This document is a prospectus issued in accordance with the provisions of Chapter 17 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 Alternative Companies List of the Malta Stock Exchange. The Bonds (as defined herein) are being issued and offered through an Intermediaries Offer by the Issuer.

PROSPECTUS

dated 15 July 2008

by

MIH

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

€15,000,000 7.5% Bonds 2015 of a nominal value of €100 per Bond issued at par, or in the case of exercise of the Over-allotment Option €20,000,000 7.5% Bonds 2015 of a nominal value of €100 per Bond issued at par.

(Due 4 August 2015)

APPLICATION HAS BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE LISTED AND TRADED ON ITS ALTERNATIVE COMPANIES LIST ONCE THE BONDS ARE AUTHORISED AS ADMISSIBLE TO LISTING BY THE LISTING AUTHORITY. THE ALTERNATIVE COMPANIES LIST IS A SECOND-TIER MARKET, WHICH IS A MARKET DESIGNED PRIMARILY FOR COMPANIES TO WHICH A HIGHER INVESTMENT RISK THAN THAT ASSOCIATED WITH ESTABLISHED COMPANIES TENDS TO BE ATTACHED. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

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.

THE BONDS SHALL CONSTITUTE THE GENERAL, DIRECT, UNCONDITIONAL, UNSECURED AND UNSUBORDINATED OBLIGATIONS OF THE ISSUER AND WILL RANK *PARI PASSU* WITHOUT ANY PRIORITY OR PREFERENCE WITH ALL OTHER PRESENT AND FUTURE UNSECURED AND UNSUBORDINATED OBLIGATIONS OF THE ISSUER.

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.

Legal Counsel	Manager and Registrar	Sponsoring Stockbroker
CAMILLERI PREZIOSI ADVOCATES	BOV Bank of Valletta p.l.c.	CHARTS WEALTH MANAGEMENT • CORPORATE BROKING

Approved by the Directors

Alfred Pisani
Chairman

Alfred Pisani *on behalf of*
Mustafa T. Mohamed Khattabi, Musaed Al Saleh,
Khalil Alabdullah, Joseph Fenech and Reuben Xureb

Important Information

THIS DOCUMENT CONSTITUTES A PROSPECTUS AND CONTAINS INFORMATION ON AN ISSUE BY MEDITERRANEAN INVESTMENTS HOLDING P.L.C. (THE "ISSUER") OF €15,000,000 BONDS 2015 OF A NOMINAL VALUE OF €100 PER BOND, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF SEVEN AND A HALF (7.5) PER CENT PER ANNUM. IN THE CASE OF OVER-SUBSCRIPTION, THE ISSUER MAY EXERCISE THE OVER-ALLOTMENT OPTION TO INCREASE THE ISSUE TO SUCH HIGHER VALUE OF BONDS AS IN AGGREGATE WOULD NOT EXCEED €20,000,000 IN VALUE OF BONDS. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 4 AUGUST 2015 UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED.

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, 1995 (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, 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, 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.

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.

APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE BONDS TO BE CONSIDERED AS ADMISSABLE TO LISTING ON THE SECOND-TIER MARKET. 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 ALTERNATIVE COMPANIES LIST UPON ISSUE AND ALLOCATION TO INVESTORS AND INTERMEDIARIES. DEALINGS ARE EXPECTED TO COMMENCE ON THE SAID EXCHANGE ON 8 AUGUST 2008.

ALL AMOUNTS EXPRESSED IN ONE CURRENCY WITH AN EQUIVALENT AMOUNT IN ANOTHER CURRENCY IN THIS DOCUMENT ARE TAKEN, IN THE CASE OF HISTORICAL VALUES AT THE HISTORICAL EXCHANGE RATES APPLICABLE AT THE TIME OF THE TRANSACTION AND IN ALL OTHER CASES AT A FIXED EXCHANGE RATE OF €1:LM0.4293. ALL VALUES DISPLAYED IN LM THROUGHOUT THIS PROSPECTUS HAVE BEEN INCLUDED FOR INFORMATION PURPOSES ONLY.

ALL THE ADVISERS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISERS TO THE ISSUER" ON PAGE 7 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.

Contents

Definitions

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

Act	the Companies Act, Cap. 386 of the Laws of Malta;
Authorised Intermediaries	the banks, financial institutions and other persons referred to in Annex II of this Prospectus;
Bond(s)	the €15,000,000 bonds of a nominal value of €100 per bond redeemable at their nominal value on the Redemption Date bearing interest at the rate of 7.5% per annum; 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 €20,000,000 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 Bond;
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;
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;
Euro or €	the lawful currency of the Republic of Malta;
Group	the Issuer and the Principal Subsidiary;
Interest Payment Dates	4 August of each year between and including each of the years 2009 and the year 2015, 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;
Issuer or MIH or Company	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;
Issue Date	28 July 2008;
Listing Authority	the Malta Financial Services Authority, as appointed in terms of the Financial Markets Act, 1990 (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, 1990 (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;
Manager and Registrar	Bank of Valletta p.l.c.;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;

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 28 July 2008 and 1 August 2008 (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 elect to increase the original Bond Issue by an amount not exceeding €5,000,000 7.5% Bonds 2015 in the event of over-subscription of the original Bond Issue;
Palm City Residences Project, or Project	the Palm City Residences in Janzour, Libya;
Principal Subsidiary	Palm City Limited, a company registered under the laws of Malta with company registration number C 34113, a 100% owned subsidiary of the Issuer which is the entity responsible for completion of the Palm City Residences Project;
Prospectus	this document in its entirety;
Redemption Date	4 August 2015;
Redemption Value	the nominal value of each Bond;
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.

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**
Mustafa T. Mohamed Khattabi Gargarish Road, Tripoli, Libya	**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**
Reuben Xuereb 38, Old Mill Street, Mosta, 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
Sponsoring Stockbroker:	**Charts Investment Management Service Limited** Valletta Waterfront Vault 17, Pinto Wharf, Floriana FRN 1913, Malta
Auditors:	**Grant Thornton** Grant Thornton House, Princess Elizabeth Street, Ta' Xbiex XBX 1104, 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.

Manager and Registrar:	**Bank of Valletta p.l.c.** BOV Centre, Cannon Road St. Venera SVR 9030, Malta

2. Offer Statistics and Expected Timetable

2.1 Brief Overview of Offer Statistics

The Bond Issue is for the amount of €15,000,000, subject, in the event of over-subscription and exercise by the Issuer of the Over-allotment Option, to increase up to a maximum aggregate of €20,000,000. The Bonds shall accrue interest at the rate of seven and a half per cent (7.5%) per annum. The Bonds shall be redeemed at their nominal value on the Redemption Date.

Your attention is drawn to Section 3.1 of Part C(i) of this Prospectus for a more detailed explanation of the Offer Statistics.

2.2 Expected Timetable

Subscription Agreements Available	21 July 2008
Opening of Subscription Lists	28 July 2008
Closing of Subscription Lists	1 August 2008
Announcement of basis of acceptance	4 August 2008
Commencement of interest on the Bonds	4 August 2008
Expected dispatch of allotment advices and refund of unallocated monies	6 August 2008

The Issuer reserves the right to close the offer of the Bonds before 1 August 2008 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 Information on the Issuer's Capitalisation and Indebtedness

The historical information about the Issuer is available for inspection as set out under the heading "Documents available for inspection" in Section 10 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 2007. There were no significant changes to the financial or trading position of the Issuer since the end of the financial year to which said Audited Consolidated Financial Statements relate.

Extracts from the Audited Consolidated Financial Statements for the years ended 31 December 2007 and 2006 are set out below:

Income Statement Extracts

	1 January 2007 to 31 December 2007 € '000s	**12 December 2005 to 31 December 2006 € '000s**
Finance income	466	483
Administrative, marketing and other expenses	(417)	(124)
Finance costs	(106)	(2)
Share of results of associate company	(52)	(23)
(Loss)/profit before taxation	(109)	334
Taxation	(65)	(92)
(Loss)/profit for the year	(174)	242

Balance Sheet Extracts

	31 December 2007 € '000s	31 December 2006 € '000s
Non-Current Assets	41,622	28,694
Current Assets	24,114	20,293
Total Assets	**65,736**	**48,987**
Equity	48,070	48,244
Non-Current Liabilities	15,000	-
Current Liabilities	2,666	743
Total Equity and Liabilities	**65,736**	**48,987**

Cash Flow Extracts

	1 January 2007 to 31 December 2007 € '000s	12 December 2005 to 31 December 2006 € '000s
Net cash from/(used in) operating activities	(1,331)	544
Net cash used in investing activities	(17,155)	(4,425)
Net cash from/(used in) financing activities	14,999	24,002
Net increase/(decrease) in cash and cash equivalents	(3,487)	20,121
Cash and Cash Equivalents at the beginning of the period	20,121	-
Cash and Cash Equivalents at the end of the period	**16,634**	**20,121**

3.2 Reasons for the Offer and Use of Proceeds

The Issuer is currently pursuing a number of projects to sustain its expansion strategy in the real estate market in Libya. The Issuer expects that within 18 months it would have successfully concluded one or more of the following acquisitions which it is currently pursuing:

1. **Tripoli Commercial and Residential Towers (TCRT)** – this involves the acquisition, whether directly or through an intermediate entity, of a plot of land (measuring approximately 13,000 sq.m.) situated on the main boulevard in the heart of Tripoli, Libya. An architectural concept for the development has been prepared and includes a mix of high-end serviced apartments, office and retail space spread over twenty-six floors, and serviced by three floors of underground parking and storage facilities.

2. **Fawar** – this involves the potential acquisition and development of a large site measuring 550,000 sq.m. Detailed concept plans have been drawn up and, if successful, the Issuer would act as lead developer of the site, although it is likely that it would carry out developments in limited parts of the site whilst inviting a number of investors to participate in this development.

3. **Misurata Village** – this involves the potential acquisition of a plot of land measuring 170,000 sq.m. currently owned by CPHCL. MIH intends to develop this plot which is located 2km away from the Misurata Free Trade Zone, which MIH intends to develop into a four-star 200 room hotel, 300 residential units, a commercial centre, extensive entertainment and leisure facilities as well as a school for the expatriate community. Significant business interest has been expressed with regard to this area ever since the Government of Libya announced the distribution of a number of vast offshore exploration concessions to oil companies in the vicinity.

In the event that one or more of the above projects is selected by the Issuer, the proceeds from the Bond Issue will be utilised in connection with the financing of only one of such projects, that is for the purposes of: funding the acquisition of the required property or of the entity owning the required property, as the case may be; and partly financing the subsequent development of the project in question. According to the Issuer's estimates, the proceeds of the Bond are sufficient to cover the cost of the acquisitions required for the purposes of any one of the projects described above.

The Issuer may conclude any one or more of these acquisitions and subsequently develop that/those project/s either on its own or in collaboration with other investors. Such a decision will be made by the Directors at the appropriate time and taking into account the overall financing requirements of the Company as well as the financing requirements relating to the selected project/s.

In the event that the Issuer is successful in closing any one or more of the above acquisitions within the coming 18 months the Issuer will require further funding for the completion of the relevant project/s. Funding of the development costs is expected to be secured through further equity or debt funding. In the case of additional funding the Issuer shall enter into funding arrangements on a project finance basis, thus ensuring that each project will be self-reliant for its funding. Where the project development so requires, the Issuer shall seek other investors for equity financing, so as to maintain a debt to equity ratio of 1.9:1 (see the assumed financial parameters below).

The Issuer is not yet in a position to determine which of the three acquisitions it may effectively close, if any, and thus it has undertaken projections based on a number of assumed parameters with a view to testing the ability of generating sufficient revenues to ensure repayment of the Bond and any other funding that may be required.

