

This document is a prospectus issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of 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 a prospectus as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

This document contains information about Mediterranean Investments Holding p.l.c. (the “**Issuer**”), as well as information about the securities for which application has been made for admission to trading on the Official List of the Malta Stock Exchange. The Bonds (as defined herein) are being issued and offered through an Offer to the public by the Issuer.

PROSPECTUS

dated 14 June 2010

issued by



Mediterranean Investments Holding p.l.c.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 37513

in respect of an issue of an aggregate of €30,000,000 7.15% Bonds 2015-2017 (or, in the case of exercise of the Over-Allotment Option, €40,000,000 7.15% Bonds 2015-2017), in any one or a combination of the following issues:

€ 7.15% EUR Bonds 2015-2017
of a nominal value of €100
per Bond issued at par

\$ 7.15% USD Bonds 2015-2017
of a nominal value of \$100
per Bond issued at par

£ 7.15% GBP Bonds 2015-2017
of a nominal value of £100
per Bond issued at par

(Due 23 July 2017, subject to an early redemption at the option of the Issuer on any of the Early Redemption Dates)

A handwritten signature in black ink, appearing to read 'J. Fenech'.

Joseph Fenech
Director

REGISTRAR & JOINT MANAGER



JOINT MANAGER



LEGAL COUNSEL



SPONSOR





Important Information

THIS DOCUMENT CONSTITUTES A PROSPECTUS AND CONTAINS INFORMATION ON AN ISSUE BY MEDITERRANEAN INVESTMENTS HOLDING P.L.C. (THE "ISSUER") OF THE EQUIVALENT OF €30,000,000 BONDS 2015-2017 IN ANY ONE OR A COMBINATION OF THREE ISSUES DENOMINATED IN EURO, POUND STERLING AND UNITED STATES DOLLARS RESPECTIVELY DEPENDING ON THE VALUE OF THE APPLICATIONS RECEIVED FOR THE BONDS.

THE BONDS DENOMINATED IN EURO, HAVING A NOMINAL VALUE OF €100 PER BOND, WILL BE ISSUED AT PAR AND SHALL BEAR INTEREST AT THE RATE OF 7.15% PER ANNUM (THE "EUR BONDS"); THE BONDS DENOMINATED IN POUND STERLING, HAVING A NOMINAL VALUE OF £100 PER BOND, WILL BE ISSUED AT PAR AND SHALL BEAR INTEREST AT THE RATE OF 7.15% PER ANNUM (THE "GBP BONDS"); THE BONDS DENOMINATED IN UNITED STATES DOLLARS, HAVING A NOMINAL VALUE OF \$100 PER BOND, WILL BE ISSUED AT PAR AND SHALL BEAR INTEREST AT THE RATE OF 7.15% PER ANNUM (THE "USD BONDS"). THE EUR BONDS, GBP BONDS AND USD BONDS ARE COLLECTIVELY REFERRED TO AS THE "BONDS".

IN THE EVENT THAT DURING THE OFFER PERIOD THE ISSUER RECEIVES APPLICATIONS FOR BONDS IN EXCESS OF THE EQUIVALENT OF €30,000,000 IN ANY ONE OR A COMBINATION OF THE EUR BONDS, GBP BONDS AND USD BONDS, THE ISSUER MAY EXERCISE THE OVER-ALLOTMENT OPTION TO INCREASE THE ISSUE TO SUCH HIGHER VALUE OF BONDS AS IN AGGREGATE WOULD NOT EXCEED THE EQUIVALENT OF €40,000,000 IN VALUE OF BONDS.

DEPENDING ON THE CURRENCY IN WHICH APPLICATIONS FOR THE BONDS ARE RECEIVED, THE ISSUER RESERVES THE RIGHT TO ISSUE AND ALLOCATE BONDS IN ANY ONE OR IN ANY COMBINATION OF EUR BONDS, GBP BONDS AND USD BONDS, PROVIDED THAT THE ISSUER SHALL ALLOT ANY AMOUNTS RECEIVED UP TO THE EQUIVALENT OF €3,000,000 IN VALUE OF EACH OF EUR BONDS, GBP BONDS AND USD BONDS. IN RESPECT OF ANY AMOUNT APPLIED FOR IN EXCESS OF THE EQUIVALENT OF €3,000,000, THE ISSUER MAY, AT ITS SOLE DISCRETION, ELECT TO ISSUE AND ALLOCATE THE BONDS IN ANY ONE OR A COMBINATION OF EUR BONDS, GBP BONDS AND USD BONDS. ACCORDINGLY, IN ALLOCATING THE AMOUNT APPLIED FOR IN EXCESS OF SUCH AMOUNT, THE ISSUER MAY ELECT TO ALLOCATE ANY ONE OR MORE OF THE EUR BONDS, THE GBP BONDS OR THE USD BONDS WITH PREFERENCE OVER THE OTHER TYPE/S OF BONDS.

FOR THE PURPOSE OF ASCERTAINING THE AGGREGATE PRINCIPAL AMOUNT OF THE GBP BONDS, REFERENCE WILL BE MADE TO THE RATE OF EXCHANGE OF €1.00 : £0.834 (THE "£ RATE OF EXCHANGE"). FOR THE PURPOSE OF ASCERTAINING THE AGGREGATE PRINCIPAL AMOUNT OF THE USD BONDS, REFERENCE WILL BE MADE TO THE RATE OF EXCHANGE OF €1.00 : \$1.2080 (THE "\$ RATE OF EXCHANGE").

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 23 JULY 2017 UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS AT PAR ON THE REDEMPTION DATE FALLING ON 23 JULY 2017, UNLESS IT EXERCISES THE OPTION TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES BY GIVING NOT LESS THAN THIRTY (30) DAYS' NOTICE TO BONDHOLDERS. IN MAKING AN EARLY REDEMPTION AS AFORESAID, THE ISSUER RESERVES THE RIGHT TO REDEEM ANY ONE OR MORE OF THE EUR BONDS, GBP BONDS OR USD BONDS, IN WHOLE OR IN PART, AT THE DISCRETION OF THE ISSUER. ANY SUCH REDEMPTION SHALL ALSO BE AT PAR.

THIS PROSPECTUS CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) (THE "ACT") AND THE 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.

ALL OF THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR UNDER THE HEADING "DIRECTORS", ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS OF THE ISSUER ACCEPT RESPONSIBILITY ACCORDINGLY.

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 SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION WITH THIS ISSUE, 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 LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS 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 THIS PROSPECTUS.



THIS 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.

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 INVESTORS 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 OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE 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.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES AND TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT.

APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE BONDS TO BE CONSIDERED AS ADMISSABLE TO LISTING. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE BOARD OF DIRECTORS OF THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST UPON ISSUE AND ALLOCATION TO INVESTORS AND INTERMEDIARIES. DEALINGS ARE EXPECTED TO COMMENCE ON THE SAID EXCHANGE ON THE 9 AUGUST 2010.

STATEMENTS MADE IN THIS PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

ALL THE ADVISERS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISERS TO THE ISSUER" ON PAGE 8 BELOW HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN RISE OR FALL 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. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISER LICENSED UNDER THE INVESTMENT SERVICES ACT (CAP. 370 OF THE LAWS OF MALTA).

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS 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.

THE BONDS CONSTITUTE THE GENERAL, DIRECT, UNCONDITIONAL AND UNSECURED OBLIGATIONS OF THE ISSUER AND SHALL AT ALL TIMES RANK *PARI PASSU*, WITHOUT ANY PRIORITY OR PREFERENCE AMONG THEMSELVES AND WITH OTHER UNSECURED DEBT.

A PROSPECTIVE INVESTOR SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.



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Definitions

In this document the following words and expressions shall bear the following meanings except where the context otherwise requires:

2008 Bond Issue	the intermediaries' offer by the Issuer of €20,000,000 7.5% bonds 2015;
2008 Prospectus	the prospectus issued by the Issuer on the 15 July 2008 in connection with the 2008 Bond Issue;
Act	the Companies Act, Cap. 386 of the Laws of Malta;
Applicant	any person submitting an Application Form to the Issuer for the purpose of subscribing for Bonds;
Application/s	the filing of an Application Form by an Applicant for Bonds;
Application Forms	the forms of application for subscription of Bonds set out in Part III of Annex I of this Prospectus;
Authorised Financial Intermediaries	the financial institutions, financial intermediaries and other persons referred to in Annex II of this Prospectus;
Bond(s)	the EUR Bonds, GBP Bonds and USD Bonds collectively, for a combined aggregate principal amount of the equivalent of €30,000,000, or, in the case of over-subscription by investors and the exercise by the Issuer of the Over-Allotment Option, such higher value of bonds as in aggregate would not exceed the equivalent of €40,000,000 in value of bonds issued pursuant to this Prospectus;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Offer Price	the price of €100 for each EUR Bond, the price of £100 for each GBP Bond or the price of \$100 for each USD Bond, as the case may be;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Central Securities Depository or CSD	the central registration system for dematerialised financial instruments operated by the Exchange and set up in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta);
Corinthia Group	CPHCL and any company or entity in which CPHCL has a controlling interest;
CPHCL	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta with company registration number C 257, having its registered office at 22, Europa Centre, Floriana FRN 1400 Malta;
Cut-off Date	close of business of 11 June 2010;
Directors or Board	the directors of the Issuer whose names and addresses are set out under the heading "Identity of Directors, Advisers and Auditors of the Issuer";
Early Redemption Dates	any day falling between 23 July 2015 and 22 July 2017, both days included, as the Issuer may determine by giving not less than thirty (30) days' prior notice to the Bondholders;
EUR Bonds	the 7.15% bonds due 2017 denominated in Euro having a nominal value of €100 each, which will be issued at par and bear interest at the rate of 7.15%, the aggregate principal amount of which will be determined by the Issuer depending on the value of Applications received for the Bonds, provided that the combined aggregate principal amount of EUR Bonds, GBP Bonds and USD Bonds does not exceed the equivalent of €30,000,000, save in the event of the exercise by the Issuer of the Over-Allotment Option, in which case such combined aggregate amount of EUR Bonds, GBP Bonds and USD Bonds shall not exceed the equivalent of €40,000,000;



Euro, EUR or €	the currency of the European Monetary Union, of which Malta forms part;
Expert Valuation, or Valuation	the valuation report compiled by local architects DeMicoli and Associates in respect of the Palm City Residences Project;
GBP Bonds	the 7.15% bonds due 2017 denominated in Pound Sterling having a nominal value of £100 each, which will be issued at par and bear interest at the rate of 7.15%, the aggregate principal amount of which will be determined by the Issuer depending on the value of Applications received for the Bonds, provided that the combined aggregate principal amount of EUR Bonds, GBP Bonds and USD Bonds does not exceed the equivalent of €30,000,000, save in the event of the exercise by the Issuer of the Over-Allotment Option, in which case such combined aggregate amount of EUR Bonds, GBP Bonds and USD Bonds shall not exceed the equivalent of €40,000,000;
Group	the Issuer, the Principal Subsidiary and the Principal Affiliate;
Interest Payment Dates	23 July of each year between and including each of the years 2011 and the year 2017, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
International Hotel Investments p.l.c. or IHI	International Hotel Investments p.l.c., a public limited liability company registered in Malta with company registration number C 26136, having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Issue Date	6 August 2010;
Issuer or MIH	Mediterranean Investments Holding p.l.c., a public limited liability company registered in Malta with company number C-37513, having its registered office at 22, Europa Centre, Floriana FRN 1400 Malta;
Joint Manager	HSBC Bank Malta p.l.c.;
Listing Authority	the Malta Financial Services Authority, as appointed in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta);
Listing Rules	the listing rules of the Listing Authority;
LPTACC	Libya Projects Trading And Contracting Company, a company registered under the laws of Kuwait with company registration number 119633, having its registered office at Office 16/ Mezzanine, Block 12, Al Asfour International Company, Al Manqaf, Kuwait;
Malta Stock Exchange or MSE	the Malta Stock Exchange p.l.c, as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and company registration number C-42525;
Medina Tower	the proposed Medina Tower project in Tripoli, Libya;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
NPHC	National Projects Holding Company (KSC), a Kuwaiti shareholding company registered under the laws of Kuwait with company registration number 111731, having its registered office is at National Market Building, 4th Floor, Office 24, Abdullah Al Salem, Al Mirqab, Kuwait;
NREC	National Real Estate Company, a company registered under the laws of Kuwait with company registration number 19628, having its registered office at P.O. Box 64585, Shuwaikh, B 70456, Kuwait;
Offer Period	the period between 12 July 2010 and 16 July 2010 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which time the Bonds are on offer;

Over-Allotment Option	the option of the Issuer to increase the issue of the Bonds by the equivalent of an additional €10,000,000 in any one or a combination of EUR Bonds, GBP Bonds and USD Bonds (up to a maximum aggregate amount of the equivalent of €40,000,000) in the event that during the Offer Period the Issuer receives Applications in excess of the combined aggregate principal amount of the equivalent of €30,000,000;
Palm City Residences Project	the Palm City Residences in Janzour, Libya;
Pound Sterling, GBP or £	the lawful currency of the United Kingdom;
£ Rate of Exchange	the rate of exchange between the Euro and the Pound Sterling applicable to the GBP Bonds in terms of this Prospectus, that is €1.00 : £0.834;
Preferred Applicants	those persons, whether natural or legal, who, as at the Cut-Off Date, appear on the register maintained by the CSD: (a) of holders of bonds issued by the Issuer, International Hotel Investments p.l.c. and/or Corinthia Finance p.l.c.; and/or (b) of shareholders of International Hotel Investments p.l.c.;
Principal Affiliate	Medina Tower Joint Stock Company for Real Estate Investment and Development, an associate company of the Issuer, in the process of being registered in the form of a Libyan joint stock investment company in accordance with the provisions of Libyan commercial law and Law No. 9 of 2010 amended by the Privatisation and Investment Authority Board of Directors' Resolution No. 16 of 2010 issued on 27 April 2010 for the encouragement of investment in Libya, for the purposes of a joint venture relating to the proposed development and operation of the Medina Tower project;
Principal Subsidiary	Palm City Limited, a company registered under the laws of Malta with company registration number C 34113, a subsidiary of the Issuer which is the entity responsible for the development and operation of the Palm City Residences Project;
Prospectus	this document in its entirety;
Redemption Date	23 July 2017, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Early Redemption Dates. In making an early redemption as aforesaid, the Issuer reserves the right to redeem any one or more of the EUR Bonds, GBP Bonds or USD Bonds, in whole or in part, at the discretion of the Issuer;
Redemption Value	the nominal value of each Bond;
Registrar and Joint Manager	Bank of Valletta p.l.c.;
Regulation	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 a prospectus as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
United States Dollar, US Dollar, USD or \$	the lawful currency of the United States of America;
USD Bonds	the 7.15% bonds due 2017 denominated in USD having a nominal value of \$100 each, which will be issued at par and bear interest at the rate of 7.15%, the aggregate principal amount of which will be determined by the Issuer depending on the value of Applications received for the Bonds, provided that the combined aggregate principal amount of EUR Bonds, GBP Bonds and USD Bonds does not exceed the equivalent of €30,000,000, save in the event of the exercise by the Issuer of the Over-Allotment Option, in which case such combined aggregate amount of EUR Bonds, GBP Bonds and USD Bonds shall not exceed the equivalent of €40,000,000;
\$ Rate of Exchange	the rate of exchange between the Euro and the US Dollar applicable to the USD Bonds in terms of this Prospectus, that is €1.00 : \$1.2080.

Part A - SUMMARY

Warning to Potential Investors

This summary forms part of the Prospectus containing information concerning the Issuer and the Bonds. This summary is intended to briefly convey the essential characteristics of, and risks associated with, the Issuer and the Bonds.

You should carefully take into consideration the following criteria for evaluation of this summary:

- The summary should be read as merely an introduction to the Prospectus;
- Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole;
- Civil liability attaches to the Issuer which has tabled this summary as part of the Prospectus and applied for its notification only if the summary is shown to be misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

1. Identity of Directors, Advisers and Auditors of the Issuer

Directors

Alfred Pisani
'Fiorita', Triq Giorgio Locano, Iklin, Malta

Chairman

Faysal J S Alessa
Street 1, House 34, Area 3, Salwa, Kuwait

Non-Executive Director

Yousef A. Abdelmaula
Abd Alraman, Al Dakel Street, Alandalus, Libyan Arab Jamahiriya

Non-Executive Director

Musaed Al Saleh
Kuwait Free Trade Zone, Shuwaikh, Kuwait

Non-Executive Director

Joseph Fenech
'Zeus', Triq il-Harruba, Iklin IKL1901, Malta

Non-Executive Director

Khalil E. A. M. Alabdullah
Kuwait Free Trade Zone, Shuwaikh, Kuwait

Non-Executive Director

Joseph C Caruana
90, Arcadia, Mosta Road, Attard, Malta

Non-Executive Director

The Company Secretary of the Issuer is **Reginald A. Cuschieri**.

Advisers to the Issuer

Legal Counsel on the Bond Issue:

Camilleri Preziosi
Level 3, Valletta Buildings, South Street
Valletta VLT 1103, Malta

Sponsor:

Rizzo, Farrugia & Co. (Stockbrokers) Ltd.
Airways House, Third Floor, High Street,
Sliema SLM 1549, Malta

Registrar and Joint Manager:

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

Joint Manager:

HSBC Bank Malta p.l.c.
233, Republic Street,
Valletta VLT 1116, Malta

Auditors of the Group

The Auditors of the Group are Grant Thornton, of Tower Business Centre, Tower Street, Swatar, B'Kara BKR 3013 Malta. Grant Thornton, a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta), is a member of Grant Thornton International.

2. Offer Statistics and Expected Timetable

2.1 Offer Statistics

The Bond Issue is for an amount equivalent to €30,000,000, subject, in the event of over-subscription and exercise by the Issuer of the Over-Allotment Option, to increase the offer up to a maximum aggregate amount equivalent to €40,000,000. The Bonds shall accrue interest at the rate of 7.15% per annum. The Bonds shall be redeemed at their nominal value on the Redemption Date, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Early Redemption Dates, provided that in making an early redemption as aforesaid, the Issuer reserves the right to redeem any one or more of the EUR Bonds, GBP Bonds or USD Bonds, in whole or in part, at the discretion of the Issuer.

Depending on the currency in which Applications for the Bonds are received, the Issuer reserves the right to issue and allocate Bonds in any one or in any combination of EUR Bonds, GBP Bonds and USD Bonds, provided that the Issuer shall allot any amounts received up to the equivalent of €3,000,000 in value of each of EUR Bonds, GBP Bonds and USD Bonds.

In respect of any amount applied for in excess of the equivalent of €3,000,000, the Issuer may, at its sole discretion, elect to issue and allocate the bonds in any one or a combination of EUR Bonds, GBP Bonds and USD Bonds. Accordingly, in allocating the amount applied for in excess of such amount, the Issuer may elect to allocate any one or more of the EUR Bonds, the GBP Bonds or the USD Bonds with preference over the other type/s of Bonds.

Issuer	Mediterranean Investments Holding p.l.c., a public limited liability company registered in Malta with registration number C-37513;
Amount	the equivalent of €30,000,000 aggregate principal amount, in any one or a combination of the EUR Bonds, GBP Bonds and USD Bonds respectively depending on the value of the Applications received for the Bonds, subject, in the event of the exercising by the Issuer of the Over-Allotment Option, to the said aggregate principal amount increasing to the equivalent of €40,000,000 in aggregate value of Bonds issued pursuant to this Prospectus;
£ Rate of Exchange	€1.00 : £0.834;
\$ Rate of Exchange	€1.00 : \$1.2080;
Form	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the MSE;
ISIN	MT0000371238 for EUR Bonds; MT0000371246 for GBP Bonds; and MT0000371253 for USD Bonds;
Denomination & Nominal Value	Euro (€) 100 per EUR Bond, Pound Sterling (£) 100 per GBP Bond and US Dollar (\$) 100 per USD Bond;
Minimum Amount per Application	minimum one thousand Euros (€1,000) for EUR Bonds or one thousand Pounds Sterling (£1,000) for GBP Bonds or one thousand US Dollars (\$1,000) for USD Bonds;
Minimum Amount in terms of the Placement Agreements	minimum five thousand Euros (€5,000) for EUR Bonds or five thousand Pounds Sterling (£5,000) for GBP Bonds or five thousand US Dollars (\$5,000) for USD Bonds;

Redemption Date	23 July 2017 unless otherwise redeemed on any of the Early Redemption Dates;
Early Redemption Dates	any day falling between and including 23 July 2015 and 22 July 2017;
Bond Issue Price	€100 for each EUR Bond or £100 for each GBP Bond or \$100 for each USD Bond;
Status of the Bonds	<p>the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i>, without any priority or preference among themselves and with other unsecured debt.</p> <p>Furthermore, subject to:</p> <ol style="list-style-type: none"> the negative pledge clause contained in Section 4 of Part I of Annex I to this Prospectus; and the undertaking of the Issuer that any future indebtedness it may create with its shareholders, or any of them, shall at all times be under terms and conditions that the maturity for repayment of such debt shall fall after the Redemption Date and that any such indebtedness shall be subordinated to the rights of Bondholders, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer or so long as such security interests remain in effect.
Listing	application has been made to the Listing Authority for the Bonds to be considered as admissible to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Offer Period	the period between 12 July 2010 and 16 July 2010, or such earlier date as may be determined by the Issuer in the event of over-subscription, during which time the Bonds are on offer;
Preferred Applicant	those persons, whether natural or legal, who, as at the Cut-Off Date, appear on the register maintained by the CSD: (a) of holders of bonds issued by the Issuer, IHI and/or Corinthia Finance p.l.c.; and/or (b) of shareholders of IHI.
Cut-Off Date	11 June 2010;
Interest	the Bonds shall bear interest from and including 23 July 2010 at the rate of 7.15% per annum;
Interest Payment Dates	23 July of each year between and including each of the years 2011 and the year 2017, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day. The first interest payment will be effected on 23 July 2011;
Yield	the gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value on maturity, is 7.15% per annum;
Redemption Value	the par value of the Bonds, that is €100 for the EUR Bonds or £100 for the GBP Bonds or \$100 for the USD Bonds, as the case may be;
Registrar and Joint Manager	Bank of Valletta p.l.c.;
Joint Manager	HSBC Bank Malta p.l.c.;
Sponsor	Rizzo, Farrugia & Co. (Stockbrokers) Ltd.;

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 Bondholder at his/her registered address and posted;
Governing Law	the Bonds are governed and shall be construed in accordance with Maltese Law;
Jurisdiction	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

2.2 Expected Timetable

Issuance of Formal Notice	16 June 2010
Application Forms Available.....	21 June 2010
Preferred Applicants' date.....	8 July 2010
Pre-placement closing date.....	9 July 2010
Opening of subscription lists.....	12 July 2010
Closing of subscription lists	16 July 2010
Expected announcement of basis of acceptance	23 July 2010
Expected commencement of interest on the Bonds.....	23 July 2010
Expected dispatch of allotment advice and refund of unallocated monies	30 July 2010

The Issuer reserves the right to close the offer of the Bonds before 16 July 2010 in the event of over-subscription, in which case the remaining events set out in the 'Expected Timetable' shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

3. Key Information

3.1 Selected Financial Data and Capitalisation & Indebtedness

The historical information about the Issuer is available for inspection as set out under the heading "Documents available for inspection" in section 11 of Part A of this Prospectus.

The most recent financial statements available for inspection are the Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2009. There were no significant changes to the financial or trading position of the Issuer since the end of the period to which the said Audited Consolidated Financial Statements relate.

Extracts from the Audited Consolidated Financial Statements for the financial years ended 31 December 2009, 2008 and 2007 are set out below:

Income Statement Extracts

for the year ending 31 December

	Audited 2009 €000s	Audited 2008 €000s	Audited 2007 €000s
Gross Profit	741.7	-	-
Fair value gain on investment property	90,200.2	-	-
Pre-opening costs	(953.5)	(530.4)	(416.2)
Interest and related revenue/(costs)	(608.2)	(166.8)	307.6
Profit/(loss) before tax	89,380.2	(697.2)	(108.6)
Taxation	(29,924.0)	(41.6)	(65.0)
Profit/(loss) after tax	59,456.2	(738.8)	(173.6)

Balance Sheet Extracts

as at 31 December

	Audited 2009 €000s	Audited 2008 €000s	Audited 2007 €000s
Non-Current Assets	227,662.6	74,251.1	41,622.4
Current Assets	21,314.8	31,185.8	24,114.2
Total Assets	248,977.4	105,436.9	65,736.6
Equity	106,788.0	47,331.8	48,070.6
Non-current liabilities	115,745.5	47,476.7	15,000.0
Current liabilities	26,443.9	10,628.4	2,666.0
Total Equity and liabilities	248,977.4	105,436.9	65,736.6

Cash Flow Statement Extracts

for the year ending 31 December

	Audited 2009 €000s	Audited 2008 €000s	Audited 2007 €000s
Net cash from/(used in) operating activities	5,270.5	1,979.7	(1,826.8)
Net cash used in investing activities	(57,923.2)	(25,118.3)	(16,659.6)
Net cash from financing activities	39,964.0	32,218.6	14,999.7
Net (decrease)/increase in cash and cash equivalents	(12,688.7)	9,080.0	(3,486.7)
Cash and cash equivalents at beginning of year	25,714.1	16,634.1	20,120.8
Cash and cash equivalents at end of year	13,025.4	25,714.1	16,634.1

The following table sets out the capitalisation and indebtedness of the Issuer as at 31 March 2010 and the estimate for 31 December 2010 after reflecting the issue of the Bonds.

Capitalisation and indebtedness

	Management 31 March 2010 €	Projection 31 December 2010 €
Cash	7,086,245	23,260,797
Fixed deposit	2,000,000	12,406,487
Liquidity	9,086,245	35,667,284
Total current debt		
Guaranteed and secured	4,2000,000	8,400,000
	4,2000,000	8,400,000
Total non-current debt		
Guaranteed and secured	50,994,644	47,420,840
Unguaranteed and unsecured	35,000,689	75,000,689
	85,995,333	122,421,529
Total net debt	81,109,088	95,154,245
Shareholders' equity		
Share capital	48,002,000	48,002,000
Retained earnings	59,136,544	105,946,489
	107,138,544	153,948,489
Debt to equity	0.84	0.85
Net debt to equity	0.76	0.70
Interest cover	2.80	2.01

The projections as at 31 December 2010 in the table above are shown on a consolidated basis. However they take into account an increase in share capital of €2.65 million by the Issuer in the Principal Subsidiary and an increase in shareholders' loans of €8.2 million from the Issuer to the Principal Subsidiary.

Interest cover is calculated by comparing EBITDA to the total interest cost incurred during the year under review. Subsequent to the issue of this Bond, the Issuer will retain a prudent debt to equity ratio and a healthy interest cover ratio. These ratios will progressively improve during the term of the bond as shown in the extract from the cash-flow projections in section 7B of Part C of this Prospectus.

3.2 Reasons for the Offer and Use of Proceeds

In the 2008 Prospectus, the Issuer, in line with its expansion strategy in the real estate market in Libya, expressed its intention to actively pursue one or more of three potential projects within 18 months from the date of that bond issue. Of the three projects identified in the 2008 Prospectus, the board of directors of the Issuer has since elected to further its expansion strategy through the Tripoli Commercial & Residential Towers (now rebranded the "Medina Tower"), which will involve the acquisition, through an intermediate entity, of a plot of land located in the Souq At Tlat Al Qadim area in Tripoli measuring approximately 11,000 square metres, and the development of a mix of exclusively appointed and luxury apartments, office and retail areas spread over 40 floors¹ above ground and serviced by four underground floors for parking and storage facilities. Further information on this proposed development is set out in section 5.2.2 of Part C below.

¹ Prior to planning stage alterations being approved, the number of floors was proposed to be 26, as had been indicated in the 2008 Prospectus.

As declared in a company announcement issued on 14 July 2009, the Company has entered into a shareholders' agreement with the Al Enmaa for Economic Development and Real Estate Investment Company of Libya ("EDREICO"), pursuant to which the Company undertook to acquire a significant stake in the Principal Affiliate, that is Medina Tower Joint Stock Company for Real Estate Investment and Development (the aforementioned intermediate entity). The company is in the process of being registered in Libya specifically for the purpose of owning and developing the Medina Tower project and underlying land. Following the registration of the Principal Affiliate, the shareholding thereof shall be split as follows: EDREICO - 50%; IHI plc - 25%; and the Issuer - 25%.

Despite having entered into the said shareholders' agreement with EDREICO within 18 months from the date of the 2008 Prospectus, Medina Tower's development plans had not progressed sufficiently to warrant an immediate investment in an amount equivalent to the proceeds raised in the 2008 Bond Issue.

In the meantime, however, other demands were identified in connection with increased investment costs on the Palm City Residences Project, which at the time was, and is presently, nearing completion. On the 5 December 2009, with the combined aim of (i) accelerating the completion of the Palm City Residences Project and in so doing securing revenue generation more expeditiously, and of (ii) making use of the 2008 Bond Issue proceeds in the manner most complementary to the other existing funding requirements of the Group, the Board of Directors of the Issuer resolved to allocate the majority of the 2008 Bond Issue proceeds to finance the completion of the Palm City Residences Project including the addition of product enhancements which have increased the project's overall value and is expected to increase its long-term profitability.

By a notice dated 24 May 2010, the Listing Authority reprimanded the Issuer with respect to the use of proceeds of its July 2008 Bond Issue. The full text of the reprimand is available on the MFSA website (www.mfsa.com.mt).

The 2008 Bond Issue proceeds have not only placed the Palm City Residences project in a position to reach completion and generate revenue earlier, but have also enabled the Principal Subsidiary and the Issuer not to incur further additional costs in debt funding.

In view of the Palm City Residences Project's overall significance to the Issuer as well as to this and past bond issues by the Issuer, a detailed description of the project as well as an update on its current state of development is set out in section 5.2.1 of Part C of this Prospectus.

In light of the above, the proceeds raised through the present Bond Issue shall be applied as follows:

1. in the amount of €31,250,000 for investment in Medina Tower. This amount consists of: €19,000,000 to reinstate part of the funds raised pursuant to the 2008 Bond Issue which, pending the requirement for investment in Medina Tower, were utilized for the purpose of financing the additional capital expenditure requirements on the Palm City Residences Project; and an additional €12,250,000 for further equity investment in the Medina Tower project which during its planning stage has been extended from 26 floors to 40 floors accordingly requiring a corresponding level of further investment for an increased development comprising a significantly higher number of luxury apartments for sale and larger commercial and retail areas for letting (see section 5.2.2 of Part C of the Prospectus); and
2. in the amount of €8,750,000 for general corporate funding purposes, including the expenses related to this Bond Issue.

