value of each holding in GBP Bonds 2016/18 shall be converted to the equivalent value in euro at the exchange rate established by the Issuer on 27 June 2016 as described in section 8.5 above. Subscriptions shall be subject to a minimum application of €2,000 in Bonds. Any holders of GBP Bonds 2016/18 whose holding in GBP Bonds 2016/18 is less than the equivalent amount of €2,000 shall be required to pay the difference in euro together with the submission of their Application Form 'B'.

Holders of GBP Bonds 2016/18, electing to subscribe for Bonds through the Bond Exchange Programme, shall be allocated Bonds for the corresponding equivalent euro amount of nominal value of GBP Bonds 2016/18 transferred to the Issuer (including cash top-up payable in euro, where applicable).

The transfer of Bonds 2016/18 to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Bonds 2016/18 to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Bonds applied for by Existing Holders through the Bond Exchange Programme shall be allocated prior to any other allocation of Bonds.

In addition to the aforesaid, Existing Holders transferring all of the Bonds 2016/18 held by them as at the Cut-Off Date, may apply for an amount of Bonds in excess of the amount of Bonds 2016/18 being transferred. In such a case Existing Holders may subscribe for additional Bonds in multiples of €100 by completing the appropriate section of the respective Application Form 'A' and/or Application Form 'B'.

By virtue of the submission of the duly completed and signed Application Form 'A' and/or Application Form 'B', Existing Holders shall be deemed:

- (i) to confirm that all or part (as the case may be) of the said Bonds 2016/18 as indicated in the Application Form are to be transferred in the Issuer's favour for cancellation; and
  - (ii) as an irrevocable mandate to the Issuer to engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary and to fully and effectively vest title in the appropriate number of Bonds in the Existing Holder.
6. Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form, provided that an Application Form submitted in terms of Condition 4 above shall not be counted for this purpose. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign on behalf of, and bind, such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.
7. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interests shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
8. Holders of EUR Bonds 2016/18, holders of GBP Bonds 2016/18, Current Shareholders and the general public may subscribe for Bonds by submitting Application Form 'A', Application Form 'B', Application Form 'C' and Application Form 'D' respectively.
9. Application Form 'A', Application Form 'B' and Application Form 'C' are to be completed and submitted by not later than 10:00 hours on 18 July 2016. Subscription lists, in relation to the general public offer, will open at 08:30 hours on 18 July 2016 and will close thereafter as may be determined by the Issuer, but in any event not later than 16:00 hours on 20 July 2016.
10. The minimum subscription of the Bonds is €2,000 in value. Applications in excess of the said minimum thresholds must be in multiples of €100. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries mentioned in this Prospectus. Submission of Application Form 'A' and Application Form 'B' by Existing Holders must be accompanied by payment representing difference between the full price of the amount of Bonds applied for and the nominal value, or the euro equivalent amount as the case may be, of Bonds 2016/18 being surrendered. Submission of Application Form 'C' by Current Shareholders and Application Form 'D' by the general public must be accompanied by the full price of the Bonds applied for in euro. Payment may be made either in cash or by cheque payable to **"The Registrar – MIDI Bond Issue 2016"**. In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application Form.

11. By completing and delivering an Application Form you (as the Applicant(s)):
- (i) irrevocably offer to purchase the number of Bonds specified in your Application Form (or any smaller number for which the Application is accepted) at the Issue Price subject to the Prospectus, the Bond Conditions and the Memorandum and Articles of Association;
  - (ii) authorise the Registrar and the Directors of the Issuer to include your name or in the case of joint Applications, the first named Applicant, in the register of Debentures of the Issuer in respect of the Bonds allocated to you;
  - (iii) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a registration advice, or to be registered in the register of Debentures or to enjoy or receive any rights in respect of such Bonds unless and until you make payment in cleared funds for such Bonds and such payment is accepted by the Issuer (which acceptance shall be made in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer of such late delivery of consideration in respect of such Bonds, the Issuer may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case you will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
  - (iv) agree that the registration advice and other documents and any monies returnable to you may be retained pending clearance of your remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta), and regulations made thereunder, and that such monies will not bear interest;
  - (v) agree that all Applications, acceptances of Applications and contracts resulting therefrom will be governed by, and construed in accordance with Maltese law and that you submit to the jurisdiction of the Maltese Courts and agree that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
  - (vi) warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have due authority to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Application Conditions and undertake to submit your power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar;
  - (vii) agree that all documents in connection with the issue of the Bonds and any returned monies including refund of all unapplied Application monies will be returned at your risk and will be returned by direct credit into the bank account as specified in the Application Form;
  - (viii) agree that, having had the opportunity to read the Prospectus, you have, and shall be deemed to have had, notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
  - (ix) confirm that in making such Application you are not relying on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
  - (x) confirm that you have reviewed and you will comply with the restriction contained in Condition 12 below;
  - (xi) warrant that you are not under the age of eighteen (18) years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor;
  - (xii) agree that such Application Form is addressed to the Issuer and that in respect of those Bonds for which your Application has been accepted, you shall receive a registration advice confirming such acceptance;

- (xiii) confirm that in the case of a joint Application the first-named Applicant shall be deemed the holder of the Bonds;
  - (xiv) agree to provide the Registrar and/or Issuer as the case may be, with any information which it may request in connection with your Application(s);
  - (xv) agree that Charts Investment Management Service Limited will not, in its capacity of Sponsor, treat you as its customer by virtue of your making an Application for the Bonds and that Charts Investment Management Service Limited will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you;
  - (xvi) warrant that, in connection with your Application, you have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the Bond Issue or your Application;
  - (xvii) warrant that all applicable exchange control permits and authorisations which may be applicable have been duly and fully complied with;
  - (xviii) represent that you are not a U.S. person (as such term is defined in Regulation "S" under the U.S. Securities Act of 1933, as amended (the "Securities Act, 1933")) and that you are not accepting the invitation comprised in the Prospectus from within the United States of America, its territories or its possessions, any State of the United States of America or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person, unless you indicate otherwise on the Application Form in accordance with the instructions of the Application Form.
12. The Bonds have not been and will not be registered under the Securities Act, 1933 and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
  13. No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issues, transfer or other taxes required to be paid in such territory.
  14. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information they hold about clients, pursuant to Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes, and within the terms of, the Malta Stock Exchange's data protection and privacy policy as published from time to time.
  15. Within five (5) Business Days from the closing of the subscription lists, the Issuer shall determine and announce by way of a company announcement, the basis of acceptance of Applications and allocation policy to be adopted.
  16. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Application Conditions, in the Application Form and in any other document issued pursuant to the Prospectus.

# Annex I

Specimen Application Forms



**MIDI P.L.C.**  
**€50,000,000 4% SECURED BONDS 2026**  
**APPLICATION FORM 'A'**  
**EUR BONDS 2016/18**

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable.

<b>A APPLICANT</b> (See notes 2 & 4)				
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">TEL. NO.</td> <td style="width: 50%;">MOBILE NO.</td> </tr> </table>	TEL. NO.	MOBILE NO.
TEL. NO.	MOBILE NO.			
<p>This Application Form is not transferable and entitles you to a preferential treatment as holder of Midi p.l.c. 7% Bonds 2016/18 (the "Bonds 2016/18") and is to be submitted as a method of payment where the Applicant selects to apply for the Midi p.l.c. 4% Secured Bonds 2026 (the "Bonds") so as to transfer to the Issuer all or part of the holding in EUR Bonds 2016/18 held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel B hereunder. By submitting this signed Application Form, Existing Holders shall be deemed:</p> <p>i. to confirm that all or part (as the case may be) of the said Bonds 2016/18 as indicated in the Application Form are to be transferred in the Issuer's favour for cancellation; and</p> <p>ii. as an irrevocable mandate to the Issuer to engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary and to fully and effectively vest title in the appropriate number of Bonds in the Existing Holder.</p>				
<b>B I/WE APPLY TO PURCHASE AND/OR ACQUIRE</b> (See note 6)				
<p><b>BOX 1 - Nominal Value of the EUR Bonds 2016/18.</b></p> <p><b>BOX 2 - I/We wish to purchase and acquire the amount set out in Box 2 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 28 June 2016 (minimum €2,000 and in multiples of €100 thereafter).</b></p>				
<p>AMOUNT IN WORDS</p> <div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<p>AMOUNT IN FIGURES <b>Box 1</b></p> <div style="border: 1px solid black; padding: 5px; text-align: center;">             €           </div>			
	<p>AMOUNT IN FIGURES <b>Box 2</b></p> <div style="border: 1px solid black; padding: 5px; text-align: center;">             €           </div>			
<p><b>BOX 3 - Amount of Bonds applied for less the nominal holding in EUR Bonds 2016/18 payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.</b></p>	<p>AMOUNT IN FIGURES <b>Box 3</b> Difference payable on Application <b>Box 2 - Box 1</b></p> <div style="border: 1px solid black; padding: 5px; text-align: center;">             €           </div>			
<b>C RESIDENT - WITHHOLDING TAX DECLARATION</b> (See notes 7 & 8a) (to be completed ONLY if the Applicant is a Resident of Malta)				
<p><input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.</p> <p><input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).</p>				
<b>D NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (See notes 3, 7, 8 & 8a) (to be completed ONLY if the Applicant is a Non-Resident)				
TAX COUNTRY	CITY OF BIRTH			
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH			
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE		
<p><input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta but I/we am/are Resident in the European Union.</p> <p><input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta and I/we am/are <b>NOT</b> Resident in the European Union.</p>				
<b>E INTEREST, REFUND &amp; REDEMPTION MANDATE</b> (See note 9) <span style="float: right;">Completion of this Panel is <b>MANDATORY</b></span>				
BANK	IBAN			
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.</p>				
<p>Signature/s of Applicant/s _____ Date _____</p> <p>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)          (All parties are to sign in the case of a joint Application)          (Bare owner/s and usufructuary/ies to sign in the case of holdings of EUR Bonds 2016/18 that are subject to usufruct)</p>				
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>		

## Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 28 June 2016 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of the Application contained in Section 12 of the Securities Note dated 28 June 2016 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 24 June 2016 (trading session of the 22 June 2016). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
5. In the case where a holder of Bonds 2016/18 is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by holders of EUR Bonds 2016/18 up to their full amount held as at the Cut-Off Date, subject to a minimum application of €2,000.

Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of EUR Bonds 2016/18 set out in Box 1 of Panel B, the Applicant may do so by including such higher amount in Box 2 in Panel B. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of Bonds 2016/18 being transferred. Payment of the amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, must be made in Euro in cleared funds to "The Registrar - Midi Bond Issue 2016". In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.

In terms of Section 10.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
- 8a. The contents of Notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
9. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
10. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex II of the Securities Note during normal office hours by not later than 10:00 on 18 July 2016. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Application as contained in the Prospectus. Any Applications received by the Registrar after 10:00 on 18 July 2016 will not be accepted.
11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
  - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself, as the Applicant to whom the personal data relates.

