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## SECURITIES NOTE

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This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published 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 prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Mediterranean Investments Holding p.l.c. Application has been made for the admission to listing and trading of the Bonds on the Official List. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Dated 2 June 2014

### SECURITIES NOTE

In respect of an Issue of €12,000,000 6% Unsecured Bonds 2021  
of a nominal value of €100 per Bond issued at par by



#### **Mediterranean Investments Holding p.l.c.**

A public limited liability company registered in Malta  
with company registration number C 37513

ISIN: MT0000371261

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

#### APPROVED BY THE DIRECTORS

Joseph Fenech on behalf of  
Alfred Pisani, Samuel D. Sidiqi, Yousef Abdelmaula,  
Faisal J.S. Alessa, Mario P. Galea, Khadija Oubala

Joseph Fenech

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Legal Counsel

Sponsor, Manager  
and Registrar

**CAMILLERI PREZIOSI**  
ADVOCATES

**CHARTS**  
WEALTH MANAGEMENT • CORPORATE BROKING

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### IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY MEDITERRANEAN INVESTMENTS HOLDING PLC (THE “ISSUER”) OF €12,000,000 BONDS 2021 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 6% PER ANNUM, PAYABLE ANNUALLY ON 22 JUNE OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 22 JUNE 2021 UNLESS OTHERWISE PREVIOUSLY REPURCHASED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISORS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING 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 MSE IN SATISFACTION OF THE MSE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT.

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



THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

ALL THE ADVISORS TO THE ISSUER NAMED IN THE PROSPECTUS, UNDER THE HEADING "ADVISORS" UNDER SECTION 3 OF THE REGISTRATION DOCUMENT, HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE 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. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

## 1 DEFINITIONS

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or to any of the Authorised Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for Bonds, a specimen of which is contained in Annex II of this Securities Note;
<b>Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
<b>Bond(s)</b>	the €12,000,000 bonds of a face value of €100 per bond bearing interest at the rate of 6% per annum and redeemable on the Redemption Date at their nominal value;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CSD</b>	the Central Securities Depository of the MSE authorised in terms of Part IV of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Cut-Off Date</b>	close of business of 2 June 2014;
<b>Exchange, Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
<b>Existing Bondholder</b>	a holder of Maturing Bonds as at the Cut-Off Date;
<b>Interest Payment Date</b>	22 June of each year between and including each of the years 2015 and the year 2021, 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;
<b>Intermediaries' Offer</b>	shall have the meaning set out in section 7.6 of this Securities Note;
<b>Issue Date</b>	27 June 2014;
<b>Issuer or MIH</b>	Mediterranean Investments Holding p.l.c., a public company registered under the laws of Malta with company registration number C 37513 and having its registered office at 22, Europa Centre, John Lopez Street Floriana FRN 1400, Malta;
<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
<b>Listing Rules</b>	the listing rules of the Listing Authority;

<b>Maturing Bonds</b>	the 7.5% bonds due to mature on 4 December 2014, amounting as at the date of the Prospectus to €14,757,659, issued by the Issuer pursuant to a prospectus dated 7 November 2007 with ISIN MT0000371212;
<b>Official List</b>	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
<b>Prospectus</b>	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
<b>Redemption Date</b>	22 June 2021;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond);
<b>Registration Document</b>	the registration document issued by the Issuer dated 2 June 2014, forming part of the Prospectus;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus;
<b>Securities Note</b>	this document in its entirety;
<b>Sponsor</b>	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
<b>Subscription Agreement</b>	the agreement between the Issuer, the Registrar and the Authorised Financial Intermediaries to subscribe for the Bonds;
<b>Summary Note</b>	the summary note issued by the Issuer dated 2 June 2014, forming part of the Prospectus;
<b>Terms and Conditions</b>	the terms and conditions of the Bond Issue as contained in section 7 of this Securities Note.

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## 2 RISK FACTORS

### 2.1 General

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

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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

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

### 2.2 Forward-looking statements

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

### 2.3 Risks Relating to the Bonds

- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including, but not limited to the presence of willing buyers and sellers of the Issuer’s Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder’s currency of reference, if different.
- No prediction can be made about the effect which any future public offerings of the Issuer’s securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.