The above shall apply in the event that the Issuer exercises the Over-Allotment Option. If the Issue is not fully subscribed, or if despite the Issue being fully subscribed the Issuer elects not to exercise the Over-Allotment Option, the Issuer shall fund the balance required for the €31,250,000 investment referred to in (1) above as well as its general corporate funding requirements through a combination of bank financing and internal cash resources.

3.3 Risk factors

You should carefully consider the following matters, as well as the other information contained in the Prospectus, before making any investment decision with respect to the Issuer or the Bonds. This section contains mere highlights of the Risk Factors set out in detail in Part B of the Prospectus, which you are strongly advised to review, if necessary with the assistance of your own financial and other professional advisers, prior to making any investment decision with respect to the Issuer or the Bonds.

Information contained in this Prospectus contains “forward-looking statements”, which are subject to the qualifications discussed below. If any of the risks described were to materialise, they could have a serious effect on the Issuer’s financial results, trading prospects and the ability of the Issuer to fulfil its obligations under the Bonds to be issued.

3.3.1 Forward-looking statements

This Prospectus and the documents incorporated herein by reference or annexed hereto contain forward-looking statements that include, among others, statements concerning matters that are not historical facts and which may involve predictions of future circumstances. The Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements and no assurance can be given that the future results or expectations will be achieved.

3.3.2 General

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 UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED, CANCELLED OR REDEEMED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2017, UNLESS IT EXERCISES THE OPTION TO REDEEM ALL OR ANY PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN THIRTY (30) DAYS’ NOTICE. IN MAKING AN EARLY REDEMPTION AS AFORESAID, THE ISSUER RESERVES THE RIGHT TO REDEEM ANY ONE OR MORE OF THE EUR BONDS, GBP BONDS OR USD BONDS, IN WHOLE OR IN PART, AT THE DISCRETION OF THE ISSUER.

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 THIS 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 PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION NOR (II) SHOULD IT BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, 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.

3.3.3 Risks relating to the Group and its business

Limited trading history

The Issuer was incorporated in the year 2005, undertaking a strategy of rapid expansion. The Principal Subsidiary was incorporated in the year 2004. Since then the Issuer, through its Principal Subsidiary, has been involved in the planning, construction and development of the Palm City Residences Project, and it is only in the last quarter of 2009 that the Principal Subsidiary has commenced trading operations. The Principal Affiliate is in the process of being registered in Libya. Despite the Issuer’s close association with its shareholders, long-established players in foreign (including the Libyan) real estate, property and development markets, the Issuer, Principal Subsidiary and Principal Affiliate are subject to the risks and the difficulties frequently encountered by companies in the early stages of their development.

Political and Economic Risks

Whilst the Issuer and Principal Subsidiary are registered in Malta, all of their respective assets, operations, business interests and activities are located or conducted in Libya through a branch of the Principal Subsidiary. Accordingly, the Group is susceptible to the political and economic trends that may from time to time influence Libya's prospects. Negative political or economic factors and trends in or affecting Libya could have a material impact on the business of the Issuer.

Emerging Market

The Group has invested and, in the near future plans to continue investing, in the Libyan market. This market is presently considered an emerging market. Emerging markets present economic and political conditions which differ from those of the more developed markets. Furthermore, emerging markets could possibly present less social, political and economic stability, which could render investment in such markets more risky than investments in more developed markets. The implications and consequences of political, economic and social reform which may from time to time affect such emerging markets may not be entirely clear at the outset, and accordingly prospective investors should take into account the associated unpredictability.

The Group's prospects should be considered in the light of the risks and the difficulties generally encountered by companies operating in emerging markets. The value of the Group's investments may be affected by uncertainties, such as political and diplomatic developments, social and economic instability, as well as changes in government policies, taxation, high inflation, higher interest rates, exchange control and rules on expropriation, nationalisation and, or confiscation of assets.

The Libyan legal and judicial system may be different from that which some investors may be more familiar with in certain civil and common law jurisdictions and investors in Malta may consider such system as not providing, in various aspects, the level of comfort for investment which they are used to under the Maltese legal system or other civil and common law jurisdictions, and accordingly they may consider that the Company may face difficulties in enforcing its legal rights relating to the properties owned in Libya.

Businesses in emerging markets may not be operating in a market-oriented economy as known in more developed markets.

Property Development

The property development business of the Group is subject to a number of specific risks inherent in this field, including counter-party risks. If such risks, many of which are common to the real estate industry, were to materialise, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

The Group's indebtedness could adversely affect its financial position

The Issuer and Principal Subsidiary both have a material amount of debt. The Issuer may incur additional debt in connection with future development plans. Although it is intended that the Issuer maintains its debt-to-equity ratio at prudent levels, the amount of overall debt funding may increase were the need of financing for new developments to arise.

Until such time as borrowings under bank credit facilities which the Principal Subsidiary is party to are at variable interest rates, the Principal Subsidiary could be vulnerable to increases in interest rates. The agreements regulating such facilities contain financial covenants which: could limit the Principal Subsidiary's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally, or otherwise inhibit the ability to conduct necessary corporate activities; and which, subject to applicable grace periods, could render the Issuer liable, in its capacity as joint and several guarantor for the purposes of the facility, for defaults by the parties to the facility. Any cross-default provisions contained in such facilities could have a material adverse effect on the financial position of the Issuer. Pursuant to the terms of issue of the said bank credit facilities, the land on which the Palm City Residences Project has been constructed is subject to a land charge granting a right of preference and ranking to the lending banks in priority and preference to other creditors.

Reliance on the Corinthia Group and NREC

The Issuer will be relying heavily on the contacts and expertise of the Corinthia Group and NREC, its principal shareholders, if in connection with present or future developments it requires assistance in the application for and procurement of permits, licenses or other development authorizations from the competent authorities in Libya. However no assurance can be given that the Issuer or its shareholders will be able to use such contacts and expertise as and when required.

Reliance on key senior personnel and management

The Group's growth since inception is partially attributable to the efforts and abilities of the members of the executive management teams and other key personnel of the Issuer and Principal Subsidiary. If one or more of the members of these teams were unable or unwilling to continue in their present position, they may not be replaceable within the short term.

Risks inherent in forecasts

The projected revenues of the Group and of each of the Issuer, the Principal Subsidiary and the Principal Affiliate are described under the heading 'Future Earnings Expectations' in section 7B of Part C of this Prospectus. Forecasts are inherently subject to the risk of adverse unexpected events which may affect the revenue streams and profitability of the Group or of any of the Issuer, Principal Subsidiary or Principal Affiliate. The forecasts set out in this document are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have serious and material effects on the financial position and results of the Group. The said forecasts are therefore merely an illustration of a possible future outcome which may or may not occur and the Issuer, its directors, officers and advisers make no representation as to their accuracy or likelihood of occurrence.

Issuer's reliance on its investments in subsidiary and associated undertakings

As in the case of the €15 million 7.5% Bonds 2012-2014 issued by the Issuer pursuant to a Prospectus dated 7 November 2007 and the €20 million 7.5% Bonds 2015 issued by the Issuer pursuant to a Prospectus dated 15 July 2008, the payment of interest on the Bonds being issued pursuant to this Prospectus will, up to 2013, be funded principally by the dividend payouts of the Principal Subsidiary. The payment of dividends by the Principal Subsidiary will depend on, among other factors, its future profits, financial position, working capital requirements, general economic conditions and other factors that its board of directors deems significant and appropriate from time to time. Accordingly any occurrence that could impede or otherwise delay the cash flow generation from the Palm City Residences Project will have a detrimental impact on the Principal Subsidiary's ability to pay dividends, which in turn would have an adverse impact on the ability of the Issuer to meet the interest payments on their due date in the initial years of the Bonds' term.

The payment of interest by the Issuer in the later years of the Bonds' term and the payment of principal on redemption of the Bonds are expected to be funded not only by the cash flow generated by the Palm City Residences Project as aforesaid, but also by the cash flow which is expected to be generated by the new projects to be undertaken by the Issuer (See section 4.2 of Part A of this Prospectus). Accordingly, though not limitedly, any occurrence that could impede or otherwise delay the cash flow generation from the Medina Tower Project could have a detrimental impact on the Principal Affiliate's ability to pay dividends, which in turn could have an adverse impact on the ability of the Issuer to meet the interest payments on their due date in the later years of the Bonds' term.

Prior Ranking Charges

For the purposes of part funding the Palm City Residences Project, the Principal Subsidiary has secured a syndicated loan facility presently amounting to €60 million. Pursuant to the terms of issue of the said facility, the property of the Principal Subsidiary is subject to a land charge granting a right of preference and ranking to the lending banks in priority and preference to other creditors.

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt. Accordingly in terms of priority the Bonds rank subsequent to the said secured facility.

In essence, the above means that for so long as the Issuer may have secured, privileged or other higher-ranking creditors (which in respect of the Issuer is not the case as at the date of this Prospectus), in the event of insolvency of the Issuer, the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer.

Furthermore, subject to the negative pledge clause (Section 4 of Part I of Annex I to this Prospectus), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. Investors ought to note that the Issuer undertakes that any future indebtedness it may create with its shareholders, or any of them, shall at all times be under terms and conditions that the maturity for repayment of such debt shall fall after the Redemption Date and that any such indebtedness shall be subordinated to the rights of Bondholders.

The Group may be exposed to certain financial risks

The Group's activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk) and credit risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of those risks on the financial performance of the Issuer and Principal Subsidiary. Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows.

Exchange Rate Risk

The Issuer's overseas operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

3.3.4 Considerations relating to the Bonds

General

- The value of investments can go up or down and past performance is not necessarily indicative of future performance. If in need of advice, you should consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act, Cap. 370 of the Laws of Malta.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (EUR, GBP or USD) and the Bondholder's currency of reference, if different.
- 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.
- The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of Annex I Part I of Section 6), together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds or of a particular denomination of Bonds and there can be no guarantee that the Bondholders may be able to re-invest the proceeds of such redemption at equivalent or higher rates of return.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders in accordance with the provisions of Annex I Part I of Section 10). These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- The terms and conditions of this Bond Issue are based on Maltese law 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 Maltese law or administrative practice after the date of this Prospectus.
- The funds or assets constituting the sinking fund (as described in Section 20.11 of this Prospectus) shall be held by a custodian for the benefit of the Issuer. In accordance with Section 302 of the Companies Act (Cap 386 of the laws of Malta), in the event of winding up of the Issuer, the assets of which are insufficient to meet the liabilities, the right of secured and unsecured creditors (which include the Bondholders) and the priority and ranking of their debts shall be regulated by the law for the time being in force. Accordingly, in view of the unsecured rights of Bondholders under the Bonds, any secured creditors of the Issuer shall have recourse to the funds or assets constituting the sinking fund to satisfy their secured claims with priority over Bondholders.

Trading and Liquidity

On 7 November 2007 Mediterranean Investments Holding p.l.c. issued the equivalent of €15,000,000 worth of bonds 2012-2014 of a nominal value of Lm100 or €100, as applicable, at par and bearing interest at the rate of 7.5% per annum. Subsequently, on 15 July 2008 Mediterranean Investments Holding p.l.c. issued the equivalent of €20,000,000 worth of bonds 2015 of a nominal value of €100, at par and bearing interest at the rate of 7.5% per annum. Both bonds were listed on the Alternative Companies List of the Malta Stock Exchange and have since traded constantly above par. Although originally both bonds were listed on the Alternative Companies List of the MSE, application has been made for the upgrade of such bonds' listing to the Official List of the MSE. The following investment considerations in relation to Trading and Liquidity of the Bonds should be taken into account:

- The liquidity of the market depends on factors beyond the Issuer's control which could impact the trading value of the Bonds such as the willingness or otherwise of potential buyers and sellers of the Bonds.
- The trading value of the Bonds may also be impacted by other factors such as the time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally;
- There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. There can be no assurance, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Offer Price;
- Prior to the Bond Issue, there has been no public market nor trading record within or outside Malta for the Bonds being issued pursuant to this Prospectus. Due to the absence of any prior market for the said Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

4. Information about the Issuer

4.1 Historical Development

The Issuer, which was established on 12 December 2005 with the name Mediterranean Investments Holding Limited, was set up as a private limited liability company and subsequently converted, on the 6 November 2007, into a public limited liability company with the name Mediterranean Investments Holding p.l.c. The Issuer, which is registered and domiciled in Malta in terms of the Act with company registration number C 37513, has its registered office at 22, Europa Centre, Floriana, FRN 1400, Malta. The telephone number of the registered office is +356 2123 3141.

4.2 Business Overview

The Issuer's principal investment objectives have, since inception, focused on the acquisition and development of real estate opportunities in North Africa. The Issuer has also acquired interests in companies operating in business lines ancillary to project development, including project management and supply chain logistics. The said principal and ancillary investment objectives of the Issuer are better described in the remainder of this section 4.2 of Part A of the Prospectus.

4.2.1 The Palm City Residences Project

The Principal Subsidiary is in the final stages of completing the development of the Palm City Residences Project, a 413-residential unit seaside gated complex that includes residences ranging from one-bedroom apartments to four-bedroom detached villas. The development, located in Janzour, Libya, is developed over a 171,000 square metre land plot (including beach area) enjoying a 1.3 km shorefront. This development creates a village-type environment offering a host of amenities and leisure facilities that include a piazza, supermarket, a variety of retail shops, a laundry, health clinic, a number of catering outlets and cafes, and various indoor and outdoor sports facilities, all within a secured village-type environment.

Concurrently with the completion of the last outstanding works on the project, a phased and gradual handing over of finished units to the operations team is being carried out on an ongoing basis. The operations team is focusing on the dual objective of ensuring that it delivers an excellent service to Palm City's residents now and subsequent to the commencement of full operations of all its amenities, and of leasing out the remaining units. As at the 16 May 2010, 74 lease agreements for a total of 282 units have been or were in the process of being concluded. Of these, 150 units are already inhabited. Negotiations for leasing of all of the remaining presently unoccupied units are in their final stages and are expected to be concluded in the coming months.

72% of leases already entered into are for a 5-year term at pre-agreed incrementing rates.

The Property

On 5 December 2009 the board of directors of the Principal Subsidiary commissioned the local firm of architects DeMicoli and Associates to prepare the Expert Valuation report on the Palm City Residences. The Expert Valuation is appended to this Prospectus as Annex III, and is available for inspection as set out in section 10 of Part A of this Prospectus.

On the basis of the computations reported in the said Valuation, the open market value of the Palm City Residences Project as at the date of the Valuation is estimated at €260.9 million. By end December 2009, the open market value based on current prices and market conditions was estimated at €232 million. In light of these findings, the Board of Directors resolved to revalue the Palm City Residences land and buildings by increasing its carrying cost to €226.6 million. Also on the basis of the computations reported in the said Valuation, the value of the project on maturity, which is expected to take place between the first and second year of operation (2010 – 2011), has been estimated at €275 million. In this respect, it is relevant to note that the projected rental revenue from the 413 luxury residences forming part of the project, which are being offered on leases for a term of two to five years (with the majority – 72% - being for a 5 year term), is expected to amount to circa €25.6 million per annum if, as expected, 95% of the residential units and all the retail outlets are rented out by the project's second year of operation (2011).

The Land

Legal title to the land on which the Palm City Residences Project has been constructed was acquired by CPHCL by virtue of a 99-year lease agreement entered into on 5 July 2006. By virtue of another agreement dated 6 July 2006 CPHCL entered into a build, operate and transfer agreement with the Principal Subsidiary.

The Principal Subsidiary and CPHCL are negotiating the assignment of the 99 year lease from CPHCL to the Principal Subsidiary and the termination of the build, operate and transfer agreement. Subject to such being successfully concluded, the Principal Subsidiary shall constitute the title holder in respect of the remaining period of the original 99 year lease, which expires on 4 July 2105.

4.2.2 Medina Tower

The Medina Tower project comprises the development of a 40-storey high-rise tower on the seafront of Tripoli's centre in Libya. The proposed high-end development is planned to be constructed over 11,000 square metres of land in the centre of Tripoli's commercial district, located in close proximity of the Burj Al Fatah Office Tower on Tripoli's main boulevard and adjacent to other high-rise developments. The Medina Tower, which would be overlooking the city centre's landscaped public gardens and the seashore, is planned to comprise approximately: 58,000 square metres of accommodation (in part to be sold and in part to be leased out as serviced apartments); 23,000 square metres of office space for rent; 22,000 square metres of retail, conference, leisure and food and beverage facilities for rent; and 36,000 square metres of underground parking that will cater for up to 1,000 car parking spaces.

As explained earlier in the Prospectus, the Issuer shall be investing in the Medina Tower project through the Principal Affiliate.

The Principal Affiliate is currently considering tenders for the necessary construction management service contract with a number of contractors of international repute. This contract is expected to provide for a guaranteed maximum price for the development, construction and completion of the building. A contract for the provision of design consultancy services and supervision of architectural, structural and civil works for the project is also under advanced negotiation with architect firms Paul Camilleri & Associates of Malta and the Sidell Gibson Partnership LLP of the United Kingdom. Construction of Medina Tower is planned to take 48 months to complete and, subject to unforeseen delays, the first tenants are expected to move in during the first half of 2014.

4.2.3 Project Management

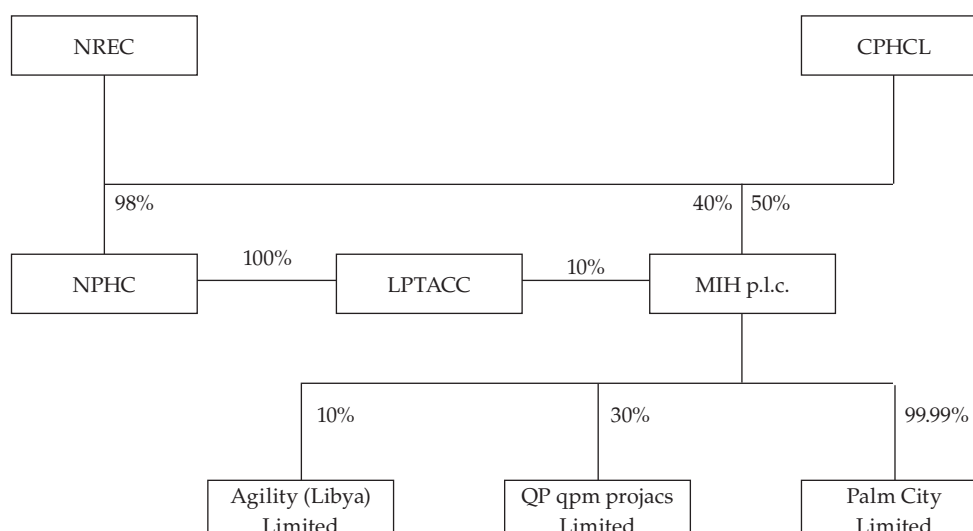
The Issuer has a 30% holding in QP qpm-projacs Limited, a company registered in Malta involved in the field of project management. A number of factors beyond the control of the shareholders and directors of this joint venture company have significantly hindered its continued operations. The board of directors is assessing the company's ability to efficiently conduct its business with a view to determining the most appropriate course of action to be taken in the near future. The Board is of the view that in light of the limited investment made by the Issuer in this joint venture, in the event that QP qpm-projacs Limited were to further reduce or altogether cease its operations this would not have an impact, material or otherwise, on the performance or asset value of the Group.

4.2.4 Supply Chain Logistics

The Issuer also has a 10% holding in Agility (Libya) Limited, a company set up with the objective of providing supply chain logistics to retail and wholesale operators that wish to outsource certain kinds of services to experts in this field. The remaining 90% of shares in Agility (Libya) Limited are held by Global Logistics for General Trading and Contracting Co. W.L.L., an established business within the NREC group of companies providing such supply chain services to a number of industries in 450 locations worldwide.

4.3 Shareholding structure

The following chart outlines the shareholding structure relative to the Issuer as well as the Issuer's interests in the Principal Subsidiary and associate companies QP qpm-projacs Limited and Agility (Libya) Limited.



5. Trend information

There have been no material adverse changes in the prospects of the Issuer since the date of its last published audited consolidated financial statements.

At the time of publication of this Prospectus, the Issuer considers that generally it shall be subject to the political and economic risks associated with Libya and the normal business risks associated with the industries in which it is involved, and, barring unforeseen circumstances particularly in the political and economic sphere, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer and its business, at least with respect to the current financial year. The combined experience gained by the Group through the Principal Subsidiary's development of the Palm City Residences Project, by the Corinthia Group, particularly through the development and operation of the Bab Africa Hotel in Tripoli, and by NREC, through its unique competences in the development and management of retail malls and in the operation of logistics and warehousing centres in 450 locations worldwide, is expected to mitigate the risks inherently associated with the Libyan market, even more so in view of Libya's continued emergence from political isolation following the lifting of UN- and US-imposed sanctions in 2003 and 2004 respectively.

What follows is a brief synopsis of the factors and trends expected in the key areas of operation of the Issuer in the foreseeable future, which are set out in detail in section 7A of Part C of this Prospectus.

As further residential units forming part of Palm City Residences are rented out and the retail, food and beverage and leisure facilities of the complex commence operations, the Principal Subsidiary is focusing its efforts on a continued phased handing over to the operations management team. This objective is expected to be substantially achieved in the first half of 2010. The operations team will be focusing on the provision of all services under its responsibility whilst the occupancy level steadily increases throughout the year. From 2011 onwards it is then expected that Palm City Residences will be running practically at full occupancy¹ and achieving stabilised profitability levels from then onwards. It is expected that by end 2012 Palm City Residences would have reduced its debt obligations by close to 50%.

Generally, following 2010, the company's trends will be characterised by stabilised income streams from the Palm City Residences Project, with marginal fluctuations in income streams emanating from ancillary activities and services provided within the complex.

The risk profile of the Issuer may change depending on: the capital commitments which the Medina Tower and other possible future projects may require; the exposure of the Issuer to the typical industry risks pertaining to a project of this nature; the exposure of the Issuer to the risks pertaining to the provision of high-end serviced apartments, offices and retail space.

A detailed economic overview and assessment of the key economic indicators prevailing in Libya, particularly Tripoli, which is presently the Principal Subsidiary's primary market, are set out in section 7A of Part C of the Prospectus, featuring an assessment of:

- the macroeconomic outlook;
- the market for luxury accommodation in Tripoli;
- the market for disposal of luxury accommodation in Tripoli; and
- the market for rental of retail spaces in Tripoli.

6. Management and Employees

6.1 Directors

The Issuer is managed by a Board of Directors consisting of seven members, which is entrusted with the overall direction, administration and management of the Issuer. The Board consists in its entirety of Non-Executive Directors. The responsibility of the Directors is a collective one, although within the structure of a unitary board, the main functions of the Directors are in practice complementary.

The Board of Directors is responsible for:

- the Issuer's day-to-day management;
- the identification and execution of new investment opportunities;
- the funding of the Issuer's acquisitions;
- the consideration for approval of all proposed acquisitions of the Issuer;
- the negotiating and executing of management contracts of the Issuer's properties in the case of operational properties; and
- the negotiating and awarding of project contracts in the case of the development of new properties.

¹ Targeted at 95%.

6.2 Remuneration of Directors

In terms of the Memorandum and Articles of Association, the Directors shall be paid such amount of remuneration as may be so agreed by an extraordinary resolution of the shareholders of the Issuer. Since the date of the Issuer's formation, no extraordinary resolution has been taken for this purpose.

6.3 Employees

As at 30 April 2010 the Group employed 104 members of staff, 86 of whom work in operations and the remaining 18 in administration.

6.4 Major Shareholders

CPHCL currently holds 50% of the share capital of the Issuer, with NREC holding 40% and LPTACC holding the remaining 10%. LPTACC is a fully owned subsidiary of NPHC which in turn is 98% owned by NREC.

6.5 Related Party Transactions

The Issuer is party to a management and support services agreement (the "MSS Agreement") with CPHCL in connection with the provision by CPHCL of management services at the strategic level of the Issuer's business. The terms of the MSS Agreement are set out in detail in section 6 of Part C of this Prospectus.

The Principal Subsidiary and QPM Limited, a company incorporated in Malta and wholly owned by CPHCL and its subsidiaries, are party to a Client's Agent Services agreement in terms of which QPM Limited provides services to the Principal Subsidiary that include project and construction management services, quantity surveying, supervising and coordinating all types of construction and building contracts, and generally consultancy services of all types including but not limited to architectural, structural and civil engineering, mechanical and electrical services design and interior design.

The Principal Subsidiary is also party to agreements with Corinthia Construction Overseas Ltd, a company incorporated in Malta and wholly owned by CPHCL and its subsidiaries, active in the business of concrete products manufacturing, reinforced steel processing, general builders merchant activities, import, export and distribution of construction materials and components, plant and equipment.

7. Financial information

The following financial information about the Issuer and Principal Subsidiary is available for inspection as set out in section 10 below of Part A of this Prospectus:

- (a) Audited Consolidated Financial Statements of the Issuer for the financial years ended 31 December 2007, 2008 and 2009;
- (b) Audited Financial Statements of the Principal Subsidiary for the financial years ended 31 December 2007, 2008 and 2009.

There have been no significant changes to the financial or trading position of the Issuer and the Principal Subsidiary since the end of the financial period to which the last Audited Financial Statements referred to in paragraphs (a) and (b) respectively relate.

8. Details of the Bond Issue

8.1 The Bond Issue

The Issuer is making an offering of the equivalent of €30,000,000 aggregate principal amount of Bonds which are being offered and made available to investors in any one or any combination of the Euro, Pound Sterling and US Dollar currencies. The actual amount of EUR Bonds, GBP Bonds and USD Bonds will depend on the value of the Applications received for the Bonds. Accordingly, the Issuer may issue up to a maximum of:

- (a) €30,000,000 EUR Bonds of a nominal value of €100 each Bond, issued at par and redeemable at €100 each EUR Bond on the Redemption Date, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Early Redemption Dates; or
- (b) £25,020,000 GBP Bonds (amount calculated on the basis of the £ Rate of Exchange) of a nominal value of £100 each Bond, issued at par and redeemable at £100 each GBP Bond on the Redemption Date, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Early Redemption Dates; or
- (c) \$36,240,000 USD Bonds (amount calculated on the basis of the \$ Rate of Exchange) of a nominal value of \$100 each Bond, issued at par and redeemable at \$100 each USD Bond on the Redemption Date, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Early Redemption Dates; or
- (d) Any combination of the above provided that the aggregate principal amount of the Bonds issued shall not exceed the total value of €30,000,000. For the purpose of ascertaining the aggregate principal amount of the GBP Bonds and USD Bonds, reference will be made to the £ Rate of Exchange (against the €) and the \$ Rate of Exchange (against the €) respectively.

In the event that during the Offer Period the Issuer receives applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €30,000,000 and the Issuer elects to exercise the Over-Allotment Option, the issue of the Bonds shall be increased by the equivalent of an additional €10,000,000, up to a maximum combined aggregate Issue amount equivalent to €40,000,000 of Bonds issued pursuant to this Prospectus.

Depending on the currency in which Applications for the Bonds are received, the Issuer reserves the right to issue and allocate Bonds in any one or in any combination of EUR Bonds, GBP Bonds and USD Bonds, provided that the Issuer shall allot any amounts received up to the equivalent of €3,000,000 in value of each of EUR Bonds, GBP Bonds and USD Bonds.

In respect of any amount applied for in excess of the equivalent of €3,000,000, the Issuer may, at its sole discretion, elect to issue and allocate the bonds in any one or a combination of EUR Bonds, GBP Bonds and USD Bonds. Accordingly, in allocating the amount applied for in excess of such amount, the Issuer may elect to allocate any one or more of the EUR Bonds, the GBP Bonds or the USD Bonds with preference over the other type/s of Bonds.

In respect of each of paras (a), (b) and (c) hereof, in making an early redemption the Issuer reserves the right to redeem any one or more of the EUR Bonds, GBP Bonds or USD Bonds, in whole or in part, at the discretion of the Issuer.

8.2 Admission to Trading

Application has been made to the Listing Authority for the admissibility of the Bonds to listing on a Regulated market. In addition, application has also been made to the Malta Stock Exchange for the Bonds to be admitted to trading on the Official List. The Bonds are expected to be admitted to the Official List of the Malta Stock Exchange with effect from 6 August 2010 and trading is expected to commence on 9 August 2010.

8.3 Plan for Distribution

The Issuer is making an offering of Bonds for subscription to the general public in Malta. The Bonds will be available for subscription during the Offer Period commencing on 12 July 2010 up to and including 16 July 2010, subject to the right of the Issuer to close subscription lists before such date in the case of over-subscription.

The terms and conditions applicable to any Application for Bonds are set out in the Terms and Conditions of Application contained in Part D of this Prospectus.

During the Issue Period, Applications for subscription to the Bonds may be made through the Sponsor or any of the Authorised Financial Intermediaries. The Bonds are open for subscription to all categories of investors.

8.4 Placing Arrangements and Public Offer

The Bonds shall be available for subscription in three stages: -

- (a) By Authorised Financial Intermediaries for the account of their clients during the Pre-Placement Period pursuant to, *inter alia*, the provisions of Section 8.4.1 of this Summary Note;
- (b) By Preferred Applicants through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of Section 8.4.2 of this Summary Note; and
- (c) By the general public through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of Section 8.4.4 of this Summary Note.

8.4.1 Pre-Placement Period

Prior to the commencement of the Issue Period, the Issuer intends to enter into conditional placement agreements with Authorised Financial Intermediaries (the “**Placement Agreements**”) with respect to the subscription of Bonds, up to an amount not exceeding €15,000,000, that is 37.50% of the maximum combined aggregate amount of Bonds being issued (including the Over-Allotment Option) (the “**Placed Portion**”). The Placement Agreements and the obligations of the Issuer and Authorised Financial Intermediaries arising therefrom will be subject, *inter alia*, to the admission to trading of the Bonds on the Official List of the Malta Stock Exchange. Each Placement Agreement will become binding on both the Issuer and the Authorised Financial Intermediaries upon delivery, subject to the Issuer having received all subscription proceeds in clear funds on delivery of the Placement Agreement.

Authorised Financial Intermediaries may submit the completed Placement Agreements together with subscription proceeds in clear funds on 9 July 2010 (the “**Pre-Placement Period**”).

The minimum subscription amount for each Application lodged with Authorised Financial Intermediaries during the Pre-Placement Period shall be €5,000 for the EUR Bonds, £5,000 for the GBP Bonds and \$5,000 for the USD Bonds. Applications in a single name for a lesser amount shall not be eligible for the Placed Portion and shall be disregarded.