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial adviser, licensed under the Investments Services Act (Cap. 370 of the Laws of Malta), for advice.**



**MIDI P.L.C.**  
**€50,000,000 4% SECURED BONDS 2026**  
**APPLICATION FORM 'B'**  
**GBP BONDS 2016/18**

Please read the notes overleaf before completing this Application Form. **Mark 'X' if applicable.**

<b>A APPLICANT</b> (See notes 2 & 4)		
TEL. NO.		MOBILE NO.
<p>This Application Form is not transferable and entitles you to a preferential treatment as holder of Midi p.l.c. 7% Bonds 2016/18 (the "<b>Bonds 2016/18</b>") and is to be submitted as a method of payment where the Applicant selects to apply for the Midi p.l.c. 4% Secured Bonds 2026 (the "<b>Bonds</b>") so as to transfer to the Issuer all or part of the holding in GBP Bonds 2016/18 held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel B hereunder. For such purposes, the par value of each holding in GBP Bonds 2016/18 has been converted to the equivalent value in euro (set out in Box 2) at the exchange rate established by the Issuer on 27 June 2016 in terms of the Prospectus. By submitting this signed Application Form, Existing Holders shall be deemed:</p> <p>a. to confirm that all or part (as the case may be) of the said Bonds 2016/18 as indicated in the Application Form are to be transferred in the Issuer's favour for cancellation; and</p> <p>i. as an irrevocable mandate to the Issuer to engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary and to fully and effectively vest title in the appropriate number of Bonds in the Existing Holder.</p>		
<b>B I/WE APPLY TO PURCHASE AND/OR ACQUIRE</b> (See note 6)		
<p><b>BOX 1</b> - Nominal Value of the GBP Bonds 2016/18.</p> <p><b>BOX 2</b> - Nominal Value of GBP Bonds 2016/18 converted to the equivalent value in euro at the pre-determined exchange rate of €1: £0.834, rounded up to the nearest €100.</p>	<p>AMOUNT IN FIGURES <b>Box 1</b></p> <p>£</p>	<p>AMOUNT IN FIGURES <b>Box 2</b></p> <p>€</p>
<p>AMOUNT IN WORDS</p>	<p>AMOUNT IN FIGURES <b>Box 3</b></p> <p>€</p>	
<p><b>BOX 3</b> - I/We wish to purchase and acquire the amount set out in Box 3 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 28 June 2016 (minimum €2,000 and in multiples of €100 thereafter).</p> <p><b>BOX 4</b> - Amount of Bonds applied for less the nominal holding in Bonds 2016/18 payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.</p>		
<p>AMOUNT IN FIGURES <b>Box 4</b></p> <p>Difference payable on Application <b>Box 3 - Box 2</b></p> <p>€</p>		
<b>C RESIDENT - WITHHOLDING TAX DECLARATION</b> (See notes 7 & 8a) (to be completed ONLY if the Applicant is a Resident of Malta)		
<p><input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.</p> <p><input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).</p>		
<b>D NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (See notes 3, 7, 8 & 8a) (to be completed ONLY if the Applicant is a Non-Resident)		
TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE
<p><input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta but I/we am/are Resident in the European Union.</p> <p><input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta and I/we am/are <b>NOT</b> Resident in the European Union.</p>		
<b>E INTEREST, REFUND &amp; REDEMPTION MANDATE</b> (See note 9) <span style="float: right;">Completion of this Panel is <b>MANDATORY</b></span>		
BANK	IBAN	
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.</p>		
<p>Signature/s of Applicant/s</p> <p>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)</p> <p>(All parties are to sign in the case of a joint Application)</p> <p>(Bare owner/s and usufructuary/ies to sign in the case of holdings of GBP Bonds 2016/18 that are subject to usufruct)</p>		Date
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER



## Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 28 June 2016 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of the Application contained in Section 12 of the Securities Note dated 28 June 2016 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 24 June 2016 (trading session of the 22 June 2016). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
5. In the case where a holder of Bonds 2016/18 is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. The amount set out in Box 3 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by holders of GBP Bonds 2016/18 up to their full amount held as at the Cut-Off Date converted to the equivalent value in euro at the exchange rate of €1: £0.834, rounded up to the nearest €100, as established by the Issuer on 27 June 2016. Subscriptions shall be subject to a minimum application of €2,000.

Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of Bonds 2016/18 converted from GBP set out in Box 2 of Panel B, the Applicant may do so by including such higher amount in Box 3 in Panel B. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of Bonds 2016/18 being transferred. Payment of the amount representing such difference, which is to be inserted in Box 4 of Panel B overleaf, must be made in Euro in cleared funds to **"The Registrar - Midi Bond Issue 2016"**. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.

In terms of Section 10.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
- 8a. The contents of Notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
9. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
10. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex II of the Securities Note during normal office hours by not later than 10:00 on 18 July 2016. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Application as contained in the Prospectus. Any Applications received by the Registrar after 10:00 on 18 July 2016 will be will not be accepted.
11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
  - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself, as the Applicant to whom the personal data relates.

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial adviser, licensed under the Investments Services Act (Cap. 370 of the Laws of Malta), for advice.**



MIDI p.l.c.  
**€50,000,000 4% SECURED BONDS 2026**  
**APPLICATION FORM 'C'**  
**CURRENT SHAREHOLDERS**

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable.

<b>A APPLICANT</b> <i>(see notes 2 &amp; 4)</i>		
E-MAIL ADDRESS	TEL. NO.	MOBILE NO.
<p>This Application Form is not transferable and entitles you to subscribe for Midi p.l.c. 4% Secured Bonds 2026 as shareholder of Midi p.l.c. as at the Cut-Off Date (the "Current Shareholders").</p>		
<b>B I/WE APPLY TO PURCHASE AND ACQUIRE</b> <i>(see notes 6 &amp; 7)</i>		
AMOUNT IN FIGURES €	AMOUNT IN WORDS	
<p>Midi p.l.c. 4% Secured Bonds 2026 (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 28 June 2016, (the "<b>Prospectus</b>"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.</p>		
<b>C RESIDENT - WITHHOLDING TAX DECLARATION</b> <i>(See notes 8 &amp; 9a)</i> <span style="float: right;">(to be completed ONLY if the Applicant is a Resident of Malta)</span>		
<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.		
<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).		
<b>D NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> <i>(See notes 3, 8, 9 &amp; 9a)</i> <span style="float: right;">(to be completed ONLY if the Applicant is a Non-Resident)</span>		
TAX COUNTRY	TOWN OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	ISSUE DATE	
<input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta but I/we am/are Resident in the European Union.		
<input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta and I/we am/are <b>NOT</b> Resident in the European Union.		
<b>E INTEREST, REFUND &amp; REDEMPTION MANDATE</b> <i>(See note 10)</i> <span style="float: right;">Completion of this Panel is <b>MANDATORY</b></span>		
BANK	IBAN	
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.</p>		
Signature/s of Applicant/s <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)          (All parties are to sign in the case of a joint Application)</small>		Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

AUTHORISED FINANCIAL INTERMEDIARY'S CODE

APPLICATION NUMBER

## Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 28 June 2016 regulating the Bond Issue.*

1. This Application is governed by the Terms and Conditions of the Application contained in Section 12 of the Securities Note dated 24 June 2016 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning as that ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Resident in Malta for tax purposes, must complete Panel D Overleaf.
4. The MSE account number pertaining to the Applicant has been preprinted in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 24 June 2016 (trading session of the 22 June 2016). **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
5. In the case of a body corporate, the Application Form must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. Applications must be for a minimum of €2,000 and thereafter in multiples of €100.
7. Payment in Euro must be made in cleared funds to 'The Registrar - Midi Bond Issue 2016'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
8. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by Non-Resident Applicants is not taxable in Malta and Non-Residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.  
  
In terms of Section 10.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act, interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act.
9. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
- 9a. The contents of 8 and 9 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
10. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interests or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
11. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex II of the Securities Note during normal office hours by not later than 10:00 hours on 18 July 2016. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Application as contained in the Prospectus. Any Applications received by the Registrar after 10:00 hours on 18 July 2016 will not be accepted.
12. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
  - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself, as the Applicant to whom the personal data relates.

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult a licensed stockbroker or an independent financial adviser, licensed under the Investments Services Act (Cap. 370 of the Laws of Malta), for advice.**



**MIDI p.l.c.**  
**€50,000,000 4% SECURED BONDS 2026**  
**APPLICATION FORM 'D'**  
**GENERAL PUBLIC**

Please read the notes overleaf before completing this Application Form. Mark 'x' if applicable.

<b>APPLICANT</b> (see notes 2 to 7)			
<b>A</b>	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons
	<input type="checkbox"/> CIS-Prescribed Fund		
<b>B</b>	TITLE (Mr/Mrs/Ms/...)		
	FULL NAME AND SURNAME / REGISTERED NAME		
	ADDRESS		
			POSTCODE
	MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.
			MOBILE NO.
<b>C ADDITIONAL (JOINT) APPLICANTS</b> (see note 4) <span style="float: right;">(please use additional Application Forms if space is not sufficient)</span>			
	TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
	TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
<b>D MINOR'S PARENTS / LEGAL GUARDIAN/S</b> (see note 5) <span style="float: right;">(to be completed ONLY if the Applicant is a minor)</span>			
	TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
	TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
<b>E I/WE APPLY TO PURCHASE AND ACQUIRE</b> (see notes 8 & 9):			
	AMOUNT IN FIGURES €	AMOUNT IN WORDS	
<p><b>Midi p.l.c. 4% Secured Bonds 2026 (the "Bonds")</b> (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 28 June 2016 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.</p>			
<b>F RESIDENT - WITHHOLDING TAX DECLARATION</b> (see notes 10 & 11a) <span style="float: right;">(to be completed ONLY if the Applicant is a Resident of Malta)</span>			
	<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.		
	<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).		
<b>G NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (see note 3, 10, 11 & 11a) <span style="float: right;">(to be completed ONLY if the Applicant is a Non-Resident)</span>			
	TAX COUNTRY	CITY OF BIRTH	
	T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
	PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE
	<input type="checkbox"/> I/We am/are <b>NOT</b> resident in Malta but I/we am/are resident in the European Union		
	<input type="checkbox"/> I/We am/are <b>NOT</b> resident in Malta and I/we am/are <b>NOT</b> resident in the European Union		
<b>H INTEREST, REFUND AND REDEMPTION MANDATE</b> (see note 12) <span style="float: right;">Completion of this panel is <b>MANDATORY</b></span>			
	BANK	IBAN	
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.</p>			
<div style="display: flex; justify-content: space-between;"> <div>Signature/s of Applicant/s (Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application)</div> <div>Date</div> </div>			
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER
		<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	

## Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 28 June 2016 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of the Application contained in Section 12 of the Securities Note dated 28 June 2016 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents In Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
4. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals, including I.D. card numbers, must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below). Interest and redemption proceeds will be issued to the account indicated in Panel H or as otherwise indicated by the Bondholder/s during the term of the Bond.**
5. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
8. Applications must be for a minimum of €2,000 and thereafter in multiples of €100.
9. Payment must be made in Euro, in cleared funds to 'The Registrar - Midi Bond Issue 2016'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.  
  