Notwithstanding that the Issuer's outlook in closing one of the above acquisitions within the coming 18 months is positive, there can be no guarantee that any one of these projects will materialise or that the Issuer will be successful in closing any one of them. In the event that none of the acquisitions currently being considered will be concluded positively, the proceeds of the Bond will be applied to partly reduce bank finance already in place for the Palm City Residences Project. A detailed description of the Palm City Residences Project is found in Section 5.2.2 of Part C(i) of this Prospectus.

Section 4.2 of Part C(i) of this Prospectus provide further information about the reasons for the Bond Issue and the use of proceeds.

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 Document and the documents incorporated herein by reference or annexed hereto, particularly but not limited to the Consolidated Projected Financial Statements referred to in Section 4.1(c) of Part C(i) of this Prospectus and appended hereto as Annex III, 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 is given that the future results or expectations will be achieved.

3.3.2 Considerations relating to the business of the Issuer

General

- The Issuer, incorporated in December 2005, has a relatively limited operating history;
- The first nine months following the Bond Issue will be characterised by a period of continued intensive capital investment in the Palm City Residences Project. Only after completion (that is expected to be achieved by the beginning of 2009) is the Palm City Residences Project expected to start generating revenues;
- The Issuer is subject to the risks and the difficulties frequently encountered by companies in the early stages of their development, even though its close association with its shareholders, long-established players in foreign (including the Libyan) real estate, property and development markets should contribute towards mitigating the risks inherent in the Issuer's own limited trading record.

Political and Economic Risk

- The Issuer is susceptible to the political and economic trends that may from time to time be felt in or by Libya, wherein the Issuer's principal business interests are currently located. Negative political or economic factors and trends in or affecting Libya could have a detrimental impact on the business of the Issuer.

Emerging Market

- The Issuer will be investing in the Libyan market, which is at present to be considered as an emerging market. Emerging markets present economic and political conditions which differ from those of the more developed markets, and which could possibly present less social, political and economic stability, and 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 unpredictability associated thereto;

- The value of the Issuer'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 does not, in various aspects, reflect the level of refinement in jurisprudence reached in the more developed civil and common law jurisdictions, and accordingly the Issuer may face difficulties in enforcing its legal rights pursuant to the investments made 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 Issuer is subject to a number of specific risks inherent in this field, including counter-party risks. If such risks were to materialise they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

Financing Future Growth

- In the near future, the Issuer is expected to incur significant debt in connection with prospective real estate acquisitions and development projects. It is expected that the Issuer's debt to equity ratio will be maintained at prudent levels, in line with its investment strategy;

- Substantial borrowings under bank credit facilities are expected to be at variable interest rates, which could cause the Issuer to be vulnerable to increases in interest rates, and are regulated by agreements which of their own nature are likely to impose significant operating restrictions and financial covenants on the Issuer. These restrictions and covenants could limit the Issuer'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.

Reliance on the Corinthia Group and NREC

- **The Issuer will be relying heavily on the contacts and expertise of the Corinthia Group and NREC, as its principal shareholders, to identify and secure prospective investment opportunities for the attainment of its strategic and investment objectives. No assurance can be given that the Issuer or its shareholders will be able to use such contacts and expertise to identify and secure suitable investments.**

Risks Particular to the Selected Acquisition(s) referred to in Section 3.2 above

- **The risk profile of the Issuer may change depending on: the particular acquisition/s which it may successfully conclude; the capital commitments which the project/s tied to such acquisition/s may require; and the exposure of the Issuer to the typical industry risks pertaining to the particular project.**

3.3.3 Considerations relating to the Bonds

Reliance on Operations of Principal Subsidiary

- **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, the payment of interest on and the repayment of the Bonds issued pursuant to this Prospectus will rely heavily on the cash flow generation of the Palm City Residences Project which will remain the principal source of repayment of the Bond. Accordingly any occurrence that could impede or otherwise delay the cash flow generation from such project will have a material adverse impact on the ability of the Issuer to meet interest repayments and redemption of the Bond on their due date.**

Risks Relating to Bonds

- **The value of investments can rise or fall 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.**

Prior Ranking Charges

- **For the purposes of part funding the Palm City Residences Project, the Principal Subsidiary has secured a syndicated loan facility amounting to €55 million. Pursuant to the terms of issue of 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 general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank** *pari passu*, **without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Issuer, and accordingly in terms of priority shall rank subsequent to the said facility.**

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. The bonds were listed on the Alternative Companies List of the Malta Stock Exchange and have since traded constantly above par. Notwithstanding, the following investment considerations in relation to Trading and Liquidity of the Bonds should be taken into account:

- **Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List once the Bonds are authorised as admissible to listing by the Listing Authority. The Alternative Companies List is a second-tier market, which is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser;**

- **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, as well as other factors such as the time remaining to 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.**

4. Information about the Issuer

4.1 Historical Development

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 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 00356 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 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 Section 5.2 of Part C(i) of this Prospectus.

In raising the necessary funding required to pursue its principal investment objectives, which at present are focused on the Palm City Residences Project, in November 2007 the Issuer made a public offering of €15,000,000 worth of bonds denominated in Maltese Liri and Euro. The bonds denominated in Maltese Lira were converted to Euro on 1 January 2008. These bonds will be redeemed in December 2014, subject to an early redemption option on either of 4 December 2012 or 4 December 2013. Interest is payable on these bonds at the rate of 7.5% per annum. Since admission to the Alternative Companies List of the Malta Stock Exchange in December 2007, the bonds have traded consistently above par.

4.2.1 Investment Opportunities

The Issuer is at present considering a number of potential acquisitions in Libya. The Issuer has identified three such opportunities (Section 3.2 above refers) and expects to be able to conclude at least one significant acquisition in the near future. The proceeds of the Bond Issue will be used in order to part finance any such project(s) that could materialise.

4.2.2 The Palm City Residences Project

At present, the Issuer, through its Principal Subsidiary, is in the process of completing the Palm City Residences Project, a 413-unit development located in Janzour, Libya. The project occupies a 133,824 square metre area enjoying a 1 kilometre shorefront, and will provide residents with high standards of quality accommodation together with a host of amenities and leisure facilities within a secured village-type environment which should place the Palm City Residences Project as a leader in the market for residential accommodation required by blue chip company employees stationed in Libya. Operations are expected to commence in the early part of 2009.

Further information on the Palm City Residences Project may be found in Section 5.2.2 of Part C(i) of this Prospectus. Furthermore a copy of the expert valuation of the Palm City Residences Project made available to the public at the time of the bond issue by the Issuer in November 2007, is available for inspection at the Issuer's registered office.

4.2.3 Project Management

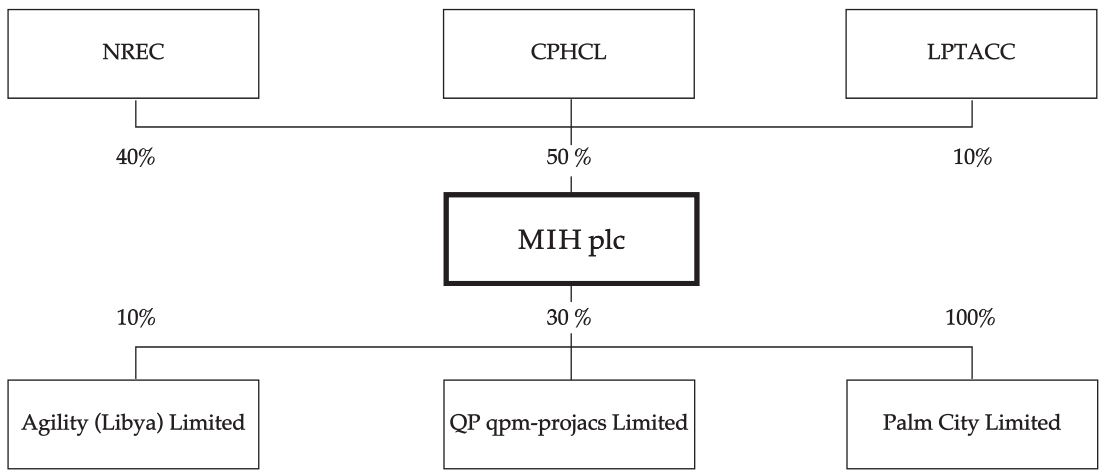
The Issuer acquired a 30% holding in QP qpm-projacs Limited, a company registered in Malta, which is involved in the field of project management, providing project management services to third parties engaged in the construction and development of real estate properties in Libya.

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 already hugely successful business within the NREC group of companies providing such supply chain services to a number of industries in 450 locations worldwide.

4.2.5 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 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 risk profile of the Issuer may change depending on: the particular acquisition/s which it may successfully conclude; the capital commitments which the project/s tied to such acquisition/s may require; and the exposure of the Issuer to the typical industry risks pertaining to the particular project/s.

The following 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(i) of this Prospectus:

Phase 1: 2008 - 2010 – the focus of the Issuer throughout these three years will be on development of the Palm City Residences Project and on any projects resulting from the positive conclusion of the potential acquisitions referred to in Section 3.2 above.

In terms of project management and ancillary services offered by QP qpm-projacs Ltd, it is expected that considerable growth will be registered in this period, depending, however, on the Issuer's business.

With respect to Agility (Libya) Limited, although operations would have commenced in 2008, it would not as yet be performing at its optimum level.

Generally, this time period will be characterised, on the one hand, by substantial investment, increases in debt funding and low income streams, and on the other hand, by significant progress in the acquisition and development of projects, which is expected to generate substantial income streams in the following phase.

Phase 2: 2011 - 2013 - this time period will be characterised by a reduced level of capital investments and an increased level of operating returns, principally from Palm City Residences Project. It is expected that the stable cash flows emanating from the Palm City Residences project will be utilised to sustain the debt servicing requirements including sinking fund provisions for the new project/s.

During this period, the Issuer's plans to go to the market with an equity issue, and a listing of its share capital (as increased through such issue) on a reputable stock exchange in order to allow the general public to partake in its then-existing as well as potential business ventures. The funds generated by this planned listing will serve principally to fund future growth.

During this phase QP qpm-projacs Ltd is expected to consolidate the growth registered in the previous phase, resulting in substantial increases in business from third party contracts.

Agility (Libya) Limited operations are expected to reach optimum level during this phase, leading to considerable increases in its business and profitability.

Phase 3: 2014 – 2016 – the final phase of this three-stage programme is expected to be characterised by mature income streams of the Palm City Residences Project and income from project/s secured by the Issuer, ensuring that return on investment is stabilised at an above average level. Additionally, further growth in income and profitability streams of QP qpm-projacs Ltd and Agility (Libya) Limited is expected, adding to the profitability and cash flow generation of the Issuer and its associate companies.

The projected nine year trends detailed above may be significantly conditioned by the timing of the projects in which the Issuer and its associate companies will be involved throughout this period.

6. Management and Employees

6.1 Directors

The Issuer is managed by a Board of Directors consisting of six 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.

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 June 2008, the Group, through the Principal Subsidiary, had 466 employees.

6.4 Major Shareholders

CPHCL currently owns 50% of the share capital of the Issuer, NREC holds 40% of the share capital, whereas LPTACC holds the remaining 10%.

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(i) of this Prospectus.

The Principal Subsidiary and CPHCL are party to a Build-Operate-Transfer Agreement in terms of which: (a) the Principal Subsidiary has been engaged by CPHCL to finalise the construction of the Palm City Residences Project in accordance with the specifications agreed upon between CPHCL and the Principal Subsidiary; (b) the Principal Subsidiary will operate the Project for a period of 65 years, following which the operation of the Project shall revert to CPHCL. The terms of the said agreement are set out in detail in Section 5.2.2 of Part C(i) of this Prospectus.