8.4.2 Preferred Applicants

The Issuer has reserved €15,000,000, that is, 37.50% of the maximum combined aggregate amount of Bonds being issued (including the Over Allotment Option), for subscription by Preferred Applicants (the “**Preferred Portion**”). Such Preferred Applicants shall receive a pre printed Application Form by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with clear funds on 8 July 2010 (the “**Preferred Applicants’ Period**”).

Each Application submitted by a Preferred Applicant shall be accompanied by the subscription proceeds in clear funds on the day of submission of the relevant Application.

For each pre-printed Application lodged with Authorised Financial Intermediaries during the Preferred Applicants’ Period: in the case of EUR Bonds the minimum subscription amount shall be €1,000 whereas the maximum subscription amount shall not exceed €250,000; in the case of GBP Bonds the minimum subscription amount shall be £1,000 whereas the maximum subscription amount shall not exceed £250,000; in the case of USD Bonds the minimum subscription amount shall be \$1,000 whereas the maximum subscription amount shall not exceed \$250,000. Applications in a single name for an amount lower than the said minimum threshold or in excess of the said maximum threshold shall not be eligible for the Preferred Portion and shall be disregarded.

8.4.3 Treatment of Placed Portion and Preferred Portion

The Placed Portion and the Preferred Portion shall be subject to the following limits:

- (i) The Authorised Financial Intermediaries shall be entitled to subscribe to up to a maximum aggregate amount of fifteen million Euro (€15,000,000) pursuant to the Placement Agreements; and
- (ii) The Preferred Applicants shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of fifteen million Euro (€15,000,000).

The above shall be subject to the following:

- (a) any amount not taken up by Authorised Financial Intermediaries for the benefit of their clients under (i) above shall be available for subscription by Preferred Applicants in addition to the amount reserved for Preferred Applicants, subject to a combined limit of thirty million Euro (€30,000,000). In the event that Applications submitted by Preferred Applicants are in excess of the said amount, any unsatisfied part of such Applications shall automatically participate during the Issue Period *pari passu* with other Applicants;
- (b) any amount not taken up by Preferred Applicants under (ii) above shall be available to Authorised Financial Intermediaries for the benefit of their clients during the Pre Placement Period, subject to a combined limit of thirty million Euro (€30,000,000). In the event that subscriptions received from Authorised Financial Intermediaries pursuant to the Placement Agreements are in excess of the said amount, such subscriptions shall be scaled down and the unsatisfied applications or part thereof shall automatically participate during the Issue Period *pari passu* with other Applicants.

8.4.4 Public Offer

The balance of the Bonds not subscribed to during the Pre-Placement Period and the Preferred Applicants' Period shall be offered and issued to the general public during the Issue Period.

Preferred Applicants are also at liberty to apply for Bonds during the Issue Period, provided that at that stage no preference will be provided to their application.

8.5 Estimated Expenses of the Bond Issue

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management and registrar fees, selling commission and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €500,000, or in the case of the exercise by the Issuer of the Over-Allotment Option €600,000, and shall be borne by the Issuer.

The overall amount of the placing commission payable to the Authorised Financial Intermediaries will not exceed €255,000, or, in the case of the exercise by the Issuer of the Over-Allotment Option, €340,000.

9. Additional Information

9.1 Share Capital

The Issuer has an authorised share capital of €100,000,000 divided into 50,000,000 Ordinary 'A' shares of €1.00 each and 50,000,000 Ordinary 'B' shares of €1.00 each. The Issuer has an issued share capital of €48,002,000 divided into 24,001,000 Ordinary 'A' shares of €1.00 each, fully paid up, and 24,001,000 Ordinary 'B' shares of €1.00 each, fully paid up. CPHCL holds 24,001,000 Ordinary 'A' shares of €1.00 each, NREC holds 19,200,800 Ordinary 'B' shares of €1.00 each and LPTACC holds 4,800,200 Ordinary 'B' shares of €1.00 each.

9.2 Memorandum and Articles of Association

The Memorandum and Articles of Association of the Issuer (C 37513), described in section 15.2 of Part C of this Prospectus, are registered with the Registry of Companies and are available for inspection during the lifetime of this Prospectus at the registered office of the Issuer and at the Registrar of Companies of the Malta Financial Services Authority.

10. Documents Available for Inspection

For the duration period of this Prospectus the following documents shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association;
- (b) Audited Consolidated Financial Statements of the Issuer for the financial years ended 31 December 2007, 2008 and 2009;
- (c) Audited Financial Statements of the Principal Subsidiary for the financial years ended 31 December 2007, 2008 and 2009;
- (d) Profit Forecasts of the Issuer for the eight years ending 31 December 2017 together with the accountants' report thereon; and
- (e) Architect's Valuation Report of the Palm City Residences.

Part B - RISK FACTORS

You should carefully consider the following matters, as well as the other information contained in this Prospectus, before making any investment decision with respect to the Issuer.

1.1 Forward-looking statements

This Prospectus and the documents incorporated herein by reference or annexed hereto contain forward-looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances.

Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties, and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's Directors include those risks identified under the heading "Risk Factors", and elsewhere in the Prospectus. If any of the risks described were to materialise, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to fulfill its obligations under the securities to be issued. Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by such statements and no assurance is given that the future results or expectations will be achieved.

1.2 General

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 UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2017, UNLESS IT EXERCISES THE OPTION TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN THIRTY (30) DAYS' NOTICE. IN MAKING AN EARLY REDEMPTION AS AFORESAID, THE ISSUER RESERVES THE RIGHT TO REDEEM ANY ONE OR MORE OF THE EUR BONDS, GBP BONDS OR USD BONDS, IN WHOLE OR IN PART, AT THE DISCRETION OF THE ISSUER.

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 THIS 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 PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, 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.

1.3 Risks relating to the Group and its business

Limited trading history

The Issuer was incorporated in the year 2005, undertaking a strategy of rapid expansion. The Principal Subsidiary was incorporated in the year 2004. Since then the Issuer, through its Principal Subsidiary, has been involved in the planning, construction and development of the Palm City Residences Project, and it is only in the last quarter of 2009 that the Principal Subsidiary has commenced trading operations. Despite the Issuer's close association with its shareholders, long-established players in foreign (including the Libyan) real estate, property and development markets, the Issuer and Principal Subsidiary are subject to the risks and the difficulties frequently encountered by companies in the early stages of their development.

This Prospectus is designed to provide the prospective investor with sufficient information about the Issuer's shareholders to enable such investor to make an informed judgment as to the business of the Issuer.

Political and Economic Risks

Whilst the Issuer and Principal Subsidiary are registered in Malta, all of their respective assets, operations, business interests and activities are located or conducted in Libya through a branch of the Principal Subsidiary. Furthermore, the Group's business activities over the coming years are expected to be focused on and aimed at the acquisition of real estate developments in Libya for the purpose of development into offices, retail malls, hotels and residential units. Accordingly, the Group is susceptible to the political and economic trends that may from time to time influence Libya's prospects. Negative political or economic factors and trends in or affecting Libya could have a material impact on the business of the Issuer.

Emerging Market

Further to the risk set out in the preceding section entitled Political and Economic Risk, prospective investors should note that emerging markets present economic and political conditions which differ from those of the more developed markets, could possibly present less social, political and economic stability, which could render investment in such markets more risky than investments in more developed markets. As an emerging market, the Libyan market may tend to undergo substantial political, economic and social reform, and the implications and consequences of reform may not be entirely clear at the outset. The consequences may be profound and accordingly prospective investors should take into account the unpredictability associated thereto.

The Group's prospects should be considered in the light of the risks and the difficulties generally encountered by companies operating in emerging markets. The value of the Group's investment may be affected by uncertainties, such as political and diplomatic developments, social and economic instability, as well as changes in government policies, taxation, high inflation, higher interest rates, exchange control and rules on expropriation, nationalisation and/or confiscation of assets.

The Libyan legal and judicial system may be different from that which some investors may be more familiar with in certain civil and common law jurisdictions and investors in Malta may consider such system as not providing, in various aspects, the level of comfort for investment which they are used to under the Maltese legal system or other civil and common law jurisdictions, and accordingly they may consider that the Company may face difficulties in enforcing its legal rights relating to the properties owned in Libya.

Businesses in emerging markets may not be operating in a market-oriented economy as known in more developed markets.

Property Development

The main pillar of the Group's business consists of the acquisition, development and running of real estate projects in Libya. Property development projects are subject to a number of specific risks inherent in this field – the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of rental transactions not being effected at the prices and within the timeframe envisaged; higher interest costs; and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

Furthermore, the Group is subject to various counter-party risks, including the risk of counter-parties, such as contractors and sub-contractors engaged in the demolition, excavation, construction and finishing of developments in which the Group may be involved, and prospective lessors and/or purchasers defaulting on their obligations with the Group. Such parties (which may include both third parties as well as related parties) may fail to perform or default on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control.

If such risks, many of which are common to the real estate industry, were to materialize, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

The Group's indebtedness could adversely affect its financial position

The Issuer and Principal Subsidiary both have a material amount of debt, and the Issuer may incur additional debt in connection with future development plans. Although it is intended that the Issuer maintains its debt-to-equity ratio at prudent levels, the amount of overall debt funding may increase were the need of financing for new developments to arise.

Until such time as borrowings under bank credit facilities which the Principal Subsidiary is party to are at variable interest rates, the Principal Subsidiary could be vulnerable to increases in interest rates. The agreements regulating such facilities contain financial covenants which: could limit the Principal Subsidiary's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally, or otherwise inhibit the ability to conduct necessary corporate activities; and which, subject to applicable grace periods, could render the Issuer liable, in its capacity as joint and several guarantor for the purposes of the facility, for defaults by the parties to the facility. Any cross-default provisions contained in such facilities could have a material adverse effect on the financial position of the Issuer. Pursuant to the terms of issue of the said bank credit facilities, the land on which the Palm City Residences Project has been constructed is subject to a land charge granting a right of preference and ranking to the lending banks in priority and preference to other creditors.

Reliance on the Corinthia Group and NREC

The Issuer will be relying heavily on the contacts and expertise of the Corinthia Group and NREC, its principal shareholders, if in connection with present or future developments it requires assistance in the application for and procurement of permits, licenses or other development authorizations from the competent authorities in Libya. However no assurance can be given that the Issuer or its shareholders will be able to use such contacts and expertise as and when required.

The involvement of CPHCL and NREC in the Issuer is considered to be an important factor for the success of the Issuer, and for reasons such as those set out in the preceding paragraph, the dilution of their interest in the Issuer could, if it were to occur, have an adverse effect on the Issuer.

Reliance on key senior personnel and management

The Group's growth since inception is partially attributable to the efforts and abilities of the members of the executive management teams and other key personnel of the Issuer and Principal Subsidiary. If one or more of the members of these teams were unable or unwilling to continue in their present position, they may not be replaceable within the short term.

Risks inherent in forecasts

The projected revenues of the Group and of each of the Issuer, the Principal Subsidiary and the Principal Affiliate are described under the heading 'Future Earnings Expectations' in section 7B of Part C of this Prospectus. Forecasts are inherently subject to the risk of adverse unexpected events which may affect the revenue streams and profitability of the Group or of any of the Issuer, Principal Subsidiary or Principal Affiliate. The forecasts set out in this document are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have serious and material effects on the financial position and results of the Group. The said forecasts are therefore merely an illustration of a possible future outcome which may or may not occur and the Issuer, its directors, officers and advisers make no representation as to their accuracy or likelihood of occurrence.

Issuer's reliance on its investments in subsidiary and associated undertakings

The timely payment of interest payable on the Bonds by the Issuer could be negatively conditioned by unforeseen negative trends affecting the operations of the Principal Subsidiary which could significantly impinge on its (the Principal Subsidiary's) cash flow.

As in the case of the €15 million 7.5% Bonds 2012-2014 issued by the Issuer pursuant to a Prospectus dated 7 November 2007 and the €20 million 7.5% Bonds 2015 issued by the Issuer pursuant to a Prospectus dated 15 July 2008, the payment of interest on the Bonds being issued pursuant to this Prospectus will, up to 2013, be funded principally by the dividend payouts of the Principal Subsidiary. The payment of dividends by the Principal Subsidiary will depend on, among other factors, its future profits, financial position, working capital requirements, general economic conditions and other factors that its board of directors deems significant from time to time. Accordingly any occurrence that could impede or otherwise delay the cash flow generation from the Palm City Residences Project will have a detrimental impact on the Principal Subsidiary's ability to pay dividends, which in turn would have an adverse impact on the ability of the Issuer to meet the interest repayments on their due date in the initial years of the Bonds' term.

The payment of interest by the Issuer in later years of the Bonds' term and the payment of principal on redemption of the Bonds are expected to be funded not only by the cash flow generated by the Palm City Residences Project as aforesaid, but also by the cash flow which is expected to be generated by the new projects to be undertaken by the Issuer (See section 5.2 of Part C of this Prospectus), particularly through the real estate assets which shall be up for sale in the initial years of operation.

Accordingly, though not limitedly, any occurrence that could impede or otherwise delay the cash flow generation from the Medina Tower project could have a detrimental impact on the Principal Affiliate's ability to pay dividends, which in turn could have an adverse impact on the ability of the Issuer to meet the interest payments on their due date in the later years of the Bonds' term.

Furthermore, in respect of both the Palm City Residences Project and the Medina Tower project, the Group could in the future face competition from other residential properties in their respective areas of operation. The principal factors which the Issuer expects could affect these projects' ability to both attract new tenants as well as retain tenants beyond the term of their lease are, amongst others:

- the availability of other residential properties;
- the quality of the amenities and facilities offered;
- the convenience and location of the residential property;
- transport infrastructure ;
- the age and quality of the building in comparison to competing properties;
- the number of people who work in the Tripoli catchment area;
- the strength of tenant demand; and
- fluctuations in rental rates and property values of the Group's projects as well as of property in and around Tripoli generally.

Prior Ranking Charges

For the purposes of part funding the Palm City Residences Project, the Principal Subsidiary has secured a syndicated loan facility presently amounting to €60 million. Pursuant to the terms of issue of the said facility, the property of the Principal Subsidiary is subject to a land charge granting a right of preference and ranking to the lending banks in priority and preference to other creditors. The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt.

Accordingly in terms of priority the Bonds rank subsequent to the said secured facility. Furthermore, subject to the negative pledge clause (Section 4 of Part I of Annex I to this Prospectus), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. Investors ought to note that the Issuer undertakes that any future indebtedness it may create with its shareholders, or any of them, shall at all times be under terms and conditions that the maturity for repayment of such debt shall fall after the Redemption Date and that any such indebtedness shall be subordinated to the rights of Bondholders.

The Group may be exposed to certain financial risks, including interest rate risk

The Group's activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk) and credit risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of those risks on the financial performance of the Issuer and Principal Subsidiary.

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. The Group may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows if any future borrowings are made under bank credit facilities set at variable interest rates. Although in such a case the Group may seek to hedge against interest rate fluctuations, this may not always be economically viable. Furthermore, the possibility of hedging may in future be curtailed due to the unavailability or limited availability of hedging counterparties. An increase in floating interest rates which is not hedged by the Group may have a material adverse effect on its business, financial condition and results of operations.

Exchange Rate Risk

The Issuer's overseas operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

1.4 Considerations relating to the Bonds

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisers, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus.

General

- The value of investments can go up or down and past performance is not necessarily indicative of future performance. If in need of advice, you should consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act, Cap. 370 of the Laws of Malta.

- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (Euro, GBP or USD, as the case maybe) and the Bondholder's currency of reference, if different.
- 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.
- The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of Section 6 of Part I of Annex I of the Prospectus), together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds or of a particular denomination of Bonds and there can be no guarantee that the Bondholders may be able to re-invest the proceeds of such redemption at equivalent or higher rates of return.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders in accordance with the provisions of Section 10 of Part I of Annex I of the Prospectus). These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- The terms and conditions of this Bond Issue are based on Maltese law 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 Maltese law or administrative practice after the date of this Prospectus.
- The funds or assets constituting the sinking fund (as described in Section 20.11 of this Prospectus) shall be held by a custodian for the benefit of the Issuer. In accordance with Section 302 of the Companies Act (Cap 386 of the laws of Malta), in the event of winding up of the Issuer, the assets of which are insufficient to meet the liabilities, the right of secured and unsecured creditors (which include the Bondholders) and the priority and ranking of their debts shall be regulated by the law for the time being in force. Accordingly, in view of the unsecured rights of Bondholders under the Bonds, any secured creditors of the Issuer shall have recourse to the funds or assets constituting the sinking fund to satisfy their secured claims with priority over Bondholders.

Trading and Liquidity

On 7 November 2007 Mediterranean Investments Holding p.l.c. issued the equivalent of €15,000,000 worth of bonds 2012-2014 of a nominal value of Lm100 or €100, as applicable, at par and bearing interest at the rate of 7.5% per annum. Subsequently, on 15 July 2008 Mediterranean Investments Holding p.l.c. issued €20,000,000 worth of bonds 2015 of a nominal value of €100, at par and bearing interest at the rate of 7.5% per annum. Both bonds were listed on the Alternative Companies List of the Malta Stock Exchange and have since traded constantly above par. Although originally both bonds were listed on the Alternative Companies List of the MSE, application has been made for the upgrade of such bonds' listing to the Official List of the MSE. The following investment considerations in relation to Trading and Liquidity of the Bonds should be taken into account:

- The liquidity of the market depends on factors beyond the Issuer's control which could impact the trading value of the Bonds such as the willingness or otherwise of potential buyers and sellers of the Bonds.
- The trading value of the Bonds may also be impacted by other factors such as the time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally;
- There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. There can be no assurance, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Offer Price;
- Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

Part C - INFORMATION ABOUT THE ISSUER

2. Identity of Directors, Advisers and Auditors of the Issuer

The Directors of the Issuer, whose names are set out hereunder, have been advised and assisted in the drafting and compilation of the document by the persons mentioned under the sub-heading “Advisers to the Issuer”.

Alfred Pisani 'Fiorita', Triq Giorgio Locano, Iklin, Malta	Chairman
Faysal J S Alessa Street 1, House 34, Area 3, Salwa, Kuwait	Non-Executive Director
Yousef A. Abdelmaula Abd Alraman, Al Dakel Street, Alandalus, Libyan Arab Jamahiriya	Non-Executive Director
Musaed Al Saleh Kuwait Free Trade Zone, Shuwaikh, Kuwait	Non-Executive Director
Joseph Fenech 'Zeus', Triq il-Harruba, Iklin, Malta	Non-Executive Director
Khalil E. A. M. Alabdullah Kuwait Free Trade Zone, Shuwaikh, Kuwait	Non-Executive Director
Joseph C Caruana 90, Arcadia, Mosta Road, Attard, Malta	Non-Executive Director

The Company Secretary of the Issuer is Reginald A. Cuschieri.

ALL OF THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR ABOVE (THE “DIRECTORS”), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

Advisers to the Issuer

Legal Counsel on the Bond Issue:	Camilleri Preziosi Level 3, Valletta Buildings, South Street Valletta VLT 1103, Malta
Sponsor:	Rizzo, Farrugia & Co. (Stockbrokers) Ltd. Airways House, Third Floor, High Street, Sliema SLM 1549, Malta
Registrar and Joint Manager:	Bank of Valletta p.l.c. BOV Centre, Cannon Road St. Venera SVR 9030, Malta
Joint Manager:	HSBC Bank Malta p.l.c. 233, Republic Street, Valletta VLT 1116, Malta

Auditors of the Group

The Auditors of the Group are Grant Thornton, of Tower Business Centre, Tower Street, Swatar, B'Kara BKR 3013, Malta. Grant Thornton, a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta), is a member of Grant Thornton International.

3. Offer Statistics and Expected Timetable

3.1 Offer Statistics

Issuer	Mediterranean Investments Holding p.l.c., a public limited liability company registered in Malta with registration number C-37513;
Amount	the equivalent of €30,000,000 aggregate principal amount, in any one or a combination of the EUR Bonds, GBP Bonds and USD Bonds respectively depending on the value of the Applications received for the Bonds, subject, in the event of the exercising by the Issuer of the Over-Allotment Option, to the said aggregate principal amount increasing to the equivalent of €40,000,000 in aggregate value of Bonds issued pursuant to this Prospectus;
£ Rate of Exchange	€1.00 : £0.834;
\$ Rate of Exchange	€1.00 : \$1.2080;
Form	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the MSE;
ISIN	MT0000371238 for EUR Bonds; MT0000371246 for GBP Bonds; and MT0000371253 for USD Bonds;
Denomination & Nominal Value	Euro (€) 100 per EUR Bond, Pound Sterling (£) 100 per GBP Bond and United States Dollar (\$) 100 per USD Bond;
Minimum Amount per Application	minimum one thousand Euros (€1,000) for EUR Bonds or one thousand Pounds Sterling (£1,000) for GBP Bonds or one thousand United States Dollars (\$1,000) for USD Bonds;
Minimum Amount in terms of the Placement Agreements	minimum five thousand Euros (€5,000) for EUR Bonds or five thousand Pounds Sterling (£5,000) for GBP Bonds or five thousand United States Dollars (\$5,000) for USD Bonds;
Redemption Date	23 July 2017 unless otherwise redeemed on any of the Early Redemption Dates;
Early Redemption Dates	any day falling between and including 23 July 2015 and 22 July 2017;
Bond Issue Price	€100 for each EUR Bond or £100 for each GBP Bond or \$100 for each USD Bond;
Status of the Bonds	the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt;
Listing	application has been made to the Listing Authority for the Bonds to be considered as admissible to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Offer Period	the period between 12 July 2010 and 16 July 2010, or such earlier date as may be determined by the Issuer in the event of over-subscription, during which time the Bonds are on offer;
Preferred Applicant	those persons, whether natural or legal, who, as at the Cut-Off Date, appear on the register maintained by the CSD: (a) of holders of bonds issued by the Issuer, International Hotel Investments p.l.c. and/or Corinthia Finance p.l.c.; and/or (b) of shareholders of International Hotel Investments p.l.c.;
Cut-Off Date	11 June 2010;

Interest	the Bonds shall bear interest from and including 23 July 2010 at the rate of 7.15% per annum;
Interest Payment Dates	23 July of each year between and including each of the years 2011 and the year 2017, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day. The first interest payment will be effected on 23 July 2011;
Yield	the gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption value on maturity, is 7.15% per annum;
Redemption Value	the par value of the Bonds, that is €100 for the EUR Bonds or £100 for the GBP Bonds or \$100 for the USD Bonds, as the case may be;
Registrar and Joint Manager	Bank of Valletta p.l.c.;
Joint Manager	HSBC Bank Malta p.l.c.;
Sponsor	Rizzo, Farrugia & Co. (Stockbrokers) Ltd.;
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 Bondholder at his/her registered address and posted;
Governing Law	the Bonds are governed and shall be construed in accordance with Maltese Law;
Jurisdiction	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

3.2 Expected Timetable

Issuance of Formal Notice	16 June 2010
Application Forms Available.....	18 June 2010
Preferred Applicants' date.....	8 July 2010
Pre-placement closing date.....	9 July 2010
Opening of subscription lists.....	12 July 2010
Closing of subscription lists	16 July 2010
Expected announcement of basis of acceptance	23 July 2010
Expected commencement of interest on the Bonds.....	23 July 2010
Expected dispatch of allotment advice and refund of unallocated monies.....	30 July 2010

The Issuer reserves the right to close the offer of the Bonds before 16 July 2010 in the event of over-subscription, in which case the remaining events set out in the 'Expected Timetable' shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

4. Key information

4.1 Selected Financial Data & Capitalisation & Indebtedness

The following financial information about the Issuer and Principal Subsidiary is available for inspection as set out in section 18 below of Part C of this Prospectus:

- (a) Audited Consolidated Financial Statements of the Issuer for the financial years ended 31 December 2007, 2008 and 2009;
- (b) Audited Financial Statements of the Principal Subsidiary for the financial years ended 31 December 2007, 2008 and 2009.

There have been no significant changes to the financial or trading position of the Issuer and the Principal Subsidiary since the end of the financial period to which the last Audited Financial Statements referred to in paragraphs (a) and (b) above relate.

Extracts from the Audited Consolidated Financial Statements of the Issuer for the financial years ended 31 December 2009, 2008 and 2007 are set out below:

Income Statement Extracts

for the year ending 31 December

	Audited 2009 €000s	Audited 2008 €000s	Audited 2007 €000s
Gross Profit	741.7	-	-
Fair value gain on investment property	90,200.2	-	-
Pre-opening costs	(953.5)	(530.4)	(416.2)
Interest and related revenue/(costs)	(608.2)	(166.8)	307.6
Profit/(loss) before tax	89,380.2	(697.2)	(108.6)
Taxation	(29,924.0)	(41.6)	(65.0)
Profit/(loss) after tax	59,456.2	(738.8)	(173.6)

Balance Sheet Extracts

as at 31 December

	Audited 2009 €000s	Audited 2008 €000s	Audited 2007 €000s
Non-Current Assets	227,662.6	74,251.1	41,622.4
Current Assets	21,314.8	31,185.8	24,114.2
Total Assets	248,977.4	105,436.9	65,736.6
Equity	106,788.0	47,331.8	48,070.6
Non-current liabilities	115,745.5	47,476.7	15,000.0
Current liabilities	26,443.9	10,628.4	2,666.0
Total Equity and Liabilities	248,977.4	105,436.9	65,736.6

Cash Flow Statement Extracts

for the year ending 31 December

	Audited 2009 €000s	Audited 2008 €000s	Audited 2007 €000s
Net cash from/(used in) operating activities	5,270.5	1,979.7	(1,826.8)
Net cash used in investing activities	(57,923.2)	(25,118.3)	(16,659.6)
Net cash from financing activities	39,964.0	32,218.6	14,999.7
Net (decrease)/increase in cash and cash equivalents	(12,688.7)	9,080.0	(3,486.7)
Cash and cash equivalents at beginning of year	25,714.1	16,634.1	20,120.8
Cash and cash equivalents at end of year	13,025.4	25,714.1	16,634.1

Profit after tax for the financial year ended 31 December 2009 amounted to €59.5 million (2008 — loss of €0.7 million), mainly on account of the fair value uplift recognised on the Palm City Residences. This result represents a €25.6 million improvement on the €33.8 million profit after tax forecasted in the latest set of projections that were published as an annex to a bond prospectus issued by the Company in July 2008. This positive variance in the Group's income statement is mainly driven by the expectation that the Palm City Residences development will generate significantly higher returns from its operation in view of the product enhancements that have been carried out since the date of the said July 2008 Prospectus.

The Financial Statements recognise an uplift in value of the investment property which is €33.0 million higher than previously projected. On the other hand, the delays in project completion that arose in order for the said enhancements to the Palm City Residences development to be carried out resulted in a €7.4 million shortfall in the 2009 operational profit. A detailed analysis of the reasons behind these variances is provided in section 4.2 hereunder.

The 2008 projections were based on the expectation that the Palm City Residences project would have been completed and operational by end 2008 and that an average occupancy of 75% would have been achieved for 2009. However, in actual fact the project started nearing completion in end 2009, by which time a number of units were delivered to operations and occupied by tenants. The occupancy achieved in 2009 was 13%, which generated a profit after tax of €0.7 million against a projected profit of €6.0 million.

The 2009 financials also include pre-opening costs amounting to €1.0 million that were not forecasted in the previous set of projections. Administrative expenses were at €0.4 million (2008 — €0.2 million) and marketing costs were at €0.6 million (2008 — €0.3 million). The comparatively higher costs are directly attributable to the increased number of employees that by year-end numbered 56 along with increased marketing activities in gearing up for the operations of the village subsequent to completion as well as the increased exposure to the leasing out of the units under development.

Furthermore, in view of the fact that the funds raised by the Company through the July 2008 bond issue were not applied to their intended use as originally expected (see section 4.2 hereunder), net finance costs of €0.6 million are recognised in 2009 whilst the Group was in the previous projections expected to earn net finance income of €0.5 million.

Whilst the delay in the completion date of the Palm City Residences development has impacted the Group negatively in its operating results for 2009, the introduction of product enhancements coupled with stronger medium term profit expectations have helped the Group in achieving a higher uplift in the property value than originally forecasted. The €60.3 million change in fair value of the investment property recognised in the 2009 audited consolidated financial statements is €33.0 million higher than the €27.3 million projected in 2008. This improvement was mainly brought about by the following:

- The expected future earnings generation capability of the project has improved on account of an increase in the number of residences from 408 to 413, an improved average monthly rental and a reduction in the projected operating expenditure;
- Notwithstanding the delay in the completion date of the Palm City Residences, the 2009 valuation assumes that the 95% occupancy (stabilised level of occupancy) will be achieved by end 2010, which is one year earlier than originally expected in view of the faster pace at which lease agreements have been and are being concluded; and
- The 2008 projections were based on an independent valuation that was prepared in 2007 whilst the 2009 financials are based on independent valuers' estimation of the project's value as at 31 December 2009. The latter valuation is significantly higher than the 2007 valuation since it is subject to a lower discount rate in view of its closer proximity to the date of completion.

The following table sets out the capitalisation and indebtedness of the Issuer as at the 31 March 2010 and the estimate for 31 December 2010 after reflecting the issue of the Bonds.

Capitalisation and indebtedness

	Management 31 March 2010 €	Projection 31 December 2010 €
Cash	7,086,245	23,260,797
Fixed deposit	2,000,000	12,406,487
Liquidity	9,086,245	35,667,284
Total current debt		
Guaranteed and secured	4,200,000	8,400,000
	4,200,000	8,400,000
Total non-current debt		
Guaranteed and secured	50,994,644	47,420,840
Unguaranteed and unsecured	35,000,689	75,000,689
	85,995,333	122,421,529
Total net debt	81,109,088	95,154,245
Shareholders' equity		
Share capital	48,002,000	48,002,000
Retained earnings	59,136,544	105,946,489
	107,138,544	153,948,489
Debt to equity	0.84	0.85
Net debt to equity	0.76	0.70
Interest cover	2.80	2.01

The projections as at 31 December 2010 in the table above are shown on a consolidated basis. However they take into account an increase in share capital of €2.65 million by the Issuer in the Principal Subsidiary and an increase in shareholders' loans of €8.2 million from the Issuer to the Principal Subsidiary.

Interest cover is calculated by comparing EBITDA to the total interest cost incurred during the year under review. Subsequent to the issue of this Bond, the Issuer will retain a prudent debt to equity ratio and a healthy interest cover ratio. These ratios will progressively improve during the term of the bond as shown in the extract from the cash-flow projections in section 7B of Part C of this Prospectus.