In terms of Section 10.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
- 11a. The contents of Notes 10 and 11 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
12. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel H. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
13. Subscription lists will open at 08:30 hours on 18 July 2016 and will close as soon thereafter as may be determined by the Issuer, but not later than 16.00 hours on 20 July 2016. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Application as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will not be accepted. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex II of the Securities Note, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial adviser, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

# Annex II

Authorised Financial Intermediaries

<b>Name</b>	<b>Address</b>	<b>Telephone</b>
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri & Co Ltd	Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103	25688688
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	21342342
Growth Investments Ltd	Customer Service Centre, Pjazza Papa Giovanni XXIII, Floriana FRN 1420	25909357
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Lombard Bank Malta p.l.c.	67. Republic Street, Valletta VLT 1117	25581806
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574860
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	21332200
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Martha Street, Victoria, Gozo VCT 2550	21554492
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000

## Annex III

Summary of Privileges and Hypothecs



## MIDI p.l.c. – C15836 LIABILITIES

### 1. Cut-Off Dates

Notes of Hypothecs/Privileges: 01/01/1994 to 06/05/2016

References: 29/03/2016

### 2. Defined Terms

In this Report, the following capitalised have the meanings set out hereunder:

**“Bond Issue”** means the four per cent (4%) secured bonds due on 27 July 2026 being issued pursuant to the Prospectus having a nominal value of EUR100 each for an aggregate principal amount of fifty million euro (EUR50,000,000).

**“BOV”** means Bank of Valletta p.l.c.

**“Designated Properties”** means the TUD of the properties situated at Tigné Point on which MIDI shall be granting a special hypothec in favour of CSB Trustees & Fiduciaries Limited (C40390) in its capacity of Security Trustee (the Security Trustee) to secure the Bonds issued in terms of the Bond Issue.

**“Emphyteutical Deed”** means the deed in the records of Notary Vincent Miceli of the fifteenth day of June of the year two thousand (15/06/2000) entered into by the GOM and the Malta Maritime Authority of the one part and MIDI.

**“Emphyteutical Site”** means the TUD of Tigné Point and Manoel Island collectively.

**“GH”** means general hypothec.

**“GOM”** means the Government of Malta.

**“HSBC”** means HSBC Bank Malta p.l.c.

**“Land Registry”** means the registry set up by the Land Registration Act (Cap.296 of the Laws of Malta).

**“Lombard”** means Lombard Bank Malta p.l.c.

**“Manoel Island”** means the divided portion of land at Manoel Island, limits of Gżira having an area of approximately two hundred and sixty seven thousand nine hundred square metres (267,900 sq.m.) bounded on the South, East and North-East by the foreshore 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 marked Schedule Two (2) including any areas occupied by streets, roads or public spaces and the buildings, structures and constructions all without number existing in, on or under the said land; and the airspace overlying the basement of the building known as The Admiralty Canteen, without number, at Manoel Island, limits of Gżira, washed in yellow on the said plan Land Drawing LD174A/99 marked Schedule Two (2) and having an area of approximately one hundred and seven decimal point five square metres (107.5sq.m.), and bounded on the North, South, and West by property granted on emphyteusis by virtue of the Emphyteutical Deed and the airspace adjacent thereto washed in blue on the said plan Land Drawing LD174A/99 marked Schedule Two (2), having an area of approximately seventy seven square metres (77sq.m.), from the level of the said basement's roof upwards and is bounded on the South by the airspace mentioned above, on the West by property granted on emphyteusis by virtue of the Emphyteutical Deed and on the East by property of the Grantor known as the Manoel Island Yacht Yard.

“**MIDI**” means a public company registered in Malta with registered office at North Shore, Manoel Island, limits of Gżira, Malta and company registration number letter ‘C’ one five eight three six (C15836).

“**Notes**” means Notes of Hypothec and Notes of Hypothec and Privilege and Notes of Reference registered in the Public Registry.

“**Public Registry**” means means the registry set up by the Public Registry Act (Cap.56 of the Laws of Malta).

“**SH**” means special hypothec.

“**SP**” means special privilege.

“**Tigné Point**” means the divided portion of land at Tigné Point, Sliema having an area of approximately one hundred and eight thousand four hundred and twenty square metres (108,420sq.m.) bounded on the South, North and South-East by the foreshore 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 marked Schedule One (1) including any areas occupied by streets, roads or public spaces and the buildings, structures and constructions all without number existing in, on or under the said land.

“**TUD**” means the temporary utile dominium for a period of ninety-nine (99) years commencing from the fifteenth day of June of the year two thousand (15/06/2000), under the terms and subject to the conditions set out in the Emphyteutical Deed.

### 3. Interpretation

- (a) all Notes included in this Report are registered in the Public Registry of Malta.
- (b) Phase Areas referred to in the Notes included in this Report have the same meaning given to them in the Emphyteutical Deed.

### 4. Declaration

4.1 This Report does not include:

- (a) the special hypothecs on specific apartments and garages / parking spaces/ store rooms at Tigné Point granted by MIDI to purchasers during the term of promise of sale and purchase agreements signed with them as security for the repayment of advance payments made by the purchasers should they be entitled to the refund of such payments.
- (b) the general hypothecs granted by MIDI to warrant the peaceful possession of properties at Tigné Point sold or otherwise transferred by MIDI.

4.2 The special hypothecs mentioned in paragraph (a) are customarily cancelled by the relative purchasers upon the definitive publication of the sale and purchase of the relative properties granted as security and in any case do not include properties which shall be granted as security for the purposes of the Bond Issue.

4.3 The general hypothecs mentioned in (b) above secure a contingent liability should a purchaser be evicted from a property purchased or otherwise acquired. It is the custom for these hypothecs not to be taken into account when banking facilities are provided by banks and other financial institutions.

## LIST OF EFFECTIVE HYPOTHECS AND PRIVILEGES

1	
<b>Note Number</b>	<b>9973</b>
<b>Year</b>	<b>2000</b>
<b>Creditor</b>	GOM
<b>Credit 1</b>	Annual and temporary Ground-rent of: EUR1,118,100 formerly Lm480,000 per annum for the period from the 15th June 2000 to the 31/03/2025; EUR1,956,673 formerly Lm840,000 per annum for the period commencing on the first 1st April 2025 and ending on the 31st March 2050; and EUR2,236,198 formerly Lm960,000 per annum for the period commencing on the 1st April 2050 and ending on the date of expiration of the duration of the Emphyteutical Grant.
<b>Credit 2</b>	Payment of Premium amounting to EUR91,707,431 formerly Lm39,370,000, payable without interest in the manner stated in the Note and the Emphyteutical Deed. Reduced to EUR52,176,215.17 pursuant to several reductions the last one being in the Records of Notary Pierre Attard of the 10th May 2016.
<b>Cause of Preference</b>	
<b>GH</b>	Yes, but only in respect of Credit 1.
<b>SH</b>	None
<b>SP</b>	On the Emphyteutical Site
<b>Notary</b>	Vincent Miceli
<b>Date of Deed</b>	15/06/2000
<b>References</b>	
<b>R.472/2007**</b>	Credit 2 reduced to EUR78,732,820.87 formerly Lm33,800,000 and Release, in respect of Credit 2 only, of the TUD of the site at Tigné Point occupied by Complex A also known as Caravaggio Court comprising the 4 blocks of apartments known as T4F, T4B, T5F, T5B and the underlying basements consisting of lock up garages, garage spaces and store rooms and the relative common parts of the blocks, the basements and the entire complex and the airspace thereof.
<b>R.9144/2007**</b>	Credit 2 reduced to EUR75,331,936 and Release, in respect of Credit 2 only, of the TUD of the site at Tigné Point occupied by Complex B also known as Favray Court comprising the 4 blocks of apartments known as T6F, T6B, T7F, T7B and the underlying basements consisting of lock up garages, garage spaces and store rooms and the relative common parts of the blocks, the basements and the entire complex and the airspace thereof.
<b>R. 792/2009**</b>	Credit 2 reduced to EUR72,187,281.62 and Release, in respect of Credit 2 only, of the TUD of: (a) the site at Tigné Point occupied by the blocks of apartments known as T8F, T8B, T9F, T9B and the underlying basements consisting of lock up garages, garage spaces and store rooms; (b) the lock-up garages known as D120, D212, D225, D230, D312, D325, D330 situate at Level 4.5 of the basement with their relative common parts of the basement which underlies the Complex D also known as T10 at Tigné Point, which garages form part of the garages known as the T10 Garages.
<b>R.793/2009</b>	Credit 2 reduced to EUR74,167,249 and Release, in respect of Credit 2 only, of the TUD of: (a) Tigné South Phase Area - 21,141sq.m. at Tigné Point; and (b) Tigné Sports Phase Area - 14,102sq.m.at Tigné Point.

<b>R.5221/2010**</b>	Credit 2 reduced by EUR2,204,306.20 to EUR69,982,975.43 and Release, in respect of Credit 2 only, of the TUD of: (a) the building known as T10F with the relative common parts and rights and appurtenances situated in the Tigné North Three and Fort Phase Area at Tigné Point; and (b) the lock-up garages known as D116, D117, D121, D122, D123, D124, D125, D126, D127, D129, D130, D131, D132, D133, D134, D136, D201, D202, D215, D220, D221, D222, D223, D224, D226, D227, D228, D229, D239, D240, D320, D321, D328, D329 situate at Level 3 of the basement with their relative common parts of the basement which underlies the Complex D also known as T10 at Tigné Point, which garages form part of the garages known as the T10 Garages.
<b>R.8160/2010</b>	Credit 2 reduced to EUR66,019,939.44 and Release, in respect of Credit 2 only, of the TUD of the site (including structures thereon) - 47,376sq.m. known as the Tigné North Three and Fort Phase Area at Tigné Point.
<b>R.8161/2010**</b>	Release, in respect of Credit 2 only, of the TUD of the site - 20sq.m forming part of the TUD of the Tigné North Two Phase Area at Tigné Point on which Block T10B is built.
<b>R.2830/2012**</b>	Credit 2 reduced to EUR65,051,218.69 and Release, in respect of Credit 2 only, of the TUD of: (a) seven apartments numbered 1 through 7 within T4P at Pjazza Tigné at Tigné Point with their relative common parts; (b) six apartments numbered 8 through 13 within T7P at Pjazza Tigné at Tigné Point with their relative common parts; (c) nine apartments numbered 14 through 22 within T9P at Pjazza Tigné at Tigné Point with their relative common parts; (d) forty nine garage spaces on level -3 (+4.465 above sea level) numbered P301 through P349 within car park at Tigné Point with their relative common parts; and (e) nine store rooms (listed in Document B attached to the deed) at various levels within the buildings T4P, T7P and T9P at Tigné Point with their relative common parts.
<b>R.2831/2012**</b>	Credit 2 reduced to EUR65,039,750.44 and Release, in respect of Credit 2 only, of the TUD of the Tigné North Two Phase Area at Tigné Point on which part of the building T9P is built.
<b>R.1921/2014**</b>	Credit 2 reduced to EUR59,002,595.20 and Release, in respect of Credit 2 only, of the TUD of the divided portion of land at Tigné Point - 7945sq.m. known as the Tigné North Two Phase Area.
<b>R.4703/2014</b>	Clarification re Credit 1 that when the parcels of land forming part of the Tigné North Two Phase Area intended for the construction of the building known as T14 is transferred the transferee shall be liable only of the ground-rent apportioned on the parcel of land in accordance with the Utilisable Floorspace.
<b>R.2809/2015</b>	Apportionment of ground-rent in respect of apartments within the building known as Q1 (formerly T17E) at Tigné Point and in respect of garages, motor cycle bays and store rooms in the underground car park on the 1st, 2nd, 3rd and 4th basement levels underlying the Q1 building.
<b>R. 3381/2016</b> <b>Not. Pierre Attard</b> <b>10/05/16</b>	Credit 2 reduced to EUR52,176,215.17 and Release, in respect of Credit 2 only, of the TUD of the divided portion of land at Tigné Point, known as the Tigné Tower Phase Area - 5,760sq.m. including the structures thereon.
<b>R. 3382 /2016</b> <b>Not. Pierre Attard</b> <b>10/05/16</b>	Release, in respect of Credit 2 only, of the TUD of the divided portion of land at Tigné Point, known as the Tigné Plaza Phase Area -7,769sq.m. including the structures thereon.