The Principal Subsidiary and QPM Limited, a company 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 management overview, technical representation, pre-contract co-ordination of consultants, post-contract site representation and sourcing of FF&E's.

The Principal Subsidiary is party to agreements with Corinthia Construction Overseas Ltd, a company wholly owned by CPHCL and its subsidiaries, for the supply of concrete, project and constructions management services and interior design consultancy.

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 year ended 31 December 2007;
(b) Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2006;
(c) Consolidated Projected Financial Statements of the Issuer for the period 1 January 2008 to 31 December 2015;
(d) Audited Financial Statements of the Principal Subsidiary for the financial year ended 31 December 2007; and
(e) Audited Financial Statements of the Principal Subsidiary for the financial year ended 31 December 2006.

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 referred to in paragraph (a) above relate.

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

8. Details of the Bond Issue

8.1 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 Alternative Companies List. The Bonds are expected to be admitted to the Alternative Companies List of the Malta Stock Exchange with effect from 7 August 2008 and trading is expected to commence on 8 August 2008.

8.2 Plan for Distribution

The Issuer is making an offering of Bonds for subscription to Authorised Intermediaries in Malta. The Bonds will be available for subscription during the Offer Period commencing on 28 July 2008 up to and including 1 August 2008, subject to the right of the Issuer to close subscription lists before such date in the case of over-subscription.

The Issuer will be entering into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the Bonds whereby it will bind itself to allocate Bonds to such investors upon closing of subscription lists. These agreements will be subject, *inter alia*, to the admission to trading of the Bonds on the Alternative Companies List of the Malta Stock Exchange.

Subscription agreements may be obtained from the Issuer's registered office during the Offer Period.

8.3 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 €217,500, or in the case of the exercise by the Issuer of the Over-allotment Option €250,000, and shall be borne by the Issuer.

The overall amount of the placing commission payable to the Institutional Investors and Financial Intermediaries entering into conditional subscription agreements in terms of Section 19 of Part C(ii) of this Prospectus, will not exceed €97,500, or in the case of the exercise by the Issuer of the Over-allotment Option €130,000.

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 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.

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(i) 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 year ended 31 December 2007;
(c) Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2006;
(d) Consolidated Projected Financial Statements of the Issuer for the period 1 January 2008 to 31 December 2015;
(e) Audited Financial Statements of the Principal Subsidiary for the financial year ended 31 December 2007;
(f) Audited Financial Statements of the Principal Subsidiary for the financial year ended 31 December 2006; and
(g) Architects' Valuation Report of the Palm City Residences Project.

Part B – Risk Factors

1. 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, particularly but not limited to the Consolidated Projected Financial Statements referred to in Section 4.1(c) of Part C(i) and appended to this Prospectus as Annex III, 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 the statements and no assurance is given that the future results or expectations will be achieved.

1.2 Considerations relating to the business of the Issuer

General

The Issuer was incorporated in December 2005 and started trading shortly thereafter. The Issuer's operating history, on which the Issuer and its prospects may be evaluated, is accordingly relatively limited. Furthermore, the Issuer is subject to the risks and the difficulties frequently encountered by companies in the early stages of their development.

The Issuer's close association with its shareholders (long-established players in the real estate, property and development markets in a number of foreign countries including Libya) should however, contribute towards mitigating the risks inherent in the Issuer's own limited trading record, and 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 Risk

The Group's business activities over the coming years, and particularly during the years 2008-2010, will be focused on and aimed at the acquisition of real estate properties in Libya for the purpose of development into offices, retail malls and residential units. Accordingly, the Group is susceptible to the political and economic trends that may from time to time be felt in or by Libya. Negative political or economic factors and trends in or affecting Libya, particularly those having an effect on trade and consumer demand respectively, would have a negative impact on the business of the Group.

However, the experience of the Corinthia Group, particularly through the development and operation of the Bab Africa Hotel in Tripoli, and of NREC, particularly 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, combined with the fact that Libya is emerging from political isolation following the lifting of US- and UN-imposed sanctions, is expected to alleviate the risks inherently associated with the Libyan market.

Emerging Market

The Group will be investing in an emerging market. Accordingly there are certain risk factors which require careful consideration by prospective investors since these are peculiar to such an investment and are not usually associated with investment in the more developed capital markets of North America, Japan and Western Europe.

Further to the risk set out in the preceding section entitled Political and Economic Risk, the prospective investor 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, and 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 value of the Issuer'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 does not, in various aspects, reflect the level of refinement in jurisprudence reached in the more developed civil and common law jurisdictions, and accordingly the Group may face difficulties in enforcing its legal rights pursuant to the investments made 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 – 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 the tempo 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.

The projections of the companies forming part of the Group are based, to a substantial extent, on the Palm City Residences Project being completed within a specific timeframe. Were completion to be substantially delayed, this would have a negative impact on the financial position of the Group, including the Issuer.

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.

Financing Future Growth

In the near future, the Issuer is expected to incur significant debt in connection with prospective real estate acquisitions and development projects. On finalisation of the Palm City Residences Project the Issuer is expected to have a debt to equity ratio, taking into consideration this Bond Issue, of 1.9 : 1.

Substantial borrowings under bank credit facilities are expected to be at variable interest rates, which could cause the Issuer to be vulnerable to increases in interest rates. The agreements regulating the Issuer's bank debt, including those funding the development of the Palm City Residences Project impose and are likely to impose significant operating restrictions and financial covenants on the Issuer. These restrictions and covenants could limit the Issuer'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.

Although the amount of debt funding of the Issuer is expected to increase due to its acquisition strategy, it is expected that the debt to equity ratio of the Issuer will be maintained at prudent levels, and to this end the Issuer already has plans to raise further equity capital to be able to continue to fund its future growth and investments. A substantial portion of the Issuer's cash flows will be required to make principal and interest payments on the Issuer's debt, including the Bonds.

Reliance on the Corinthia Group and NREC

The Issuer will be relying heavily on the contacts and expertise of the Corinthia Group and NREC, as its principal shareholders, to identify and secure prospective investment opportunities for the attainment of its strategic and investment objectives. Despite the benefits attributable to such reliance on its shareholders, no assurance can be given that the Issuer or its shareholders will be able to use such contacts and expertise to identify and secure suitable investments.

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. Although CPHCL and NREC have undertaken, save in the event of a court order, not to dispose of their shareholdings in the Issuer for at least one (1) year from the date the Bonds are authorised as admissable to listing on the Alternative Companies List, there can be no assurance that CPHCL or NREC will not, at any time following the lapse of the said one (1) year period, dispose of or significantly dilute their respective interest, direct or indirect, in the Issuer.

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 arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

Risks Particular to the Selected Acquisition(s) (Section 4.2.1 of Part C(i) refers)

The risk profile of the Issuer may change depending on: the particular acquisition/s which it may successfully conclude; the capital commitments which the project/s tied to such acquisition/s may require; and the exposure of the Issuer to the typical industry risks pertaining to the particular project. More specifically:

- **in the event that the Issuer successfully concludes the acquisition relating to the Tripoli Commercial and Residential Towers, the Issuer will be exposed to the risks pertaining to the provision of high-end serviced apartments, offices and retail space;**

- **if the Issuer closes the acquisition of the Fawar site, the risks faced by the Issuer would relate to the provision of residential units and the health and leisure services industry; and**

- **in the event that the Issuer acquires the plot of land in Misurata, the Issuer will be exposed to risks relating to the provision of office space, the hospitality industry and the education sector.**

1.3 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.

Reliance on Operations of Principal Subsidiary

The timely payment of interest payable on the Bonds by the Issuer would be negatively conditioned by unforeseen negative trends affecting the operations of the Principal Subsidiary and by delays in the completion of the Palm City Residences Project which could significantly impinge on the Principal Subsidiary's cash flow. In view of this risk, however, the estimated cash flow generation by the Issuer in the first year of operation of the Project is expected to cover net interest costs by 2.4 times, and this ratio is expected to increase significantly in the following years of operation of the Project.

With 85% of the construction of the Palm City Residences Project now complete, the project's expected completion date can now be estimated with a higher level of certainty than that set out in the prospectus dated 7 November 2007 relating to an issue by the Issuer of €15,000,000 7.5% Bonds 2012-2014. Furthermore, the Issuer has ensured that there is sufficient cover for the payment of interest due on the said €15,000,000 7.5% Bonds 2012-2014 prior to the commencement of the Issuer's operation in 2009.

The payment of interests on and the repayment of the Bonds issued pursuant to this Prospectus and the said €15 million 7.5% Bonds 2012-2014 will rely heavily on the cash flow generation of the Palm City Residences Project which will remain the principal source of repayment of the Bond, accordingly any occurrence that could impede or otherwise delay the cash flow generation from such project will have a material adverse impact on the ability of the Issuer to meet interest repayments and redemption of the bonds on their due date.

Risks Relating to Bonds

The value of investments can rise or fall 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.

Prior Ranking Charges

For the purposes of part funding the Palm City Residences Project, the Principal Subsidiary has secured a syndicated loan facility amounting to €55 million. Pursuant to the terms of issue of said facility, the property of the Principal Subsidiary is subject to a land charge. The Bonds constitute general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Issuer, and accordingly in terms of priority shall rank subsequent to the said facility.

Trading and Liquidity

MIH issued €15,000,000 worth of bonds on 7 November 2007 bearing interest of 7.5% per annum and redeemable in December 2014 unless redeemed earlier in 2012 or 2103. The Bonds were listed on the Alternative Companies List of the Malta Stock Exchange and have traded consistently above par.

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List once the Bonds are authorised as admissible to listing by the Listing Authority. The Alternative Companies List is a second-tier market, which is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser.

The liquidity of the market depends on, amongst others, factors beyond the Issuer's control such as the willingness or otherwise of potential buyers and sellers of the Bonds. The effect that the investors' decisions may have on the trading market would consequently affect the trading value of the Bonds. Other factors over which the Issuer has no control include the time remaining to 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.

Part C(i) – 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".

Directors

Alfred Pisani 'Fiorita', Triq Giorgio Locano, Iklin, Malta	**Chairman**
Mustafa T. Mohamed Khattabi Gargarish Road, Tripoli, Libya	**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**
Reuben Xuereb 38, Old Mill Street, Mosta, 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
Sponsoring Stockbroker:	**Charts Investment Management Service Limited** Valletta Waterfront Vault 17, Pinto Wharf, Floriana FRN 1913, Malta
Auditors:	**Grant Thornton** Grant Thornton House, Princess Elizabeth Street, Ta' Xbiex XBX 1104, 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.