4.2 Reasons for the Bond Issue and Use of Proceeds

In the 2008 Prospectus, the Issuer, in line with its expansion strategy in the real estate market in Libya, expressed its intention to actively pursue one or more of three potential projects within 18 months from the date of that bond issue. Of the three projects identified in the 2008 Prospectus, the board of directors of the Issuer has since elected to further its expansion strategy through the Tripoli Commercial & Residential Towers (now rebranded the "Medina Tower"), which will involve the acquisition, through an intermediate entity, of a plot of land located in the Souq At Tlat Al Qadim area in Tripoli measuring approximately 11,000 square metres, and the development of a mix of exclusively appointed and luxury apartments, office and retail areas spread over 40 floors¹ above ground and serviced by four underground floors for parking and storage facilities. Further information on this proposed development is set out in section 5.2.2 of Part C below.

¹ Prior to planning stage alterations being approved, the number of floors was proposed to be 26, as had been indicated in the 2008 Prospectus.

As declared in a company announcement issued on 14 July 2009, the Company has entered into a shareholders' agreement with the Al Enmaa for Economic Development and Real Estate Investment Company of Libya ("EDREICO"), pursuant to which the Company undertook to acquire a significant stake in the Principal Affiliate, that is Medina Tower Joint Stock Company for Real Estate Investment and Development (the aforementioned intermediate entity). The company is in the process of being registered in Libya specifically for the purpose of owning and developing the Medina Tower project and underlying land. Following the registration of the Principal Affiliate, the shareholding thereof shall be split as follows: EDREICO - 50%; IHI plc – 25%; and the Issuer – 25%.

Despite having entered into the said shareholders' agreement with EDREICO within 18 months from the date of the 2008 Prospectus, Medina Tower's development plans had not progressed sufficiently to warrant an immediate investment in an amount equivalent to the proceeds raised in the 2008 Bond Issue.

In the meantime, however, other demands were identified in connection with increased investment costs on the Palm City Residences Project, which at the time was, and is presently, nearing completion. On the 5 December 2009, with the combined aim of (i) accelerating the completion of the Palm City Residences Project and in so doing securing revenue generation more expeditiously, and of (ii) making use of the majority of the 2008 Bond Issue proceeds in the manner most complementary to the other existing funding requirements of the Group, the Board of Directors of the Issuer resolved to allocate the 2008 Bond Issue proceeds to finance the completion of the Palm City Residences Project including the addition of product enhancements which have increased the project's overall value and is expected to increase its long-term profitability.

By a notice dated 24 May 2010, the Listing Authority reprimanded the Issuer with respect to the use of proceeds of its July 2008 Bond Issue. The full text of the reprimand is available on the MFSA website (www.mfsa.com.mt).

The 2008 Bond Issue proceeds have not only placed the Palm City Residences project in a position to reach completion and generate revenue earlier, but have also enabled the Principal Subsidiary and the Issuer not to incur further additional costs in debt funding.

In view of the Palm City Residences Project's overall significance to the Issuer as well as to this and past bond issues by the Issuer, a detailed description of the project as well as an update on its current state of development is set out in section 5.2.1 of Part C of this Prospectus.

In light of the above, the proceeds raised through the present Bond Issue shall be applied as follows:

- (a) in the amount of €31,250,000 for investment in Medina Tower. This amount consists of: €19,000,000 to reinstate part of the funds raised pursuant to the 2008 Bond Issue which, pending the requirement for investment in Medina Tower, were utilized for the purpose of financing the additional capital expenditure requirements on the Palm City Residences Project; and an additional €12,250,000 for further equity investment in the Medina Tower project which during its planning stage has been extended from 26 floors to 40 floors accordingly requiring a corresponding level of further investment for an increased development comprising a significantly higher number of luxury apartments for sale and larger commercial and retail areas for letting (see section 5.2.2 below); and
- (b) in the amount of €8,750,000 for general corporate funding purposes, including the expenses related to this Bond Issue.

The above shall apply in the event that Issuer exercises the Over-Allotment Option. If the Issue is not fully subscribed, or if despite the Issue being fully subscribed the Issuer elects not to exercise the Over-Allotment Option, the Issuer shall fund the balance required for the €31,250,000 investment referred to in (1) above as well as its general corporate funding requirements through a combination of bank financing and internal cash resources.

4.3 Interest of Natural and Legal Persons involved in the Bond Issue

As at the date of this Prospectus, the majority of Directors of the Issuer and Principal Subsidiary are officers of the corporate shareholders, and as such are susceptible to conflicts arising between the potentially diverging interests of the said shareholders and the Group. No private interests or duties unrelated to the Group have been disclosed by the Directors and the Principal Subsidiary's management which may or are likely to place any of them in conflict with any interests in, or duties towards, the Group. The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Group.

5. Information about the Group

5.1 Historical Development of the Group

The following financial information about the Issuer and Principal Subsidiary is available for inspection as set out in section 18 below of Part C of this Prospectus:

5.1.1 Introduction

The Issuer, which was formed on 12 December 2005 with the name Mediterranean Investments Holding Limited, was set up as a private limited liability company and subsequently converted, on the 6 November 2007, into a public limited liability company, and is now named Mediterranean Investments Holding p.l.c. The Issuer, which is registered and domiciled in Malta in terms of the Act with company registration number C 37513, has its registered office at 22, Europa Centre, Floriana, FRN 1400, Malta. The telephone number of the registered office is +356 2123 3141.

The Principal Subsidiary, which was formed on 10 June 2004 with the name Palm City Limited, was set up as a private limited liability company. The Principal Subsidiary is registered and domiciled in Malta in terms of the Act with company registration number C 34113, and has its registered office at 22, Europa Centre, Floriana, FRN 1400, Malta. The Principal Subsidiary also registered a branch in Libya in accordance with Libyan law requirements.

The Principal Affiliate is in the process of being registered in the form of a Libyan joint stock investment company in accordance with the provisions of Libyan commercial law and Law No. 9 of 2010 amended by the Privatisation and Investment Authority Board of Directors' Resolution No. 16 of 2010 issued on 27 April 2010 for the encouragement of investment in Libya for investors to establish investment projects. The Principal Affiliate, which, upon its registration shall be an associate company of the Issuer, shall be the entity responsible for the proposed development and operation of the Medina Tower project.

5.1.2 Principal Object of the Issuer, Principal Subsidiary and Principal Affiliate

The principal object of the Issuer, which is limited to activities outside Malta and to such other acts as are or may be necessary for its operations from Malta, is to directly and indirectly acquire and develop real estate opportunities in North Africa, including without limitation, opportunities with respect to retail outlets, shopping malls, office and commercial buildings, residential gated compounds, housing, hotels, build-operate-transfer (BOT) and other governmental projects, and conference centres.

In line with the powers of the Company prescribed by its Memorandum of Association, which include, *inter alia*, the raising of funds through the issue of securities, shortly following its conversion into a public company in November 2007, the Issuer made a public offering of the equivalent of €15,000,000 bonds denominated in Maltese Liri and Euro which, subsequent to Malta's adoption of the Euro as its national currency on 1 January 2008, were all converted to Euros. These bonds will be redeemed on 4 December 2014 subject to an early redemption option at the option of the Issuer on either of the 4 December 2012 and, or 4 December 2013. Interest on these bonds is payable at the rate of 7.5% per annum. Subsequently, on 15 July 2008, the Issuer made an Intermediaries Offer of €20,000,000 7.5% bonds, which bonds will be redeemable on 4 August 2015. Since admission to the Alternative Companies List of the Malta Stock Exchange in December 2007, the bonds have traded constantly above par. Although originally both bonds were listed on the Alternative Companies List of the MSE, application has been made for the upgrade of such bonds' listing to the Official List of the MSE.

The main objects for which the Principal Subsidiary was constituted are to invest in the tourism industry in Libya, including the building and construction of touristic villages, residential villages, hotels, resorts and developments of a similar nature. The Principal Subsidiary's activities are limited to acts outside Malta and to such other acts from Malta as are or may be necessary for the fulfilment of its operations and objectives.

The main objects for which the Principal Affiliate is being constituted are to construct and own the Medina Tower project. The Principal Affiliate's activities shall be limited solely to the Medina Tower project, being the right to undertake the development, maintenance and construction of this project and the sale and, or letting of its units and commercial areas, for residential, office or commercial purposes.

5.2 Overview of the Issuer's Business

The Issuer's principal investment objectives have, since inception, focused on the acquisition and development of real estate opportunities in North Africa. The Issuer has also acquired interests in companies operating in business lines ancillary to the project development market, including project management and supply chain logistics. The said principal and ancillary investment objectives of the Issuer are better described in the remainder of this section 5.2 of Part C of the Prospectus.

5.2.1 The Palm City Residences Project

The Principal Subsidiary is in the process of completing the development of the Palm City Residences Project, a 413-residential unit seaside gated complex that includes residences ranging from one-bedroom apartments to four-bedroom detached villas. The development, located in Janzour, Libya, occupies a 171,000 square metre area (including beach area) and enjoys a 1.3 km shorefront. The development is intended to create a village-type environment offering a host of amenities and leisure facilities that include a piazza, supermarket, a variety of retail shops, a laundry, health clinics, and a number of catering outlets and cafes, all within a secured village-type environment. The development also features numerous indoor and outdoor sports facilities, including a fully equipped gym, tennis courts, clubhouse, water sports facilities, a restaurant and an outdoor swimming pool.

The Project is aimed principally at providing quality accommodation to expatriate personnel of international companies operating in a mixed range of sectors which have operations in Libya, particularly in light of the belief of the Principal Subsidiary's board and management that at present there is still a shortage of quality residential accommodation in Libya providing adequate service standards in terms of accommodation, maintenance and security, and that such shortage may create significant opportunities for the Palm City Residences Project to position itself as a leader in the market for expatriate residential accommodation with a high level product offering.

Presently the Palm City Residences Project is undergoing a phased and gradual handing over to the operations team, until a full handover is completed. The operations team is focusing on the dual objective of leasing out the remaining residential units in Palm City Residences and in ensuring that they deliver an excellent service to the complex's residents now and subsequent to the commencement of full operations of all its amenities. Discussions with a number of major companies and a number of oil-related servicing companies which have long been operating in Libya and others which are new entrants to the market have been ongoing since 2007, in tandem with the Principal Subsidiary's extensive marketing drive in relation to this project. As at 16 May 2010, 74 lease agreements in respect of a total of 282 units have been or are in the process of being concluded. Of these, 150 of the units are already inhabited. Negotiations for the leasing of all of the remaining presently unoccupied units are progressing better than expected.

The majority (72%) of leases already entered into are for a 5-year term at pre-agreed incrementing rates.

The Property

As noted in section 4.2 of Part C of the Prospectus, the final development cost (excluding land cost) of the Palm City Residences Project is expected to average €1,270 per sq.m. The total cost per sq.m. for such luxurious, fully furnished residential units is considered by the Issuer to be efficient when compared to similar developments worldwide (and even more so in Libya considering the limited resources and readily available materials), particularly when considering that: the increase in number of residential units from 408 to 413 will generate increased revenues; and the efficiencies created by the enhancements in the design of the project, including: the construction of a sea defense system and storm water infrastructure; rendering the project's general sewage infrastructure self-sustainable and not reliant on any public infrastructure; and the installation of a state of the art fiber optic system throughout the project site, are expected to provide for a reduction of future maintenance costs and overall enhancement of the long term development value.

On 5 December 2009 the board of directors of the Principal Subsidiary commissioned the local firm of architects DeMicoli and Associates to prepare the Expert Valuation report on the Palm City Residences complex. The Expert Valuation is appended to this Prospectus as Annex III, and is also available for inspection as set out in section 18 of Part C of this Prospectus.

On the basis of the computations reported in the said Valuation, the open market value of the Palm City Residences Project as at the date of the Valuation is estimated at €260.9 million. By end December 2009, the open market value based on current prices and market conditions was estimated at €232 million. In light of these findings, the Board of Directors resolved to revalue the Palm City Residences land and buildings by increasing its carrying cost to €226.6 million. Also on the basis of the computations reported in the said Valuation, the value of the project on maturity, which is expected to take place between the first and second year of operation (2010 – 2011), has been estimated at €275 million. In this respect, it is relevant to note that the projected rental revenue from the 413 luxury residences forming part of the project, which are being offered on lease for a term of two to five years (with the majority – 72% – being for a 5 year term), is expected to amount to circa €25.6 million per annum if, as expected, 95% of the residential units and all the retail outlets are rented out by the project's second year of operation (2011).

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Board of Directors of the Issuer is of the view that the dividend payouts by Palm City Limited will provide cash flows adequate to cover the interest payments on the Issuer's Bonds and to repay the Bonds on maturity.

Project Development Costs

The development cost (excluding land cost) of the Palm City Residences project is presently estimated at €124,500,000 for a gross built area of 98,000 sq.m, in addition to 25,256 sq.m of road works and infrastructure and an extensive 66,505 sq.m of soft and hard landscaping, meaning that the entire project would have been developed at an average cost of €1,270 per sq.m. This would represent an aggregate project cost increase of €33,500,000 (when compared to the estimated cost of €91,000,000 referred to in the 2008 Prospectus).

The increase in cost has principally been driven by the following major factors:

- a) enhancements in the design of the project aimed at reducing on-going maintenance and refurbishment costs of the project going forward – these are expected to provide healthier cash-flows from the project during operations. The efficiencies created by the enhancements in the design of this development include: the construction of a sea defense system and storm water infrastructure; rendering the project's general sewage infrastructure self-sustainable and not reliant on any public infrastructure; and the installation of a state of the art fiber optic system throughout the project site, all of which are expected to enable the project to command premium rates for the leases and to provide a substantial reduction in future administration and maintenance costs and an overall enhancement of the long term development value;
- b) the upgrading of road infrastructure, enhancement to the outdoor landscaped areas, the introduction of children play areas and the upgrade to the main landscaped pool and private beach lido facility;
- c) upgrading of the F&B facilities that will allow this new division within the operations to generate revenues that were not envisaged before;
- d) upgrading of the club house with new facilities that can be used to generate additional revenues through the organization of events and international competitions that have to date not been possible in Libya;
- e) increase the number of residential units from 408 to 413; and
- f) delays in project completion that were mainly due to circumstances beyond the developer's control. Such delays included: the late arrival of imported materials on site, principally owing to the sheer volume of the materials required from outside Libya in the absence of substitutes of similarly high quality; delays arising due to the limitations of the port facilities in Tripoli; the ad hoc imposition of shipping and customs clearance requirements, delays in the issue of visas for site workers, and additional costs incurred in the importation of trees and shrubs not available in Libya.

The Land

Legal title to the land on which the Palm City Residences Project has been constructed was acquired by CPHCL by virtue of a 99-year lease agreement entered into on 5 July 2006. By virtue of another agreement dated as of 6 July 2006 CPHCL entered into a build, operate and transfer agreement with the Principal Subsidiary.

The Principal Subsidiary and CPHCL are negotiating the assignment of the 99 year lease from CPHCL to the Principal Subsidiary and the termination of the build, operate and transfer agreement. Subject to such being successfully concluded, the Principal Subsidiary shall constitute the title holder in respect of the remaining period of the original 99 year lease, which expires on 4 July 2105.

5.2.2 Projects by the Group in the short term

Apart from the Palm City Residences development undertaken by the Principal Subsidiary, the Issuer has identified a further development opportunity in Libya – the Medina Tower. This comprises the development of a 40-storey high-rise tower on the seafront of Tripoli's centre in Libya. Further to the Issuer entering into a shareholders' agreement with the Al ENMAA Economic Development and Real Estate Investment Company of Libya ("EDREICO") on the 9 June 2009, which agreement relates to the Issuer's proposed (at the time) investment in a 50% holding in Medina Tower Joint Stock Company for Real Estate Investment and Development ("Medina Tower JSC"), the joint stock company is in the process of being registered in Libya to which, in accordance with the terms of the said shareholders' agreement, the land on which this development is to be constructed is in the process of being transferred. Approval of the said transfer of title to the land has already been granted by the competent authority in Libya, the Libyan Investment Board. On 27 April 2010 the Libyan Investment Board formally approved the inclusion of IHI plc in the shareholding structure of the Principal Affiliate, which, upon its registration shall be divided as follows: EDREICO - 50%; MIH - 25%; and IHI plc - 25%.

EDREICO is a joint venture between the Economic and Social Development Fund (ESDF) and the Arab Union Contracting Company (AUCC). The ESDF was established in 2006 by the Libyan Government as one of the key agencies tasked with the diversification of the Libyan economy, and manages a fund of approximately €8 billion in assets through partnerships spread over several sectors. Since its inception in 1974, the AUCC has completed several construction and property investment projects including the Burj Al Fatah Office Tower, located on Tripoli's main boulevard. This property, which is wholly owned by the AUCC, comprises 28 floors towering 112 metres with a gross build area of around 70,000 square metres.

Medina Tower is the proposed high-end development which is planned to be constructed over 11,000 square metres of land in the centre of Tripoli's commercial district, located in close proximity of the Burj Al Fatah Office Tower on Tripoli's main boulevard and adjacent to other high-rise developments. The Medina Tower, which will overlook the city centre's landscaped public gardens and the seashore, is planned to comprise 180,000 square metres of floor space spread over 40 floors above ground level and four levels of underground parking.

Medina Tower is planned to feature:

- Approximately 58,000 square metres of accommodation, in part to be sold and in part to be leased out as serviced apartments;
- approximately 23,000 square metres of office space for rent;
- approximately 22,000 square metres of retail, conference, leisure and food and beverage facilities for rent; and
- 36,000 square metres of underground parking that will cater for up to 1,000 car parking spaces.

The Issuer and EDREICO are currently considering tenders for the necessary construction management service contract with a number of contractors of international repute. This contract is expected to provide for a guaranteed maximum price for the development, construction and completion of the building. The Issuer and EDREICO are currently contemplating technical specifications, drawings, program of works and scheme designs for the project.

A contract for the provision of design consultancy services and supervision of architectural, structural and civil works for the project is also under advanced negotiation with architect firms Paul Camilleri & Associates of Malta and the Sidell Gibson Partnership LLP of the United Kingdom. The architects work under consideration is for a contract that includes, amongst other things diaphragm wall works, including anchors and capping beam, sub structure works, including pile field, raft and waterproofing, super structure works, including architectural detailing, structural detailing, civil works design, facades details (including glazing, cladding, external finishes, exterior and architectural lighting), landscaping and laying of roads.

Construction of Medina Tower is planned to take 48 months to complete and, subject to unforeseen delays, the first tenants are expected to move in during the first half of 2014.

5.2.3 Project Management

The Issuer is a 30% shareholder in the joint venture company QP qpm-projacs Limited, which was registered on 10 October 2006 under the laws of Malta with company registration number C 39712 and having its registered office at 22, Europa Centre, Floriana FRN 1400 Malta. The other parties to this joint venture, Projacs International (Bahrain) and QPM (Malta) Limited, have for several years been involved in project management throughout Europe, the Middle East and Africa, ensuring that QP qpm-projacs Limited and its management team are in an ideal position to identify suitable projects requiring total project management solutions which this company offers.

A number of factors beyond the control of the shareholders and directors of this joint venture company have significantly hindered its continued operations. The board of directors is assessing the company's ability to efficiently conduct its business with a view to determining the most appropriate course of action to be taken in the near future. The Board is of the view that in light of the limited investment made by the Issuer in this joint venture, in the event that QP qpm-projacs Limited were to further reduce or altogether cease its operations this would not have an impact, material or otherwise, on the performance or asset value of the Group.

5.2.4 Supply Chain Logistics

The Issuer has a 10% holding in Agility (Libya) Limited, a company registered on 18 September 2007 under the laws of Malta with company registration number C 42384 and having its registered office at 22, Europa Centre, Floriana FRN 1400 Malta. This company was set up by Global Logistics For General Trading and Contracting Co. W.L.L., a Kuwaiti company of which NREC is a major shareholder, with the object of providing supply chain logistics to retail and wholesale operators that wish to outsource the following kind of services to experts in this field: warehousing; freight forwarding; logistical transportation; customs clearance; project logistics; oil and gas field logistics; chartering and heavy lifting; terminaling and bunkering; overland transportation of bulk chemicals and petroleum products; liquids logistics; hazardous material logistics; refinery plant maintenance; marine services; ports management; ground-handling and airport services; catering and catering logistics; business process outsourcing; security services; fairs and exhibition freight and management; metal recycling; trade finance; information technology consultancy; and solutions services.

The supply chain logistics market within Libya affords substantial opportunities for improvement and this company is well placed to offer the services required in improving the efficiency and effectiveness of the practices in this field. Agility (Libya) Limited has been set up as a branch of an already established business within the NREC group of companies providing such supply chain services to a number of industries in 450 locations worldwide. Global Logistics For General Trading and Contracting Co. W.L.L., the 90% shareholder in Agility (Libya) Limited, is 30% owned by NREC.

In 2009 Agility (Libya) Limited succeeded in leveraging the wider Agility global freight forwarding network to capture any existing inbound clients into Libya. This business has provided the impetus to hire Libyan staff and set up an office. The company is using a core team of freight forwarding and project logistics staff, and has outsourced non-core asset intensive activities such as warehousing and road transport to local companies. It has also rented a 7,000m² warehouse and 500m² office facility.

A full supply chain service contract has been entered into with Huawei, the Chinese telecoms company, and this has provided the anchor client needed to justify the long term rental of a facility. In addition, Agility services another nine corporate customers that operate in a variety of industries including telecoms, retail, hydrocarbon and power generation, but is currently in negotiations with other companies which have expressed an interest in its services.

It is expected that trading in 2010 will be conducted through one of two alternatives:

- (a) the Libyan government, through the Economic and Social Development Fund, has approached Agility with a view to forming a joint venture aimed at raising Libya's supply chain effectiveness and lowering the percentage of GDP consumed by national supply chain costs. Negotiations are at an advanced stage and a result is anticipated in the coming months; or
- (b) should the above not materialise, Agility will seek to operate in Libya via an agency agreement to be entered into with a 100% Libyan-owned company specialized in logistics activities.

5.2.5 Principal Investments

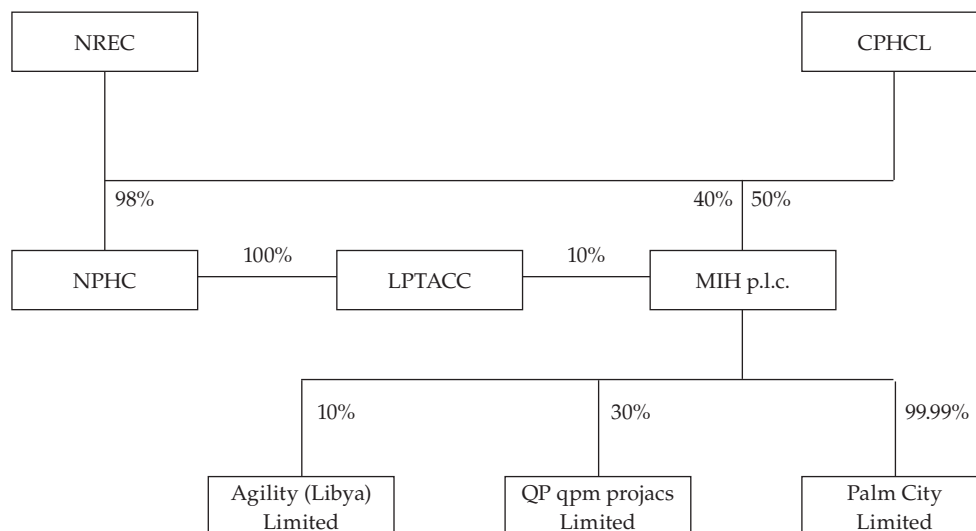
Subsequent to 31 December 2009 (the date of the last published audited consolidated financial statements of the Issuer), the Issuer did not enter into any principal investments.

5.3 Principal Markets and Competition

The acquisition, development and management of real estate operations in Libya, together with the provision of project management and supply chain logistics services, are the principal markets in which the Issuer's business activities are focused. The Issuer does not command a monopoly in any one of these markets and accordingly faces competition posed by other players also tapping into each of these fields in the emerging Libyan market.

6. Shareholding Structure

The following chart outlines the shareholding structure relative to the Issuer as well as the Issuer's interests in the Principal Subsidiary and associate companies QP qpm-projacs Limited and Agility (Libya) Limited.



The Issuer is 50% owned by CPHCL, 40% owned by NREC and 10% owned by LPTACC. LPTACC is a fully-owned subsidiary of NPHC which in turn is 98% owned by NREC.

The Issuer is, at present, the sole shareholder of the Principal Subsidiary, and holds a 10% holding in Agility (Libya) Limited, a 30% holding in QP qpm-projacs Limited and, upon its registration, shall have a 25% shareholding in the Medina Tower Joint Stock Company for Real Estate Investment and Development. With respect to the Issuer's shareholding in the Principal Subsidiary, investors are informed that MIH is in the process of making the necessary preparations for a public offering of a percentage of its shareholding in the Principal Subsidiary.

The Issuer is party to a management and support services agreement (the "MSS Agreement") with CPHCL in connection with the provision of management services at the strategic level of the Issuer's business, enabling the Issuer to benefit from the experience and expertise of CPHCL in the operation of its business and to implement a highly efficient and cost-effective construction programme which is expected to be reflected in a substantial increase in the market value of the Group's real estate properties.

The MSS Agreement also ensures that the Issuer is in a position to sustain its streamlined organisational structure at the top executive and central administrative level, by having continued and guaranteed access to the top executive staff and support personnel of the Corinthia Group. The agreement has a term of three years and will expire on 31 December 2010. In terms of the current agreement, in consideration for the support services afforded by CPHCL, the Issuer shall pay CPHCL a fixed annual fee of €200,000 adjusted for inflation at 5% per annum. The Directors believe that this is a reasonable charge to the Issuer, particularly in the light of the benefits enjoyed by the Issuer pursuant to the MSS Agreement, which include:

- the commitment of an executive team with over 30 years experience of successfully operating in Libya;
- an experienced, motivated, proven and loyal local and foreign senior management team of international calibre with an average of over ten years' service;
- a team of well-qualified and dynamic young professionals, fuelling the potential for future growth;
- an effective monitoring system assuring controls on standards and performance;
- a long experience in developing and managing properties planned and built to exacting standards with equally high standards demanded on maintenance resulting in high quality, well maintained assets;
- corporate strength through a long-term policy of diversification into construction, project management and other service ventures.

7A. Trend Information

There have been no material adverse changes to the prospects of the Issuer since the date of its last published audited financial statements.

At the time of publication of this Prospectus, the Issuer considers that generally it shall be subject to the political and economic risks associated with Libya and the normal business risks associated with the industries in which it is involved, and, barring unforeseen circumstances particularly in the political and economic sphere, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer and its business, at least with respect to the current financial year. The combined experience gained by the Group through the Principal Subsidiary's development of the Palm City Residences Project, by the Corinthia Group, particularly through the development and operation of the Bab Africa Hotel in Tripoli, and by NREC, through its unique competences in the development and management of retail malls and in the operation of logistics and warehousing centres in 450 locations worldwide, is expected to mitigate the risks inherently associated with the Libyan market, even more so in view of Libya's continued emergence from political isolation following the lifting of UN- and US-imposed sanctions in 2003 and 2004 respectively.

As further residential units forming part of Palm City Residences are rented out and the retail, food and beverage and leisure facilities of the complex commence operations the Principal Subsidiary is focusing its efforts on a continued phased handing over to the operations management team. This objective is expected to be substantially achieved in the first half of 2010. The operations team will be focusing on the provision of all services under its responsibility whilst the occupancy level steadily increases throughout the year. From 2011 onwards it is then expected that the Palm City Residences will be running practically at full occupancy¹ and achieving stabilised profitability levels from then onwards. It is expected that by end 2012 Palm City would have paid off close to 50% of its debt obligations.

Generally, following 2010, the company's trends will be characterised by stabilised income streams from the Palm City Residences Project, with marginal fluctuations in income streams emanating from ancillary activities and services provided within the complex.

The risk profile of the Issuer may change depending on: the capital commitments which the Medina Tower and other possible future projects may require; the exposure of the Issuer to the typical industry risks pertaining to projects of this nature; the exposure of the Issuer to the risks pertaining to the provision of high-end serviced apartments, offices and retail space.

Libya – Economic Overview and Economic Indicators²

Recent Economic Developments

Since 2004 and Libya's normalisation of diplomatic and economic relations with the international community, Libya has sustained increases in foreign trade and achieved significant economic growth while maintaining macroeconomic stability.

The Libyan authorities have launched a number of initiatives over the past few years to modernise the economy. Notable progress has taken place in bank privatisation, state budget unification, supporting private sector initiatives, and encouraging domestic and foreign investment.

The impact of the global financial crisis on Libya has been thus far limited to the decline in oil revenue. This was due to the lack of exposure of domestic banks to the global financial system.

Preliminary data indicate that real GDP grew by about 3.8 percent in 2008. The fiscal surplus remained at about 25 percent of GDP in 2008 and the external current account surplus remained substantially high at about 41 percent of GDP in 2008. The rapid increase in imports (29 percent) was more than offset by a sharp rise in oil exports, resulting in a further build up of the Libyan net foreign assets to about \$136 billion³.

Macroeconomic Outlook

Real growth is projected to have decelerated to about 2 percent in 2009, mainly reflecting an expected reduction in oil production by about 1.5 percent. However, non-oil activities are projected to have grown by around 6 percent, which is high by regional and global comparison. Over the medium term, this performance is projected to continue to strengthen. The overall fiscal position is expected to register a surplus of about 10 percent of GDP in 2009 despite the projected decline in oil revenue by almost 40 percent. The external current account surplus is projected to have narrowed to about 17 percent of GDP in 2009.

¹ Targeted at 95%

² The source of information for this section 7A The Socialist People's Libyan Arab Jamahiriya – 2009 Article IV Consultation preliminary conclusions of the IMF Mission June 1, 2009 (http://www.imf.org/external/np/2009/060109a.html#P3_122).

³ €92.5 billion (circa) at the rate of US\$1:€0.680356

This medium-term outlook is subject to possible downside risks relating to a further worsening in global economic conditions or a wavering of the efforts to improve the quality of public expenditure. The dinar's peg to the SDR¹ has served the economy well. This arrangement provides a strong monetary anchor, while allowing some flexibility in the dinar's exchange rate vis-à-vis individual major currencies.

Other structural reforms such as the bank restructuring and privatization program and reviews of the customs and tax administration regime are expected to support the growth of private sector, diversification, and the creation of viable employment opportunities.

Market for luxury accommodation in Tripoli

Demand for quality residential accommodation has increased significantly over the past years, especially since Libya is experiencing increased activity, particularly in infrastructure projects and commerce with increased foreign investment flowing into the country which has resulted in a significant increase in the expatriate work-force. The directors of the Issuer believe that this increased liberalisation of the Libyan economy which is translating itself into increased economic activity by multi-national companies and foreign entrepreneurs, if sustained, will create an increased involvement of high level expatriate personnel in these activities which should in turn create an increase in demand for upmarket residential units.