**R. 3383/2016\*\***  
**Not. Pierre Attard**  
**10/05/16**

Release, in respect of Credit 2 only, of the TUD of:

- (i) the apartments (to the extent that they are situated within the Tigné North One Phase Area), namely sixty (60) apartments internally numbered one (1) through sixty (60) situated with the building known as Q2 formerly known T17W or T17 situated at Tigné Point, with their relative common parts and rights and appurtenances;
- (ii) the ground floor premises (to the extent that they are situated within the Tigné North One Phase Area), namely unit A and unit B forming part of the building known as "Q2" situated at Tigné Point, with their relative common parts and rights and appurtenances;
- (iii) The garages and parking spaces (to the extent that they are situated within the Tigné North One Phase Area) unofficially numbered Q126, Q130 through Q141, Q144, Q145, Q242, Q244, Q245, Q247, Q356, Q358, Q401 through Q407 with their relative common parts and rights and appurtenances, situated within the car park, known as the "Q Car Park" which Car Park underlies the Q2, the business centre, the north shore garden, and a block known Q1, at Tigné Point;
- (iv) the motor cycle bays (to the extent that they are situated within the Tigné North One Phase Area) unofficially numbered letter M.C.1A and M.C.1B, with their relative common parts and rights and appurtenances, situated within the Q Car Park; and
- (v) the store rooms (to the extent that they are situated within the Tigné North One Phase Area) unofficially numbered SQ104 through SQ106 and SQ207 through SQ210, with their relative common parts and rights and appurtenances, situated within the Q Car Park.

**R. 3384 /2016**  
**Not. Pierre Attard**  
**10/05/16**

Release, in respect of Credit 2 only, of the TUD of the parking spaces unofficially numbered N401 through N420, situated within the Tigné North One Phase Area, together with all their rights and appurtenances including their proportionate share *pro indiviso* of the common parts and not including their airspace or sub-terrain, situated within the car park at Tigné Point in Sliema known as the T15 Car Park situated on the fourth (4th) basement level at Tigné Point.

**\*\***

In the Notes of Reference indicated with \*\* it is stated 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 ground-rent, shall continue to attach to such Unit only for the Apportioned Ground-rent as agreed by the Grantor and the Emphyteuta earlier on this deed, it being understood that the effects of this paragraph 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;

**Pending Action**

No pending action

**2**

**Note Number**

**20642**

**Year**

**2006**

**Creditor**

BOV

**Credit**

Extension of Overdraft Lm800,000 (EUR 1,863,498.70)

**Cause of Preference**

**GH**

Yes – Excluding TUD of the sites at Tigné Point known as:

T10 (phase 2)

T4 (phase 1)

T5 (phase 1)

T6 (phase 1)

T7 (phase 1)

T8 (phase 1)

T9 (phase 1)

<b>SH</b>	TUD of: 1. The site – 5,000sq.m. at Tigné Point known as Tigné Plaza (Pjazza Tigné – T11) and all improvements to be constructed thereon consisting of the pedestrian surface and a 4 storey underground car park. 2. The site – 2,500sq.m. at Tigné Point and all improvements thereon 3 blocks to be known as T4P, T7P and T9P
<b>SP</b>	None
<b>Notary</b>	Marco Farrugia
<b>Date of Deed</b>	08/11/2006
<b>References</b>	
<b>R. 2048/2014</b>	Postponement in favour of GOM H.4768/2014 up to the amount of EUR6,056,371 in so far as GH affects divided portions of the T14 Site including North Shore Garden.
<b>R. 4661/2014</b>	Postponement in favour of GOM H.4768/2014 and H.11,446/2014 up to the amount of EUR6,056,371 in so far as GH affects divided portions of the T14 Site.
<b>Pending Action</b>	To be Cancelled – against provision of cash collateral to the Creditor of EUR2,200,000 as set out in the Securities Note.

### 3

<b>Note Number</b>	<b>19686</b>
<b>Year</b>	<b>2009</b>
<b>Creditor</b>	Lombard
<b>Credit</b>	Loan EUR 4,000,000
<b>Cause of Preference</b>	
<b>GH</b>	Yes
<b>SH</b>	The TUD of divided portions of land at Manoel Island Gzira known as The Marina South Phase Area, the Marina Central Phase Area, the Manoel Sports Club Phase Area;
<b>SP</b>	None
<b>Notary</b>	Marco Farrugia
<b>Date of Deed</b>	23/12/2009
<b>References</b>	Postponements in favour of H.1950/2010 in respect only of the TUD of:
<b>R.1087/2010</b>	(a) parcel of land – 5,000sq.m. at Tigné Point known as Tigné Plaza or Pjazza Tigné consisting of a pedestrian surface and a four storey underground car park; (b) parcel of land – 2,500sq.m. at Tigné Point and improvements thereon intended for the construction of blocks known as T4P, T7P and T9P; and (c) parcel of land – 2,217sq.m. at Tigné Point intended for the construction of the block known as T20.
<b>R.3143/2010</b>	Postponements in favour of H.6493/2010 in respect only of the TUD of the residential block at Tigné Point known as T10 – footprint -2700sq.m.
<b>R.5497/2010</b>	Release of the TUD of apartment 6 and parking spaces D117 and D201 forming part of T10F at Tigné Point.
<b>R.7764/2010</b>	Postponements in favour of H.6765/2010 in respect only of the TUD of: (a) parcel of land – 5,000sq.m. at Tigné Point known as Tigné Plaza or Pjazza Tigné or T11 consisting of a pedestrian surface and a four storey underground car park; (b) parcel of land – 2,500sq.m. at Tigné Point and improvements thereon intended for the construction of blocks known as T4P, T7P and T9P; and (c) parcel of land – 2,217sq.m. at Tigné Point intended for the construction of the block known as T20.

<b>R.8836/2010</b>	Release of the TUD of apartments numbered 3, 21, 23, 25, 27, 31, 35, 39, 43, 45, 47, 51, 54, 56 and 58 forming part of the complex known as T10 at Tigné Point .
<b>R.1223/2011</b>	Release of the TUD of the apartment 40 and the lock-up garage D104 forming part of block known as T10B at Tigné Point.
<b>R.8282/2011</b>	Release of the TUD of (a) the apartments 21, 25, 38, 40, 49, 51, 52, 54, 58 in the block known as T10B at Tigné Point; and (b) the apartments 6, 7 and 10 in the block known as T10B at Tigné Point;
<b>R.8018/2012</b>	Release of the TUD of the following properties at Tigné Point: the parcel of land known as T17E – 640sq.m. the parcel of land known as T17W – 910sq.m. the office block or site known as T14 – 2,025sq.m.
<b>R.5075/2013</b>	Release of the TUD of divided portion of land – 3,308sq.m. known as T12 and also as the Clubhouse at Tigné Point.
<b>R.2050/2014</b>	Release of the TUD of the T14 Site.
<b>R.4607/2014</b>	Release of the TUD of the T14 Site – registered to correct description of T14 Site.
<b>R. 2917/2015</b>	Release of TUD of divided portion of land known as Q1 formerly T17E – 640sq.m. at Tigné Point.
<b>R.7109/2015</b>	Release of TUD two commercial outlets at Tigné Point known as: RU01 also known as T4P-01; and RU02 also known as T4P -02.
<b>Pending Action</b>	To be Reduced - Waiver of GH to release Designated Properties situated at Tigné Point.

#### 4

<b>Note Number</b>	<b>1950</b>
<b>Year</b>	<b>2010</b>
<b>Creditor</b>	BOV
<b>Credit</b>	Extension of Overdraft EUR1,146,362
<b>Cause of Preference</b>	
<b>GH</b>	Yes – Excluding TUD of the sites at Tigné Point known as T10 (Phase 2) including above and below ground.
<b>SH</b>	TUD of: 1 The site – 5,000sq.m. at Tigné Point known as Tigné Plaza (Piazza Tigné – T11) and all improvements to be constructed thereon consisting of the pedestrian surface and a 4 storey underground car park. 2. The site - 2,500sq.m. at Tigné Point and all improvements thereon 3 blocks to be known as T4P, T7P and T9P. 3. The site – 2,217sq.m. known as Block T20 (For EUR 3,242,798)
<b>SP</b>	None
<b>Notary</b>	Marco Farrugia
<b>Date of Deed</b>	29/01/2010
<b>References</b>	
<b>R. 2048/2014</b>	Postponement in favour of GOM H.4768/2014 up to the amount of EUR6,056,371 in so far as GH affects divided portions of the T14 Site including North Shore Garden.
<b>R. 4661 /2014</b>	Postponement in favour of GOM H.4768/2014 and H.11,446/2014 up to the amount of EUR6,056,371 in so far as GH affects divided portions of the T14 Site.
<b>Pending Action</b>	To be Cancelled - against provision of cash collateral to the Creditor of EUR2,200,000 as set out in the Securities Note.

**5**

<b>Note Number</b>	<b>8295</b>
<b>Year</b>	<b>2012</b>
<b>Creditor</b>	Lombard
<b>Credit</b>	Loan EUR1,500,000
<b>Cause of Preference</b>	
<b>GH</b>	Yes
<b>SH</b>	1. TUD of the divided portion of land at Manoel Island Gzira known as The Marina South Phase Area, the Marina Central Phase Area, the Manoel Sports Club Phase Area; and 2. TUD T12 also known as the Club House, Tigné, Sliema.
<b>SP</b>	None
<b>Notary</b>	Sam Abela
<b>Date of Deed</b>	23/05/2012
<b>Undertakings</b>	MIDI undertook not to grant further hypothecary charges on the properties described above, even if these rank after the charges in favour of the Creditor and / or not to lease, sublet or allow third parties to use the said properties, under any title whatsoever.
<b>References</b>	
<b>R.8018/2012</b>	Release of the TUD of the following properties at Tigné Point: the parcel of land known as T17E – 640sq.m; the parcel of land known as T17W – 910sq.m; the office block or site known as T14 – 2025sq.m;
<b>R.5075/2013</b>	Release of the TUD of divided portion of land – 3,308sq.m. known as T12 and also as the Clubhouse at Tigné Point.
<b>R.2050/2014</b>	Release of the TUD of the T14 Site.
<b>R.4607/2014</b>	Release of the TUD of the T14 Site – registered to correct description of T14 Site.
<b>R. 2917/2015</b>	Release of TUD of divided portion of land known as Q1 formerly T17E – 640sq.m. at Tigné Point.
<b>R.7109/2015</b>	Release of TUD two commercial outlets at Tigné Point known as: RU01 also known as T4P-01; and RU02 also known as T4P -02.
<b>Pending Action</b>	To be Reduced - Waiver of GH to release Designated Properties situated at Tigné Point.