Manager and Registrar:	**Bank of Valletta p.l.c.** BOV Centre, Cannon Road St. Venera SVR 9030, Malta

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 amount of €15,000,000, subject, in the event of the exercise by the Issuer of the Over-allotment Option, to such amount increasing up to €20,000,000 in aggregate value of Bonds issued pursuant to this Prospectus;
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	MT0000371220;
Denomination & Nominal Value	Euro (€) 100 per Bond;
Minimum Amount per subscription	Minimum of five thousand Euro (€5,000);
Redemption Date	4 August 2015;
Bond Issue Price	€100 for each Bond;
Status of the Bonds	The Bonds shall constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer;
Listing	Application has been made to the Listing Authority for the Bonds to be considered as admissible to listing on the second tier market, and to the MSE for the Bonds to be listed and traded on its Alternative Companies List;
Offer Period	The period between 28 July 2008 and 1 August 2008 (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;
Interest	seven and a half per cent (7.5%) per annum;
Yield	The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption value on maturity, is seven and a half per cent (7.5%) per annum;
Interest Payment Dates	4 August of each year between and including each of the years 2009 and the year 2015, 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;
Redemption Value	The par value of the Bonds;
Manager and Registrar	Bank of Valletta p.l.c.;
Sponsor	Charts Investment Management Service Limited;
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 pre-paid 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

Subscription Agreements Available	21 July 2008
Opening of Subscription Lists	28 July 2008
Closing of Subscription Lists	1 August 2008
Announcement of basis of acceptance	4 August 2008
Commencement of interest on the Bonds	4 August 2008
Expected dispatch of allotment advices and refund of unallocated monies	6 August 2008

The Issuer reserves the right to close the offer of the Bonds before 1 August 2008 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, and information on the Issuer's 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(i) of this Prospectus:

(a) Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2007;
(b) Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2006;
(c) Consolidated Projected Financial Statements of the Issuer for the period 1 January 2008 to 31 December 2015 (appended to this prospectus as Annex III);
(d) Audited Financial Statements of the Principal Subsidiary for the financial year ended 31 December 2007; and
(e) Audited Financial Statements of the Principal Subsidiary for the financial year ended 31 December 2006.

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 referred to in paragraph (a) above relate.

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

Extracts from the Audited Consolidated Financial Statements for the years ended 31 December 2007 and 2006 are set out below:

Income Statement Extracts

	1 January 2007 to 31 December 2007 € '000s	12 December 2005 to 31 December 2006 € '000s
Finance income	466	483
Administrative, marketing and other expenses	(417)	(124)
Finance costs	(106)	(2)
Share of results of associate company	(52)	(23)
(Loss)/profit before taxation	(109)	334
Taxation	(65)	(92)
(Loss)/profit for the year	(174)	242

Balance Sheet Extracts

	31 December 2007 € '000s	31 December 2006 € '000s
Non-Current Assets	41,622	28,694
Current Assets	24,114	20,293
Total Assets	**65,736**	**48,987**
Equity	48,070	48,244
Non-Current Liabilities	15,000	-
Current Liabilities	2,666	743
Total Equity and Liabilities	**65,736**	**48,987**

Cash Flow Extracts

	1 January 2007 to 31 December 2007 € '000s	12 December 2005 to 31 December 2006 € '000s
Net cash from/(used in) operating activities	(1,331)	544
Net cash used in investing activities	(17,155)	(4,425)
Net cash from/(used in) financing activities	14,999	24,002
Net increase/(decrease) in cash and cash equivalents	(3,487)	20,121
Cash and Cash Equivalents at the beginning of the period	20,121	-
Cash and Cash Equivalents at the end of the period	**16,634**	**20,121**

4.2 Reasons for the Bond Issue and Use of Proceeds

4.2.1 Strategy

The Issuer is currently pursuing a number of projects to sustain its expansion strategy in the real estate market in Libya. The Issuer expects that within the next 18 months it would have successfully concluded one or more of the three acquisitions which it is currently pursuing. Each of the proposed projects is briefly described hereunder.

The successful conclusion of negotiations for any one or more of these projects will require the Issuer to fund the initial acquisition costs for such project/s. In the event that more than one is successfully negotiated, the Issuer may proceed with more than one of the projects but will only commit the proceeds of the Bond Issue to one of the projects, whilst seeking alternative forms of funding for the other projects, including debt funding or further equity investment from existing and/or new shareholders. The Bond proceeds will be applied to the project that the Issuer manages to conclude first. Accordingly, in the event that one or more of these three projects is selected by the Issuer, the proceeds from the Bond Issue will be utilised in connection with the financing of only one of such projects, that is for the purposes of: funding the acquisition of the required property or of the entity owning the required property, as the case may be; and partly financing the subsequent development of the project in question. According to the Issuer's estimates, the proceeds of the Bond are sufficient to cover the cost of any one of the acquisitions required for the purposes of the projects described above.

The Issuer may conclude any one or more of these acquisitions and subsequently develop that/those project/s either on its own or in collaboration with other investors. Such a decision will be made by the Directors at the appropriate time and shall depend on a number of factors, primarily the overall financing requirements of the Company and the capital commitments that will be necessary to fund the full extent of the project/s.

In pursuing its expansion strategy and undertaking new projects the issuer shall at all times maintain a sustainable balance between debt and equity funding and shall accordingly maintain a debt to equity ratio that will not exceed 1.9:1.

The three projects currently being pursued by the Company are:

1. **Tripoli Commercial & Residential Towers (TCRT)** – this involves the potential acquisition, whether directly or through an intermediate entity, of a plot of land measuring approximately 13,000 square metres enjoying unobstructed sea-views in the heart of Tripoli, Libya. The site is one of only of a handful of approved projects in what will be the main boulevard in Tripoli – the address synonymous with high end office, retail and commercial property for blue chip international corporations and renowned brands. An architectural concept for the development has been prepared which includes a mix of high-end serviced apartments, office and retail space spread over twenty-six floors above ground and serviced by three floors below ground for parking and storage facilities. It is expected that the total gross floor area to be developed under this project will be more than 135,000 sq.m.

2. **Fawar** – this involves the potential acquisition and development of a large site measuring 550,000 square metres. In this case too, detailed concept plans have been drawn up and, if successful, the Issuer would act as lead developer of the site, although it would not necessarily carry out the full development on its own. The Issuer would carry out developments in limited parts of the site and would invite a number of other investors to participate in this development. Located on a currently undeveloped stretch of coastal land measuring 2 km on the seafront, the land is known for the natural hot water geysers suitable for therapy and treatment. The concept will include a city development that will provide accommodation as well as health and leisure facilities. The site, which is in close proximity to Mitiga airport, a secondary airport used principally by private jets, would also feature a marina, housing a number of restaurants.

3. **Misurata Village** – this involves the potential acquisition of a plot of land measuring 170,000 square metres, currently owned by CPHCL. MIH intends to develop this plot of land which is located 2km away from the Misurata Free Trade Zone, into a four-star 200 room hotel, 300 residential units (half of which would be sold while the other half would be leased out on a long term basis), a commercial centre, extensive entertainment and leisure facilities, as well as a school for the expatriate community. The significant business interest expressed with regard to this area ever since the Government of Libya announced the distribution of a number of vast offshore exploration concessions to oil companies in the vicinity, should serve as a solid platform for investment in the ancillary services which international companies involved in oil exploration will require. Misurata is one of the most up and coming commercial hubs on the North African coast, home to some of Libya's leading textile businesses, the Misurata steel factory and a large free trade zone. The proposed development is aimed at supporting the growing community of local and expatriate community connected with the increasing business activity in the Misurata Free Trade Zone.

4.2.2 Use of Bond Proceeds

Whilst it is the strategy of the Issuer to pursue and potentially conclude as many projects as possible subject to the availability of adequate levels of funding for the projects it may undertake, in the event that more than one project is selected the Issuer is committed to utilise the proceeds of the Bond Issue with respect to only one of such projects. The Bond proceeds will accordingly be utilised to fund the acquisition costs of that project which the Issuer first manages to close successfully within the coming 18 month period.

In the event that the Issuer is successful in closing any one or more of the above acquisitions within the coming 18 months the Issuer will require further funding for the completion of the relevant project/s. Funding of development costs relating to the selected project/s is expected to be secured through debt funding on a project finance basis and where the project development so requires, by seeking other investors. In view of the fact that the Issuer is not yet in a position to determine which one or more of the three acquisitions it may effectively close, if any, it has undertaken projections based on a number of assumed parameters with a view to testing the ability of generating sufficient revenues to ensure repayment of the Bond and any other funding that may be required. These parameters include:

- that the project/s will generate no revenues for the first four years;
- that the overall internal rate of return for a project of the nature of the ones described above should reach 20%;
- that the project/s will generate EBITDA equivalent to 12% of total project costs in year 5; increasing to 17% in year 6 and 17.5% in year 7; and stabilising at 25% thereafter;
- that the debt to equity ratio of the Issuer will not at any time exceed 1.9 times. After the Bond Issue the debt to equity ratio of the Company will be 1.9 : 1.
- Any additional debt funding required for the project/s will be negotiated by the Issuer on a project finance basis whereby the Issuer will only be bound to effect repayments of such financing, whether of capital or interest, after the project revenues come on line and only from such project revenues.

Notwithstanding that the Issuer's outlook in closing one of the above acquisitions within the coming 18 months is positive, there can be no guarantee that any one of these projects will materialise or that the Issuer will be successful in closing any one of them. In the event that none of the acquisitions currently being considered will be concluded positively, the proceeds of the Bond will be applied to reduce bank finance already in place for the Palm City Residences Project. In this event the debt to equity ratio of the Issuer will be 1.5 : 1.

Palm City Residences Project

A full description of the Palm City Residences Project is contained in the prospectus of the Issuer dated 7 November 2007. In view of this project's overall significance to the Issuer and to this Bond Issue, an update on the current state of development of that project, where applicable, is being set out hereunder.

The Palm City Residences Project, is a seaside gated complex in Janzour, Libya, that is expected to commence operations in the early part of 2009. A detailed description of the Palm City Residences Project is found in Section 5.2.2 below.

The financing of the Palm City Residences Project, which in total is estimated to cost in the region of €115 million, is funded through a combination of equity, shareholders' loans, bank finance and a part of the proceeds raised in November 2007 through the bond issue described in the prospectus dated 7 November 2007. To this end, the Issuer has to date injected into the project €48 million by way of equity investments in, and shareholders' loans to, Palm City Limited. In addition, the Principal Subsidiary has secured a syndicated loan facility amounting to €55 million in order to finance the remaining funding required for the Palm City Residences Project. The facility is subject to standard conditions of the international markets for project financing of this nature. One such condition is that the bank funding will be considered as end finance for the Project and accordingly only the last €55 million of the project's cost will be funded by the banks. To this end, the proceeds from the November 2007 Bond have been applied for the purpose of funding that part of the project's cost necessary in order for the banks to release the availability of the bank facilities.

Funding of the Palm City Residences Project, updated as at the date of this Prospectus [1], is sourced in the manner stipulated below:

	€ million
Share Capital Injection	24
Shareholders' Loan	24
Bank Loans	55
Proceeds from November 2007 bond issue	12
Total	**115**

Furthermore, as indicated earlier in this Prospectus, the proceeds of the Bond Issue will be fully applied to reduce the reliance by the Palm City Residences Project on bank finance in the event that none of the acquisitions described earlier in Section 4.2.1 were to materialise.

4.3 Expectations emanating from the Palm City Residences Project

The Palm City Residences Project is expected to reach completion stage in early 2009, which is a delay of six months from the schedule of works previously determined with contractors engaged for this development. This should not have a material effect on the levels of revenue to be generated by the project in the medium to longer terms, but merely a delay in the generation of certain revenues. The pace of works is now in line with that originally agreed with the said contractors and the revised date of completion has been reset accordingly.

The projected historical cost of the Palm City Residences Project, once complete, is expected to amount to €115 million, which is €5 million in excess of the originally projected cost.[1] This amount includes costs related to construction and completion of fully furnished and fitted out residential units. The Directors are confident that in view of the high standard of project management and control deployed in the construction, development and maintenance of the Project, coupled with the regular updating of estimated costs to completion, the final cost of the Project should not significantly exceed the overall budgeted parameters as adjusted. Furthermore, the Directors, on the basis of advice received and current market conditions, are of the view that the projected costs are reasonable, and that any potential cost overruns can be contained within the contingency built into the Group's estimates.