Despite the importance of the hydrocarbon industry (representing 70% of Libya's GDP²), the servicing of which remains a core pillar of the Principal Subsidiary's business, the increase in business activities outside the hydrocarbon industry (estimated to have contributed an increase of 8% to Libya's GDP in 2008) has induced Palm City Residences to target a wider range of industry sectors, thereby diversifying its client base and sources of revenue.

Market for disposal of luxury accommodation in Tripoli

As traditional household living patterns in the country start to shift and urbanisation trends continue to thrive – about 90% of the population currently lives in 10% of the total territory, concentrated mainly in the northern cities of Benghazi and Tripoli – the demand for new residential accommodation for locals is expected to increase. In addition, national demographics are putting more pressure on the real estate market, with a national population growth of 2% year-on-year and a 40% increase since the 1995 census - moreover, Libya's residential stock is under severe strain at present with new affluence and preferences rendering much of the old stock redundant³. The Group intends to keep the position and development of the residential market under constant review to enable it to react to market trends as and when they occur, and to adapt its strategies aligning them to those trends and developments. In light of the above, the Issuer and the other parties to the Medina Tower joint venture intend to sell the majority of the residential units within the Medina Tower development.

Market for rental of retail spaces in Tripoli

Whilst a number of European retailers such as Marks & Spencer, Nike and Timberland have secured representation in Tripoli, there are no European style shopping centres or malls. In instances where retail accommodation has been built, such as in the case of the Al-Fateh Tower, the tenants comprise a mixture of pure retail, financial services, travel services and pure office space. This suggests that the European concept of grouped retail within a mall is not yet recognized or fully developed.

There are two exceptions to this rule, both anchored by a supermarket at ground floor with numerous retail, leisure and F&B units within the building envelope. One is within the Bin Ashour district, the other Sharia al-Jala'a close to the Presidential Palace.

Based on the existing supply and demand for retail products within the city, Colliers⁴ are of the opinion that there is a huge opportunity for a modern European style centre or mall. They opine that Libyan nationals are demonstrating increased brand awareness, increased buyer sophistication and an increased propensity to spend.

¹ Special Drawing Rights – a unit of account used by the IMF

² International Monetary Fund (IMF).

³ The Report – Libya 2008, Oxford Business Group

⁴ Colliers Report 2010

7B. Future Earnings Expectations

In the short term, the Principal Subsidiary will focus on finalizing the Palm City Residences Project and on handing over units ready for occupation to the operations management team. Concurrently with the optimization of operations at the Palm City Residences, the Issuer will also deploy considerable resources towards the development of the Medina Tower.

Palm City Residences

The Principal Subsidiary is in the process of renting the remaining residential units and handing over to the operations management team on an ongoing basis, as the Principal Subsidiary works towards generating further income and achieving the full renting out of residential units forming part of Palm City Residences. This objective is expected to be substantially achieved in 2010. The operations team will also oversee the provision of all services under its responsibility, as occupancy levels are expected to increase throughout the year.

During the course of 2011, Palm City Residences is expected to achieve an occupancy level of 95% and an average monthly rental of €5,169 per unit, which in turn is expected to generate total revenues of around €25.6 million and EBITDA of approximately €21.3 million annually. From 2011 onwards it is then expected that the Palm City Residences will be running at practically full occupancy (targeted at 95%) and achieving stabilised profitability levels from then onwards. In light of the aforesaid, the Principal Subsidiary's performance is expected to be characterised by stabilised income streams, with marginal fluctuations in revenue emanating from ancillary activities and services provided within the complex.

	2011
Occupancy Level	95%
Average Monthly Rental Rate per Residence	€5,169
Revenue	€25.6 million
EBITDA	€21.3 million
EBITDA / Revenue	83.2%

Significant progress has already been registered in achieving these objectives since as at the date of this Prospectus the leases for 282 units have already been or are in the process of being concluded for a period ranging from two to five years. Negotiations on the leasing out of all remaining residential units are expected to be concluded in the months following completion of the Palm City Residences Project.

Sale of 25% of the Issuer's shares in the Principal Subsidiary

As set out in section 6 of Part C of this Prospectus, the Issuer is in the process of making the necessary preparations for a public offering of shares in the Principal Subsidiary. In the event that this activity is concluded successfully, the Issuer plans to set aside sufficient funds in reserve to provide for the resultant reduction in dividend streams and to enable the Issuer to maintain its financial robustness despite the dilution of its holding in the Principal Subsidiary.

Medina Tower

As explained in section 4.2 of Part C of this Prospectus, the Issuer shall hold a 25% stake in the Principal Affiliate. The Principal Affiliate is the process of being incorporated specifically for the purpose of acquiring and taking control of the development of the Medina Tower project. Medina Tower is expected to require substantial investment in the three years subsequent to the date of the Prospectus. The Issuer is expected to be required to inject €31.25 million by way of its equity contribution to the Principal Affiliate and the development during this period.

Medina Tower will include, amongst other features, 242 apartments that are expected to generate €321.6 million in sales proceeds in the four years subsequent to completion (2014-2017). The Medina Tower project will also include a significant amount of retail and office space leasing that will be leased out to third parties. This is expected to generate revenue of €15.5 million and EBITDA of €12.4 million annually as from 2014, and to achieve maturity by 2018 when it is expected to generate €24.4 million in annual rental revenue and €19.5 million in EBITDA.

	2014	2018
Occupancy Level	68%	95%
Revenue	€15.5 million	€24.4 million
EBITDA	€12.4 million	€19.5 million
EBITDA/Revenue	80.0%	80.0%

Proceeds from sale of residences €321.6 million over the four-year period

The following information is extracted from the projected profit forecasts of the Issuer for the eight (8) years ending 31 December 2017.

Mediterranean Investments Holding p.l.c.

Extracts from the projected consolidated statement of comprehensive income

for the years ending 31 December

	2010 €'000	2011 €'000	2012 €'000	2013 €'000	2014 €'000	2015 €'000	2016 €'000	2017 €'000
Revenue	13,444	25,639	26,921	28,267	29,680	31,165	32,723	34,359
Earnings before interest, tax, depreciation and amortisation (EBITDA)	9,258	21,306	22,381	23,509	24,694	25,938	27,245	28,618
Change in value of investment property net of deferred tax	22,921	-	-	-	-	-	-	-
Share of (losses)/profits from associated company	(410)	(250)	(375)	(500)	32,972	22,568	24,258	12,556
Net Finance costs	(4,391)	(7,422)	(6,849)	(6,129)	(5,402)	(3,473)	(2,341)	(1,170)
Earnings after tax	18,603	12,941	13,651	14,727	49,532	40,986	44,594	34,953

Mediterranean Investments Holding p.l.c.

Extracts from the projected consolidated statement of financial position

as at 31 December

	2010 €'000	2011 €'000	2012 €'000	2013 €'000	2014 €'000	2015 €'000	2016 €'000	2017 €'000
Non-current assets	307,147	319,850	323,930	320,665	328,578	339,566	320,394	317,801
Current assets	25,345	16,421	10,717	12,349	20,761	7,642	49,441	22,350
	332,492	336,271	334,647	333,014	349,339	347,208	369,835	340,151
Equity	153,948	162,176	172,698	184,042	227,675	247,974	269,592	278,873
Non-current liabilities	163,724	153,156	139,608	125,452	101,303	81,303	81,303	41,303
Current Liabilities	14,820	20,939	22,341	23,520	20,361	17,931	18,940	19,975
	332,492	336,271	334,647	333,014	349,339	347,208	369,835	340,151

Mediterranean Investments Holding p.l.c.

Extracts from the projected consolidated statement of cash flows

for the years ending 31 December

	2010 €'000	2011 €'000	2012 €'000	2013 €'000	2014 €'000	2015 €'000	2016 €'000	2017 €'000
Cash (used in)/from operating activities	(4,371)	26,380	23,531	23,655	24,157	25,835	25,289	26,434
Cash (used in)/from investing activities	(33,230)	(12,461)	(499)	(917)	21,141	12,232	13,586	4,482
Cash (used in)/from financing activities	60,243	(23,475)	(24,956)	(25,031)	(40,920)	(39,294)	(17,205)	(58,145)
Net changes in cash and cash equivalents	22,642	(9,556)	(1,924)	(2,293)	4,378	(1,227)	21,670	(27,229)
Cash and cash equivalents, beginning of year	13,025	35,667	26,111	24,187	21,894	26,272	25,045	46,715
Cash and cash equivalents, end of year	35,667	26,111	24,187	21,894	26,272	25,045	46,715	19,486
Sinking Fund	12,406	12,406	12,406	16,000	12,000	8,000	20,000	-
Free Cash Flow	23,261	13,705	11,781	5,894	14,272	17,045	26,715	19,486

The projected key accounting ratios are set out below:

Gearing - Net Debt on Equity	0.70	0.66	0.57	0.45	0.20	0.14	-	-
Interest Cover	2.01	2.71	3.07	3.55	4.19	6.79	9.62	18.83

With reference to the Bond Issue, the above extract illustrates the prudent cash management policies exercised by the Issuer both in terms of holding significant balances in a sinking fund as protection for its prospective bondholders as well as by undertaking projects that generate earnings that would provide a cover of at least 2.01 times the consolidated interest expense.

8. Working Capital

The Directors, having made due and careful enquiry, are of the opinion that the working capital available to the Issuer and its subsidiaries will be sufficient for their requirements at least for the next twelve (12) months.

9. Management

9.1 The Board of Directors of the Issuer

The Issuer is managed by a Board of Directors consisting of seven members, which is entrusted with the overall direction, administration and management of the Issuer. The Board consists in its entirety of Non-Executive Directors. The responsibility of the Directors is a collective one, although within the structure of a unitary board, the main functions of the Directors are in practice complementary.

Meetings of the Board of Directors are held at the registered office of the Issuer.

The Board of Directors is entrusted with the Issuer's day-to-day management, and is responsible for the identification and execution of new investment opportunities and the funding of the Issuer's acquisitions. All proposed acquisitions of the Issuer are brought to the Board for approval. The Board is also responsible for ensuring the establishment of the appropriate management contracts of the Issuer's properties in the case of operational properties, and the negotiating and awarding of project contracts in the case of the development of new properties.

All Directors of the Issuer sitting on the Audit Committee are of a non-executive capacity.

9.1.1 Curriculum Vitae of the Directors of the Issuer

The following are short curriculum vitae of the Directors:

Alfred Pisani: Mr Pisani is the founder of the Corinthia Group and has been the Chairman and Chief Executive Officer since the inception of Corinthia in 1962. He was responsible for the construction of the Group's first hotel, the Corinthia Palace in Attard. He has led the Corinthia Group from a one hotel company to a diversified group having significant interests in Malta and overseas. Such interests vary from equity participations, management or both in several geographical areas and include interests in three hotels in Malta, five hotels in Turkey, two hotels in Hungary, nine hotels in the Czech Republic, two hotels in Portugal and one each in Libya, London, The Russian Federation and Tunisia. Mr Pisani is the Chairman and Chief Executive Officer of International Hotel Investments p.l.c. Mr Pisani is also the Chairman and of the Issuer.

Faysal J. S. Alessa: Mr Alessa currently holds the position of senior executive at the Sultan Centre, a public company registered in Kuwait, which is one of the largest retailers in the Middle East. He is also a member of the board of directors of the Sultan Centre. In addition, he is the Vice-Chairman of Fresh World International and is the incoming chairman of United Capital Group, a company registered in Kuwait with a capital in excess of USD 700 million. Mr Alessa is a graduate of Barry University in Miami, Florida.

Yousef A. Abdelmaula: Mr Abdelmaula is the Vice-Chairman of Corinthia Palace Hotel Company Limited, nominated by the Libyan Foreign Investment Company (LFICO). He has been a Director of LFICO since 1981. He is also a member of the Board of Directors of Arab Banking Corporation and of the Libyan Arab Foreign Bank. He holds a Masters Degree in Management from the University of Hartford (USA).

Musaed Al Saleh: Mr Al Saleh has over ten years of experience in the investments, real estate and banking fields in emerging markets. He is currently the Vice Chairman and CEO of the National Projects Holding Company in Kuwait. He also serves on the following boards; Solidarity, Dubai Recycling Park Advisory Board, Capital Industries & Investments Advisory Board, Young Presidents' Organization MENA Board. He is also a partner in the Musaed Al Saleh group of companies, a prominent Merchant Family in Kuwait.

Joseph Fenech: Mr Fenech is a Fellow of the Chartered Association of Certified Accountants of the United Kingdom and a Fellow of the Malta Institute of Accountants. Mr Fenech joined the Corinthia Group in 1980 after having spent a number of years as senior auditor with a local auditing firm. His first appointment was as Group Accountant responsible for all financial and accounting matters of the Corinthia Group operations. Mr Fenech is the Managing Director of International Hotel Investments p.l.c., and is also a Director of the Issuer.

Khalil E. A. M. Alabdullah: Mr Khalil Al Abdullah has over 25 years' experience managing various Kuwaiti companies. He is currently the General Manager of NREC, and is also the Chairman of National Projects Holding Company in Kuwait and the President of the Kuwait Maastricht Business School, a non-profit organisation and the only University offering MBA degrees in Kuwait.

Joseph C. Caruana: Mr Caruana is an Associate of the Chartered Institute of Bankers (U.K.). He has had a long career in the Banking sector joining Barclays Bank International in 1956. Subsequently, he occupied positions of General Manager of Investment Finance Bank Limited, a subsidiary of Mid-Med Bank Limited and finally of HSBC Bank Malta p.l.c. from which he retired in 2000. He is currently a member of the Board of Directors of Marina San Gorg Limited, APS Bank Limited, Izola Bank p.l.c., Mercury p.l.c. and Amalgamated Investments SICAV p.l.c.

Alfred Pisani, Yousef A Abdelmaula, Joseph Fenech and Joseph C Caruana have their business address at 22 Europa Centre Floriana FRN 1400 Malta.

Faysal J S Alessa, Musaed Al Saleh and Khalil E.A.M. Alabdullah have their business address at P.O. Box 64585, Shuwaikh, B 70456, Kuwait.

9.2 Remuneration of Directors

In terms of the Memorandum and Articles of Association, the Directors shall be paid such amount of remuneration as may be so agreed by an extraordinary resolution of the shareholders of the Issuer. Since the date of the Issuer's formation, no extraordinary resolution has been taken for this purpose.

9.3 Loans to Directors

There are no loans outstanding by the Issuer to any of its Directors, nor any guarantees issued for their benefit by the Issuer.

9.4 Removal of Directors

A Director may, unless he resigns, be removed by the shareholder appointing him or by an ordinary resolution of the shareholders as provided in article 140 of the Act.

9.5 Powers of Directors

By virtue of the Memorandum and Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles or by the Act expressly reserved for the shareholders in general meeting. The powers of the Directors of the Issuer are better described in section 15.2 below.

9.6 Employees

As at 30 April 2010 the Group employed 104 members of staff, 86 of whom work in operations and the remaining 18 in administration.

10. Management Structure and Shareholding

10.1 Management Structure of the Issuer

The Issuer does not require an elaborate management structure, particularly at this stage of its development. The Issuer's main line of business is the ownership and operation of real estate properties rented out as offices, retail space and/or residential purposes in Libya. The Directors believe that the current organisational structure is adequate for the current activities of the Issuer. The Directors will maintain this structure under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

Furthermore, it is intended that the Issuer will in due course set up its own Business Development Unit with the aim of seeking new investment opportunities in accordance with the Issuer's objectives and strategies, at which point the management structure of the Issuer may be altered accordingly.

The Directors have appointed Alfred Pisani as the Chairman of the Issuer. Pursuant to the terms of the MSS Agreement detailed in section 6 above, the Board of Directors receives administrative and management support from CPHCL.

10.2 Management Structure of the Principal Subsidiary

The board of the Principal Subsidiary is, within the strategic parameters established by the Board of the Issuer, autonomous in the determination of the appropriate policies for the project/s controlled thereby. It has its own management structure and employees that are responsible for implementing the policies and directions of the board directing the day-to-day operations of such subsidiary. The Principal Subsidiary's board reports on performance and operations to the Board of its parent company, the Issuer.

The Principal Subsidiary is managed by a board of directors consisting of six members, which is entrusted with the overall direction, administration and management of the company. The board consists of a majority of Non-Executive Directors. The responsibility of the directors is a collective one, although within the structure of a unitary board, the main functions of the directors are in practice complementary. Meetings of the board are held at the registered office of the company. The board is entrusted with the Principal Subsidiary's policy-making and strategy and has delegated day-to-day management to a number of executives headed by a managing director.

The board of directors of the Principal Subsidiary is composed of:

Name & Designation	Address
Simon Naudi Chairman	Tal-Mekk Madliena Road Madliena Malta
Reuben Xuereb Managing Director	Duplex Suites Apt 8, Triq il-Lampara, Bahar ic-Caghaq Malta
Faysal J. S. Alessa Non-Executive Director	Street 1, House 34, Area 3, Salwa, Kuwait
Musaed Al Saleh Non-Executive Director	Kuwait Free Trade Zone Shuwaikh Kuwait
Ali Bani Non-Executive Director	Ben Ashour Street, P.O. Box 80432 Tripoli Libyan Arab Jamahiriya
Joseph C. Caruana Non-Executive Director	Arcadia, Mosta Road, Attard

The following are short curriculum vitae of the directors of the Principal Subsidiary:

Simon Naudi: Mr Naudi joined the Corinthia Group in a senior executive role in 1998, and was appointed to the board of directors of International Hotel Investments p.l.c., a Maltese listed company forming part of the Corinthia Group, in 2005. He has since been responsible for this company's corporate strategy, including business development, particularly in the fields of hotel and real estate acquisitions and project developments. Mr. Naudi acts as chairman on the board of the Principal Subsidiary.

Reuben Xuereb: Mr Xuereb joined the Corinthia Group in early 2006 in a senior executive role, and has since been actively involved in introducing investors to the Corinthia Group. Having worked in the Middle East with one of the largest finance houses and investment groups based in Bahrain, he has specialised in real estate investment structures and is responsible for corporate strategy and business development of the Issuer. Mr. Xuereb is the Managing Director of the Principal Subsidiary and heads the project team involved in the Palm City Residences Project.

Ali Bani: Mr Bani joined the Corinthia Group in 2002 as a director on the board of Corinthia Construction (Overseas) Limited, and was eventually appointed on the board of directors of the Principal Subsidiary. Mr. Bani acts as Chairman and CEO of the Arab Union Construction Company, a company in which he previously occupied several posts including that of project manager of the 30-storey Al Fateh Tower Building, head of the Projects Department as well as head of the Construction Department.

For the curriculum vitae of Faysal J.S. Alessa, Musaed Al Saleh and Joseph C. Caruana refer to section 9.1.1 of Part C above.

Simon Naudi, Reuben Xuereb, Ali Bani and Joseph C. Caruana have their business address at 22 Europa Centre, Floriana FRN 1400, Malta.

Faysal J.S. Alessa and Musaed Al Saleh have their business address at P.O. Box 64585, Shuwaikh, B 70456, Kuwait.

10.3 Future Development of the Management Structures

The Directors believe that at the current stage of the Issuer's development, the organisational structure of the Issuer will, at top management level, seek the support, experience and expertise afforded by virtue of the MSS Agreement detailed in section 6 above. This is expected to enable the Issuer to make significant savings on costs in the recruitment of top executives and support staff in the shorter to medium term, until the Issuer is closer to entering its mature stage and its revenue generation could sustain an independent executive team. With further acquisitions and economies of scale, the Issuer would eventually be better placed to sustain a top management structure which will no longer require the resources provided pursuant to said MSS Agreement.

At the subsidiary level, the Directors believe that the current organisational structure is adequate and shall continue to develop it on the same model adopted so far. The Directors will maintain this structure under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

10.4 Shareholders of the Issuer

As further detailed in section 15.1 below, CPHCL currently owns 50% of the share capital of the Issuer, NREC holds 40% of the share capital whereas LPTACC holds the remaining 10%. LPTACC is a fully owned subsidiary by NPHC, which in turn is 98% owned by NREC. In terms of the Memorandum and Articles of Association of the Issuer:

- CPHCL, as the holders of ordinary 'A' shares, shall have the right to appoint three (3) Directors to the Board;
- NREC, as the holders of ordinary 'B' shares, shall have the right to appoint three (3) Directors to the Board; and
- CPHCL and NREC, as the holders of ordinary 'A' shares and ordinary 'B' shares respectively, shall have the right to jointly appoint the seventh Director to the Board.

During the first three-year term of the Issuer, the right to nominate the Chairman of the Board vested with CPHCL. Following the lapse of the said first three-year term, the right to appoint the Chairman of the Board vested jointly in NREC and LPTACC. Save for any amendments to the Memorandum and Articles of Association of the Issuer that may from time to time be made to such effect, the three-year term rotation policy will be maintained throughout the period that the Issuer is validly constituted.

11. Audit Practices

11.1 Audit Committee

The Audit Committee's primary objective is to assist the Board in fulfilling its responsibilities: in dealing with issues of risk, control and governance; and review the financial reporting processes, financial policies and internal control structure. The Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team. In terms of the terms of reference of the Committee and in terms of the Listing Rules, the Audit Committee shall meet at least four times a year.

The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time.

Briefly, the Audit Committee is expected to deal with and advise the Board on:

- (a) monitoring the integrity of the financial statements issued by the company, as well as the internal control structures (including the appropriateness and security of computer systems being utilized), the financial reporting process (ensuring that the recommendations made by external auditors are implemented in a timely manner) and financial policies of the company;
- (b) maintaining communications on such matters between the Board, management and the external auditors;
- (c) preserving the Issuer's assets by understanding the Issuer's risk environment and determining how to deal with those risks;
- (d) the appointment of the external Auditor and the approval of the remuneration and terms of engagement thereof following appointment by the shareholders in general meeting.

Furthermore, pursuant to its terms of reference, the Audit Committee is charged with the monitoring and review of, *inter alia*:

- (a) the company's internal financial control systems;
- (b) the external audit functions, including the external auditor's independence, objectivity and effectiveness;
- (c) the information upon which the management bases its decision to consider the business as a going concern;
- (d) the accounting policies adopted and assumption made;
- (e) whether the company's financial statements compare well with the industry norm;
- (f) the company's annual and interim financial statements, and evaluate the completeness of the financial information presented and investigate any significant variances from previous years;
- (g) the adherence to laws and regulations and compliance with the Listing Rules;
- (h) the financial performance of related companies, in relation to any outstanding borrowings the latter may have with the company; and
- (i) the company's tax position.

In addition, the Audit Committee also has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Issuer and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Issuer.

Joseph C. Caruana, a Non-Executive Director, acts as chairman of the Audit Committee, whilst Joseph Fenech and Khalil E. A. M. Alabdullah, both Non-Executive Directors, act as members. Joseph C. Caruana is the independent member of the Audit Committee who is competent in accounting and/or auditing as required pursuant to article 41 of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

11.2 Internal Audit

The role of the internal audit team is to carry out systematic risk-based reviews and appraisals of the operations of the Issuer (as well as of the subsidiaries and associates from time to time thereof) for the purpose of advising management and the Board, through the Audit Committee, on the efficiency and effectiveness of internal management policies, practices and controls. This function is expected to promote the application of best practices within the Issuer's organisational structure.

The internal audit unit reports directly to the Audit Committee.

11.3 Property Audit

Property audits carried out by QPM, a subsidiary of the Corinthia Group, will commence as soon as a property in which the Group has invested is operative. These audits, which are unannounced, comprise a full review of each property twice a year when a physical inspection of the building and the assets is undertaken by experienced engineers. A detailed report is submitted to the owners including a review of the maintenance systems and quality of the maintenance works and recommendations on the replacement of plant and equipment.

12. Corporate Governance

The Issuer fully supports the Code of Principles of Good Corporate Governance (the “Code”) forming part of the Listing Rules. Whilst the Board deems that, the Issuer has been substantially in compliance with the requirements of the Code, a number of the recommendations proposed by the Code are not considered to be necessary within the context of the size, nature and operations of the Issuer. Such areas of divergence from the recommended practices of the Code refer to the recommended appointment of committees to evaluate the performance of the Board and the appointment of a nomination and remuneration committee. The Issuer adopts measures in line with the Code of Corporate Governance to ensure that the relationship with its majority shareholders is retained at arm’s length, it has ensured that the composition of its board of directors is in line with the requirements of the Code, and has set up an Audit Committee having a composition and terms of reference that comply with the requirements of the Code. The Issuer considers that given that the directors are all non-executives and that no resolution has been taken for the purpose of their remuneration that this would therefore not warrant the setting up of a Nomination, Remuneration or Performance Committee, as recommended by the Code.

13. Historical Financial Information

The historical financial information about the Issuer and the Principal Subsidiary is available for inspection as set out in section 18 below.

There have been no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the last Audited Consolidated Financial Statements of the Issuer referred to in section 18(b) of Part C below relate.

14. Litigation

There is no current litigation against or otherwise involving the Issuer, including actual or pending legal or arbitration proceedings, which the Directors consider could have significant effects on the Group’s financial position or profitability.

15. Additional Information

15.1 Share Capital

The Issuer has an authorised share capital of €100,000,000 divided into 50,000,000 Ordinary ‘A’ shares of €1 each and 50,000,000 Ordinary ‘B’ shares of €1 each. The Issuer has an issued share capital of €48,002,000 divided into 24,001,000 Ordinary ‘A’ shares of €1 each, fully paid up, and 24,001,000 Ordinary ‘B’ shares of €1 each, fully paid up. CPHCL holds 24,001,000 Ordinary ‘A’ shares of €1 each, NREC holds 19,200,800 Ordinary ‘B’ shares of €1 each and LPTACC holds 4,800,200 Ordinary ‘B’ shares of €1 each.

Since incorporation, the Issuer allotted shares as detailed in the following table:

Date of allotment	No. of Shares	Shareholder	Consideration
Initial share capital, issued on 12 December 2005	1,000 Ordinary ‘A’ shares	CPHCL	€ 1,000 in cash
Initial share capital, issued on 12 December 2005	1,000 Ordinary ‘B’ shares	NREC	€ 1,000 in cash
21 February 2006	24,000,000 Ordinary ‘B’ shares	NREC	€24,000,000 in cash
16 March 2006	24,000,000 Ordinary ‘A’ shares	CPHCL	Capitalisation of shareholder’s loan

On 12 September 2007, 4,800,200 Ordinary ‘B’ shares of €1 each were transferred by NREC to LPTACC.

In terms of the Memorandum and Articles of Association of the Issuer, the Board of Directors may be authorized, by the members by extraordinary resolution in general meeting or by a resolution in writing executed by or on behalf of each member who would have been entitled to vote on it if it had been proposed at a general meeting, to exercise the power of the Issuer to allot shares to the amount of the authorised but unissued share capital of the Issuer for the time being (or for such other amount as the authority may state), and the Board of Directors may allot, grant options over, or otherwise dispose of, such shares to such persons on such terms and in such manner as they think fit.

In terms of the Issuer's Memorandum and Articles of Association, no issue of shares in the Issuer shall take place where such issue would dilute a substantial interest of the shareholders of the Issuer without prior approval of the shareholders in general meeting.

It is not expected that shares in the Issuer shall be issued during the next financial year, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

15.2 Memorandum and Articles of Association

(a) Objects

The Memorandum and Articles of Association of the Issuer (C 37513) is registered with the Registry of Companies.

The main objects for which the Issuer is constituted, which are limited to activities outside Malta and to such other acts as are or may be necessary for its operations from Malta, are to directly and indirectly acquire and develop real estate opportunities in North Africa, including without limitation, opportunities with respect to retail outlets, shopping malls, office and commercial buildings, resident gated compounds, housing, hotels, build-operate-transfer (BOT) and other governmental projects, and conference centres. Clause 4 of the Memorandum of Association contains the full list of objects of the Issuer. A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Prospectus at the registered office of the Issuer and at the Registrar of Companies of the Malta Financial Services Authority.

(b) Voting Rights & Restrictions

The holders of shares in the Issuer are entitled to vote at meetings of the shareholders of the Issuer on the basis of one vote for each share held.

(c) Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of seven (7) Directors, who are appointed as follows:

- the holders of ordinary 'A' shares shall have the right to appoint three (3) Directors to the Board;
- the holders of ordinary 'B' shares shall have the right to appoint three (3) Directors to the Board; and
- the holders of ordinary 'A' shares jointly with the holders of the ordinary 'B' shares shall have the right to appoint the seventh Director to the Board.

(d) Powers of Directors

The Directors are vested with the management of the Issuer, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Issuer and in this respect have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the Issuer in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a material interest.

The amount of remuneration payable to the Directors is, in terms of the Memorandum and Articles of Association, to be established by an extraordinary resolution of the shareholders.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security therefor, as they think fit.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

16. Material Contracts

The Group has not entered into any material contract which is not in the ordinary course of its business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet their obligations to security holders in respect of securities being issued pursuant to, and described in, this Prospectus.

17. Third Party Information and Statement by Experts

The Expert Valuation report relating to the Palm City Residences Project dated 31 May 2010, referred to in section 5.2.1 of Part C of this Prospectus, has been made available for inspection with the authorisation of DeMicoli and Associates of 8/5 Portomaso Tower, Portomaso PTM 01, Malta and PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta, in the form and content in which the report is available.

Save for the Expert Valuation and the independent financial assessment of earnings relied upon by the architect in arriving at the Palm City Residences Project Valuation, this Prospectus does not contain any statement or report attributed to any person as an expert.

None of the foregoing experts has any beneficial interest in the Issuer or in the offer hereby made.

18. Documents Available for Inspection

For the duration period of this Prospectus the following documents shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association of the Issuer;
- (b) Audited Consolidated Financial Statements of the Issuer for the financial years ended 31 December 2007, 2008 and 2009;
- (c) Audited Financial Statements of the Principal Subsidiary for the financial years ended 31 December 2007, 2008 and 2009;
- (d) Profit Forecasts of the Issuer for the eight years ending 31 December 2017 together with the accountants' report thereon; and
- (e) Architects' Valuation Report of the Palm City Residences.