**6**

<b>Note Number</b>	<b>8296</b>
<b>Year</b>	<b>2012</b>
<b>Creditor</b>	Lombard
<b>Credit</b>	Loan EUR1,000,000
<b>Cause of Preference</b>	
<b>GH</b>	Yes
<b>SH</b>	1. TUD divided portion of lands at Manoel Island Gzira known as The Marina South Phase Area, the Marina Central Phase Area, the Manoel Sports Club Phase Area; and 2. TUD T12 also known as the Club House, Tigné, Sliema.
<b>SP</b>	None
<b>Notary</b>	Sam Abela
<b>Date of Deed</b>	23/05/2012



<b>Undertakings</b>	MIDI undertook not to grant further hypothecary charges on the properties described above, even if these rank after the charges in favour of the Creditor and / or not to lease, sublet or allow third parties to use the said properties, under any title whatsoever.
<b>References</b>	
<b>R.8018/2012</b>	Release of the TUD of the following properties at Tigné Point: the parcel of land known as T17E – 640sq.m; the parcel of land known as T17W – 910sq.m; the office block or site known as T14 – 2,025sq.m;
<b>R.5075/2013</b>	Release of the TUD of divided portion of land – 3,308sq.m. known as T12 and also as the Clubhouse at Tigné Point.
<b>R.2050/2014</b>	Release of the TUD of the T14 Site;
<b>R.4607/2014</b>	Release of the TUD of the T14 Site – registered to correct description of T14 Site;
<b>R. 2917/2015</b>	Release of TUD of divided portion of land known as Q1 formerly T17E – 640sq.m. at Tigné Point.
<b>R.7109/2015</b>	Release of TUD two commercial outlets at Tigné Point known as: RU01 also known as T4P-01, and RU02 also known as T4P -02.
<b>Pending Action</b>	To be Reduced - Waiver of GH to release Designated Properties situated at Tigné Point.

## 7

<b>Note Number</b>	<b>4768</b>
<b>Year</b>	<b>2014</b>
<b>Creditor</b>	GOM
<b>Credit</b>	Additional Security for Payment of Premium EUR6,037,155.24
<b>Cause of Preference</b>	
<b>GH</b>	None
<b>SH</b>	TUD on site at Tigné Point known as T14 – 2,025sq.m. from 16.5 meters above sea level.
<b>SP</b>	None
<b>Notary</b>	Peter Fleri Soler
<b>Date of Deed</b>	20/03/2014
<b>Pending Action</b>	No Pending Action – property burdened is not part of the Designated Properties.

## 8

<b>Note Number</b>	<b>11446</b>
<b>Year</b>	<b>2014</b>
<b>Creditor</b>	GOM
<b>Credit</b>	Additional Security for Payment of Premium EUR6,037,155.24
<b>Remarks</b>	Registered to amend description of site T14 as described in H.4768/2014.
<b>Cause of Preference</b>	
<b>GH</b>	None
<b>SH</b>	TUD on part of the site at Tigné Point known as T14
<b>SP</b>	None
<b>Notary</b>	Pierre Attard
<b>Date of Deed</b>	11/07/2014
<b>Pending Action</b>	No Pending Action – property burdened is not part of the Designated Properties.

## 9

<b>Note Number</b>	<b>11685</b>
<b>Year</b>	<b>2014</b>

<b>Creditor</b>	Mid Knight Holdings Limited
<b>Credit</b>	Warranty for Peaceful Possession and other representations, warranties and guarantees in respect of the sale of the T14 Site for the price of EUR11,700,000.
<b>Cause of Preference</b>	
<b>GH</b>	Yes
<b>SH</b>	None - Creditor renounced its right under Section 2016 of the Civil Code to register as further security a special hypothec on the property of MIDI.
<b>SP</b>	None
<b>Notary</b>	Pierre Attard
<b>Date of Deed</b>	12/07/2014
<b>Pending Action</b>	No Pending Action

## 10

<b>Note Number</b>	<b>20137</b>
<b>Year</b>	<b>2015</b>
<b>Creditor</b>	Mediterranean Corporate Bank Limited
<b>Credit</b>	Loan EUR13,000,000
<b>Cause of Preference</b>	
<b>GH</b>	Yes but Excluding TUD of site T17E also known as Q1- 640sq.m.
<b>SH</b>	TUD of site at Tigné Point known as T17W and also known as Q2 – 910sq.m.
<b>SP</b>	TUD of site at Tigné Point known as T17W and also known as Q2 – 910sq.m.
<b>Notary</b>	Tiziana Maria Refalo
<b>Date of Deed</b>	28/11/2014
<b>Undertakings</b>	MIDI undertook not to give without the Creditor's prior written consent any further hypothecs on its property including T17W, even if these rank after the hypothecs/charges registered in favour of the Creditor and not to transfer, not to let, not to part with and not to allow third parties to use and all of the T17W under any title whatsoever, without the Creditor's prior written consent.
<b>Pending Action</b>	<p>1. To be Reduced - Creditor to postpone its rights arising from the GH in so far as these affect the Designated Properties in favour of the Security Trustee – see letter dated 24th May 2016.</p> <p>2. To be Reduced - Creditor to waive its hypothecary charges in so far as these affect only the commercial units situated at the ground floor (and their respective common parts) within T17 West, also known as Q2 development block, in Tigné Point, whilst keeping all its other rights firm, valid and unimpaired – see letter dated 24th May 2016.</p>

## 11

<b>Note Number</b>	<b>7568</b>
<b>Year</b>	<b>2015</b>
<b>Creditor</b>	BOV
<b>Credit</b>	Additional Security for Overdraft EUR2,432,940
<b>Cause of Preference</b>	
<b>GH</b>	None

<b>SH</b>	TUD of site – 3,308sq.m. at Tigné Point known as T12 and also known as the Clubhouse including the two restaurants known as The Chophouse and La Cucina del Sole, an outside poolside kiosk, a gymnasium.
<b>SP</b>	None
<b>Notary</b>	Sam Abela
<b>Date of Deed</b>	27/05/2015
<b>Pending Action</b>	To be Cancelled - against provision of cash collateral to the Creditor of EUR2,200,000 as set out in the Securities Note.

## 12

<b>Note Number</b>	<b>22354</b>
<b>Year</b>	<b>2015</b>
<b>Creditor</b>	HSBC
<b>credit</b>	Additional Security Overdraft EUR791,987
<b>Principal Debtor</b>	Solutions & Infrastructure Services Limited
<b>Surety</b>	MIDI
<b>Cause of Preference</b>	
<b>GH</b>	YES
<b>SH</b>	TUD of two commercial outlets at Tigné Point known as: RU01 also known as T4P-01; and RU02 also known as T4P -02.
<b>SP</b>	None
<b>Notary</b>	Michael Galea
<b>Date of Deed</b>	02/12/2015
<b>Pending Action</b>	To be Cancelled - against full repayment of loan and overdraft facilities as set out in the Securities Note.

## 13

<b>Note Number</b>	<b>22355</b>
<b>Year</b>	<b>2015</b>
<b>Creditor</b>	HSBC
<b>Credit</b>	Additional Security Loan EUR728,683.48
<b>Principal Debtor</b>	Solutions & Infrastructure Services Limited
<b>Surety</b>	MIDI
<b>Cause of Preference</b>	
<b>GH</b>	YES
<b>SH</b>	TUD of two commercial outlets at Tigné Point known as: RU01 also known as T4P-01; and RU02 also known as T4P -02.
<b>SP</b>	None
<b>Notary</b>	Michael Galea
<b>Date of Deed</b>	02/12/2015
<b>Pending Action</b>	To be Cancelled - against full repayment of loan and overdraft facilities as set out in the Securities Note.

<b>Note Number</b>	<b>6743</b>
<b>Year</b>	<b>2016</b>
<b>Creditor</b>	Lombard
<b>Credit</b>	Loan EUR6,500,000
<b>Cause of Preference</b>	
<b>GH</b>	Yes
<b>SH</b>	TUD divided portion of lands at Manoel Island Gzira known as The Marina South Phase Area, the Marina Central Phase Area, the Manoel Sports Club Phase Area.
<b>SP</b>	None
<b>Notary</b>	Tiziana Maria Refalo
<b>Date of Deed</b>	14/04/2016
<b>Undertakings</b>	To be Reduced - Waiver of GH to release Designated Properties situated at Tigné Point – see Lombard letter dated 26th May 2016.

# Annex IV

## Financial Analysis Summary

24 June 2016

Issuer  
**MIDI p.l.c.**  
(C15836)

The Directors  
MIDI p.l.c.  
North Shore  
Manoel Island  
Limits of Gzira, GZR 3016  
Malta

24 June 2016

Dear Sirs

### **Financial Analysis Summary**

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (“the Analysis”) set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to MIDI p.l.c. (the “**Issuer**” or “**Group**” or “**MIDI Group**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2013 to 31 December 2015 has been extracted from audited financial statements of the Issuer for the three years in question.
- (b) The forecast data for the years ending 31 December 2016 to 31 December 2018 has been provided by management.
- (c) Our commentary on the results of the Issuer and on its financial position is based on the explanations provided by management.
- (d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the MIDI Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek independent professional financial advice before investing in the Issuer's securities.

Yours faithfully,



**Wilfred Mallia**

*Director*





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# PART 1

## INFORMATION ABOUT THE ISSUER

### 1. KEY ACTIVITIES

MIDI p.l.c. (the “**Issuer**” or “**Company**”) is a public limited liability company incorporated under the Companies act with an authorised share capital of €90 million and an issued share capital of €42.83 million, fully paid up. The issued share capital of the issuer is listed on the official list of the Malta Stock Exchange. The principal activity of MIDI p.l.c. is the development and disposal of immovable property situated in Malta at Tigné Point, Sliema and Manoel Island, Limits of Gzira.

In June 2000, the Issuer acquired land comprising Tigné Point and Manoel Island from the Government of Malta 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.

### 2. DIRECTORS AND SENIOR MANAGEMENT

#### 2.1 BOARD OF DIRECTORS

The Issuer is managed by a Board comprising eight directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Alec A. Mizzi	Chairman and Non-Executive Director
Joseph Bonello	Non-Executive Director
David G. Curmi	Non-Executive Director
David Demarco	Non-Executive Director
Joseph A. Gasan	Non-Executive Director
Alan Mizzi	Non-Executive Director
Mark Portelli	Non-Executive Director
Joseph Said	Non-Executive Director

The Issuer has a Supervisory Board, the members of which include Alec A. Mizzi (Chairman), Luke Coppini (CEO), David G. Curmi, Joseph A. Gasan and Jesmond Micallef (CFO). The objective of the Supervisory Board is to take, or to establish the basis on which, all decisions within the Issuer are taken, other than decisions on those matters specifically reserved for the Board of Directors or other committees.

The more important functions carried out by the Supervisory Board include: (i) the approval and monitoring of strategic and forecasting processes; (ii) reporting on strategic matters to the Board of Directors; (iii) the review of the Group's annual budget and funding requirements; (iv) oversight of all development related matters; and (v) the consideration of all new business opportunities.