On the basis of the computations reported in the experts' valuation available for inspection at the Issuer's registered office, the value of the project on maturity, which is expected to take place between the second and third year of operation (2010 – 2011), is estimated at €160 million. In this respect, it is relevant to note that the projected rental revenue of the 413 luxury residences forming part of the Project, which will be offered for five to seven year leases, amounts to *circa* €25 million per annum if, as expected, 95% of the units are rented out by the Project's second year of operation (2010).

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Directors are of the view that the cash flows generated by the Palm City Residences Project will be sufficient to cover the redemption of the Bonds on maturity, and to repay the Bonds on maturity, as illustrated in the Consolidated Projected Financial Statements of the Issuer for the period 1 January 2008 to 31 December 2015 as set out in Annex III of this Prospectus.

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

As at the date of this Prospectus, the Directors of the Group are officers of the corporate shareholders, and as such are susceptible to conflicts arising between the potentially diverging interests of the said groups 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.

[1] In November 2007 the cost of the project was estimated at €110 million. The €5 million increase in cost, is funded through a €3 million increase in shareholders' loans and €2 million from the November 2007 bond issue proceeds originally ear-marked for general corporate funding purposes.

5. Information about the Issuer

5.1 Historical Development of the Issuer

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 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 00356 2123 3141.

In November 2007, the Issuer made a public offering of €15,000,000 worth of bonds denominated in Maltese Liri and Euro. Subsequent to Malta's adoption of the Euro as its national currency on 1 January 2008, the Maltese Lira denominated bonds were converted to Euro. These bonds will be redeemed in December 2014 subject to an early redemption option in either of 4 December 2012 or 4 December 2013. Interest is payable on these bonds at the rate of 7.5% per annum. Since admission to the Alternative Companies List of the Malta Stock Exchange in December 2007, the bonds have traded consistently above par.

5.1.2 Principal Object of the Issuer

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 acquire and develop real estate opportunities in North Africa, including opportunities with respect to retail outlets, shopping malls, office and commercial buildings, resident gated compounds, housing, build-operate-transfer, governmental projects and conference centres.

5.2 Overview of the Issuer's Business

5.2.1 Future Projects

Apart from the projected completion of the Palm City Residences Project in early 2009, a full description of which is contained in Section 5.2.2 of this document the Issuer is, at present, considering a number of potential acquisitions in Libya and expects to be able to conclude at least one significant acquisition in the very near future. The proceeds of the Bond Issue will be used in order to part finance any such project that could materialise. For a brief description of the projects being considered, refer to Section 4.2 of this Prospectus.

5.2.2 The Palm City Residences Project

In line with its principal objects set out in Section 5.1.2 above, the Issuer, through its Principal Subsidiary, is in the process of completing the Palm City Residences Project, which is a 413-unit compound that includes residences ranging from one-bedroom apartments to four-bedroom semi-detached villas. The development, located in Janzour, Libya, and which occupies a 133,824 square metre area enjoying a 1 km shorefront, will create a village-type environment offering a host of amenities and leisure facilities that include a supermarket, a variety of retail shops, a laundry, health clinics, and a number of catering outlets and cafes.

Discussions have been ongoing with a number of major companies and a number of oil related servicing companies which have long been operating in Libya and others who are new entrants to the market. These companies employ a large number of expatriates working in Libya. The current shortage of supply of quality residential accommodation providing adequate service levels, maintenance and security creates 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 quality residential accommodation and facilities.

The Property

The expert valuation of the Palm City Residences Project referred to in Section 4.3 of this Prospectus is available for inspection at the Issuer's registered office. As detailed therein, substantial progress has been registered in the construction of the Palm City Residences Project, which is by now in an advanced state of construction. The due date for substantial completion and for the commencement of its operation is earmarked for the first quarter of 2009. The Principal Subsidiary will continue to be responsible for the operation of the residences after the Project's completion.

The Land

CPHCL holds legal title to the land on which the Palm City Residences Project is being constructed by virtue of a 99 year lease agreement dated 5 July 2006.

Pursuant to a Build-Operate-Transfer Agreement entered into by and between CPHCL and the Principal Subsidiary, with effect from 6 July 2006 the Principal Subsidiary has been engaged by CPHCL to finalise the construction of the Project in accordance with the specifications agreed upon between CPHCL and the Principal Subsidiary. All costs and expenses related to the completion of the Project's construction and development shall be borne by the Principal Subsidiary.

In consideration of the costs to be disbursed by the Principal Subsidiary for the completion of the Project's construction and development, following such completion, the Principal Subsidiary will operate the Project for a specified period of 65 years. Throughout the said term, the Principal Subsidiary will operate the residences at its own risk and for its own benefit. Accordingly any losses incurred, any expenses (including maintenance of the site and buildings), or any profits made out of the operation of the Project, will be for the account of the Principal Subsidiary. All revenues generated by the leasing out of accommodation facilities forming part of the Project shall be retained by the Principal Subsidiary, enabling it to obtain compensation for the expenses incurred by it for the construction and development of the Project and to make a reasonable return on investment.

Upon expiry of this 65 year term, the Principal Subsidiary is under the obligation to transfer the operation of the Project to CPHCL, and from that point in time the benefit of revenue generated and the risks associated with the running of the Project shall be transferred to CPHCL.

5.2.3 Project Management

Through its 30% holding in QP qpm-projacs Limited, a company 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 Issuer is also involved in the field of project management, providing project management services to third parties who are engaged in the construction and development of real estate properties in Libya. QP qpm-projacs Limited will be tendering for a number of projects in the near future.

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.

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 these fields: 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. Identification of potential sites for the centralisation of these operations is underway. The completion of the development project is expected to take place by mid-2009.

Agility (Libya) Limited has been set up as a branch of an already hugely successful 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.

5.2.5 Principal Investments

Subsequent to 31 December 2007 (the date of the last published audited financial statements), the Issuer entered into no principal investments.

5.3 Principal Markets and Competition

The acquisition, development and running of real estate projects 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. Organisational Structure

The Issuer is 50% owned by CPHCL, 40% owned by NREC and 10% owned by LPTACC.

The Issuer is the sole shareholder of the Principal Subsidiary, and has a 10% holding in Agility (Libya) Limited and a 30% holding in QP qpm-projacs Limited.

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, 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 1 October 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 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 risk profile of the Issuer may change depending on: the particular acquisition/s which it may successfully conclude; the capital commitments which the project/s tied to such acquisition/s may require; and the exposure of the Issuer to the typical industry risks pertaining to the particular project/s.

In the event that the Issuer successfully concludes the acquisition relating to the Tripoli Commercial and Residential Towers, the Issuer will be exposed to the risks pertaining to the provision of high-end serviced apartments, offices and retail space. If the Issuer closes the acquisition of the Fawar site, the risks faced by the Issuer would relate to the provision of residential units and the health and leisure services industry. In the event that the Issuer acquires the plot of land close to the Misurata Free Trade Zone, the Issuer will be exposed to risks relating to the provision of office space, the hospitality industry and the education sector.

With respect to the other aspects of the Issuer's business interests, the following is an overview of the factors and trends expected in the key areas of operation of the Issuer in the foreseeable future, divided into three distinct phases, as follows:

Phase 1: 2008 - 2010 – Throughout Phase 1, the Issuer will focus on the development of the Palm City Residences Project and on other projects, in which the Group may be involved, in the near future. Particular reference is made to any projects resulting from the positive conclusion of any of the potential acquisitions mentioned in Section 4.2 of Part C(i) of this Prospectus.

As a result of the impetus directed at development throughout this initial phase, before the end of 2009 the Group is not expected to be in a position to generate significant income streams from the projects in which it is or would by then be involved in, which projects would still be under development up to that time. On the other hand, investments such as the Palm City Residences Project are expected to experience considerable growth during this time period, with maturity arising after 2010. In the event that the Issuer concludes any of the acquisition/s which it expects to conclude over the coming 18 months, it is expected that the selected project/s would not generate any cash flows over this period, and the Issuer should sustain higher levels of debt funding required for the development and implementation of the new project/s.

In terms of project management and ancillary services offered by QP qpm-projacs Ltd, it is expected that considerable growth will be registered in this period, depending, however, on the Issuer's business.

With respect to Agility (Libya) Limited, although operations would have commenced in 2008, it would not as yet be performing at its optimum level.

Generally, this time period will be characterised, on the one hand, by substantial investment, increases in debt funding and low income streams, and on the other hand, by significant progress in the acquisition and development of projects, which is expected to generate substantial income streams in the following phase.

Phase 2: 2011 - 2013 – this period will be characterised by a reduced level of capital investments and an increased level of operating returns principally from the Palm City Residences Project. This will be counter balanced by increased capital expenditure on the new project/s which the Issuer is seeking to secure within the coming 18 months and the increased debt funding of the Issuer for the development of such project/s. Accordingly it is expected that the stable cash flows emanating from the Palm City Residences Project will be utilised to sustain the debt service requirements of the new project/s as well as the sinking fund provision for the €15 million 7.5% Bonds 2012-2014 and the Bonds. During this period, the Issuer plans to go to the market with an equity issue, and a listing of its share capital (as increased through such issue) on a reputable stock exchange, in order to allow the general public to partake in its then-existing as well as potential business ventures. The funds generated by this planned listing will serve principally to fund future growth.

During this phase QP qpm-projacs Ltd is expected to consolidate the growth registered in the previous phase, resulting in substantial increases in business from third party contracts.

Agility (Libya) Limited operations are expected to reach optimum level during this phase, leading to considerable increases in its business and profitability.

Phase 3: 2014 - 2016 – the final phase of this three-stage programme is expected to be characterised by mature income streams of the Palm City Residences Project and income from the new project, if secured by the Issuer, ensuring that return on investment is stabilised at an above average level. Additionally, further growth in income and profitability streams of QP qpm-projacs Ltd and Agility (Libya) Limited is expected, adding to the profitability and cash flow generation of the Issuer and its associated companies.

The projected nine year trends detailed in this section may be significantly conditioned by the timing of the projects in which the Issuer and its associated companies will be involved throughout this period.

7B. Forecasts

Construction and Development

As at the date of publication of the Prospectus, 85% of the structural works on the Palm City Residences Project are complete. Moreover, 75% of the development contracts have been awarded. The overall construction and financing expenditure on this project, updated as at the date of this Prospectus, is expected to amount to approximately €115 million as detailed below:

	Euro '000s
Consideration for development works, obtaining of all permits, design and engineering works carried out by CPHCL prior to transfer to PCL (the BOT Agreement)	24,000
Construction Expenditure	
Pre-construction expenses	1,498
Construction	22,170
Plant and Machinery	13,710
Finishing and Fixtures	11,602
Furnishing and Equipment	21,942
Landscaping	3,172
Contingency	976
	75,070
Professional Fees	10,022
	85,092
Financing Costs	
Interest Costs	5,050
Other Financing Costs	1,300
	6,350
Total Costs	115,442

Rental Revenue

The project features 413 luxury units which will vary in size from one-bedroom apartments to four-bedroom detached villas. These are expected to have a net area (including terraces) of 96,168 square metres. The average rental value per unit is estimated to amount to €5,050 per unit per month. The average rental period is expected to range between five to seven years.

The Directors anticipate that 95% of the project's units will be rented out by 2010, which is the second year of operation.

The projected financial performance of the Issuer for the period 1 January 2008 to 31 December 2015 is set out in the Consolidated Projected Financial Statements appended hereto as Annex III and available for inspection as per Section 18 of Part C(i) of this Prospectus.

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 six 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, The Russian Federation and Tunisia. Mr. Pisani is the Chairman and Chief Executive Officer of International Hotel Investments p.l.c., a Maltese listed company forming part of the Corinthia Group. Mr. Pisani is also the Chairman and CEO of the Issuer.