Part D - INFORMATION ABOUT THE BONDS

19. Details of the Bond

19.1 The Bond Issue

The Issuer is making an offering of the equivalent of €30,000,000 aggregate principal amount of Bonds which are being offered and made available to investors in any one or any combination of the Euro, Pound Sterling and US Dollar currencies. The actual amount of EUR Bonds, GBP Bonds and USD Bonds will depend on the value of the Applications received for the Bonds. Accordingly, the Issuer may issue up to a maximum of:

- (a) €30,000,000 EUR Bonds of a nominal value of €100 each Bond, issued at par and redeemable at €100 each EUR Bond on the Redemption Date, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Early Redemption Dates; or
- (b) £25,020,000 GBP Bonds (amount calculated on the basis of the £ Rate of Exchange) of a nominal value of £100 each Bond, issued at par and redeemable at £100 each GBP Bond on the Redemption Date, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Early Redemption Dates; or
- (c) \$36,240,000 USD Bonds (amount calculated on the basis of the \$ Rate of Exchange) of a nominal value of \$100 each Bond, issued at par and redeemable at \$100 each USD Bond on the Redemption Date, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Early Redemption Dates; or
- (d) Any combination of the above provided that the aggregate principal amount of the Bonds issued shall not exceed the total value of €30,000,000. For the purpose of ascertaining the aggregate principal amount of the GBP Bonds and USD Bonds, reference will be made to the £ Rate of Exchange (against the €) and the \$ Rate of Exchange (against the €) respectively.

In the event that during the Offer Period the Issuer receives applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €30,000,000 and thereafter the Issuer elects to exercise the Over-Allotment Option, the issue of the Bonds shall be increased by the equivalent of an additional €10,000,000, up to a maximum combined aggregate Issue amount equivalent to €40,000,000 of Bonds issued pursuant to this Prospectus.

Depending on the currency in which Applications for the Bonds are received, the Issuer reserves the right to issue and allocate Bonds in any one or in any combination of EUR Bonds, GBP Bonds and USD Bonds, provided that the Issuer shall allot any amounts received up to the equivalent of €3,000,000 in value of each of EUR Bonds, GBP Bonds and USD Bonds. In respect of any amount applied for in excess of the equivalent of €3,000,000, the Issuer may, at its sole discretion, elect to issue and allocate the bonds in any one or a combination of EUR Bonds, GBP Bonds and USD Bonds. Accordingly, in allocating the amount applied for in excess of such amount, the Issuer may elect to allocate any one or more of the EUR Bonds, the GBP Bonds or the USD Bonds with preference over the other type/s of Bonds.

In respect of each of paras (a), (b) and (c) hereof, in making an early redemption the Issuer reserves the right to redeem any one or more of the EUR Bonds, GBP Bonds or USD Bonds, in whole or in part, at the discretion of the Issuer.

The Bond Issue is not underwritten.

19.2 Placing Arrangements and Public Offer

The Bonds shall be available for subscription in three tranches: -

- a) By Authorised Financial Intermediaries for the account of their clients during the Pre-Placement Period pursuant to, *inter alia*, the provisions of Section 19.2.1 and 19.2.3 below;
- b) By Preferred Applicants through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of Section 19.2.2 and 19.2.3 below; and
- c) By the general public through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of Section 19.2.4 below.

19.2.1 Pre-Placement Period

Prior to the commencement of the Issue Period, the Issuer intends to enter into conditional placement agreements with Authorised Financial Intermediaries (the “**Placement Agreements**”) with respect to the subscription of Bonds, up to an amount not exceeding €15,000,000, that is 37.50% of the maximum combined aggregate amount of Bonds being issued (including the Over-Allotment Option) (the “**Placed Portion**”). The Placement Agreements and the obligations of the Issuer and Authorised Financial Intermediaries arising therefrom will be subject, inter alia, to the admission to trading of the Bonds on the Official List of the Malta Stock Exchange. Each Placement Agreement will become binding on both the Issuer and the Authorised Financial Intermediaries upon delivery, subject to the Issuer having received all subscription proceeds in clear funds on delivery of the Placement Agreement.

Authorised Financial Intermediaries may submit the completed Placement Agreements together with subscription proceeds in clear funds on 9 July 2010, (the “**Pre-Placement Period**”).

The minimum subscription amount for each Application lodged with Authorised Financial Intermediaries during the Pre-Placement Period shall be €5,000 for the Euro Bonds, £5,000 for the GBP Bonds or \$5,000 for the USD Bonds, and Applications in a single name for a lesser amount shall not be eligible for the Placed Portion and shall be disregarded.

19.2.2 Preferred Applicants

The Issuer has reserved €15,000,000, that is, 37.50% of the maximum combined aggregate amount of Bonds being issued (including the Over Allotment Option), for subscription by Preferred Applicants (the “**Preferred Portion**”). Such Preferred Applicants shall receive a pre printed Application Form by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with clear funds on 8 July 2010, (the “**Preferred Applicants’ Period**”).

Each Application submitted by a Preferred Applicant shall be accompanied by the subscription proceeds in clear funds on the day of submission of the relevant Application.

For each pre-printed Application lodged with Authorised Financial Intermediaries during the Preferred Applicants’ Period: in the case of EUR Bonds the minimum subscription amount shall be €1,000 whereas the maximum subscription amount shall not exceed €250,000; in the case of GBP Bonds the minimum subscription amount shall be £1,000 whereas the maximum subscription amount shall not exceed £250,000; in the case of USD Bonds the minimum subscription amount shall be \$1,000 whereas the maximum subscription amount shall not exceed \$250,000. Applications in a single name for an amount lower than the said minimum threshold or in excess of the said maximum threshold shall not be eligible for the Preferred Portion and shall be disregarded.

19.2.3 Treatment of Placed Portion, Preferred Portion and remaining portion

The Placed Portion and the Preferred Portion shall be subject to the following limits:

- (i) The Authorised Financial Intermediaries shall be entitled to subscribe to up to a maximum aggregate amount of fifteen million Euro (€15,000,000) pursuant to the Placement Agreements; and
- (ii) The Preferred Applicants shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of fifteen million Euro (€15,000,000).

The above shall be subject to the following:

- (a) any amount not taken up by Authorised Financial Intermediaries for the benefit of their clients under (i) above shall be available for subscription by Preferred Applicants in addition to the amount reserved for Preferred Applicants, subject to a combined limit of thirty million Euro (€30,000,000). In the event that Applications submitted by Preferred Applicants are in excess of the said amount, any unsatisfied part of such Applications shall automatically participate during the Issue Period *pari passu* with other Applicants;
- (b) any amount not taken up by Preferred Applicants under (ii) above shall be available to Authorised Financial Intermediaries for the benefit of their clients during the Pre Placement Period, subject to a combined limit of thirty million Euro (€30,000,000). In the event that subscriptions received from Authorised Financial Intermediaries pursuant to the Placement Agreements are in excess of the said amount, such subscriptions shall be scaled down and the unsatisfied applications or part thereof shall automatically participate during the Issue Period *pari passu* with other Applicants.

The balance of the Bonds not subscribed for during the Pre-Placement Period and the Preferred Applicants' Period shall be offered and issued to the general public during the Issue Period.

Preferred Applicants are also at liberty to apply for Bonds during the Issue Period, provided that at that stage no preference shall be provided to their Application.

19.3 Allocation Policy

Depending on the currency in which Applications for the Bonds are received, the Issuer reserves the right to issue and allocate Bonds in any one or in any combination of EUR Bonds, GBP Bonds and USD Bonds, provided that the Issuer shall allot any amounts received up to the equivalent of €3,000,000 in value of each of EUR Bonds, GBP Bonds and USD Bonds. In respect of any amount applied for in excess of the equivalent of €3,000,000, the Issuer may, at its sole discretion, elect to issue and allocate the bonds in any one or a combination of EUR Bonds, GBP Bonds and USD Bonds. Accordingly, in allocating the amount applied for in excess of such amount, the Issuer may elect to allocate any one or more of the EUR Bonds, the GBP Bonds or the USD Bonds with preference over the other type/s of Bonds.

The Issuer will determine and announce the allocation policy for the allotment of the Bonds within five Business Days of the closing of the Offer Period in at least one newspaper. It is expected that allotment advices will be dispatched to Bondholders by the Central Securities Depository of the MSE within five Business Days of the date of announcement of the allocation policy.

Dealing shall commence upon admission to trading of the Bonds by the MSE and subsequent to the above-mentioned notification.

19.4 Offer Period

The Bonds will be available for subscription during the Offer Period commencing on 12 July 2010 up to and including 16 July 2010, subject to the right of the Issuer to close subscription lists before such date in the event that the Offer of Bonds is over-subscribed.

19.5 Refunds

If any Application is not accepted, 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 the Issuer without interest by direct credit into Applicant's bank account as indicated by the Applicant on the Application Form. The Issuer will not be responsible for any loss or delay in transmission.

20. Information concerning the Securities

20.1 Description and Type of Securities

Once issued, the Bonds shall constitute the unconditional debt obligations of the Issuer that bind the Issuer to pay to 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 per EUR Bond or £100 per GBP Bond or \$100 per USD Bond.

The Bonds have been created in terms of the Act. The Bonds will be issued in uncertificated 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 Central Security Depository of the Malta Stock Exchange.

Subject to the admission to listing of the Bonds to the Official List of the Malta Stock Exchange, the Bonds are expected to be assigned the following ISIN codes: MT0000371238 for the EUR Bonds, MT0000371246 for the GBP Bonds and MT0000371253 for the USD Bonds.

20.2 Status

- a) The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt.
- b) In essence, this means that if the Issuer does not have enough assets to pay all its debts, other creditors that are afforded prior ranking claims by applicable law will be paid before the Bondholders and in that case, Bondholders will have to compete with other creditors having the same ranking for the remaining assets of the Issuer. This is due to the fact that the Bonds are unsecured and therefore Bondholders are not provided with a preference over other creditors of the Issuer.
- c) Furthermore, subject to the negative pledge clause contained in this Prospectus and to paragraph (d) hereunder, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.
- d) The Issuer undertakes that any future indebtedness it may create with its shareholders, or any of them, shall at all times be under terms and conditions that the maturity for repayment of such debt shall fall after the Redemption Date and that any such indebtedness shall be subordinated to the rights of Bondholders.

20.3 Terms and Conditions of Issue

The full terms and conditions of the issue of the Bonds are contained in Part I of Annex I to this Prospectus.

20.4 Interest

The Bonds shall accrue interest at the rate of 7.15% per annum payable on 23 July of each year. Interest shall accrue as from 23 July 2010. The first Interest Payment Date shall be 23 July 2011.

20.5 Maturity & Redemption

The Bonds shall become due for final redemption on 23 July 2017, provided that the Issuer reserves the right to redeem any one or more of the Bonds or any part thereof on any of the Early Redemption Dates, as the Issuer may determine, on giving not less than thirty (30) days notice to Bondholders. In making an early redemption as aforesaid, the Issuer reserves the right to redeem any one or more of the EUR Bonds, GBP Bonds or USD Bonds, in whole or in part, at the discretion of the Issuer, in the currency in which they are issued. Redemption of the Bonds shall be made at the nominal value of the Bonds. In addition, the Issuer reserves the right to purchase, from the market at any time after issue, Bonds for cancellation.

20.6 Public Offer

The Bonds shall be issued and offered to the Preferred Applicants, the general public as well as to Authorised Financial Intermediaries either for their own account or on behalf of investors represented by such Intermediaries. In the latter case, the Issuer shall not, unless due notice in writing is given to it, verify the relations existing between an Intermediary and its client and shall only and at all times recognise as a Bondholder the person registered as such in the register of bonds held for this purpose.

20.7 Authorisations

The issue of the Bonds was authorised by the Issuer's Board of Directors by resolution dated 26 February 2010. The Listing Authority authorised the Bonds as admissible to listing on the Official List of the Malta Stock Exchange pursuant to the Listing Rules by virtue of a letter dated 14 June 2010. The Bonds are being created as debt instruments of the Issuer under the Act.

20.8 Expected Date of Issue of the Bonds

The expected date of Issue of the Bonds is 6 August 2010.

20.9 Exchange Controls

It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to exchange control (whether in terms of the External Transactions Act, Cap. 233, Laws of Malta or otherwise) in Malta and in the countries of their nationality, residence or domicile.

The obligation to comply with any applicable exchange control or other such regulations (such as those relating to external transactions) rests with the investor and not with the Issuer, Managers, Registrar, or any of the Intermediaries.

20.10 Taxation

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 the Issuer is not aware that any 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.

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, 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 (subject to certain exceptions where a lower rate would apply), pursuant to article 33 of the Income Tax Act (Cap. 123, Laws of Malta). 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 other 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. Furthermore, Bondholders in receipt of interest net of the final withholding tax are not subject to further tax in respect of such income. However any tax withheld is not available to any Bondholder for a credit against that Bondholder’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 Bondholder 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 does not qualify as a “recipient” in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta). Any such election made by a “recipient” 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 from the Bonds and the Issuer will pay the interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

European Union Savings Directive

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 Malta Commissioner of Inland Revenue 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 EU Savings Directive 2003/48/EC.

Maltese taxation of 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 held as capital assets at the time of disposal.

Duty on documents and transfers

In terms of article 50 of the Financial Markets Act (Cap 345, Laws of Malta), as the Bonds constitute financial instruments of a company quoted on a Recognised Investment Exchange, as is the MSE, redemptions and transfers of the Bonds is 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 MAIN ANTICIPATED MALTESE 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.

20.11 Sinking Fund

The Issuer hereby undertakes that from the outset of the financial year commencing 1 January 2012, it shall, over a period of five years therefrom, build a sinking fund the value of which will by the end of such period be equivalent to 50% of the value of the issued Bonds, thus creating a cash reserve from the Issuer's Annual Surpluses to meet part of the redemption proceeds on the Redemption Date.

For the purposes of this section Annual Surpluses are defined as net cash inflows from operating activities, that is operating profits adjusted for non-cash items, working capital changes and tax payments, and after deducting net cash used in investing activities and net cash used in financing activities, but before the payment of dividends.

The proceeds constituting the sinking fund (the "Fund Amount") shall be registered in the name of a custodian for the benefit of the Issuer. The custodian shall be independent of the Issuer and licensed by the Malta Financial Services Authority under the Investment Services Act, 1994 (Cap.370 of the Laws of Malta) to hold clients' monies or assets and/or under Banking Act (Cap.371 of the Laws of Malta) to carry on the business of banking ("the Custodian").

The Custodian is to take control of the Fund Amount and hold same in an account segregated from the remaining assets of the Issuer. The Custodian will, further to a request made by the Issuer, invest the Fund Amount or part thereof, provided that, save where market conditions may reasonably dictate otherwise from time to time, the investment of the Fund Amount will be made either for the purpose of redeeming the equivalent amount of Bonds outstanding on the Redemption Date or, prior to the Redemption Date, for the purpose of:

- a) buying back Bonds for cancellation in terms of section 20.5 of Part D of the Prospectus;
- b) investing in such instruments, debt and/or money market securities issued or guaranteed by any sovereign state or any supranational authority within the Eurozone or which is a member of the OECD, or other debt securities which are rated as 'A' or better by a recognized international rating agency, without incurring exchange risk, at the lower of cost and market value, or in debt and/or money market securities issued by, and/or demand deposits with credit institutions regulated by the Malta Financial Services Authority; or
- c) investing in as balanced and diversified a portfolio of assets as can reasonably be considered practicable by the Issuer in the then current market and overall economic conditions.

The Issuer may not create or permit to subsist security over the Fund Amount (other than a Permissible Security, which for the purposes of this paragraph shall mean a general hypothec or general privilege) unless the same is given only the Issuer severely requires further liquidity to ensure continued operation of its business and the prior consent of the Custodian is obtained.

The Custodian shall be obliged to ensure that the proceeds of the Fund Amount are invested and/or used in accordance with the terms of this Section 20.11.

21. Admission to Trading

Application has been made to the Listing Authority for the admissibility of the Bonds to listing on a Regulated market. In addition, application has also been made to the Malta Stock Exchange for the Bonds to be admitted to trading on the Official List. The Bonds are expected to be admitted to the Official List of the Malta Stock Exchange with effect from 6 August 2010 and trading is expected to commence on 9 August 2010.

22. Estimated Total Expenses and Estimated Net Proceeds

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management and registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €500,000, or in the case of the exercise by the Issuer of the Over-Allotment Option €600,000, and shall be borne by the Issuer.

The overall amount of the placing commission payable to the Authorised Financial Intermediaries will not exceed €255,000, or, in the case of the exercise by the Issuer of the Over-Allotment Option, €340,000.

Part E - ANNEXES

Annex I - TERMS AND CONDITIONS OF THE BONDS AND APPLICATION

Part I – Terms and Conditions of the Bonds

The rights attaching to the Bonds are those set out in the terms and conditions of issue found in this Part I of Annex I, which terms and conditions the Bondholders and any person claiming through or under a Bondholder are hereby deemed to have received knowledge of and to have accepted to be bound by.

1. General

- (a) Each Bond forms part of a duly authorised issue of €30,000,000 aggregate principal amount of Bonds due 2015 – 2017, in any one or any combination of three issues denominated in Euro, Pound Sterling and US Dollar namely 7.15 % Bonds due 2015-2017 denominated in Euro having a nominal value of €100 each (the “EUR Bonds”) and, or 7.15% Bonds due 2015-2017 denominated in Pound Sterling having a nominal value of £100 each (the “GBP Bonds”) and, or 7.15% Bonds due 2015-2017 denominated in US Dollar having a nominal value of \$100 each (the “USD Bonds”) (collectively, the “Bonds”). The aggregate principal amount of each of the EUR Bonds, GBP Bonds and USD Bonds will be determined by the Issuer upon allocation at its option depending on the value of the Applications received for the Bonds, provided that their combined aggregate principal amount does not exceed the equivalent of €30,000,000 save in the event of the exercise of the Over-allotment Option or as otherwise provided under clause 9 “Further Issues” below..
- (b) In the event that during the Offer Period the Issuer receives Applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €30,000,000 and thereafter the Issuer elects to exercise the Over-Allotment Option, the issue of the Bonds shall be increased by the equivalent of an additional €10,000,000, up to a maximum combined aggregate Issue amount equivalent to €40,000,000 of Bonds issued pursuant to this Prospectus.
- (c) For the purpose of ascertaining the aggregate principal amount of the GBP Bonds and USD Bonds, reference will be made to the £ Rate of Exchange and \$ Rate of Exchange respectively.
- (d) Unless previously purchased and cancelled, the Bonds shall be redeemable at the nominal value on the Redemption Date, subject to the Issuer’s option to redeem all or any part of the Bonds on any of the Early Redemption Dates, as the Issuer may determine, on giving not less than 30 days prior notice to the Bondholders. In making an early redemption as aforesaid, the Issuer reserves the right to redeem any one or more of the EUR Bonds, GBP Bonds or USD Bonds, in whole or in part, at the discretion of the Issuer.
- (e) Depending on the currency in which Applications for the Bonds are received, the Issuer reserves the right to issue and allocate Bonds in any one or in any combination of EUR Bonds, GBP Bonds and USD Bonds, provided that the Issuer shall allot any amounts received up to the equivalent of €3,000,000 in value of each of EUR Bonds, GBP Bonds and USD Bonds.

In respect of any amount applied for in excess of the equivalent of €3,000,000, the Issuer may, at its sole discretion, elect to issue and allocate the bonds in any one or a combination of EUR Bonds, GBP Bonds and USD Bonds. Accordingly, in allocating the amount applied for in excess of such amount, the Issuer may elect to allocate any one or more of the EUR Bonds, the GBP Bonds or the USD Bonds with preference over the other type/s of Bonds.

2. Form, Denomination and Title

The Bonds will be issued in fully registered form, without coupons. EUR Bonds will be issued in denominations of integral multiples of one hundred Euro (€100) provided that on subscription they will be issued for a minimum €1,000. GBP Bonds will be issued in denominations of integral multiples of one hundred Pounds Sterling (£100) provided that on subscription they will be issued for a minimum of £1,000. USD Bonds will be issued in denominations of integral multiples of one hundred US Dollars (\$100) provided that on subscription they will be issued for a minimum of \$1,000. 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 Central Securities Depository of the Malta Stock Exchange or as may be stipulated by the Malta Stock Exchange Bye-Laws from time to time. The nominal value of each Bond is being established to facilitate trading therein. The Bonds, and transfer thereof, shall be registered as provided under clause 8 “**Registration, Replacement, Transfer and Exchange**” below. 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.

3. Interest

- (a) The Bonds shall, from the Issue Date, bear interest at the rate of 7.15% per annum on the nominal value of the Bond, payable annually in arrears, on 23 July of each year, the first payment becoming due on 23 July 2011 (each such day, an “Interest Payment Date”), 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. Each Bond will cease to bear interest from and including its due date of redemption unless, upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused, or unless the Issuer defaults in respect of payment, in any of which event interest shall continue to accrue at the rate of two per cent (2%) per annum above the rate specified above;
- (b) When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of the actual number of days in such period divided by the actual number of days (360) in the respective year.

4. Status of the Bonds and Negative Pledge

- (a) The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt;
- (b) The Issuer undertakes that any future indebtedness it may create with its shareholders, or any of them, shall at all times be under terms and conditions that the maturity for repayment of such debt shall fall after the Redemption Date and that any such indebtedness shall be subordinated to the rights of Bondholders;
- (c) The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, unless at the same time or prior thereto the Issuer’s indebtedness under the Bonds, shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

For the purposes of this Clause and of Clause 7 (“**Events of Default**”) below:

“**Financial Indebtedness**” means any indebtedness in respect of (A) monies borrowed; (B) any debenture, bond, note, loan stock or other security; (C) any acceptance credit; (D) 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 for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

“**Security Interest**” means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer;

“Permitted Security Interest” means (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding eighty per cent (80%) of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than one hundred and seven and a quarter per cent of the aggregate principal amount of the Bonds still outstanding;

“Unencumbered assets” means assets which are not subject to a Security Interest.

5. Payments

- (a) Payment of the principal amount (with interest accrued to the date set for redemption) as well as payment of any instalment of interest of a EUR Bond will be made in Euro to the person in whose name such EUR Bond is registered as at the close of business fifteen (15) days prior to the date set for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be) against surrender of such EUR Bond at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer. Such payment shall be effected by direct credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the Bondholder. The Issuer shall not be responsible for any loss or delay in transmission. Such payment shall be effected within seven (7) days of the date set for redemption or the Interest Payment Date (as the case may be).
- (b) Payment of the principal amount (with interest accrued to the date set for redemption) as well as payment of any instalment of interest of a GBP Bond will be made in Pound Sterling to the person in whose name such GBP Bond is registered as at the close of business fifteen (15) days prior to the date set for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be) against surrender of such GBP Bond at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer. Such payment shall be effected by direct credit or transfer to a Pound Sterling account (or any other account to which Pound Sterling may be credited or transferred) specified by the Bondholder. The Issuer shall not be responsible for any loss or delay in transmission. Such payment shall be effected within seven (7) days of the date set for redemption or the Interest Payment Date (as the case may be).
- (c) Payment of the principal amount (with interest accrued to the date set for redemption) as well as payment of any instalment of interest of a USD Bond will be made in US Dollars to the person in whose name such USD Bond is registered as at the close of business fifteen (15) days prior to the date set for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be) against surrender of such USD Bond at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer. Such payment shall be effected by direct credit or transfer to a US Dollar account (or any other account to which US Dollars may be credited or transferred) specified by the Bondholder. The Issuer shall not be responsible for any loss or delay in transmission. Such payment shall be effected within seven (7) days of the date set for redemption or the Interest Payment Date (as the case may be).
- (d) All payments with respect to the Bonds 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 government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or authority thereof or therein having power to tax.
- (e) No commissions or expenses shall be charged to the Bondholders in respect of such payments.
- (f) For the purposes of paras (a), (b) and (c) hereof, the term “the date set for redemption” shall be deemed to include the Redemption Date as well any Early Redemption Dates where such may have been set from time to time by the Issuer in respect of all or any of the Bonds, PROVIDED that in making an early redemption as aforesaid, the Issuer reserves the right to redeem any one or more of the EUR Bonds, GBP Bonds or USD Bonds, in whole or in part, at the discretion of the Issuer.

6. Redemption and Purchase

- (a) Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date set for redemption) on the Redemption Date, provided that the Issuer reserves the right to redeem all or any of the Bonds on any of the Early Redemption Dates, as the Issuer may determine, on giving not less than 30 days prior notice to the Bondholders, in which case the proviso to clause 5(f) above shall apply.

- (b) The Issuer 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.
- (c) All Bonds so redeemed will be cancelled forthwith and may not be re-issued or re-sold.

7. Events of Default

The Bonds shall become immediately 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 any Bondholder; or
- (ii) the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- (iii) 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
- (iv) the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; 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) there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of five million Euros (€5,000,000) or its equivalent in any other currency and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- (vii) any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of five million Euros (€5,000,000) or its equivalent in any other currency at any time.

8. Registration, Replacement, Transfer and Exchange

- (a) A register of the Bonds will be kept by the Issuer at the Central Securities Depository ('CSD') of the MSE or as may be stipulated by the Malta Stock Exchange Bye-Laws from time to time, 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 inspection at the registered office of the Issuer.
- (b) Bonds shall be issued in uncertificated form and shall be maintained in book-entry form at the CSD of the MSE. The Bonds shall accordingly be evidenced by a book-entry in the register of Bondholders held by the CSD. The CSD will, on request, issue a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.
- (c) A Bond may be transferred only in whole in accordance with the rules and procedures applicable from time to time at the Malta Stock Exchange.
- (d) 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 be properly required by the Issuer or the MSE, elect either to be registered himself as holder of the Bond 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 Issuer 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 executing to that person a transfer of the Bond.
- (e) All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

- (f) The cost and expenses of effecting any exchange or registration of transfer or transmission except for the expenses of delivery by other than 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 Issuer.
- (g) 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 date set for redemption of Bonds.

9. Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further bonds, notes, debentures or any other debt securities, whether ranking *pari passu* in all respects with, or subordinated to, the Bonds and whether having the same terms and conditions as the Bonds in all respects (save for the first payment of interest thereon) 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.

10. Meetings of Bondholders

The Terms and Conditions contained herein may be amended with the approval of Bondholders at a meeting called for that purpose in accordance with the terms hereunder:

- (a) In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders by giving such Bondholders not less than fourteen (14) days notice, in writing setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat.
- (b) A meeting of Bondholders shall only validly and properly proceed to business if there is quorum present at the commencement of the meeting. For this purpose a quorum shall be considered present if there are Bondholders present, in person or by proxy, accounting for at least fifty per cent (50%) in nominal value of the Bonds then outstanding.
- (c) Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the regulations of the Issuer would chair a general meeting of shareholders), the meeting may then proceed to business and the directors of the Issuer or their representatives shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that the Terms and Conditions of Issue of the Bonds ought to be amended as proposed by the Issuer. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present.
- (d) The voting process shall be managed by the Company Secretary of the Issuer under the supervision and scrutiny of the Auditors of the Issuer.
- (e) The proposal placed before a meeting of Bondholders shall only be considered approved if at least seventy-five per cent (75%) in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.
- (f) Save for the above, the rules generally applicable to the Issuer during general meetings of shareholders shall apply.

11. Bonds held Jointly

In respect of a Bond held jointly by several persons (including but not limited to 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. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held. In the absence of such nomination and until such nomination is made, the person first named on the register in respect of such Bond shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held.

12. Bonds held subject to usufruct

In the 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 so held and shall have the right to receive interest on the Bond, but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

13. Governing law and jurisdiction

- (a) The Bonds are governed by and shall be construed in accordance with Maltese law.
- (b) Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with a Bond shall be brought exclusively before the Maltese Courts and the Bondholders shall be deemed to acknowledge that they are submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

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 Bondholder at his registered address and posted.

15. Listing

The Bonds, upon issue and subscription, shall be admitted to the Official List of the Malta Stock Exchange, and accordingly all the terms and conditions herein contained shall be read in conjunction with the Listing Rules and with Bye-Laws of the Malta Stock Exchange applicable from time to time.

Part II - TERMS AND CONDITIONS OF APPLICATION

The contract created between the Issuer and a Bondholder further to the Issuer's acceptance of an Application submitted by the Applicant shall be subject to the terms and conditions set out herein:

1. Subject to all other terms and conditions of Application set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, including multiple or suspected multiple Applications. 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. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted. 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 the Issuer by direct credit into the Applicant's bank account as indicated in the Application, within five (5) Business Days from the date of final allocation. No interest shall be due on refunds and any risk of loss or gain that may emerge on exchange of refunds from the currency of denomination of the Bonds applied for into the base currency of the Applicant shall be at the charge or for the benefit of the Applicant.
2. In the case of joint Applications, reference to the Applicant in these Terms and Conditions of Application is a reference to each Applicant, and liability therefore is joint and several. Furthermore, as joint Applicants, each Applicant warrants that he/she has only submitted one Application Form in his/her name.
3. 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. 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.

4. 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.

5. All Applications for the subscription of Bonds must be submitted on Application Forms within the time limits established herein (refer to Expected Timetable set out in Section 3.2 of this Prospectus). The minimum subscription of EUR Bonds is €1,000 in value, the minimum subscription of GBP Bonds is £1,000 in value and the minimum subscription of USD Bonds is \$1,000 in value. Applications in excess of the said minimum thresholds must be in multiples of €100, £100 or \$100, as the case may be. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries mentioned in this Prospectus. All Application Forms must be accompanied by the full price of the Bonds applied for in the currency of designation of the Bonds applied for and in cleared funds. Payment may be made either in cash or by direct transfer to the following accounts:
 - (a) in the case of the EUR Bonds, account 4001909550-3
 - (b) in the case of the GBP Bonds, account 4001909558-7
 - (c) in the case of the USD Bonds, account 4001909553-0

6. By completing and delivering an Application Form you (as the Applicant(s)):
 - (a) *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 Bond Offer Price subject to the Prospectus, these Terms and Conditions of Application and the Memorandum and Articles of Association of the Issuer;
 - (b) 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;
 - (c) 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);
 - (d) 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 1994 (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
 - (e) 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;
 - (f) 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 Terms and Conditions of Application 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;
 - (g) 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 by direct credit into the bank account as specified in the Application Form;
 - (h) 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;
 - (i) 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;

- (j) confirm that you have reviewed and you will comply with the restriction contained in section 7 below and the warning in this section 6;
 - (k) 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 parent/s or legal guardian/s of the minor;
 - (l) 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;
 - (m) confirm that in the case of a joint Application the first named Applicant shall be deemed the holder of the Bonds;
 - (n) 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);
 - (o) agree that Rizzo, Farrugia & Co. (Stockbroker) Ltd will not, in their capacity of Sponsor, treat you as their customer by virtue of your making an Application for the Bonds and that Rizzo, Farrugia & Co. (Stockbroker) Ltd will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you;
 - (p) 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;
 - (q) warrant that if you are a non-resident, any funds forming the Application monies accompanying your Application Form emanate from a foreign source or foreign currency account held in Malta and that all applicable exchange control permits and authorisations have been duly and fully complied with;
 - (r) 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")) 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.
7. The Bonds have not been and will not be registered under the Securities Act 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.
 8. 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.
 9. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008), 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 "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Malta Stock 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 Policy as published from time to time.
 10. Within five (5) Business Days from the closing of the subscription lists, the Issuer shall determine, and either directly or through the Registrar, announce by way of press release on any one newspaper, the basis of acceptance of Applications and allocation policy to be adopted.
 11. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions of Application, in the Application Form and in any other document issued pursuant to the Prospectus.