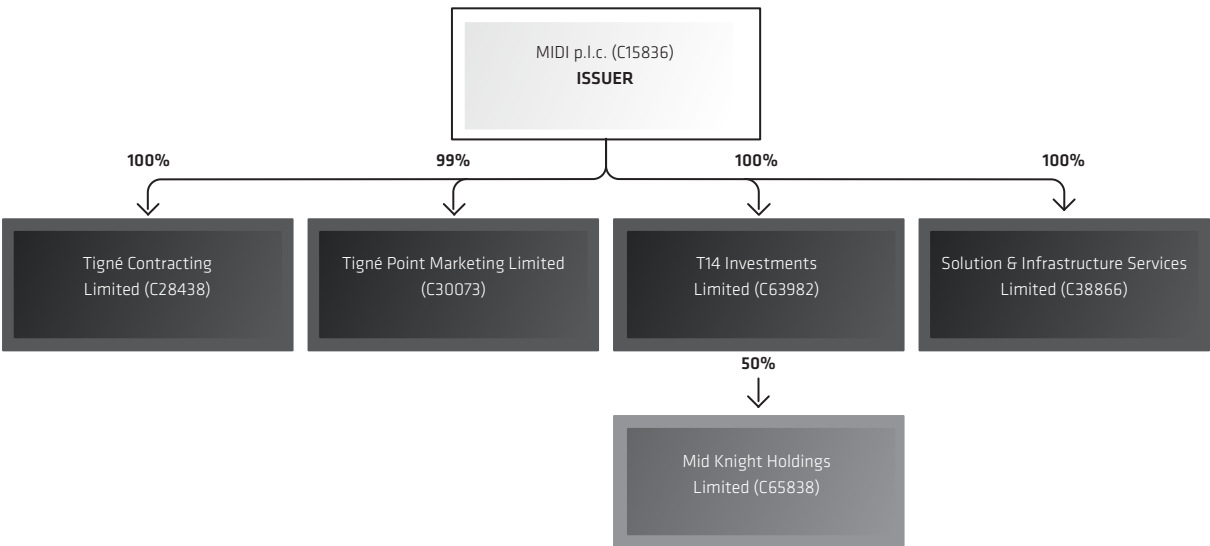
2.2 SENIOR MANAGEMENT

The execution of the strategic direction and day-to-day management of the Group is carried out by the following members of senior management:

Luke Coppini	Chief Executive Officer
Jesmond Micallef	Chief Financial Officer
Darren Azzopardi	Company Secretary
James Vassallo	Sales & Marketing Manager
Ivan Piccinino	Senior Project Manager

3. ORGANISATIONAL STRUCTURE

The diagram below illustrates the subsidiary and associate companies within the organisational structure of the MIDI Group.



3.1 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.

3.2 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.

### 3.3 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.

### 3.4 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 Issuer, 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.

## 4. PROJECT OVERVIEW

### 4.1 TIGNÉ POINT

#### 4.1.1 Site Plan



#### 4.1.2 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 report, 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 Company 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 4.2 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 640m<sup>2</sup> and a gross floor area measuring approximately 9,044m<sup>2</sup>. Development on this project commenced in 2013 and includes 39 apartments as follows:

#### **Q1 BLOCK - TIGNÉ POINT**

##### **Residential**

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

Demand for these apartments was very positive and all units have been sold to date. 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 report, the said bank borrowings have been fully repaid. Total gross revenue from the sale of the Q1 apartments amounts to *circa* €41 million.

#### **4.1.3 Current Project Phases**

#### **Q2 BLOCK - RESIDENTIAL AND COMMERCIAL**

The Q2 block is uniquely positioned within close proximity to the water's edge and will, 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* 906m<sup>2</sup> and a gross floor area measuring approximately 11,829m<sup>2</sup>. The Q2 block also includes 3 commercial units at ground level, having a total rentable area of *circa* 367m<sup>2</sup>. 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**

	<b>No. of Units</b>	<b>%</b>
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
	<b>60</b>	<b>100</b>

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.

#### **4.1.4 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 5,774m<sup>2</sup>. 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 1,520m<sup>2</sup>, 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 Issuer 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 Issuer's ongoing efforts to ensure that its developments reflect market requirements as well as stakeholder interests and expectations, the Issuer will be reviewing its planning applications for the T15, T16 and T20 sites, taking account of current planning policies for the location.

#### **4.1.5 Commercial Leases**

##### **Piazza Tigné**

MIDI owns a total of eleven (11) commercial units having a total rentable area of *circa* 2,200m<sup>2</sup>, 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 Issuer. Another unit, measuring approximately 65m<sup>2</sup>, is presently occupied by an entity offering condominium related services to those residential units for which the Issuer 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 1,029m<sup>2</sup> (inclusive of external areas); (ii) an area of 2,414m<sup>2</sup> 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 Issuer.

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 Issuer 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 5,000m<sup>2</sup>.

The Issuer 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 800m<sup>2</sup>, has been identified as a site for commercial outlets. The Issuer 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 Pjazza Tigné.

## 4.2 T14 BLOCK - COMMERCIAL

In 2014, the Issuer sold the T14 site, having a footprint area of 2,074m<sup>2</sup> 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 13,500m<sup>2</sup>. 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.

## 4.3 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 Issuer 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 Issuer 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 Issuer 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.

#### **4.4 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 feature is 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 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 gaps in the property market.

Through a selection process, the Issuer thereafter appointed 5 internationally renowned master planners for each to present a preliminary sketch 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 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.

## 5. MIDI GROUP'S PROPERTY PORTFOLIO

The property portfolio of the MIDI Group comprises the following:

### 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
	<u>25,516</u>

#### 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
	<u>19,675</u>

#### Storage rooms:

Total area of <i>circa</i> 3,216m <sup>2</sup>	<u>1,929</u>
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#### Property currently being developed:

Q2 Block residential apartments	<u>48,996</u>
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#### Properties earmarked for development:

T15 site	458
T20 site	636
Manoel Island	40,000
	<u>41,094</u>

<b>Total</b>	<b><u>137,210</u></b>
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## 6. OVERVIEW OF THE CONSTRUCTION & PROPERTY MARKET IN MALTA

The recovery that began in the construction sector in 2013 extended into 2015. This was reflected in increases in the number of permits issued for the construction of residential dwellings, as well as in the value added and investment generated by the sector. This expansion in activity, in turn, has positive effects on employment income.

The improved performance in the construction sector in 2015 was supported by measures aimed at streamlining the issue of permits. The low interest rate environment, the extension of fiscal incentives for first-time buyers, the Individual Investor Programme (IIP) which fuelled demand for top-end properties, and an inflow of foreign workers have also spurred demand for dwellings.

Over €2 billion worth of property was registered in 15,557 contracts of sale concluded in 2015, a 35% increase over 2013 figures when 12,272 contracts, worth €1.3 billion, were concluded. A total 73,402 promises of sales have been registered since 2008 with an indicated value of close to €11 billion. The lowest number of promises of sale was 7,841 in 2011 with €1.074 billion worth of property.

Almost 1,000 properties, worth €400 million, were sold to foreigners (having obtained an Acquisition of Immovable Property Permit (AIP)) over the last four years (2012 – 2015). In 2015, foreigners acquired 280 properties for an aggregate value of €189.5 million (2014: 208 properties, €70.7 million).

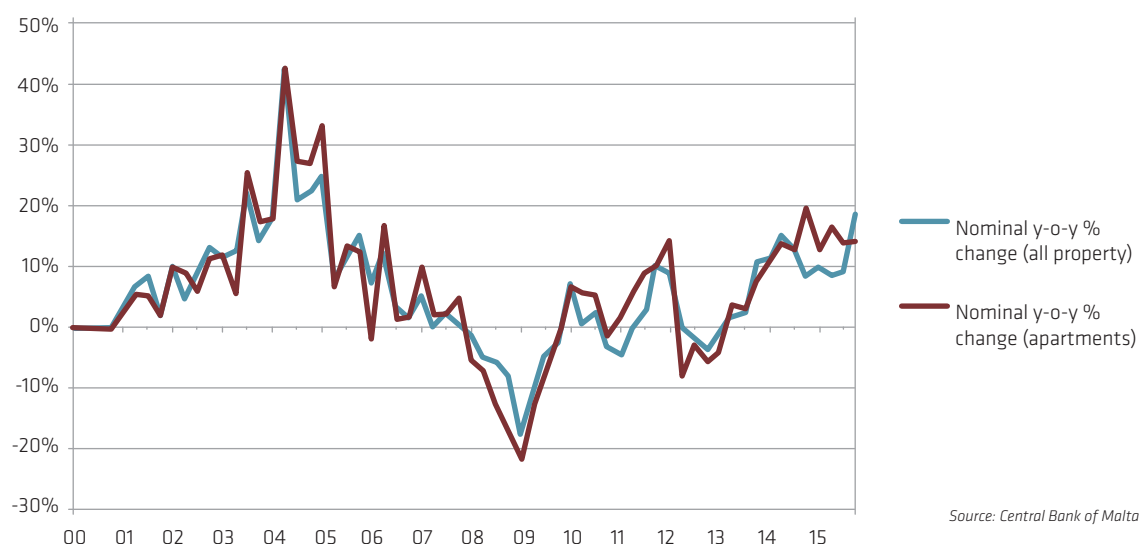
Properties Sold to Foreigners	2012	2013	2014	2015	Total
<b>Southern harbour</b>					
Number of units	11	20	21	29	81
Value (€)	3,020,121	3,224,753	5,737,720	24,534,356	36,516,950
Average price (€)	274,556	161,238	273,225	846,012	450,827
<b>Northern harbour</b>					
Number of units	112	111	111	148	482
Value (€)	36,260,476	25,972,957	40,628,063	72,529,586	175,391,082
Average price (€)	323,754	233,991	366,019	490,065	363,882
<b>Northern</b>					
Number of units	61	36	36	42	175
Value (€)	31,253,259	13,699,353	7,139,338	81,913,504	134,005,454
Average price (€)	512,349	380,538	198,315	1,950,322	765,745
<b>Other</b>					
Number of units	62	40	40	61	203
Value (€)	16,510,623	9,970,050	17,214,324	10,489,188	54,184,185
Average price (€)	266,300	249,251	430,358	171,954	266,917

Source: Parliamentary Question 23925

It is to be noted that the above data excludes any foreigners in Malta who have bought immovable property without the need of an "AIP", which would include those properties sold in Special Designated Areas.

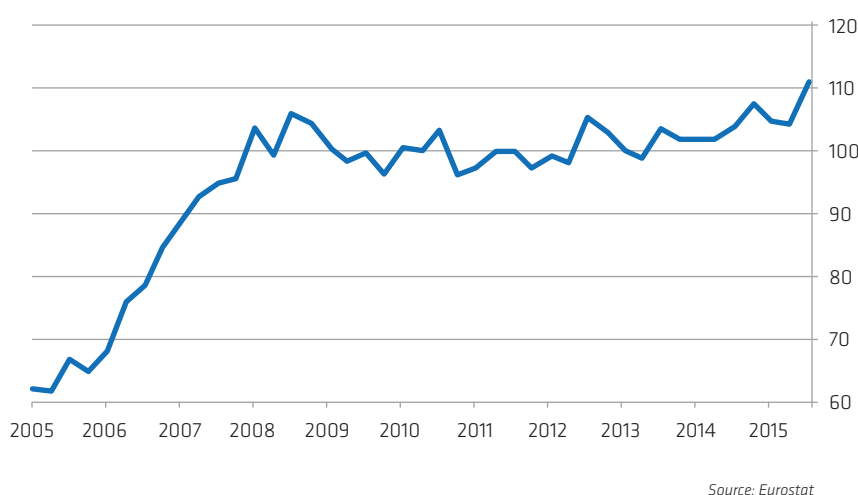
The aforementioned factors also supported the pick-up in house prices (see Chart I below). Residential property prices continued to rise during the fourth quarter of 2015. The Central Bank of Malta's advertised property price index shows that house prices rose at an annual rate of 10.0% in the last quarter of 2015, following a 5.0% increase in the previous quarter. Prices of apartments – the major component – continued to grow strongly in Q4 2015, though at a similar pace as in the previous quarter. Although they indicate trends, advertised property prices may not accurately reflect the prices at which sales actually take place.