Mustafa T. Mohamed Khattabi: Mr. Khattabi is the holder of a master's degree in engineering and is the former Chairman of the Electricity Corporation in Tripoli. In 1982 he joined the Libyan Arab Foreign Investment Company (LFICO) and in 1984 moved to Malta, where he chaired the Jerma Palace Management Committee for ten years. He later moved to Tripoli as General Manager of the Participation Department of LFICO, managing and supervising all investments. In 1997 he was appointed Chairman of the Libyan Arab African Investment Company, responsible for investment in Africa. In 2004 he moved to Egypt to manage LFICO's tourism investments in the country, which include Sheraton Cairo, Hilton Hurghada, as well as participation in Conrad, Marriott and Hilton Sharm El-Sheikh. Mr. Khattabi is presently the Chairman of LFICO and also sits on the Board of Directors of International Hotel Investments p.l.c., a Maltese listed company forming part of the Corinthia Group.

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., a Maltese listed company forming part of the Corinthia Group, and is also a Director of the Issuer.

Khalil E. A. M. Alabdullah: Mr. Khalil Alabdullah 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.

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 heads the project team involved in the Palm City Residences Project.

Alfred Pisani, Mustafa T. Mohamed Khattabi, Joseph Fenech and Reuben Xuereb have their business address at 22 Europa Centre Floriana FRN 1400 Malta.

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 June 2008, the Group, through the Principal Subsidiary, had 466 employees.

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 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 projects 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 management of the Principal Subsidiary is composed of:

Simon Naudi 8, Manoel Court, St. George's Park, St. Julians, Malta	**Chairman**
Reuben Xuereb 38, Old Mill Street, Mosta, Malta	**Managing Director**
Ali Bani Ben Ashour Street, Tripoli, Libyan Arab Jamahiriya	**Director**
Musaed Al Saleh Kuwait Free Trade Zone, Shuwaikh, Kuwait	**Director**

Simon Naudi: Mr. Naudi joined the Corinthia Group in a senior executive role in 1998, and was appointed to the board 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: *vide* section 9.1.1 above of Part C(i) of this Prospectus.

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 was recently appointed as Chairman and CEO of the Arab Union Construction Company, a company in which he 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.

Musaed Al Saleh: vide Section 9.1.1 above.

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 appropriate 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%. In terms of the Memorandum and Articles of Association of the Issuer, CPHCL is entitled to appoint three Directors, whereas the remaining three Directors are appointed by NREC and LPTACC in a joint capacity. During the first three-year term of the Issuer, the right to nominate the Chairman of the Board vests with CPHCL, whereas NREC and LPTACC will jointly have the right to appoint the Chairman of the Board in the second three year term. 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.

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:

- 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 utilised), the financial reporting process (ensuring that the recommendations made by external auditors are implemented in a timely manner) and financial policies of the Company;

- maintaining communications on such matters between the Board, management and the external auditors;

- preserving the Issuer's assets by understanding the Issuer's risk environment and determining how to deal with those risks;

- 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 Fenech, a Non-Executive Director, acts as chairman of the Audit Committee, whilst Mustafa T. Mohamed Khattabi and Khalil E. A. M. Alabdullah both Non-Executive Directors act as members. In view of the forthcoming transposition into Maltese law 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, the Issuer undertakes, at its next General Meeting, to appoint an independent member on the Audit Committee having competence in accounting and/or auditing, in line with article 41 of the said directive.

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 supports the Code of Principles of Good Corporate Governance (the "Code") originally issued by the Malta Stock Exchange which now forms part of the Listing Rules.

The Board undertakes to ensure that the Issuer acts in compliance with the requirements of the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

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 referred to in Section 18(b) 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
16 March 2006	24,000,000 Ordinary 'A' shares	CPHCL	Capitalisation of shareholder's loan
21 February 2006	24,000,000 Ordinary 'B' shares	NREC	€24,000,000 in cash

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 authorised, 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, build-operate-transfer, 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 six (6) Directors, who are appointed as follows:

- the holders of ordinary 'A' shares shall have the right to appoint three (3) Directors to the Board; and

- the holders of ordinary 'B' shares shall have the right to appoint three (3) Directors 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

Since its inception, the Group has entered into the following material contracts in the ordinary course of its business:

Date	Value	Summary
15 November 2005	€1.5 million	Architectural and interior design;
30 November 2005	€4.3 million	Project and construction management;
30 November 2005	€1.3 million	Cost consultancy and M&E consultancy;
17 May 2006	€5.4 million	Carrying out of civil works by Nomadia;
6 November 2006	€13.8 million	Carrying out of structural works by Nomadia;
16 March 2007	€8.2 million	Installation of machinery, heat ventilation and air-conditioning equipment by Panta Contracting;
19 September 2007	€2.9 million	Supply and installation of UPVC;
25 September 2007	€1.0 million	Construction of: site boundary wall; main pool and deck area; six substations; sewage treatment plant; and five sewage depots;
30 September 2007	€2.2 million	Supply and installation of main 33Kv substation and five 11Kv substations;
2 October 2007	€24 million	Build-Operate-Transfer Agreement;
7 November 2007	€15 million	Bond Issue offered to the general public and fully subscribed on the day of issue.

Save for what is otherwise disclosed in this document in Section 5.2 and Section 10.3 of Part C(i), the Group has not entered into any other material contract which is not in the ordinary course of its business.

17. Third Party Information and Statement by Experts

Save for the Architects' valuation available for inspection as set out in Section 18 below, the independent financial assessment of earnings relied upon by the Architect in arriving at the valuation and the Accountants' report on the Consolidated Projected Financial Statements of the Issuer as set out in Annex III and available for inspection as set out in Section 18 below, this Prospectus does not contain any statement or report attributed to any person as an expert.

The Architects' valuation report dated 3 October 2007 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.

The Accountants' report dated 14 July 2008 has been included in the form and context in which it appears with the authorisation of Grant Thornton of Grant Thornton House, Princess Elizabeth Street, Ta' Xbiex XBX 1104, Malta.

None of the foregoing experts has any beneficial interest in the Issuer.

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;

(b) Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2007;

(c) Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2006;

(d) Consolidated Projected Financial Statements of the Issuer for the period 1 January 2008 to 31 December 2015;

(e) Audited Financial Statements of the Principal Subsidiary for the financial year ended 31 December 2007;

(f) Audited Financial Statements of the Principal Subsidiary for the financial year ended 31 December 2006; and

(g) Architects' Valuation Report of the Palm City Residences Project.

Part C(ii) – INFORMATION ABOUT THE BONDS

19. Details of the Bond Issue

19.1 Distribution of the Bonds

The Offer is being made by the Issuer through Authorised Intermediaries.

The Issuer will be entering into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the Bonds whereby it will bind itself to allocate Bonds to such investors upon closing of subscription lists. In terms of each subscription agreement the Issuer will be conditionally bound to issue, and each Authorised Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Alternative Companies List of the Malta Stock Exchange. The subscription agreements will become binding on each of the Issuer and the Authorised Intermediaries upon delivery, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement, and each of the schedules relating to the Offer Period days (as defined therein). The €5,000,000 Bonds which may be issued upon exercise by the Issuer of the Over-allotment Option shall likewise be offered through Authorised Intermediaries for subscription under the same terms and conditions.

Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

19.2 Allocation Policy

The Issuer will determine and announce to the Authorised Intermediaries the allocation policy for the allotment of the Bonds within two Business Days of the closing of subscriptions in, at least, one newspaper. Each Authorised Intermediary subscribing for Bonds for their own account or for the account of underlying customers, will be directly notified of the amount of Bonds allocated in its name by the Central Securities Depository of the MSE once these have been admitted to the Alternative Companies List of the MSE.

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

19.3 Offer Period

The Bonds will be available for subscription during the Offer Period commencing on 28 July 2008 up to and including 1 August 2008, 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.

19.4 Refunds

If any Subscription Agreement is not accepted, or if any Subscription Agreement 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 the Authorised Intermediary's bank account as indicated by the Authorised Intermediary in the Subscription Agreement. The Issuer will not be responsible for any loss or delay in transmission of funds. The Registrar will not be responsible for any delay in receipt of funds caused by circumstances beyond its control.

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 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 Alternative Companies 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 Alternative Companies List of the Malta Stock Exchange, the Bonds are expected to be assigned the following ISIN code: MT0000371220.

20.2 Status

The Bonds shall constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer.

20.3 Terms and Conditions of Issue

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

20.4 Interest

The Bonds shall accrue interest at the rate of 7.5% per annum payable annually on 4 August of each year. Interest shall accrue as from 4 August 2008. The first Interest Payment Date shall be 4 August 2009.

20.5 Maturity & Redemption

The Bonds shall become due for final redemption on 4 August 2015. 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 Intermediaries Offer

The Bonds shall be issued and offered to Authorised Intermediaries either for their own account or for the account of underlying customers or for future distribution. 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 1 June 2008. The Listing Authority authorised the Bonds as admissible to listing on the Alternative Companies List of the Malta Stock Exchange pursuant to the Listing Rules by virtue of a letter dated 15 July 2008. 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 28 July 2008.

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, Manager, Registrar, or any of the Authorised 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 no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

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

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, 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 special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income. However tax withheld shall in no case be available to any person for a credit against that person's tax liability or for a refund as the case may be.

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

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

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.

Malta 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.

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 an Authorised 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 ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

20.11 Sinking Fund

The Issuer hereby undertakes that as from the end of the financial year ending 31 December 2010, it shall, over a period of five years therefrom, build a sinking fund equivalent to 50% of the value of the issued Bonds, thus creating a cash reserve from its annual surpluses to meet part of the redemption proceeds on the Redemption Date.

The Board of Directors of the Issuer reserves the power with respect to the investment of funds allocated to the sinking fund, provided that the investment of these proceeds will only be made either for the purpose of the Issuer buying back Bonds for cancellation in terms of Section 20.5 above, or for investing in such financial instruments as may be approved by the Directors of the Issuer from time to time.

21. Admission to Trading

The Bonds are expected to be admitted to the Alternative Companies List of the Malta Stock Exchange with effect from 7 August 2008 and trading is expected to commence on 8 August 2008.

22. Estimated Total Expenses and Estimated Net Proceeds

Professional fees, costs related to 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 €217,500, or in the case of the exercise by the Issuer of the Over-allotment Option €250,000, and shall be borne by the Issuer.

The overall amount of the placing commission payable to the Authorised Intermediaries entering into conditional subscription agreements in terms of Section 19 of Part C(ii) of this Prospectus, will not exceed €97,500, or in the case of the exercise by the Issuer of the Over-allotment Option €130,000.

It is estimated that the total net proceeds of the Bond Issue would amount to €14,782,500, or, in the event of the exercise of the Over-allotment Option, €19,750,000.

Part D - ANNEXES

Annex I

Terms and Conditions of the Bond

The rights attaching to the Bonds are those set out in the terms and conditions of issue set out in this Annex I, which terms and conditions the Bondholders 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 registered Bonds of a nominal value of €100 each Bond, issued by the Issuer at the Bond Offer Price of €100 per Bond, of an aggregate principal amount of €15,000,000 (except as otherwise provided under clause 9 "Further Issues" below) or in the event of the exercise by the Issuer of the Over-allotment Option not exceeding €20,000,000, which shall bear interest at the rate of 7.5% per annum.

(b) Unless previously purchased and cancelled, the Bonds shall be redeemable at the nominal value on 4 August 2015.