12. Application has been made to the Malta Stock Exchange for the Bonds to be admitted to the Official List of the Malta Stock Exchange for trading. Dealing shall commence upon admission to trading of the Bonds by the MSE and following notification to the applicants of their respective allotments.
13. The Application lists for the Bonds will open at 08:30 hours on 12 July 2010 and will close as soon thereafter as may be determined by the Issuer but not later than 17:00 hours on 16 July 2010, subject to the right of the Issuer to close subscription lists before such date in the event that the Bond Issue is over-subscribed.

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 INVESTMENT ADVISER, LICENSED UNDER THE INVESTMENT SERVICES ACT (CAP. 370 OF THE LAWS OF MALTA) FOR ADVICE.



Annex I - Part III - SPECIMEN APPLICATION FORMS



Mediterranean Investments Holding p.l.c.

**Mediterranean Investments Holding p.l.c.
7.15% Bonds 2015-2017**

APPLICATION FORM "A"

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

APPLICANT

A

B

C

I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 and 9):

CCY	AMOUNT IN FIGURES	AMOUNT IN WORDS
-----	-------------------	-----------------

Mediterranean Investments Holding p.l.c. Bonds 2015 - 2017 (minimum 1,000 nominal in the respective currency of the underlying Bond and in multiples of 100 nominal thereafter) at the Bond Issue Price, as defined in the Prospectus, payable in full upon application under the Terms and Conditions as defined in the said Prospectus.

D

WITHHOLDING TAX (see note 10)

(to be completed ONLY if the Applicant is a Resident of Malta)

- ☐ I/We elect to have Final Withholding Tax, currently 15% deducted from my/our interest.
- ☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

E

NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 11)

(to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	TOWN OF BIRTH
TIN (Tax Identification Number)	COUNTRY OF BIRTH
PASSPORT/NATIONAL I.D. CARD	COUNTRY OF ISSUE
NUMBER	ISSUE DATE

- ☐ I/We am/are **NOT** Resident in Malta but I/we am/are Resident in the European Union.
- ☐ I/We am/are **NOT** Resident in Malta and I/we am/are **NOT** Resident in the European Union.

F

INTEREST, REFUND & REDEMPTION MANDATE (see note 10)

MANDATORY

BANK	BRANCH	ACCOUNT NUMBER
------	--------	----------------

G

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 which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.

Signature/s of Applicant/s
(Both parents 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)

Date

AUTHORISED INTERMEDIARY'S STAMP

AUTHORISED 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, regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions contained in 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 must be completed in BLOCK LETTERS.
3. The Application Form is to be completed and entitles you to a preferential treatment, as
 - (a) holders of bonds issued by the Issuer, International Hotel Investments p.l.c., and/or Corinthia Finance p.l.c.
 - (b) shareholders of International Hotel Investments p.l.c.
4. Interest and redemption proceeds will be issued in the name of the person as shown in Panel A.
5. 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, **but the person whose name appears first in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds. Interest and redemption proceeds will be issued in the name of such Bondholder (Vide note 13).**
6. Applications in the name and for the benefit of minors are to be 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 a time as the minor attains the age of eighteen (18) years, following which all interest 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.
7. Applicants who are Non-Resident in Malta for tax purposes, must complete Panel E.
8. In the case of a body corporate, applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
9. Applications must be for a minimum of 1,000 Nominal in the respective currency of the underlying Bond and in multiples of 100 Nominal thereafter.
10. Payment can be made either by cash or by direct transfer or by cheque payable to the 'Registrar – MIH p.l.c. Bond Issue'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and Registrar reserves the right to invalidate the relative Application.
11. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payment 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 he/she will be obliged to declare interest so received on his/her 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. The account number quoted in Panel F must be denominated in the currency of the underlying BOND. If an application is not accepted, or is accepted for fewer Bonds after the closure of the subscription lists, 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 F. Interest and redemption proceeds will be credited to the account indicated in Panel F or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the Taxation of Savings Income in the form of interest payment requires all payors established in the EU which pay interest to an individual resident in other EU Member State to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
13. The MSE account number has been pre-printed in Panel B and reflects the MSE account number on the respective Register at the CSD as at 11 June 2010. **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 THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFERS FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
14. APPLICATIONS BY PREFERRED APPLICANTS HAVE TO BE RECEIVED BY THE FINANCIAL INTERMEDIARIES BY 12:00 HOURS ON 8 JULY 2010. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any applications received by the Financial Intermediaries after 12:00 hours on 8 July 2010 will be rejected. Completed Application Forms are to be delivered at any of the Authorised Financial Intermediaries listed in Annex II of the Prospectus during normal office hours. Remittances by post are made at the risk of the Application and the issuer disclaims all responsibility for any such remittances not received by the cut-off time indicated above.
15. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. Acknowledge that Issuer may proceed the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
 - b. Acknowledge that the Issuer may process such personal data for all necessary for all purposes necessary for and related to the Bonds applied for; and
 - c. Acknowledge that 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. The request must be further 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 licenced stockbroker or an investment adviser, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.



Mediterranean Investments Holding p.l.c.
7.15% Bonds 2015-2017

Mediterranean Investments Holding p.l.c.

APPLICATION FORM "B"

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

APPLICANT/S (see notes 2 to 7)																			
A	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons																
B	<table border="1"> <tr> <td>TITLE (Mr/Mrs/Ms/)</td> <td colspan="3">FULL NAME & SURNAME / REGISTERED NAME</td> </tr> <tr> <td colspan="4">ADDRESS</td> </tr> <tr> <td colspan="3"></td> <td>POSTCODE</td> </tr> <tr> <td>MSE A/C NO. (if applicable)</td> <td>I.D. CARD / PASSPORT / COMPANY REG. NO.</td> <td>TEL. NO.</td> <td>MOBILE NO.</td> </tr> </table>			TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME / REGISTERED NAME			ADDRESS							POSTCODE	MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.
TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME / REGISTERED NAME																		
ADDRESS																			
			POSTCODE																
MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.																
C	ADDITIONAL (JOINT) APPLICANTS (see note 3) <small>(please use additional Application Forms if space is not sufficient)</small>																		
	TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.																
	TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.																
D	MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 4) <small>(to be completed ONLY if the Applicant is a minor)</small>																		
I	TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.																
II	TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.																
E	I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 and 9): <table border="1"> <tr> <td>CCY</td> <td>AMOUNT IN FIGURES</td> <td>AMOUNT IN WORDS</td> </tr> </table> <p>Mediterranean Investments Holding p.l.c. Bonds 2015 - 2017 (minimum 1,000 nominal in the respective currency of the underlying bond and in multiples of 100 nominal thereafter) at the Bond Issue Price, as defined in the Prospectus, payable in full upon application under the Terms and Conditions as defined in the said Prospectus.</p>			CCY	AMOUNT IN FIGURES	AMOUNT IN WORDS													
CCY	AMOUNT IN FIGURES	AMOUNT IN WORDS																	
F	RESIDENT - WITHHOLDING TAX DECLARATION (see note 10) <small>(to be completed ONLY if the Applicant is a Resident of Malta)</small> <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). <small>In terms of Section 20.10 of the Prospectus, 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 persons 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.</small>																		
G	NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 11) <small>(to be completed ONLY if the Applicant is a Non-Resident)</small> <table border="1"> <tr> <td>TAX COUNTRY</td> <td colspan="3">TOWN OF BIRTH</td> </tr> <tr> <td>T I N (Tax Identification Number)</td> <td colspan="3">COUNTRY OF BIRTH</td> </tr> <tr> <td>PASSPORT/NATIONAL I.D. CARD</td> <td>COUNTRY OF ISSUE</td> <td>NUMBER</td> <td>ISSUE DATE</td> </tr> </table> <input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.			TAX COUNTRY	TOWN OF BIRTH			T I N (Tax Identification Number)	COUNTRY OF BIRTH			PASSPORT/NATIONAL I.D. CARD	COUNTRY OF ISSUE	NUMBER	ISSUE DATE				
TAX COUNTRY	TOWN OF BIRTH																		
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PASSPORT/NATIONAL I.D. CARD	COUNTRY OF ISSUE	NUMBER	ISSUE DATE																
H	INTEREST, REFUND & REDEMPTION MANDATE (see note 11) MANDATORY <table border="1"> <tr> <td>BANK</td> <td>BRANCH</td> <td>ACCOUNT NUMBER</td> </tr> </table>			BANK	BRANCH	ACCOUNT NUMBER													
BANK	BRANCH	ACCOUNT NUMBER																	
I	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 the terms and conditions as contained therein which I/we fully accept. <table border="0"> <tr> <td>Signature/s of Applicant/s <small>(Both parents 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></td> <td>Date</td> </tr> </table>			Signature/s of Applicant/s <small>(Both parents 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														
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AUTHORISED INTERMEDIARY'S STAMP		AUTHORISED INTERMEDIARY'S CODE <table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>					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, regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions contained in 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 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).**
4. 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.
5. Applicants who are Non-Resident 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.
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 HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. 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 THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
8. Applications must be for a minimum of 1,000 Nominal in the respective currency of the underlying bond and in multiples of 100 Nominal thereafter.
9. Payment can be made either by cash or by direct transfer or by cheque payable to the 'Registrar – MIH p.l.c. Bond Issue'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and Registrar reserves 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 he/she will be obliged to declare interest so received on his/her return. 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.
11. The account number quoted in Panel H must be denominated in the currency of the underlying BOND. If any Application is not accepted, or is accepted for fewer Bonds after the closure of the subscriptions lists, 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.
12. European Council Directive 2003/48/EC on the Taxation of Savings Income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in a EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
13. Subscription lists open on Monday 12th July at 08.30 hours and close on Friday 16th July at 14.00 hours. The Issuer reserves the right to close before the 16th July. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will be rejected. Completed Application Forms are to be delivered at any of the Authorised Financial Intermediaries listed in Annex II of the Prospectus, during the 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 received by the closing of the subscription lists.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a) acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
 - b) acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c) acknowledge that 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 investment advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

Annex II - LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

Members of the Malta Stock Exchange

Atlas Investment Services Ltd Abate Rigord Street, Ta Xbiex XBX 1121	Tel: 2132 2590	Fax: 2132 2584	www.atlas.com.mt
Bank of Valletta p.l.c. Financial Markets & Investments Division, BOV Centre, Cannon Road, Santa Venera SVR 9030	Tel: 2131 2020	Fax: 2275 3348	www.bov.com
Calamatta Cuschieri & Co. Ltd 5 th Floor, Valletta Buildings, South Street, Valletta VLT 1103	Tel: 2568 8688	Fax: 2568 8256	www.cc.com.mt
Charts Investment Management Services Ltd Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	Tel: 2122 4106	Fax: 2124 1101	www.charts.com.mt
Curmi & Partners Ltd Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	Tel: 2134 7331	Fax: 2134 7333	www.curmiandpartners.com
Financial Planning Services Ltd 4, Marina Court, G Cali Street, Ta' Xbiex XBX 1421	Tel: 2134 4255	Fax: 2134 1202	
FINCO Treasury Management Ltd Level 5, The Mall Complex, The Mall, Floriana FRN 1470	Tel: 2122 0002	Fax: 2124 3280	www.fincotrust.com
GlobalCapital Financial Management Ltd Operation Centre, Balzan Valley Road, Balzan BZN 1409	Tel: 2131 0088	Fax: 2328 2207	www.globalcapital.com.mt
Hogg Capital Investments Ltd Regent House, Level 3, Suite 33 Bisazza Street, Sliema SLM 1641	Tel: 2132 2872	Fax: 2134 2760	www.hoggcapi.com
HSBC Stockbrokers (Malta) Ltd Shareshop, High Street, Sliema SLM 1549	Tel: 2597 2241	Fax: 2597 2494	www.hsbcmalta.com
Lombard Bank Malta p.l.c. 67, Republic Street, Valletta, VLT 1117	Tel: 2558 1810	Fax: 2558 1150	www.lombardmalta.com
Rizzo, Farrugia & Co. (Stockbrokers) Ltd Airways House, Third Floor, High Street, Sliema SLM 1549	Tel: 2258 3000	Fax: 2258 3001	www.rizzofarrugia.com

Investment Services Providers

APS Bank Ltd APS Centre, Tower Street, B'Kara	Tel: 2559 3400 Fax: 2567 1164 www.apsbank.com.mt
Crystal Finance Investments Ltd 6, Freedom Square, Valletta VLT 1011	Tel: 2122 6190 Fax: 2122 6188 www.crystal.com.mt
D. B. R. Investments Ltd Deber, Nigret Road, Zurrieq ZRQ 3172	Tel: 2164 7763 Fax: 2164 7765
Growth Investments Ltd Middlesea House, Floriana FRN 144	Tel: 2123 4582 Fax: 2124 9811 www.growthinvestmentsonline.com
HSBC Bank Malta p.l.c. 233, Republic Street Valletta VLT 1116	Tel: 2597 2209 Fax: 2597 2475 www.hsbcmalta.com
Island Financial Services Ltd Insurance House, Salvu Psaila Street, Birkirkara, BKR 9078	Tel: 2385 5555 Fax: 2385 5238 www.islandins.com
Jesmond Mizzi Financial Services Ltd 67, Flat 3, South Street, Valletta VLT 1105	Tel: 2122 4410 Fax: 2122 3810 www.jmfs.net
Joseph Scicluna Investment Services Ltd Level 3, Bellavista Court, Gorg Borg Olivier Street, Victoria, Gozo VCT 2517	Tel: 2156 5707 Fax: 2156 5706
Mercieca Financial Investment Services Ltd 'Mercieca' John F Kennedy Square Victoria Gozo VCT2580	Tel: 2155 3892 Fax: 2155 3892
MFSP Financial Management 220 Immaculate Conception Str., Msida MSD 1838	Tel: 2132 2426 Fax: 2133 2190
Michael Grech Financial Investment Services Ltd No 1 Mican Court, J.F.Kennedy Square, Victoria Gozo VCT 2580	Tel: 2155 4492 Fax: 2155 9199 www.michaelgrechfinancial.com
MPM Capital Investments Ltd 81, Vince Buildings B. Bontadini Str B'Kara BKR 1732	Tel: 2149 3250 Fax: 2149 3077 www.mpmci.net
MZ Investment Services Ltd P.O. Box 24/55, MZ house, St Rita Street, Rabat RBT1523	Tel: 2145 3739 Fax: 2145 3407 www.mzinvestments.com
Quest Investment Services 101, Townsquare, Ix-xatt ta' Qui-si-Sana, Sliema SLM 3112	Tel: 2134 3500 Fax: 2131 3733 www.questinvestments.eu

ANNEX III

ARCHITECT'S VALUATION REPORT OF THE PALM CITY RESIDENCES PROJECT

VALUATION OF PALM CITY

1.00 General

1.01 Subject:

This valuation relates to the immovable property located at Sidi Abdul Jalil, Janzour, Libya, forming part of the Palm City Residences, and includes the undersigned's opinion of the value of the property.

1.02 Project Address

Sidi Abdul Jalil
Janzour
Libya

1.03 Location

Palm City is located West of Tripoli, on the Mediterranean Coast of Libya, in the village of Janzour. It is 14 kms to city centre and 24 kms from Tripoli Airport. It lies on the North fringe of Janzour itself. The access road separates the project from the town of Janzour.

1.04 Party Requesting Valuation

Mediterranean Investments Holding p.l.c., a company registered in Malta, is the 99.99% shareholder in Palm City Limited.

1.05 Purpose of Valuation and applicable standards

In 2007 and 2008, Mediterranean Investment Holdings p.l.c. raised €15 million and €20 million through two separate bond issues on the Malta Stock Exchange. All the proceeds of the first issue and €19 million of the proceeds from the second issue were utilised to part-finance the project.

Mediterranean Investments Holding p.l.c. is now in the process of making a combined offering of a portion of its equity capital in Palm City Ltd. on the Malta Stock Exchange and Milan AIM.

The Listing Rules issued by the Malta Financial Services Authority (Clause 14.4.4) require a New Applicant, which is a Holding Company owning shares in a property company, to obtain a valuation and to issue a valuation report which must be prepared by a competent and independent expert in accordance with the standards and guidelines issued by the Royal Institute of Chartered Surveyors.

Accordingly this valuation is being carried out in accordance with the recommended practice suggested by the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

RICS defines market value, by reference to standards drawn up by the International Valuation Standards Committee, as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

PricewaterhouseCoopers have been appointed to support us in this valuation, and apart from our own sources of information, we are also basing our valuation on their report which specifically includes a review of the financial projections for the operation;

- advising on the technical parameters to determine the discount rate to be applied in the valuation of the Development; and

- assessing the value in use of the property based on the projected net income from the Development for our consideration.
- This valuation report was prepared to meet the above terms of reference.

This valuation has been drawn up by the undersigned as an external valuer in terms of, and with regard given to, the above definition and to the guidance thereon provided by the same Institute, which in the opinion of the undersigned could be validly applied to the contractual rights which are the subject of this valuation.

1.06 Ownership of Land and Legal Title

The land on which the project is constructed was acquired under a temporary leasehold title in 2006 by Corinthia Palace Hotel Company Ltd (CPHCL). CPHCL and Palm City Ltd., are negotiating the assignment of the 99 year lease from CPHCL to Palm City and, subject to this being successfully concluded, Palm City Ltd. shall accordingly be the title holder for the remaining period of the leasehold that expires in 2105.

The real rights over immovable property conveyed to Palm City Ltd. in terms of the lease cannot be assigned to third parties without the consent of the Government of Libya.

The property is subject to the following charge in respect of a loan facility totalling €60 million that has been granted to Palm City Ltd.

A Land Charge granted under the Libyan law official contract for mortgage in favour of Gumhouriya Bank, Tripoli Branch as Security Agent for a syndicate of financial institutions comprising ABC International Bank p.l.c., Bawag Malta Bank Limited, Bank of Valletta p.l.c., Gumhouriya Bank and Tunis International Bank.

1.07 Sources of Information

Information was supplied by the directors, executives and legal advisors of Mediterranean Investments Holding plc as far as matters concerning tenure, privileges, charges, burdens and other related matters. Legal opinion has also been obtained to confirm that the title deed that is the subject of this valuation is consistent with applicable law, with the conditions of the lease title held by Palm City Ltd. and of the legal charges on the property.

Our review and judgements set out in our report are based on the following sources of information:

- Representation from Company officials based in Malta;
- Review of the Report entitled "Update Feasibility Study and Return on Investment Analysis" prepared by HVS – London Office dated 27 August 2009;
- Review of the Report entitled "Tripoli, Libya A prosperous prospect", HVS – London Office, 2008;
- Review of the current status of negotiations as well as the lease contracts concluded with tenants.

Other aspects of the valuation have been based upon the undersigned's detailed knowledge of and familiarity with the project; on independent enquiries made on the relevant property market in Libya; and on an independent financial assessment of the earnings expectations from the project that was undertaken by PricewaterhouseCoopers and which was commissioned by Mediterranean Investments Holding p.l.c. for the specific purposes of this valuation.

2.00 Physical site characteristics

2.01 Location

The site lies between the sea and the main road leading to Tripoli, just north of the town of Janzour. The configuration of the land is rectangular, and the site slopes from the coast in the North upwards towards the road to the South of the site, where the level of the road is about 13 metres above sea level. This slope allows most residential units to have an uninterrupted view of the sea as each unit overlooks the one in front of it. The high rise apartment blocks are located at the higher South end of the site thus having also a clear and unobstructed sea view over the low rise buildings further down the slope towards the sea. The site commands 1,381 metres of coastline and 123 metres of sandy beach. The overall developable area of Palm City is 97,842 square metres.

2.02 Site Geology

The site consists of large tracts of sand with irregular rock outcrops in different sections, in a sea side location.

A thorough site investigation was carried out in order to establish the most advantageous manner for foundations. Appropriate methods of construction were used for different buildings to respect the geological constraints and the seaside location, and ensure a durable product.

3.00 Architectural appraisal

3.01 Market Research

A thorough market survey was carried out in order to assess whether the right blend of accommodation to suit the expected demand had been established. An appraisal was also made of the competing complexes. Meetings were held with a number of prospective tenants to ensure that the product meets their needs and expectations. Since the commercial embargo was lifted, Libya is witnessing an influx of expatriates that require accommodation, mainly working in the oil sector or construction. The resulting demand coupled with limited supply has seen a rise in the cost of rental accommodation.

Libya's increasing openness to foreign investment and the prosperous outlook for Libya's vast untapped oil reserves, creates an increasing need to attract foreign (expatriate) workers to Libya. This scenario leads to a demand of the type of accommodation for expatriate workers which Palm City will provide.

3.02 The Impact of the Economy on the Market

Since the removal of US sanctions in 2004, Libya's efforts to liberalise its economy and foreign trade has enabled it to achieve increasing economic growth while maintaining macroeconomic stability. The International Monetary Fund (IMF) 2008 Country Report for the Socialist People's Libyan Arab Jamahirija states that in 2007, economic conditions continued to strengthen further, and there was an expansion in the hydrocarbon sector (3.9%), a rapid increase in non-hydrocarbon activities, and pronounced growth in construction, transportation and trade.

The Libyan Investment Authority (LIA) advocates that large public outlays are necessary to upgrade the infrastructure, that capital expenditure is being reviewed and rationalised, and that the implementation of the financial sector and other structural reforms will continue to be advanced to promote private sector development and employment.

Furthermore, political analysts do not expect that there will be any significant political reform driven by current efforts towards economic liberalisation. Colonel Qaddafi has led Libya since 1969, and the political scenario has changed since Qaddafi's rapprochement to the West. Security risks are at a low ebb and the Green Book ideology is leading to the political stability of the country, as no politico-religious reforms are expected in the medium term. This stability has created an attractive foreign investment drive which increased considerably in recent years, fuelled also by various legislative incentives introduced by the Libyan Government.

Oil and Natural Gas are two key cornerstones of the Libyan economy and together with planned infrastructure development projects are expected to generate a continued increase in Foreign Direct Investment in the short to medium term. Libya is implementing its multi-billion dollar National Development Plan which prioritises sectors such as building and construction, transport, communications, water, electricity, the environment, power, safety and security.

These sectors are benefiting from huge budget allocations and are providing wide ranging opportunities to the international community capable of delivering technology and expertise to this challenging market.

The upgrading and modernisation of Libya's vital infrastructure is the kingpin of the country's development. For 2008 alone, US\$ 14 billion were allocated to infrastructure as part of the ambitious multi-billion dollar National Development Plan to which the Government is committed.

When the US sanctions against Libya were removed, international oil companies stepped up investments in hydrocarbon exploration and production despite some degree of flux.

Since 2005, Libya has received more than 230 bids by foreign oil companies to develop its oil acreage to boost its flagging production.

These economic factors impact positively on the health of the property market, especially in the context of the demand for quality expatriate accommodation, and this scenario is being taken into account in the assessment of the value of the property.

3.03 Objectives of the development

The objectives of Palm City are to provide:

1. A village type environment that reinforces scale, and spatial quality of the areas between the buildings
2. A high standard of accommodation.
3. Managed amenities and maintenance to service the needs of tenants.
4. High standard of utilities.
5. Lush landscaping.
6. The maximisation of sea views.

3.04 Density

Total site excluding coast and beach	138,889 m ²
Building foot print is	47,126 m ²
Site coverage	42 %

The beach area between the buildings and the shoreline is not included in the total site area quoted above. The gross area of the site is 171,031m².

3.05 Amenities

The following amenities are provided to support the 413 residential units within the project:

Piazza

Supermarket - 936 m²
 Underground parking for 166 cars
 Stores
 Maintenance workshop
 Administrative offices
 Staff canteen
 Clinic
 Retail shops covering 1300 m² around the Piazza
 Children's Playground

Beach Club

Pool 450 m² nestled between 2 existing rocky features near the sandy beach
 Pool Grill 66 m²
 Restaurant :
 Indoor 212 m²
 Outdoor 173 m²
 Boat Storage 259 m²

Club House

4 Tennis courts
1'Calchetto' pitch
Large turfed outdoor area
Indoor Pool
Squash courts
Gym and Spa
Changing rooms
Meeting rooms
Storage

3.06 Services

Residential units are being leased fully furnished, including kitchen equipment and utensils. All the residential units are being finished and fitted out to the highest specification, and they are equipped with air-conditioning, LCD T.V. and wireless internet connectivity.

3.07 Terms and Conditions of the Lease Contracts

Rent and security deposits

Tenants are required to pay in advance six months of rent together with a refundable security deposit equal to six months of rent.

Services

Palm City provides the following services at no additional charge: external cleaning and waste collection; maintenance to the complex and all units; landscaping of all common areas including general gardening maintenance of private gardens once per week; 24-hour security in and around the perimeter of the complex.

Surrender of units

At the expiry of the term tenants are expected to surrender the unit to Palm City in the same condition as when these were originally handed over, save for ordinary wear and tear. Palm City is entitled to, if certain conditions apply, appropriate and apply all or any portion of the security deposit to cover the cost of repairing any damage to the unit caused by tenants during the term of the lease.

No alterations

Tenants are not permitted to make alterations, additions, improvements or other changes of any kind to the unit without Palm City's prior written approval.

Insurance and Indemnity

Palm City has a full reinstatement property insurance in place. Each tenant fully indemnifies Palm City against any claims that may arise as a result of the tenant's use thereof.

Default and termination

All of Palm City's lease contracts are subject to standard default and termination provisions entitling Palm City to terminate a lease in the event a tenant: abandons the premises; allows a unit to fall into a state of disrepair; fails to pay an installment of rent within 15 days after receiving a written demand from the company; causes damage and fails to restore the unit to its prior state within 15 days after receiving a written demand from Palm City; or becomes insolvent.

Maintenance

Palm City shall carry out all repairs and maintenance works to the premises and the common areas and to all equipment servicing the complex subject to the levy of such charges as are deemed reasonable if they are beyond ordinary fair wear and tear, unless these comprise extraordinary or structural repairs which are always carried out at the cost of Palm City.

3.08 Construction

Construction type adopted depends upon the nature of the building as well as location and ground bearing capacity. All buildings are designed to be anti seismic to UBC code zone 2a.

3.09 Finishes and support infrastructure

Care has been taken by the developers to ensure a high quality development, with particular attention being given to:

- External finishes, which are designed to be attractive yet hard-wearing.
- The quality of all internal finishes, including gypsum rendering, the use of rectified ceramic tiles, air-conditioning, attractive furniture and soft furnishings and a comprehensive suite of high quality home appliances. The Units will be ready to move in upon project completion.
- The completeness of the building services provided, including standard features such as internet connections, satellite TV, telephone lines and irrigation water.
- The provision of lush landscaping that will enhance the buildings and the whole project, creating an oasis-like environment.
- A sewage treatment plant is included in the development to provide second class water for the irrigation of all public areas.

The robustness and self-sufficiency of the basic infrastructural services such as power supply, water and drainage services give maximum efficiency.

Additional care has been taken to ensure, as far as is possible, the regular and uninterrupted supply of all such services, which are all below ground. Five sub-stations have been built, to ensure an adequate spread of the expected load.

Two large reservoirs have also been constructed to ensure provision of potable water for 2 days, in case of an interruption of the mains supply.

3.10 Building Permit:

The Palm City development has a valid building permit issued by the Libyan Tourist Development Department on the 20th March 2006.

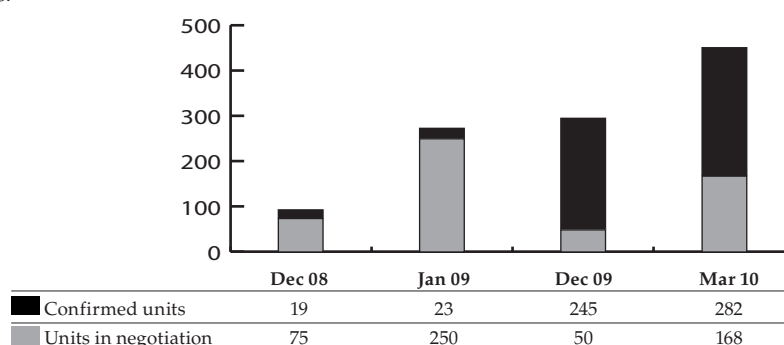
4.00 Take-up of Units to Date and Potential Tenants

By mid May 2010, the Company has confirmed lease agreements for 282 residential units – equivalent to 68% of total stock and 59% of projected total rent from the development. Of the 282 units, 87% are for a term of between 3 to 5 years.

The units have been divided by Management into two categories:

- Short-Term Contracts with a term of one to two years.
- Standard Contracts with a term of between 3 and 5 years.

The table below shows the tempo at which leases are being concluded and indicates that the momentum has picked up considerably in recent months.



This is encouraging for the success of the venture, as these figures will probably increase once the development is complete.

5.00 Comparable Values of Land and Property in Libya

- 5.01 The pricing of residential units within gated complexes is generally higher than individual properties in Tripoli. Palm City offers the advantage of secure grounds, that are under constant CCTV surveillance and are contained within a fully-fenced site perimeter. Access to the site is controlled through a single entrance to the property that is manned on a 24 hour basis, located to the South of the Piazza.

The amenities provided for residents further enhance the value of the property compared to other values of land and property in Libya, which lack similar amenities and are not as secure.

The finishes, landscaping, architectural design and unit sizes compare well with other properties in Libya. All these characteristics indicate that for similar units, the value in Palm City will be higher than that achieved in other locations in Libya, including other neighbourhoods in Tripoli itself. As a result of all the amenities and services provided at Palm City, it is expected that its units should also command a higher rental than comparable complexes.

5.02 Demand

An equivalent property cannot be easily found in Libya. The development has a controlled secure enclave with all amenities which render the complex self-contained, with bungalows metres away from the shore, and with sea views to most of the units.

The developers' expectations from the project, which take account also of negotiations already underway with prospective tenants, reflect this assessment of demand. It is expected that the project will be 50% rented out by its completion, and that full occupancy will be attained in the second year of operation.

New projects are being developed in Libya, including the Oyia and El Andalous compounds. Palm City will face competition in the longer term, as these are multi-million/billion projects. Palm City is competitive because it provides a holistic solution to tenants, contrary to existing compounds, where lessees are burdened with additional logistic and financial requirements to refurbish and furnish these residential units from scratch at the start of each lease.