**CHART I: CHANGE IN PROPERTY PRICES**



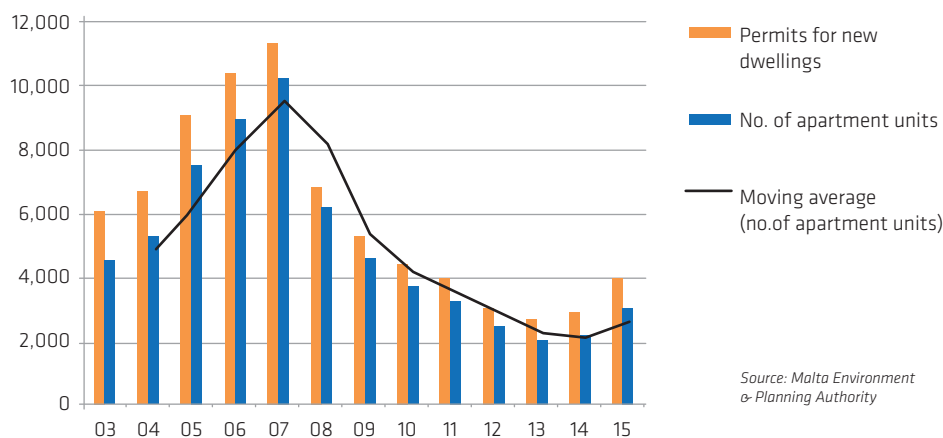
Eurostat's House Price Index for Malta – which is based on transactions covering terraced houses, apartments and maisonettes – also indicates that residential property prices increased. The latest data available refers to Q3 2015 and shows that said prices increased by 6.7% compared with the same quarter of 2014 (vide Charts II below).

**CHART II: MALTA HOUSE PRICE INDEX**



With regard to the number of permits, the Malta Environment and Planning Authority issued 3,947 permits during 2015, over one-third more than in 2014. This followed growth of 8.6% in 2014, marking two consecutive years of growth following a period of decline. The increase in permits issued in 2015 was mostly driven by the largest residential category, namely apartments, which accounted for just over three-fourths of total permits granted.

### CHART III: DEVELOPMENT PERMITS FOR DWELLINGS



The gross value added of the construction industry rose significantly, going up by 9.0% in nominal terms during 2015 (from €296 million to €322 million), following an increase of just 0.9% in 2014. This reflected robust growth in the output of the construction sector.

As a consequence, the expansion in output in the sector was mirrored in employment data. In the first nine months of 2015, total employment in the construction sector rose compared with the corresponding period average in 2014. As a result, the industry's share in the total gainfully occupied population rose to 6.1% from 5.7% in 2014. Employee compensation in the construction sector rose by 2.5% in 2015, when compared with growth of 1.1% in 2014. Notwithstanding this, the construction sector recorded improved profitability.

Construction Activity Indicators <sup>1</sup>	2013	2014	2015
Gross value added (€'million)	293	296	322
Share of gross value added in GDP (%)	3.8	3.7	3.7
Total employment <sup>2</sup>	11,488	9,263	10,376
of which private employment	8,807	8,962	9,250
Share of total gainfully occupied population (%)	7.3	5.7	6.1

<sup>1</sup> Employment data are averages for the first nine months of the year, and are sourced from administrative records.

<sup>2</sup> The decline in total employment in the construction sector in 2014 reflects the reclassification of employees within the public sector following changes in ministerial responsibilities.

Source: NSO

A barometer carried out by PricewaterhouseCoopers (*PwC Malta Middle Market Barometer – Real Estate Market, October 2015*), real estate agents in Malta and Gozo generally reported an increase in sale and rental prices in 2015 when compared to prior years. Arguably, the Individual Investor Programme launched in 2014 has, to a noticeable extent, prompted further activity in the market and fuelled both sale and rental prices of property to the minimum thresholds, for the acquisition or rental of property in Malta by foreigners, as established by the same regulations.

The Sliema and St Julians area are the most sought for by prospective buyers and tenants. The barometer indicated that over 60% of the participating real estate agents consider these areas to be the most in demand, and have registered the highest increase in prices. Areas in central Malta and in the north of the island rank second and third respectively. Real estate agents anticipate that in the near months, property in Valletta will experience an increase in demand.

### **Commercial Property**

National statistics relating to commercial property in Malta are currently not captured and therefore it is more difficult to gauge the health of this sector. Notwithstanding the lack of such data, general business sentiment and the continued drive to promote Malta as a regional hub for the provision of business related services, notably in the financial, i-gaming, back-office services, information technology, aircraft registration and maritime has continued to generate a positive trend in the commercial property sector, in particular office space. In addition, Malta's highly skilled and competitive labour costs have also been vital in sustaining this success. This view is substantiated when assessing the lack of availability of large office and commercial space, as well as, the number of projects earmarked for development and set to commence in the near future.

## **7. TREND INFORMATION & BUSINESS STRATEGY**

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 Issuer 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 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 Issuer 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.

# PART 2

## MIDI GROUP PERFORMANCE REVIEW

### 8. FINANCIAL INFORMATION RELATING TO MIDI P.L.C.

The following financial information is extracted from the audited consolidated financial statements of the Issuer for each of the years ended 31 December 2013 to 31 December 2015. The forecasted financial information for the years ending 31 December 2016 and 2018 has been provided by management of the Issuer. **The projected financial statements relate to events in the future and are based on assumptions which MIDI p.l.c. believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.**

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

	2013 Actual €'000	2014 Actual €'000	2015 Actual €'000	2016 Forecast €'000	2017 Projection €'000	2018 Projection €'000
Development & sale of property	6,430	11,837	38,784	2,430	-	64,125
Property rental & management activities	1,367	1,474	2,259	3,744	5,125	4,602
<b>Revenue</b>	<b>7,797</b>	<b>13,311</b>	<b>41,043</b>	<b>6,174</b>	<b>5,125</b>	<b>68,727</b>
Cost of sales	(6,705)	(12,116)	(31,123)	(3,056)	(2,396)	(45,739)
<b>Gross profit</b>	<b>1,092</b>	<b>1,195</b>	<b>9,920</b>	<b>3,118</b>	<b>2,729</b>	<b>22,988</b>
Other net operating costs	(1,641)	(1,532)	(1,451)	(1,452)	(2,496)	(2,525)
<b>EBITDA</b>	<b>(549)</b>	<b>(337)</b>	<b>8,469</b>	<b>1,666</b>	<b>233</b>	<b>20,463</b>
Depreciation	(51)	(56)	(197)	(439)	(368)	(360)
Movement in fair value of investment property	1,786	-	4,851	-	-	-
<b>Operating profit/(loss)</b>	<b>1,186</b>	<b>(393)</b>	<b>13,123</b>	<b>1,227</b>	<b>(135)</b>	<b>20,103</b>
Net finance costs	(2,753)	(2,813)	(3,204)	(2,443)	(2,676)	(2,486)
Share of loss of joint venture	-	(5)	(14)	(14)	(15)	(15)
Impairment charge on goodwill	-	-	(448)	-	-	-
<b>(Loss)/profit before tax</b>	<b>(1,567)</b>	<b>(3,211)</b>	<b>9,457</b>	<b>(1,230)</b>	<b>(2,826)</b>	<b>17,602</b>
Taxation	143	1,059	462	(156)	407	(7,930)
<b>(Loss)/profit for the year from continuing operations</b>	<b>(1,424)</b>	<b>(2,152)</b>	<b>9,919</b>	<b>(1,386)</b>	<b>(2,419)</b>	<b>9,672</b>
Loss for the year from discontinued operations	(37)	-	-	-	-	-
<b>(Loss)//profit for the year</b>	<b>(1,461)</b>	<b>(2,152)</b>	<b>9,919</b>	<b>(1,386)</b>	<b>(2,419)</b>	<b>9,672</b>
<b>Other comprehensive income</b>						
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	-	-	-
<b>Total comprehensive income (expense) for the year net of tax</b>	<b>(1,684)</b>	<b>(1,966)</b>	<b>10,819</b>	<b>(1,386)</b>	<b>(2,419)</b>	<b>9,672</b>

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

	<b>2013 Actual €'000</b>	<b>2014 Actual €'000</b>	<b>2015 Actual €'000</b>	<b>2016 Forecast €'000</b>	<b>2017 Projection €'000</b>	<b>2018 Projection €'000</b>
Net cash from operating activities	(4,609)	(3,007)	5,257	(15,723)	(3,096)	19,005
Net cash from investing activities	22,788	(38)	(65)	(156)	(156)	-
Net cash from financing activities	(11,211)	(1,208)	(3,951)	20,166	109	(6,977)
<b>Net movement in cash and cash equivalents</b>	<b>6,968</b>	<b>(4,253)</b>	<b>1,241</b>	<b>4,287</b>	<b>(3,143)</b>	<b>12,028</b>
Cash and cash equivalents at beginning of year	2,040	9,008	4,755	5,996	10,283	7,140
<b>Cash and cash equivalents at end of year</b>	<b>9,008</b>	<b>4,755</b>	<b>5,996</b>	<b>10,283</b>	<b>7,140</b>	<b>19,168</b>

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

	<b>2013 Actual €'000</b>	<b>2014 Actual €'000</b>	<b>2015 Actual €'000</b>	<b>2016 Forecast €'000</b>	<b>2017 Projection €'000</b>	<b>2018 Projection €'000</b>
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	921	902	21,208	22,678	22,465	22,106
Investment property	32,162	32,162	21,728	21,993	26,159	29,397
Investment in joint ventures	-	1,995	1,981	1,981	1,981	1,981
Available-for-sale financial assets	661	710	726	200	200	200
Trade and other receivables	608	1,417	1,945	-	-	-
Loans receivable from joint ventures	-	10,051	9,701	9,701	9,701	9,701
Term placements with banks	200	200	200	-	-	-
Deferred tax assets	-	-	343	187	594	(923)
	<u>34,552</u>	<u>47,437</u>	<u>57,832</u>	<u>56,740</u>	<u>61,100</u>	<u>62,462</u>
<b>Current assets</b>						
Inventories - development project	127,288	129,489	115,130	127,823	134,836	105,886
Trade and other receivables	5,521	6,510	2,870	2,161	2,475	1,278
Current tax assets	1,185	632	2,788	2,958	325	325
Term placements with banks	650	2,050	2,050	-	-	-
Cash and cash equivalents	<u>9,724</u>	<u>5,551</u>	<u>6,792</u>	<u>10,283</u>	<u>7,140</u>	<u>19,168</u>
	<u>144,368</u>	<u>144,232</u>	<u>129,630</u>	<u>143,225</u>	<u>144,776</u>	<u>126,657</u>
<b>Total assets</b>	<b>178,920</b>	<b>191,669</b>	<b>187,462</b>	<b>199,965</b>	<b>205,876</b>	<b>189,119</b>