2. Form, Denomination and Title

The Bonds will be issued in fully registered form, without coupons, in denominations of any integral multiple of €100. 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 bear interest at the rate of 7.5% per annum on the nominal value of the Bond, payable annually in arrears, on 4 August of each year, the first payment becoming due on 4 August 2009 (each such day, an "Interest Payment Date"). 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 which event interest shall continue to accrue at the rate specified above or at the rate of two per cent (2%) per annum above the European Central Bank refinancing rate whichever is the greater; and

(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 a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and, in the case of an incomplete month, the number of days elapsed.

4. Status of the Bonds and Negative Pledge

(a) The Bonds constitute general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Issuer.

(b) 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 half per cent (107.5%) 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 of a Bond will be made in Euro to the person in whose name such Bond is registered, with interest accrued to the Redemption Date, by either of two options, that is (i) by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time or (ii) by mailing a cheque drawn on a bank in Malta to the Bondholder at such Bondholder's registered address. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any delay in transmission. In the case of option (ii), the payment of the cheque, if purporting to be duly endorsed, shall be a good discharge to the Issuer.

(b) Payment of interest on a Bond will be made in Euro to the person in whose name such Bond is registered as at the close of business fifteen (15) days prior to the Interest Payment Date, by either of two options, that is (i) by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time or (ii) by mailing a cheque drawn on a bank in Malta to the Bondholder at such Bondholder's registered address. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any delay in transmission. In the case of option (ii), the payment of the cheque, if purporting to be duly endorsed, shall be a good discharge to the Issuer.

(c) 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.

(d) No commissions or expenses shall be charged to the Bondholders in respect of such payments.

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 fixed for redemption) on 4 August 2015.

(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 purchased 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 one million two hundred fifty thousand Euro (€1,250,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

(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 one million two hundred fifty thousand Euro (€1,250,000) or its equivalent 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, 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 issue on a six-monthly basis or at such other intervals as the Malta Stock Exchange Bye-Laws shall from time to time determine a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the 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 or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the Malta Stock Exchange, 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.

9. Further Issues

The Issuer is at liberty, from time to time, without the consent of the Bondholders, to create and issue further bonds, notes or debentures, whether ranking *pari passu* in all respects with or subordinated to the Bonds (or in all respects save for the first payment of interest thereon).

10. Meetings of Bondholders

(a) 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.

(b) 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.

(c) 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.

(d) 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 or their representative 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.

(e) The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the Auditors of the Issuer.

(f) 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.

(g) 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, 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 interests 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 suit, action or proceeding against the Issuer with respect to a Bond shall exclusively be brought against it in the Maltese Courts.

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 pre-paid 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 Alternative Companies List of the Malta Stock Exchange, 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.

Annex II – List of Authorised Intermediaries

Members of the Malta Stock Exchange

ATLAS INVESTMENT SERVICES LTD. Abate Rigord Street, Ta' Xbiex, XBX 1121	Tel. 2326 5690	Fax. 2326 5691
BANK OF VALLETTA P.L.C. BOV Centre, Cannon Road, St. Venera, SVR 9030	Tel. 2275 1732	Fax. 2275 1733
CALAMATTA, CUSCHIERI & COMPANY LTD. 5th Floor, Valletta Buildings, South Street, Valletta, VLT 1103	Tel. 2568 8688	Fax. 2568 8256
CHARTS INVESTMENT MANAGEMENT SERVICE LTD. Valletta Waterfront, Vault 17, Pinto Wharf, Floriana, FRN 1913	Tel. 2122 4106	Fax. 2124 1101
CURMI & PARTNERS LTD. Finance House, Princess Elizabeth Street, Ta' Xbiex, XBX 1102	Tel. 2134 7331	Fax. 2134 7333
FINANCIAL PLANNING SERVICES LTD. 4, Marina Court, G. Cali Street, Ta' Xbiex, XBX 1421	Tel. 2134 4243	Fax. 2134 1202
FINCO TREASURY MANAGEMENT LTD. Level 5, The Mall Complex, The Mall, Floriana, FRN 1470	Tel. 2122 0002	Fax. 2124 3280
GLOBALCAPITAL FINANCIAL MANAGEMENT LTD. 120, The Strand, Gzira, GZR 1027	Tel. 2131 0088	Fax. 2328 2207
HOGG CAPITAL INVESTMENTS LTD. Regent House, Suite 33, Bisazza Street, Sliema, SLM 1641	Tel. 2132 2872	Fax. 2134 2760
HSBC STOCKBROKERS (MALTA) LTD. 233, Republic Street, Valletta, VLT 1116	Tel. 2597 2241	Fax. 2597 2494
RIZZO, FARRUGIA & CO. (STOCKBROKERS) LTD. Airways House, 3rd Floor, High Street, Sliema, SLM 1549	Tel. 2258 3000	Fax. 2258 3001

Investment Service Providers

ALL INVEST CO. LTD. Rosewall Bldg, Level 2, Villabate Street, M'Scala By Pass, Zabbar, ZBR 9045	Tel. 2180 0919	Fax. 2182 1933
APS BANK LTD. APS House, 24, St. Anne Square, Floriana, FRN 9020	Tel. 2567 1177	Fax. 2567 1167
CRYSTAL FINANCE INVESTMENTS LTD. 6, Freedom Square, Valletta, VLT 1011	Tel. 2122 6190	Fax. 2122 6188
GROWTH INVESTMENTS LTD. Middle Sea House, Floriana, FRN 1442	Tel. 2122 6411	Fax. 2124 9811
HSBC BANK MALTA P.L.C. 233, Republic Street, Valletta, VLT 1116	Tel. 2597 2209	Fax. 2597 2475
ISLAND FINANCIAL SERVICES LTD. Insurance House, Psaila Street, B'Kara, BKR 9078	Tel. 2385 5555	Fax. 2385 5238
JESMOND MIZZI FINANCIAL SERVICES LTD. 67, Flat 3, South Street, Valletta, VLT 1105	Tel. 2122 4410	Fax. 2122 3810
LOMBARD BANK MALTA P.L.C. Lombard House, 67, Republic Street, Valletta, VLT 1117	Tel. 2124 8411	Fax. 2558 1150
MICHAEL GRECH FINANCIAL INVESTMENT SERVICES LTD. 1, Mican Court, J F Kennedy Sqr., Victoria, Gozo, VCT 2580	Tel. 2155 4492	Fax. 2155 9199
MZ INVESTMENT SERVICES LTD. 11, St. Rita Street, Rabat, RBT 1523	Tel. 2145 3739	Fax. 2145 3407
MFSP FINANCIAL MANAGEMENT LTD. 220, Immaculate Conception Street, Msida, MSD 1838	Tel. 2133 2200	Fax. 2133 2190

Annex III

Consolidated Projected Financial Statements of the Issuer for the financial years ending 31 December 2008 to 31 December 2015

Grant Thornton

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

14 July 2008

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 2008 to 31 December 2015. The consolidated projected financial statements are set out on pages 57 to 59 of the Prospectus to be dated 15 July 2008 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.

Grant Thornton

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 basis 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 15 July 2008. 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

Certified Public Accountants
Member firm within Grant Thornton International Ltd

Summary of Significant Assumptions and Accounting Policies

Introduction

Mediterranean Investments Holding Limited was set up as a private limited liability company on 12 December 2005. It was converted into a public limited liability company on 6 November 2007 whereupon it was renamed Mediterranean Investments Holding p.l.c. The consolidated projected financial statements have been prepared for Mediterranean Investments Holding p.l.c. and its subsidiaries, (the "Group") for the period 1 January 2008 to 31 December 2015 are set out on pages 57 to 59. 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 information for the Group for the period 1 January 2008 to 31 December 2015.

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 10 June 2008 and the stated assumptions are judgements made 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 bases of preparation relating to the environment in which the Group operates and which underlie the consolidated projected financial statements are the following:

- The Group will not significantly change the manner in which it conducts its business.
- The Group will continue to enjoy the confidence of its suppliers and its bankers.
- The goodwill and reputation enjoyed today by the shareholders will be transferred as a synergistic benefit to the Group, thereby creating the necessary market confidence in the latter's offering to generate the revenue targets set out in the enclosed projections.
- The Group will continue to enjoy good relations with its employees and their representatives.
- 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 Group

The consolidated projected financial statements cover the current activities of the Group. The subsidiary companies included in the consolidated projected financial statements are:

- Palm City Limited, which is 99.99% owned by Mediterranean Investments Holding p.l.c.
- A company which is expected to be set up within the next 18 months in order to operate one of the three projects presently being considered.

Mediterranean Investments Holding p.l.c. also holds shares in two associate companies, QP qpm – projacs Limited and Agility (Libya) Limited.

Significant Accounting Policies

The significant accounting policies for the Group are set out in the audited financial statements for the year ended 31 December 2007. 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

Consolidated projected profit and loss accounts

Revenue

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

	Maximum potential revenue in 2009
	€
Rental of accommodation units	24,146,400
Lease of commercial and food and beverage concessions	600,000
	24,746,400

Leasing charges will increase by 5% per annum. Management anticipates an average occupancy rate of 75% for the accommodation units in 2009, increasing to 95% as from 2010. The commercial areas are assumed to be fully leased out as from 2009.

New Project

The funds raised from the second bond issue will be invested in a company that will be specifically set up to invest in a development that will satisfy the investment policy targets of the Group. Whilst not exceeding the 65% loan to value ratio target, the project is expected to produce an internal rate of return in excess of 20%.

It is expected that the Company will achieve practical completion of the second project by the end of 2012. EBITDA returns (expressed as a percentage of the total project cost) are then expected to accrue at the rate of 12% in 2013, 17% in 2014, 17.5% in 2015 and to increase progressively to 25% in a stabilised year of performance.

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.

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.

Interest receivable

Interest receivable has been computed on the average net cash flow balance at an average interest rate of 4%.

Interest payable

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

Interest payable on the bonds has been calculated at 7.5% per annum.

Consolidated projected balance sheets

Investment property

Investment property is being revalued to fair value on the basis of an open market valuation of the project at completion in 2009 and on maturity in 2011. These valuations were carried out by Ray Demicoli A & C.E.

Bank loans

Bank loan 1 carries an interest rate of 2.5% over 3 month EURIBOR rate up to project completion and 2% over 3 month EURIBOR rate thereafter. EURIBOR rate has been fixed at 4.5% for the term of the loan facility in view of interest rate hedging arrangements that the Group will enter into. The loan is repayable by 18 March 2014. 70% of the loan is payable in equal quarterly instalments beginning from the second anniversary of first drawdown. The remaining 30% is payable out of excess cash-flow and amounts remaining unpaid as at 18 March 2014 will become due on that date. The banks will continue to provide their support throughout the term of the loan.

Bank loan 2 carries an interest rate, inclusive of base rate and margin, of 7.5% per annum. The loan is repayable in equal annual instalments of €7 million starting from 2014.

Working capital

Amounts included under "other receivables" and "other payables" were assumed in order to create some working capital. Changes in working capital are not expected to be material and have not been taken into consideration.

Consolidated projected cash flow statements

Credit allowed

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

Credit received

Settlement of trade creditor balances has been assumed to be effected within the normal credit terms 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.

Bond sinking fund

Between the years 2009 and 2014 the Company is expected to build up a sinking fund that is equal to half the payments required for the purpose of redeeming both bonds.