Another compound that is located approximately five minutes away from Palm City, offers similar types of residential units. The general quality of the housing in this compound can be considered to be of a lower standard and is therefore not considered comparable.

With regard to other similar gated residences, rental prices do not cover maintenance, which are then part of the tenant's responsibility, apart from the fact that units generally come unfurnished.

5.03 Land value

There has been a considerable appreciation of land in Libya in recent years. The rate of appreciation has been in the region of 25% to 40% over the last 3 years in the sought after areas.

Palm City project cannot be compared to individual properties scattered across Tripoli or Janzour. Many such properties are not usually maintained by the owners. Prospective tenant companies need to employ a team of personnel to see to the upkeep and maintenance to houses rented for their staff.

Palm City provides state-of-the-art infrastructure, reliability of service, together with lush landscaping and modern design that make its offering unique in Libya.

In view of the above, the valuation of this project must be approached on a discounted cash flow basis and considered in its entirety.

6.00 Valuation and Cost Statement Requirements

6.01 Valuation according to Listing Rules

The following distinct valuations are required in terms of the Listing Rules:

- Valuation of the development as at the date of this report, reflecting the present state of construction of the project.
- Valuation of the same development immediately following the completion of the project.
- Valuation of the development appertaining to Palm City Limited once the project attains maturity, which is expected relatively quickly and within a few months of completion.

6.02 The Listing Rules

The listing rules also require a statement of the expected costs of the project, which are summarised below on the basis of their expected historical cost.

The developers maintain a high standard of project management and control that includes the regular reporting of costs incurred against budget, and the regular updating of the estimate of costs to completion to reflect the latest available data and to include a reasonable level of contingency to cover the risk of delays and cost over-runs. The data below have been extracted from these records:

	€'000 Est. Total Cost	€'000 to 31 May 2010	€'000 Costs to Complete
Land	24,000	24,000	-
Preconstruction Expenses	1,500	1,500	-
Management & Supervision	11,500	11,250	250
Construction & Finishes	104,000	100,258	3,742
Subtotal	117,000	113,008	3,992
Capitalised Borrowing Costs	6,500	6,398	102
Project Cost	123,500	119,406	4,094
Total Project Cost	147,500	143,406	4,094

6.03 Methodology adopted

A discounted cash flow methodology has been applied in order to arrive at the valuation of the development once the project has been completed and rented out.

This method of valuation takes into account the expected returns from the project and discounts them to present value applying a rate of return designed to meet an investor's likely expectations.

In the absence of comparable market transactions for projects of this nature within Libya, this method of valuation is considered most likely to reflect the value of the complex as a unitary whole.

By way of obtaining additional comfort on the valuation derived above, this exercise has also considered the potential value of the project as an immovable asset. For this purpose, an estimate has been made of the revenues that may be generated from selling the various components within the project separately on the open market, through an assessment of comparable properties and transactions.

6.04 Discounted Cash Flow Method

An assessment has been made of the cash flows that are expected to be derived from the project once fully rented, which is expected to occur in the second year of operation. This assessment has been made based on current prices and current market conditions.

The Project features 413 luxury units which vary in size from one-bedroom apartments to four-bedroom detached villas. These are expected to have a net area (including terraces) of 97,842 square metres.

The Directors anticipate that 95% of these units will be rented out by 2011 which is the second year of operation. The valuation is based on the assumption that 95% of the units will be rented out by 2011.

Allowance has been made for all costs to be incurred in operating and maintaining the property, including landscaping, and the replacements and upgrading that will be required from time to time to furniture, plant, fittings and, where applicable, to building structures.

The projected cash flows have been discounted to present value applying a discounting rate that takes account of the normal expectations of an investor in a development of this nature. The exercise has recognised the degree of risk associated with relevant factors such as the current state of completion of the project, the expected costs and timeframes to completion, expected demand, negotiations held to date with prospective tenants, territorial location, and the returns available from alternative investments.

7.00 Present Capital Value of the Project in its existing state

On the basis of the judgment made with respect to the returns to be expected from a project of this nature, and of the execution risk relating to the finalization of all construction works, taking account also of the expected costs to completion estimated at €4.1 million, the present capital value of the project **in its existing state, which is also the open market value as at the date of this report, has been computed at €260.9 million.**

8.00 Capital value at current prices of the project immediately upon completion

On the basis of the computations set out in paragraphs 6.01 and 6.02 above, the capital value at current prices of the project, once it has been completed, is €265 million, worked out by adding the value of the property in its present state (€260.9 million) and the costs to completion (€4.1 million), both referred to above.

9.00 Capital value at current prices of the project at maturity

Maturity will be achieved after the development is complete and the property has been let. This is expected to occur by the second year of operation (2011).

Value of the project upon completion is expected to represent the estimated value at project maturity less a percentage deduction due to the following factors:

- a. Project completed but snagging in course.
- b. Project not fully occupied having consequently a negative impact on cash flows in the interim period; having said this, as already noted above, there is a reasonable expectation that interest in close to 75% of the units should be confirmed by the date of its completion.
- c. Period of time elapsed for project to get more known.
- d. Period of public assessment of the project.

Taking account of the projected cash flows from the project, reflecting the impacts of the above factors, and of the judgment made with respect to the returns to be expected from a project of this nature, the estimated value of the project at maturity has been estimated at €275 million (two hundred and seventy five million Euros).

10.00 Author of valuation

This valuation was drawn up by the firm of Architects and Civil Engineers

DeMicoli and Associates

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Ray DeMicoli B Arch (Hons) A. & C. E.
31 May 2010

ANNEX IV - PROFIT FORECAST & ACCOUNTANTS' REPORT



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The Directors
Mediterranean Investments Holding p.l.c.
22, Europa Centre
Floriana
Malta

14 June 2010

Dear Sirs,

Accountants' report on the consolidated projected financial statements of Mediterranean Investments Holding p.l.c.

We have examined the basis of compilation and the accounting policies accompanying the consolidated projected financial statements of Mediterranean Investments Holding p.l.c. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the period 1 January 2010 to 31 December 2017. The consolidated projected financial statements are set out on pages 89 to 95 of the Prospectus to be dated 14 June 2010 issued by the Group.

Directors' responsibility

It is the Directors' responsibility to prepare the consolidated projected financial statements, together with the material assumptions on which they are based, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC809/2004.

Accountants' responsibility

It is our responsibility to form an opinion as to whether the consolidated projected financial statements, so far as the accounting policies and calculations are concerned, have been properly compiled on the bases adopted by the Directors of the Company. It is our responsibility to provide the opinion required by listing rule 17.27.2.2 of the Listing Rules and by Annex IV item 9.2 of EU Regulation EC809/2004.

Since the consolidated projected financial statements and the assumptions on which they are based relate to the future, they may be affected by unforeseen events. The variation between projected and actual results may be material. We are not required to express, nor do we express, any opinion on the possibility of achievement of the results set out in the consolidated projected financial statements or on the validity of the underlying assumptions on which they are based.

Partners and Directors
Martin Bonello-Cole
Margaret Bonello-Cole
Kenneth Bonnici
Mark Bugeja
Austin Demajo
Wayne Pisani
Joseph Pullicino
Mario Vella

Certified Public Accountants
Member firm within Grant Thornton International Ltd



Work performed

Our work included an evaluation of the procedures undertaken by the Directors in compiling the consolidated projected financial statements and the consistency of the consolidated projected financial statements with the accounting policies adopted by the Group.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the consolidated projected financial statements, so far as the accounting policies and calculations are concerned, have been properly compiled on the bases stated.

Actual results are likely to be different from those shown in the consolidated projected financial statements since anticipated events frequently do not occur as expected and the variation may be material.

Opinion

In our opinion:

- the consolidated projected financial statements have been properly compiled on the basis of the underlying assumptions, and
- have been prepared on a basis consistent with the accounting policies normally adopted by the Group.

We emphasise that the consolidated projected financial statements are not intended to, and do not, provide all the information and disclosures necessary to give a fair presentation of the results and financial position of the Group in accordance with International Financial Reporting Standards.

This opinion is solely intended to be relied upon by you for the purposes of the Prospectus to be dated 14 June 2010. Readers are cautioned that the consolidated projected financial statements may not be appropriate for purposes other than that described above. We accept no responsibility to any other person in respect of, arising out of, or in connection with, our work.



Mark Bugeja

(Partner) for and on behalf of Grant Thornton
Certified Public Accountants

Summary of significant assumptions and accounting policies

Introduction

Mediterranean Investments Holding p.l.c. ("MIH") was set up on 12 December 2005 and subsequently converted, on the 6 November 2007, into a public limited liability company. MIH's principal investment objectives have, since inception, focused on the acquisition and development of real estate opportunities in North Africa. MIH also has also acquired interests in companies operating in business lines ancillary to project development, including project management and supply chain logistics.

The consolidated projected financial statements have been prepared for Mediterranean Investments Holding p.l.c., its subsidiary, Palm City Limited and its principal affiliate, Medina Tower Joint Stock Company for Real Estate Investment and Development (a company that is in the course of registration) for the years ending 31 December 2010 to 2017 and are set out on pages 93 to 95. These consolidated projected financial statements and the assumptions set out below are the sole responsibility of the directors of Mediterranean Investments Holding p.l.c.

The consolidated projected financial statements have been based on unaudited financial projections for the Group for the years ending 31 December 2010 to 2017. The consolidated projected financial statements are based on stated assumptions which the directors believe to be reasonable. These assumptions, which include hypothetical assumptions, have been based on the nature and size of the intended level of operations and reflect current economic conditions and price levels adjusted, where applicable, to take into account the projected level of inflation. The directors have exercised due care and diligence in adopting these assumptions.

The date of completion of these consolidated projected financial statements is 3 June 2010 and the stated assumptions are judgments made as at that date. The assumptions disclosed herein are those that the directors believe are significant to the consolidated projected financial statements. Actual results are likely to be different from those indicated in the consolidated projected financial statements because events and circumstances frequently do not occur as expected and those differences may be material.

Bases of preparation

The principal assumptions relating to the environment in which the Issuer operates, and the factors which are exclusively outside the influence of the directors and which underlie the consolidated forecast financial statements are the following:

- The Group will continue to enjoy the confidence of its suppliers and its bankers.
- There will be no material adverse change in the level of economic activity in Libya and the general competitive environment in those sectors in which the Group operates in Libya.
- The bases on which the commercial banks set their interest rates will not change materially throughout the forecast period.
- There will be no material cost overruns on budgeted capital expenditure.
- The bases and rates of taxation in Libya, both direct and indirect, will not change materially.
- There will be no significant fluctuations in exchange rates during the period under consideration.
- The rate of inflation will not exceed that experienced in the last few years.

The principal assumptions relating to the environment in which the Group operates, and the factors which the directors can influence and which underlie the forecast financial information, are the following:

- The Group will not significantly change the manner in which it conducts its business.
- The Group will continue to enjoy good relations with its employees and their representatives.

The Group

The consolidated projected financial statements cover the current activities of the Group. The subsidiary company included in the consolidated projected financial statements is Palm City Limited, which is 100% owned by Mediterranean Investments Holding p.l.c. The affiliate company is the Medina Joint Stock Company for Real Estate Investment and Development – a company that is being set up specifically for the development of the Medina Tower project in Tripoli and in which the Issuer will retain a 25% shareholding.

Sale of 25% MIH's shares in Palm City

The Company intends making a combined offering of shares. From preliminary discussions with potential investors and based on independent valuations of the project, the directors believe that 25% of the shares of the principal subsidiary will have a market value of €50 million.

As indicated in the note on 'Financial assets – sinking fund monies' above, the directors intend to accelerate the build-up of MIH's sinking fund by setting aside the equivalent of 25% of the future capital and interest bond obligations to compensate it for its loss of dividend income.

Significant accounting policies

The significant accounting policies for the Group are set out in the audited financial statements for the year ended 31 December 2009. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of these consolidated projected financial statements.

SUMMARY OF SIGNIFICANT ASSUMPTIONS

1. Consolidated projected statements of comprehensive income

Revenue

During the course of 2011, Palm City Residences is expected to achieve an occupancy level of 95% and an average monthly rental of €5,169 per unit, which in turn is expected to generate total revenues of around €25.6 million and EBITDA of approximately €21.3 million. From 2011 onwards it is then expected that the Palm City Residences will be running at practically full occupancy (targeted at 95%) and achieving stabilised profitability levels from then onwards. In light of the aforesaid, the Principal Subsidiary's performance is expected to be characterised by stabilised income streams, with marginal fluctuations in revenue emanating from ancillary activities and services provided within the complex.

Revenue represents rental income generated by Palm City Limited, which has been projected as follows:

	2011
Occupancy Level	95%
Average Monthly Rental Rate per Residence	€5,169
Revenue	€25.6 million
EBITDA	€21.3 million
EBITDA / Revenue	83.2%

Leasing charges will increase by 5% per annum. Management anticipates an average occupancy rate of 55% for the accommodation units in 2010. The commercial areas are assumed to be fully leased out as from 2011.

Direct costs and general operating overheads

Direct costs and general operating overheads have been projected on the bases of management's experience in Libya and take into account anticipated changes in activity levels that may be required to achieve the forecast results.

Change in fair value of investment property

The board of directors of the principal subsidiary commissioned PricewaterhouseCoopers and DeMicoli and Associates to prepare an expert valuation report on the Palm City Residences.

On the basis of the computations reported in the said valuations, the open market value of the Palm City Residences project by end December 2009 was estimated at €232 million. In light of these findings, the Board of Directors resolved to revalue the Palm City Residences land and buildings by increasing its carrying cost to €226.6 million.

The land on which the project is constructed was acquired under a temporary leasehold title in 2006 by Corinthia Palace Hotel Company Ltd (CPHCL). CPHCL and Palm City Ltd., are negotiating the assignment of the 99 year lease from CPHCL to Palm City and, subject to this being successfully concluded, Palm City Ltd. shall accordingly be the title holder for the remaining period of the leasehold that expires in 2105.

Also on the basis of the computations reported in the said valuations, and subject to the land title be transferred to Palm City, the value of the project on maturity, which is expected to take place between the first and second year of operation (2010 – 2011), has been estimated at €275 million. On the basis of this valuation another up-lift in value of €34.3 is expected to be recognised in the projected financial statements for 2010.

Share of results of the Principal Associate

Construction of Medina Tower is planned to take 48 months to complete and, subject to unforeseen delays, the first tenants are expected to move in during the first half of 2014. The company is expected to incur €5.5 million worth of pre-opening costs during the construction period that do not form part of the construction costs and lead to the company showing a loss in the intervening four year period.

Medina Tower will include, amongst other features, 242 apartments that are expected to generate €321.6 million in sales proceeds in the four years subsequent to completion (2014-2017). The Medina Tower project will also include a significant amount of retail and office space leasing out to third parties. This is projected to achieve an occupancy of 68% at an average rental of €42 per square metre to generate revenue of €15.5 million and EBITDA of €12.4 million annually in 2014, and to achieve maturity by 2018 when it is expected to achieve 95% occupancy and charge and average rental per square metre of €48 to generate €24.4 million in annual rental revenue and €19.5 million in EBITDA.

	2014	2018
Occupancy Level	68%	95%
Revenue	€15.5 million	€24.4 million
EBITDA	€12.4 million	€19.5 million
EBITDA / Revenue	80.0%	80.0%

Sale Proceeds from disposal of residences €321.6 million over the four-year period 2014 to 2017

This project is expected to generate an overall internal rate of return in excess of 20%. EBITDA expressed as a % of total project cost will, due to the property sales in the early years, be significant up to 2017 and then will stabilize at lower levels in the years thereafter.

Finance income

Finance income, representing interest receivable, is assumed to be earned at the rate of 3.5% per annum on any bank deposits as well as on the balances set aside for sinking fund purposes.

Finance expenses

Interest payable on the syndicated loan facility of the Principal Subsidiary has been calculated at 2.5% over 3 month EURIBOR rate until the project is certified complete, in 2010. Thereafter the rate has been calculated at 2% over 3 month EURIBOR.

Interest payable on Bonds I & II has been calculated at 7.5% per annum whilst the interest on the forthcoming bond has been assumed at 7.15%.

Other non-operating expenses

This expense line includes costs that are expected to be incurred in the forthcoming bond issue, as well as issue costs relating to the sale of part of the equity that the Issuer has in its Principal Subsidiary. Based on the experience of the Issuer as well as preliminary indication of costs to be incurred in the listing of equity on foreign stock markets, it is expected that these costs will amount to €4.6 million spread over the period 2010-2011.

Depreciation

Depreciation has been provided for in accordance with the Group's accounting policy on depreciation.

Exchange gains/losses

No provision for gains or losses on foreign exchange transactions has been made in these projections.

Taxation

Pursuant to Libyan Law No. 7 dealing with the promotion of foreign investment in Libya, the Palm City Residences project benefits from an exemption on income taxes for the first five years of its operation, starting in 2010, extendable by another two year period.

The Medina Tower will benefit from similar benefits by virtue of the provisions of the Libyan commercial law and Law No. 9 of 2010 amended by the Privatisation and Investment Authority Board of Directors' Resolution No. 16 of 2010 issued on 27 April 2010 for the encouragement of investment in Libya.

In spite of these exemptions the projections still include a provision for significant tax charges in the initial years of operation. These tax charges mainly result from the recognition of a deferred tax liability on account of the uplifts in value recognized in 2009 and 2010. The tax charges for 2010 and 2011 also include a provision for the 15% tax payable on the sale of equity by the Issuer in its Principal Subsidiary.

2. Consolidated projected statements of financial position

Investment property

Investment property is being revalued to fair value on the basis of the valuation of the project as carried out by PricewaterhouseCoopers and Demicoli and Associates.

Financial Assets - Investment in Associate

The investments in Medina Tower Project are recognized in this line item. Whilst the investment in this company is made in two tranches in 2010 and 2011, the value of this investment is updated yearly to account for MIH's share in the associate's profits, however it excludes any future uplifts in value of this investment.

Financial Assets – Sinking fund monies

The build-up in sinking fund monies is in accordance with the prospectuses published earlier as adjusted by the Directors' intention to accelerate the build-up on flotation of a 25% stake in Palm City Ltd.

Minority Interest

This represents the value of the shares held by third parties in Palm City Ltd. adjusted on a yearly basis to take account of the profits made by the subsidiary.

Deferred Tax Liability

It is assumed that on the sale of 25% of the shares in PCL, 95% of the shares will be held by non-Libyan nationals and the remaining 5% of shares held by Libyan nationals. This would, under the current tax regulations and double tax agreements, result in a combined tax rate of 33.175% that would be payable on the profit generated on a hypothetical disposal of the property.

3. Consolidated projected statement of cash flows

Credit allowed

Settlement of trade debtor balances has been assumed to be effected within the normal credit terms of 30 days granted to tenants.

Credit received

Settlement of trade creditor balances has been assumed to be effected within the normal credit terms of 60 days allowed by creditors.

Payments for fixed assets

It is assumed that acquisitions of fixed assets projected in the forecasts will be paid for in the year of purchase.

Bank loan advances and repayment of bank loans

Advances from bank loans and bank loan repayments during the period under consideration have been projected on the basis of contractual agreements with the respective banks.

Conclusions

The directors believe that the assumptions on which the profit forecasts are based are reasonable. The directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be sufficient for the carrying out of its business.

Approved by the board of directors on 8 June 2010 and signed on its behalf by:



Alfred Pisani
Chairman



Joseph Fenech
Director

Mediterranean Investments Holding plc
Projected statements of comprehensive income
for the years ended 31 December

	Audited 2009 €	Projected 2010 €	Projected 2011 €	Projected 2012 €	Projected 2013 €	Projected 2014 €	Projected 2015 €	Projected 2016 €	Projected 2017 €
Income	1,076,021	13,443,756	25,639,128	26,921,084	28,267,138	29,680,495	31,164,520	32,722,746	34,358,883
Expenses	1,280,352	4,185,876	4,332,714	4,540,402	4,758,205	4,986,622	5,226,176	5,477,413	5,740,911
EBITDA	(204,331)	9,257,880	21,306,414	22,380,682	23,508,933	24,693,873	25,938,344	27,245,333	28,617,972
Change in fair value of investment property	90,200,180	34,299,820	-	-	-	-	-	-	-
Share of (losses)/profits from associated company	-	(410,000)	(250,000)	(375,000)	(500,000)	32,971,933	22,567,905	24,258,041	12,556,117
Finance income	537,022	225,864	434,227	434,227	497,114	490,000	350,000	490,000	350,000
Finance expenses	(1,145,187)	(4,616,498)	(7,856,364)	(7,283,603)	(6,625,645)	(5,891,652)	(3,822,745)	(2,830,833)	(1,520,000)
Costs incurred in the raising of funds	-	(4,600,000)	-	-	-	-	-	-	-
Depreciation	(7,498)	(217,170)	(192,330)	(321,138)	(554,329)	(907,812)	(1,225,850)	(1,515,968)	(1,758,688)
Amortisation	-	(113,789)	(384,832)	(293,009)	(187,530)	(82,887)	(16,070)	-	-
Earnings before tax	89,380,186	33,826,107	13,057,115	14,542,159	16,138,543	51,273,455	43,791,584	47,646,573	38,245,401
Taxation	(29,923,926)	(15,222,715)	(116,119)	(890,954)	(1,411,443)	(1,741,448)	(2,805,960)	(3,052,227)	(3,292,439)
Earnings after tax	59,456,260	18,603,392	12,940,996	13,651,205	14,727,100	49,532,007	40,985,624	44,594,346	34,952,962

Mediterranean Investments Holding plc
Projected statements of financial position
as at 31 December

	Audited 2009 €	Projected 2010 €	Projected 2011 €	Projected 2012 €	Projected 2013 €	Projected 2014 €	Projected 2015 €	Projected 2016 €	Projected 2017 €
Assets									
Non-current									
Intangible assets	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258
Property, plant and equipment	265,231	625,135	1,140,281	1,751,911	2,611,514	3,552,925	4,195,025	4,582,707	4,941,869
Investment property	226,633,420	275,000,000	275,000,000	275,000,000	275,000,000	275,000,000	275,000,000	275,000,000	275,000,000
Financial assets - investment in associate	300,906	19,113,406	31,300,906	31,175,906	31,050,906	42,022,839	40,368,811	40,808,947	37,857,023
Financial assets - sinking fund monies	12,406,487	12,406,487	12,406,487	16,000,000	12,000,000	8,000,000	20,000,000	-	-
Lease prepayment	460,786	-	-	-	-	-	-	-	-
	240,069,088	307,147,286	319,849,932	323,930,075	320,664,678	328,578,022	339,566,094	320,393,912	317,801,150
Current									
Trade and other receivables	8,205,590	2,084,641	2,716,090	2,529,910	2,454,551	2,489,445	2,597,044	2,726,895	2,863,240
Cash and cash equivalents	702,691	23,260,797	13,704,848	8,187,406	9,894,043	18,271,609	5,044,783	46,714,679	19,486,254
	8,908,281	25,345,438	16,420,938	10,717,316	12,348,594	20,761,054	7,641,827	49,441,574	22,349,494
Total assets	248,977,369	332,492,724	336,270,870	334,647,391	333,013,272	349,339,076	347,207,921	369,835,486	340,150,644
Equity									
Equity attributable to owners of the Parent:									
Share capital	48,002,000	48,002,000	48,002,000	48,002,000	48,002,000	48,002,000	48,002,000	48,002,000	48,002,000
Retained earnings	58,786,020	63,776,214	68,546,970	75,238,168	82,655,000	122,544,168	141,379,521	162,642,210	171,596,412
	106,788,020	111,778,214	116,548,970	123,240,168	130,657,000	170,546,168	189,381,521	210,644,210	219,598,412
Minority Interest	-	42,170,275	45,627,468	49,458,143	53,384,733	57,128,410	58,592,093	58,947,944	59,274,708
	106,788,020	153,948,489	162,176,438	172,698,311	184,041,733	227,674,578	247,973,614	269,592,154	278,873,120
Liabilities									
Non-current									
Bank borrowings	50,820,840	47,420,840	36,851,994	23,304,579	9,148,468	-	-	-	-
Bonds	35,000,689	75,000,689	75,000,689	75,000,689	75,000,689	60,000,000	40,000,000	40,000,000	-
Deferred tax liability	29,923,910	41,302,875	41,302,875	41,302,875	41,302,875	41,302,875	41,302,875	41,302,875	41,302,875
	115,745,439	163,724,404	153,155,558	139,608,143	125,452,032	101,302,875	81,302,875	81,302,875	41,302,875
Current									
Bank borrowings	4,200,000	8,400,000	8,400,000	8,400,000	8,400,000	4,220,840	-	-	-
Trade and other payables	22,243,910	6,419,830	12,538,874	13,940,937	15,119,507	16,140,783	17,931,432	18,940,457	19,974,648
	26,443,910	14,819,830	20,938,874	22,340,937	23,519,507	20,361,623	17,931,432	18,940,457	19,974,648
Total liabilities	142,189,349	178,544,234	174,094,432	161,949,080	148,971,539	121,664,498	99,234,307	100,243,332	61,277,523
Total equity and liabilities	248,977,369	332,492,723	336,270,870	334,647,391	333,013,272	349,339,076	347,207,921	369,835,486	340,150,643

Mediterranean Investments Holding plc
Projected statements of cash flows
for the years ended 31 December

Operating activities

	Audited 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
	€	€	€	€	€	€	€	€	€
EBITDA	(204,331)	9,257,880	21,306,414	22,380,682	23,508,933	24,693,873	25,938,344	27,245,333	28,617,972
Adjustments	1,517,492	(82,157)	(297,880)	452,659	303,792	217,950	1,019,276	217,100	211,046
Net changes in working capital	3,957,343	(9,703,131)	5,487,595	1,588,244	1,253,928	986,382	1,683,050	879,173	897,846
Tax paid	-	(3,843,750)	(116,119)	(890,954)	(1,411,443)	(1,741,448)	(2,805,961)	(3,052,227)	(3,292,439)

Investing activities

	Audited 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
	€	€	€	€	€	€	€	€	€
Payments to acquire property, plant and equipment	(58,335,767)	(14,643,834)	(707,477)	(932,767)	(1,413,932)	(1,849,223)	(1,867,950)	(1,903,650)	(2,117,850)
Payments to acquire financial assets	(2,785)	(18,812,500)	(12,187,500)	-	-	-	-	-	-
Payments to acquire intangible assets	(426)	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	22,500,000	13,750,000	15,000,000	6,250,000
Interest received	415,850	225,864	434,227	434,227	497,114	490,000	350,000	490,000	350,000
	(57,923,128)	(33,230,470)	(12,460,750)	(498,540)	(916,818)	21,140,777	12,232,050	13,586,350	4,482,150

Financing activities

	Audited 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
	€	€	€	€	€	€	€	€	€
Proceeds from bond issue net of costs	-	39,400,000	-	-	-	-	-	-	-
Repayment of bond issues	-	-	-	-	-	(15,000,689)	(20,000,000)	-	(40,000,000)
Proceeds from issue of shares net of costs	-	46,000,000	-	-	-	-	-	-	-
Proceeds from bank loans	42,400,213	5,000,000	-	-	-	-	-	-	-
Repayment of bank loans	-	(4,200,000)	(10,568,846)	(13,547,416)	(14,156,111)	(13,327,628)	(4,220,840)	-	-
Dividends paid	-	(21,340,000)	(5,050,000)	(4,125,000)	(4,250,000)	(6,700,000)	(11,250,000)	(14,375,000)	(16,625,000)
Interest paid	(2,436,263)	(4,616,498)	(7,856,364)	(7,283,603)	(6,625,644)	(5,891,652)	(3,822,745)	(2,830,833)	(1,520,000)
	39,963,950	60,243,502	(23,475,210)	(24,956,019)	(25,031,755)	(40,919,968)	(39,293,585)	(17,205,833)	(58,145,000)

Net changes in cash and cash equivalents
Cash and cash equivalents, beginning of year

	(12,688,674)	22,641,874	(9,555,950)	(1,923,928)	(2,293,363)	4,377,566	(1,226,826)	21,669,896	(27,228,425)
	25,714,084	13,025,410	35,667,284	26,111,334	24,187,406	21,894,043	26,271,609	25,044,783	46,714,679

Cash and cash equivalents, end of year

	13,025,410	35,667,284	26,111,334	24,187,406	21,894,043	26,271,609	25,044,783	46,714,679	19,486,254
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Accelerated Sinking Fund in case of IPO (Note 1)

	500,000	12,406,487	12,406,487	12,406,487	16,000,000	12,000,000	8,000,000	20,000,000	-
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Free Cash Flow

	12,525,410	23,260,797	13,704,847	11,780,919	5,894,043	14,271,609	17,044,783	26,714,679	19,486,254
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MIH consolidated interest cover

	(0.18)	2.01	2.71	3.07	3.55	4.19	6.79	9.62	18.83
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Gearing - Net Debt / Equity

	0.84	0.70	0.66	0.57	0.45	0.20	0.14	-	-
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Note 1 - Pre-IPO Sinking Fund Requirement

	Audited 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
	€	€	€	€	€	€	€	€	€
Opening Balance	-	500,000	3,500,000	7,000,000	11,250,000	16,000,000	12,000,000	8,000,000	20,000,000
Bond I	500,000	1,000,000	1,500,000	2,000,000	2,500,000	(7,500,000)	-	-	-
Bond II	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	(10,000,000)	-	-
Bond III	-	-	-	250,000	250,000	1,500,000	6,000,000	12,000,000	(20,000,000)

Total Sinking fund

	500,000	3,500,000	7,000,000	11,250,000	16,000,000	12,000,000	8,000,000	20,000,000	-
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Mediterranean Investments Holding p.l.c.

Issue of €30,000,000 7.15% Bonds 2015-2017

Addendum to Prospectus dated 14 June 2010

Following the publication of the Prospectus dated 14 June 2010, the Issuer wishes to bring the following corrections to the attention of the general public:

1) With reference to Section 4.2.2 of Part A of the Prospectus on page 20, the term *"The Principal Affiliate"* in the first line of the third paragraph is being substituted by the following *"A working group composed of the 3 joint-venture partners"*. Accordingly, it is the said working group and not the Principal Affiliate that is currently considering tenders for the necessary construction management service contract with a number of contractors of international repute.

2) With reference to Section 5 paragraph 4 of Part A and Section 7A paragraph 3 of Part C of the Prospectus under the title Trend Information, the words and figure *"by close to 50%"* in the final sentence, are substituted by the word and figure *"by 47%"* so that the full sentence now reads as follows: *"It is expected that by end 2012 Palm City Residences would have reduced its debt obligations by 47%."*

Joseph Fenech
Director
Mediterranean Investments Holding p.l.c.

5 July 2010



Mediterranean Investments Holding p.l.c.