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

	2013 Actual €'000	2014 Actual €'000	2015 Actual €'000	2016 Forecast €'000	2017 Projection €'000	2018 Projection €'000
<b>EQUITY</b>						
<b>Capital and reserves</b>						
Called up share capital	42,832	42,832	42,832	42,832	42,832	42,832
Share premium	15,879	15,879	15,879	15,879	15,879	15,879
Reserves	(214)	(28)	2,033	2,155	2,155	2,155
Retained earnings	3,897	1,745	10,504	7,617	3,699	11,871
	<b>62,394</b>	<b>60,428</b>	<b>71,248</b>	<b>68,483</b>	<b>64,565</b>	<b>72,737</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Borrowings and bonds	50,620	47,228	48,268	65,597	67,605	62,128
Other non-current liabilities	25,638	24,249	23,573	25,382	27,250	29,083
	76,258	71,477	71,841	90,979	94,855	91,211
<b>Current liabilities</b>						
Borrowings	707	5,418	1,806	1,437	1,039	1,039
Other current liabilities	39,561	54,346	42,567	39,066	45,417	24,132
	40,268	59,764	44,373	40,503	46,456	25,171
	116,526	131,241	116,214	131,482	141,311	116,382
<b>Total equity and liabilities</b>	<b>178,920</b>	<b>191,669</b>	<b>187,462</b>	<b>199,965</b>	<b>205,876</b>	<b>189,119</b>

The key accounting ratios are set out below:

Key Accounting Ratios	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Gross profit margin (Gross profit/revenue)	14%	9%	24%	51%	53%	33%
Operating profit margin (EBITDA/revenue)	-7%	-3%	21%	27%	5%	30%
Interest cover (times) (EBITDA/net finance cost)	-0.20	-0.12	2.64	0.68	0.09	8.23
Net profit margin (Profit after tax/revenue)	-19%	-16%	24%	-22%	-47%	14%
Earnings per share (€) <sup>1</sup> (Profit after tax/number of shares)	-0.01	-0.01	0.05	-0.01	-0.01	0.05
Return on equity (Profit after tax/shareholders' equity)	-2%	-4%	14%	-2%	-4%	13%
Return on capital employed (EBITDA/total assets less current liabilities)	0%	0%	6%	1%	0%	12%
Return on assets (Profit after tax/total assets)	-1%	-1%	5%	-1%	-1%	5%

<sup>1</sup> Earnings per share calculation set out above has been based on the current number of shares in issue of the Issuer of 214,159,922 shares of €0.20 each.

Source: Charts Investment Management Service Limited

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* 673 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) 11 commercial properties situated around Pjazza Tigné and at ground level in a number of blocks (7 units are retail outlets, 2 units are restaurants, 1 unit being assigned to an entity offering condominium related services 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 GOM in accordance with the contracted terms of the Emphyteutical Deed entered into on 15 June 2000. 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 13,500m<sup>2</sup> 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 Pjazzza Tigné. In addition, the public car park operation registered a y-o-y 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 Pjazzza. 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 Solutions & Infrastructure Limited, 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.

In the projected financial years **2016 – 2018**, the Group will be mainly focused on the development and marketing of the Q2 Block (made up of 60 residential units). The Issuer anticipates that 32 units will be sold in FY2016 and the remaining 28 units in FY2017. All Q2 sales, estimated at €64.1 million, will be accounted for in FY2018 on completion of the Block. Prior to FY2018, MIDI is expected to generate €2.4 million of revenue during FY2016 in relation to units in the Q1 Block and nil property sales in FY2017.

Revenue from property rental & management activities principally comprises rental income from commercial leases and income relating to the operations of SIS. In FY2016, such revenue is forecasted to increase by €1.5 million from €2.3 million in FY2015 to €3.7 million. Such increase is mainly due to the inclusion of the first full year's results of SIS since the acquisition of the remaining 50% of SIS by the Issuer in September 2015. A further increase of 37% (+€1.4 million) is projected for FY2017, when compared to FY2016, as a result of large scale projects expected to be undertaken by SIS during the year. Such revenue is projected to decrease in FY2018 by €0.5 million from €5.1 million in FY2017 to €4.6 million.

Due to the fact that Q2 Block sales will be accounted for on signing of acquisition contracts in FY2018, the Group is projecting a loss after tax in both FY2016 and FY2017 of €1.4 million and €2.4 million respectively. On the other hand, profit for the year in FY2018 is projected at €9.7 million.

Balance sheet movements during the financial years 2016 to 2018 principally relate to the further development of the Tigné Point project, including finishing works on Q1 Block, construction of Q2 Block, and other infrastructural works. As such, total assets are expected to peak in FY2017 at €205.9 million, an increase of €18.4 million when compared to FY2015 (€187.5 million). The projected expenditure is expected to be funded from a mix of bank borrowings and bond proceeds as detailed hereunder.

#### **MIDI p.l.c. Borrowings as at 31 December**

	<b>2013 Actual €'000</b>	<b>2014 Actual €'000</b>	<b>2015 Actual €'000</b>	<b>2016 Forecast €'000</b>	<b>2017 Projection €'000</b>	<b>2018 Projection €'000</b>
<b>Bank borrowings</b>						
<i>MIDI p.l.c.</i>						
Loans from credit institutions	4,797	5,418	1,806	17,034	18,644	13,167
<i>Solutions &amp; Infrastructure Services Limited</i>						
Loan from a credit institution	6,500	6,500	6,884	-	-	-
	<u>11,297</u>	<u>11,918</u>	<u>8,690</u>	<u>17,034</u>	<u>18,644</u>	<u>13,167</u>
<b>Bonds</b>						
7% Bonds 2016 - 2018 (EUR & GBP)	40,030	40,728	41,384			
4% Secured Bonds 2026				50,000	50,000	50,000
	<u>40,030</u>	<u>40,728</u>	<u>41,384</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
<b>Total borrowings and bonds</b>	<u><b>51,327</b></u>	<u><b>52,646</b></u>	<u><b>50,074</b></u>	<u><b>67,034</b></u>	<u><b>68,644</b></u>	<u><b>63,167</b></u>

Key Accounting Ratios	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Net assets per share (€) <sup>1</sup> (Net asset value/number of shares)	0.29	0.28	0.33	0.32	0.30	0.34
Liquidity ratio (times) (Current assets/current liabilities)	3.59	2.41	2.92	3.54	3.12	5.03
Gearing ratio (Total net debt/net debt and shareholders' equity)	40%	43%	37%	45%	49%	38%

<sup>1</sup> Net assets per share calculation set out above has been based on the current number of shares in issue of the Issuer of 214,159,922 shares of €0.20 each.

Source: Charts Investment Management Service Limited

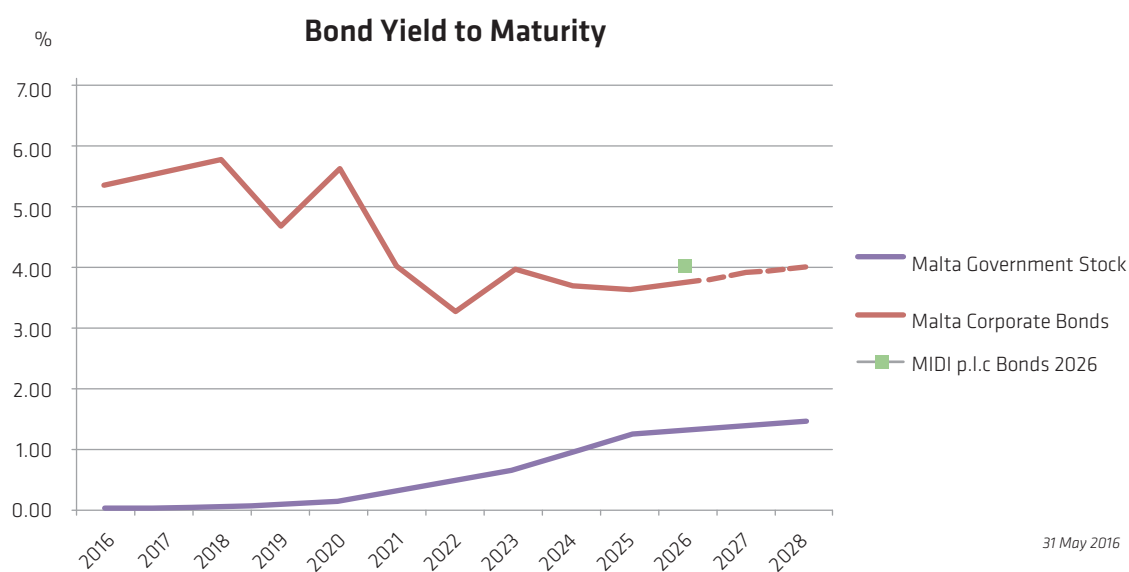
## PART 3 COMPARABLES

The table below compares the Company and its proposed bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds maturing in the near to medium term. Although there are significant variances between the activities of the Company and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Company's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Company.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
6.8% Premier Capital plc € Bond 2017-2020	24,641,000	5.59	4.58	72,208	17,739	64.59
6.6% Eden Finance plc 2017-2020	13,984,000	5.67	3.10	145,427	76,648	38.42
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.27	n/a	58,098	11,734	61.87
5.8% International Hotel Investments plc 2023	10,000,000	4.35	1.45	1,159,643	608,288	36.49
6% AX Investments Plc € 2024	40,000,000	4.08	2.88	206,038	111,482	36.65
6% Island Hotels Group Holdings plc € 2024	35,000,000	3.78	0.58	145,140	54,053	53.19
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.75	3.49	67,669	25,823	57.66
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.73	0.05	81,842	31,150	55.46
5.1% PTL Holdings plc Unsecured € 2024	36,000,000	4.10	2.32	70,543	6,592	86.78
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.42	1.50	90,867	26,315	71.30
<b>4.0% MIDI plc Secured € 2026</b>	<b>50,000,000</b>	<b>4.00</b>	<b>2.64</b>	<b>187,462</b>	<b>71,248</b>	<b>37.55</b>

31 May '16

Source: Malta Stock Exchange, Audited Accounts of Listed Companies,  
Charts Investment Management Service Limited



To date, there are no corporate bonds which have a redemption date beyond 2026 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

## PART 4

# EXPLANATORY DEFINITIONS

Income Statement	
<b>Revenue</b>	Total revenue generated by the Issuer from its business activities during the financial year.
<b>Operating costs</b>	Operating expenses include the cost of construction and other related expenses.
<b>EBITDA</b>	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
<b>Fair value of investment property</b>	Fair value of investment property is an accounting adjustment to change the book value of the Issuer's investment property to its estimated market value.
<b>Profit after tax</b>	Profit after tax is the profit made by the Issuer during the financial year both from its operating as well as non-operating activities.

Profitability Ratios	
<b>Operating profit margin</b>	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
<b>Net profit margin</b>	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Equity Ratios	
<b>Earnings per share</b>	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
<b>Cash flow from operating activities</b>	Cash generated from the principal revenue-producing activities of the Group.
<b>Cash flow from investing activities</b>	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Issuer.
<b>Cash flow from financing activities</b>	Cash generated from the activities that result in change in share capital and borrowings of the Issuer.
Balance Sheet	
<b>Non-current assets</b>	Non-current asset are the Issuer's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Issuer amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include investment properties, property, plant & equipment, and loans receivable.
<b>Current assets</b>	Current assets are all assets of the Issuer, which are realisable within one year from the balance sheet date. Such amounts include development stock, accounts receivable, cash and bank balances.
<b>Current liabilities</b>	All liabilities payable by the Issuer within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
<b>Non-current liabilities</b>	The Issuer's long-term financial obligations that are not due within the present accounting year. The Issuer's non-current liabilities include long-term borrowings and bonds.
<b>Total equity</b>	Total equity includes share capital, reserves & other equity components, and retained earnings.

Financial Strength Ratios	
<b>Liquidity ratio</b>	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
<b>Interest cover</b>	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
<b>Gearing ratio</b>	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.