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 14 July 2008 and signed on its behalf by:

Alfred Pisani Chairman	Musaed Al Saleh Director

Consolidated Projected Financial Statements

for the period 1 January 2008 to 31 December 2105

Profit and Loss Accounts

	2008	2009	2010	2011	2012	2013	2014	2015
	€	€	€	€	€	€	€	€
Income from Palm City Project	-	18,709,800	24,716,034	25,951,836	27,249,427	28,611,899	30,042,494	31,544,618
Income from Second Project						10,096,560	14,303,461	14,555,875
Total Income	**-**	**18,709,800**	**24,716,034**	**25,951,836**	**27,249,427**	**38,708,459**	**44,345,955**	**46,100,493**
Direct Costs:								
Payroll and related Costs	-	1,067,400	1,120,770	1,176,809	1,235,649	1,755,269	2,010,906	2,090,467
Departmental Contributions	**-**	**17,642,400**	**23,595,264**	**24,775,027**	**26,013,779**	**36,953,191**	**42,335,049**	**44,010,026**
General Operating Overheads:								
Administration and General:								
Payroll and Related Costs	84,000	329,600	346,080	363,384	381,553	542,005	620,943	645,510
Other Expenses	31,265	740,835	777,877	816,771	857,609	1,204,173	1,375,733	1,430,601
Sales and Marketing Expenses	215,250	185,000	89,250	93,713	98,398	139,777	160,134	166,470
Repairs and Maintenance:								
Payroll and Related Costs	-	622,000	653,100	685,755	720,043	1,022,838	1,171,804	1,218,166
Other Expenses	-	1,885,392	1,935,331	2,032,098	2,133,702	3,030,975	3,472,406	3,609,791
Energy and Water	-	400,000	420,000	441,000	463,050	657,774	753,572	783,386
Operating (Loss)/Profit	**(330,515)**	**13,479,573**	**19,373,626**	**20,342,307**	**21,359,423**	**30,355,649**	**34,780,458**	**36,156,102**
CPHCL MGT Fee	(202,500)	(212,625)	(165,375)	-	-	-	-	-
Share of Associated Companies Profit	-	-	-	19,950	57,230	93,170	51,900	54,073
EBITDA	**(533,015)**	**13,266,948**	**19,208,251**	**20,362,257**	**21,416,653**	**30,448,819**	**34,832,358**	**36,210,175**
Earned as follows:								
Palm City Residences	(533,015)	13,266,948	19,208,251	20,342,307	21,359,423	22,427,394	23,548,764	24,726,201
Second Project	-	-	-	-	-	7,928,255	11,231,694	11,429,901
Associated Companies	-	-	-	19,950	57,230	93,170	51,900	54,073
Depreciation	(3,063)	(59,744)	-	-	-	-	-	-
Amortisation of Intangible Asset	(7,584)	-	-	-	-	-	-	-
FV adjustment re Property	-	32,361,669	-	15,000,000	-	-	-	-
Amortisation of Bond Issue Costs	(56,292)	(72,032)	(77,726)	(83,870)	(90,499)	(97,653)	(92,675)	(17,574)
Interest receivable	839,245	713,713	430,781	429,736	463,329	608,508	710,415	619,045
Interest payable	(1,875,000)	(6,200,000)	(6,200,000)	(5,699,500)	(5,199,000)	(8,153,659)	(5,892,659)	(3,680,159)
(Loss)/Profit before Taxation	**(1,635,709)**	**40,010,554**	**13,361,306**	**30,008,624**	**16,590,482**	**22,806,014**	**29,557,439**	**33,131,488**
Taxation	502,690	(6,172,688)	(938,812)	(4,079,128)	(1,474,321)	(2,463,384)	(3,587,138)	(4,494,049)
(Loss)/Profit after Taxation	**(1,133,019)**	**33,837,865**	**12,422,493**	**25,929,495**	**15,116,160**	**20,342,630**	**25,970,301**	**28,637,439**
Retained Earnings/(Losses)	68,618	(1,064,401)	32,773,464	45,195,957	71,125,452	86,241,613	106,584,243	132,554,543
Retained (Losses)/Earnings Carried Forward	**(1,064,401)**	**32,773,464**	**45,195,957**	**71,125,452**	**86,241,613**	**106,584,243**	**132,554,543**	**161,191,982**

Consolidated Projected Financial Statements

for the period 1 January 2008 to 31 December 2105

Balance Sheet

	2008	2009	2010	2011	2012	2013	2014	2015
	€	€	€	€	€	€	€	€
Assets								
Property, plant and equipment	59,744	-	-	-	-	-	-	-
Investment Properties: Palm City	97,169,999	145,000,000	145,000,000	160,000,000	160,000,000	160,000,000	160,000,000	160,000,000
Investment Properties: Second project	-	20,000,000	35,562,500	52,854,688	66,068,789	66,068,789	66,068,789	66,068,789
Investments in associates	165,809	456,254	514,343	534,293	591,523	674,693	711,593	675,893
Intangible Assets	1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,832
Lease prepayment	468,332	-	-	-	-	-	-	-
Total non-current assets	**97,865,716**	**165,458,086**	**181,078,675**	**213,390,812**	**226,662,144**	**226,745,314**	**226,782,214**	**226,746,514**
Other receivables	1,090,387	1,090,387	1,090,387	1,090,387	1,090,387	1,090,387	1,090,387	1,090,387
Cash In Hand	23,714,198	10,598,922	10,111,687	10,548,695	11,726,725	17,530,448	16,811,602	18,195,826
Total current assets	**24,804,585**	**11,689,309**	**11,202,074**	**11,639,082**	**12,817,112**	**18,620,835**	**17,901,989**	**19,286,213**
Total assets	**122,670,301**	**177,147,395**	**192,280,749**	**225,029,894**	**239,479,256**	**245,366,149**	**244,684,203**	**246,032,727**
Equity								
Issued capital	48,002,002	48,002,002	48,002,002	48,002,002	48,002,002	48,002,002	48,002,002	48,002,002
Accumulated results	(1,064,401)	32,773,464	45,195,957	71,125,452	86,241,613	106,584,243	132,554,543	161,191,982
Total equity	**46,937,601**	**80,775,466**	**93,197,959**	**119,127,454**	**134,243,615**	**154,586,245**	**180,556,545**	**209,193,984**
Liabilities								
Bank Borrowings	40,000,000	47,300,000	50,922,699	55,730,518	55,896,274	39,068,789	32,068,789	25,068,789
Bonds	34,467,971	34,540,003	34,617,729	34,701,598	34,792,098	19,948,533	-	-
Deferred Taxation	(423,220)	4,695,627	3,679,728	5,568,956	4,605,230	3,641,836	2,746,860	2,552,650
Total non-current liabilities	**74,044,751**	**86,535,630**	**89,220,156**	**96,001,072**	**95,293,602**	**62,659,157**	**34,815,649**	**27,621,439**
Bank Borrowings	-	7,700,000	7,700,000	7,700,000	7,700,000	10,894,785	7,000,000	7,000,000
Bonds	-	-	-	-	-	14,941,218	19,982,426	-
Trade payables	300,000	748,350	774,685	813,419	854,090	896,794	941,634	988,716
Other payables	1,387,949	1,387,949	1,387,949	1,387,949	1,387,949	1,387,949	1,387,949	1,228,588
Total current liabilities	**1,687,949**	**9,836,299**	**9,862,634**	**9,901,368**	**9,942,039**	**28,120,747**	**29,312,009**	**9,217,304**
Total liabilities	**75,732,700**	**96,371,929**	**99,082,789**	**105,902,440**	**105,235,641**	**90,779,904**	**64,127,658**	**36,838,743**
Total equity and liabilities	**122,670,301**	**177,147,395**	**192,280,749**	**225,029,894**	**239,479,256**	**245,366,149**	**244,684,203**	**246,032,727**

Consolidated Projected Financial Statements

for the period 1 January 2008 to 31 December 2105

Cash Flow Statement

	2008	2009	2010	2011	2012	2013	2014	2015
	€	€	€	€	€	€	€	€
Cash Flow From Operating Activities								
Net (Loss)/Profit Before Taxation	**(1,635,709)**	**40,010,554**	**13,361,306**	**30,008,624**	**16,590,482**	**22,806,014**	**29,557,439**	**33,131,488**
Adjustments for:								
Depreciation provision	3,063	59,744	-	-	-	-	-	-
Interest Payable	1,875,000	6,200,000	6,200,000	5,699,500	5,199,000	8,153,659	5,892,659	3,680,159
Interest Receivable	(839,245)	(713,713)	(430,781)	(429,736)	(463,329)	(608,508)	(710,415)	(619,045)
Other Adjustments:	7,195	(32,289,637)	77,726	(14,936,080)	33,269	4,483	40,775	(36,499)
Operating Profit before Working Capital Changes	(589,696)	13,266,948	19,208,251	20,342,307	21,359,423	30,355,649	34,780,458	36,156,103
Working Capital Changes								
Operating Debtor	6,386,801	-	-	-	-	-	-	-
Operating Creditors	(2,012,890)	448,350	26,335	38,734	40,671	42,704	44,840	47,082
Net Cash From Operating Activities	**3,784,215**	**13,715,298**	**19,234,586**	**20,381,042**	**21,400,094**	**30,398,353**	**34,825,298**	**36,203,185**
Cash Flow from Investing Activities								
Payments for tangible fixed assets Palm City residences	(54,162,505)	(15,000,000)	-	-	-	-	-	-
Payments for tangible fixed assets second project	-	(20,000,000)	(15,562,500)	(17,292,188)	(13,214,102)	-	-	-
Payments for the acquisition/ formation of Subsidiaries	(5,809)	(290,445)	(58,089)	-	-	-	-	-
Dividend Income	-	-	-	-	-	10,000	15,000	15,000
Interest Received	839,245	713,713	430,781	429,736	463,329	608,508	710,415	619,045
Net Cash Used in Investing Activities	**(53,329,069)**	**(34,576,732)**	**(15,189,808)**	**(16,862,452)**	**(12,750,773)**	**618,508**	**725,415**	**634,045**
Cash Flow from Financing Activities								
Proceeds/Repayment of Bank Loan I	40,000,000	15,000,000	(11,939,801)	(12,484,369)	(13,048,345)	(13,632,700)	(3,894,786)	-
Proceeds/Repayment of Bank Loan II	-	-	15,562,500	17,292,188	13,214,102	-	(7,000,000)	(7,000,000)
Proceeds/Repayment of Bonds	19,800,823	-	-	-	-	-	(15,000,000)	(20,000,000)
Interest Paid	(3,050,000)	(6,200,000)	(6,200,000)	(5,699,500)	(5,199,000)	(8,153,659)	(5,892,659)	(3,680,159)
Tax Paid	(125,887)	(1,053,841)	(1,954,712)	(2,189,900)	(2,438,047)	(3,426,779)	(4,482,114)	(4,772,847)
Net Cash Used in Financing Activities	**56,624,937**	**7,746,159**	**(4,532,013)**	**(3,081,582)**	**(7,471,291)**	**(25,213,138)**	**(36,269,559)**	**(35,453,006)**
Net Increase/(Decrease) in Cash and Cash Equivalents	**7,080,083**	**(13,115,276)**	**(487,235)**	**437,008**	**1,178,030**	**5,803,723**	**(718,846)**	**1,384,224**
Cash and Cash Equivalents at the beginning of the year	16,634,115	23,714,198	10,598,922	10,111,687	10,548,695	11,726,725	17,530,448	16,811,602
Cash and Cash Equivalents at the end of year	**23,714,198**	**10,598,922**	**10,111,687**	**10,548,695**	**11,726,725**	**17,530,448**	**16,811,602**	**18,195,826**
Represented by:								
Cash available generally	23,714,198	10,098,922	6,611,687	3,548,695	726,725	2,030,448	6,811,602	18,195,826
Bonds Sinking Funds	-	500,000	3,500,000	7,000,000	11,000,000	15,500,000	10,000,000	-
Cash and Cash Equivalents at the end of year	**23,714,198**	**10,598,922**	**10,111,687**	**10,548,695**	**11,726,725**	**17,530,448**	**16,811,602**	**18,195,826**

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