- The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause (section 5.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- The Terms and Conditions of this Bond Issue are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

### 3 PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer. All of the Directors of the Issuer, whose names appear under the sub-heading “Directors” under the heading “Identity of Directors, Senior Management, Advisors and Auditors” in section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note 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.

#### 3.1 Consent for Use of Prospectus

##### **Consent required in connection with a possible Intermediaries’ Offer in terms of section 7.6:**

As explained in this Securities Note, in the event that not all of the Bonds in issue are subscribed to by Existing Bondholders, an Intermediaries’ Offer will be triggered.

For the purposes of any subscription for Bonds by Authorised Financial Intermediaries pursuant to such an Intermediaries’ Offer and any subsequent resale or placement of Bonds by Authorised Financial Intermediaries participating in the Intermediaries’ Offer in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement, provided this is limited only:

- (i) in respect of Bonds subscribed for in terms of the Intermediaries’ Offer by Authorised Financial Intermediaries listed in Annex I of the Securities Note participating in the Intermediaries’ Offer;
- (ii) to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
- (iii) to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

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

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



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

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

**In the event of a resale or placement of Bonds by an Authorised Financial Intermediary subsequent to the Intermediaries' Offer, the Authorised Financial Intermediary will provide information to investors on the terms and conditions of the resale or placement at the time such is made.** Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such offer to provide the investor with that information, and each of the Issuer, the Sponsor or other Authorised Financial Intermediary will not be responsible or liable for such information.

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

Any Authorised Financial Intermediary using this Prospectus in connection with a resale or placement of Bonds subsequent to the Intermediaries' Offer shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale or placement in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

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

## 4 ESSENTIAL INFORMATION

### 4.1 Reasons for the Issue and Use of the Proceeds

The proceeds from the Bond Issue, which net of Issue expenses are expected to amount to approximately €11,800,000, will be used by the Issuer for the purpose of part financing the redemption of the outstanding amount of the Maturing Bonds, which as at the date of the Prospectus stands at €14,757,659.

The redemption of the remaining balance of Maturing Bonds, equivalent to €2,957,659 in the event that the Bond Issue is fully subscribed, or a higher amount in the event that the Bond Issue is not fully subscribed, shall be financed from the Issuer's general cash flow.

### 4.2 Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €200,000. There is no particular order of priority with respect to such expenses.

#### 4.3 Issue Statistics

Amount:	€12,000,000;
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 CSD;
Denomination:	Euro (€);
ISIN:	MT0000371261;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	22 June 2021;
Plan of Distribution:	The Bonds are open for subscription by: holders of Maturing Bonds up to the nominal value of Maturing Bonds held by them as at the Cut-Off Date; and, for any Bonds not taken up by Existing Bondholders, by Authorised Financial Intermediaries pursuant to the Intermediaries' Offer;
Preferred Allocation to holders of Maturing Bonds:	<p>Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Maturing Bonds at par value, subject to a minimum holding of €2,000 in Bonds and rounded upwards to the nearest €100. Any Existing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form ("<b>Cash Top-Up</b>").</p> <p>Existing Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Maturing Bonds held by them as at the Cut-Off Date shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). In the event that the aggregate value of Applications by Existing Bondholders indicating Maturing Bond Transfer (as defined in section 7.2.1 below) as consideration for subscription for the Bonds is in excess of €12,000,000, then the Issuer, acting through the Registrar, shall scale down each Application by Existing Bondholders in accordance with the allocation policy to be issued in terms of section 7.3.13. The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds;</p>
Intermediaries' Offer:	<p>In the event that the aggregate value of Applications by Existing Bondholders indicating Maturing Bond Transfers (as defined in section 7.2.1 below) as consideration for subscription for the Bonds is lower than €12,000,000, and accordingly there remain Bonds which are unallocated to Existing Bondholders, such Bonds shall form part of an Intermediaries' Offer.</p> <p>An Existing Bondholder wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date may do so solely through an Authorised Financial Intermediary participating in the Intermediaries' Offer.</p> <p>In the event that the aggregate of the subscription agreements received from Authorised Financial Intermediaries in terms of the Intermediaries' Offer is in excess of the balance of the €12,000,000 of Bonds in issue which have not been allocated to Existing Bondholders receiving their full entitlement of Bonds following application by way of Maturing Bond Transfer (as defined in section 7.2.1 below), the Issuer (acting through the Registrar) shall scale down each Subscription Agreement received from Authorised Financial Intermediaries in accordance with the allocation policy to be issued in terms of section 7.3.13;</p>

Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt, if any;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Application Forms made available to Existing Bondholders:	4 June 2014;
Closing date for Applications to be received from Existing Bondholders:	18 June 2014;
Intermediaries Offer:	20 June 2014;
Interest:	6% per annum;
Interest Payment Date(s):	Annually on 22 June as from 23 June 2014 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by 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.

#### 4.4 Interest of Natural and Legal Person Involved in the Issue

Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes Charts Investment Management Service Limited), and any fees payable to Charts Investment Management Service Limited in connection with the Issue as Sponsor and Manager, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

## 5 INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

### 5.1 General

- 5.1.1 Each Bond forms part of a duly authorised issue of 6% Bonds 2021 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €12,000,000 (except as otherwise provided under section 5.12 "Further Issues").
- 5.1.2 The currency of the Bonds is Euro (€).
- 5.1.3 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0000371261.
- 5.1.4 All outstanding Bonds not previously redeemed or cancelled shall be redeemed by the Issuer at par on the Redemption Date.
- 5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 5.1.6 The Issue Date of the Bonds is 27 June 2014.
- 5.1.7 The Bond Issue is not underwritten.

## 5.2 Ranking of the Bonds

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following sets out a summary of Group indebtedness which as at 31 December 2013 amounted to €117.03 million (€125.27 at 31 December 2012), and includes bank loans, corporate bonds and other borrowings from related companies. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with the other issued bonds, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

Further details on bank borrowings, including, *inter alia*, respective term, security and repayment schedule, are found in the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2013, which have been published and are available on the Issuer's website ([www.mihplc.com](http://www.mihplc.com)) and at its registered office.

MIH Group Borrowings and Bonds	31 Dec'13 (€'000) Actual	31 Dec'12 (€'000) Actual	31 Dec'11 (€'000) Actual
Bank borrowings	40,944	48,961	53,622
Bonds	72,885	73,108	72,993
Shareholders' loan	3,200	3,200	13,200
<b>Total Borrowings and Bonds</b>	<b>117,029</b>	<b>125,269</b>	<b>139,815</b>

## 5.3 Rights attached to the Bonds

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

- (i) the payment of capital;
- (ii) the payment of interest;
- (iii) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 hereof;
- (iv) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
- (v) enjoy all such other rights attached to the Bonds emanating from this Prospectus.

## 5.4 Interest

5.4.1 The Bonds shall bear interest from and including 23 June 2014 at the rate of 6% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 22 June 2015. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

5.4.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

5.4.3 A Maturing Bond Transfer (as defined in section 7.2.1 below) shall be without prejudice to the rights of the holders of Maturing Bonds to receive interest on the Maturing Bonds up to and including 22 June 2014. The Issuer intends to settle the difference between the interest rates applicable to the Maturing Bonds and the interest rate of 6% applicable to the Bonds, from 23 June 2014 up to 4 December 2014, being the date of redemption of the Maturing Bonds, to all persons holding Maturing Bonds who would have submitted their Application Forms by not later than 18 June 2014 and, consequently, exercising their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Maturing Bonds to the Issuer as mentioned above.

## 5.5 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date, is 6%.

## 5.6 Registration, Form, Denomination and Title

5.6.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

5.6.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

5.6.3 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

5.6.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in section 5.11 of this Securities Note.

## 5.7 Negative Pledge

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.

**"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 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 106% of the aggregate principal amount of the Bonds still outstanding;

**"unencumbered assets"** means assets which are not subject to a Security Interest.

## 5.8 Payments

5.8.1 Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

5.8.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

5.8.3 All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of 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, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

5.8.4 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

## 5.9 Redemption and Purchase

5.9.1 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 22 June 2021.

5.9.2 Subject to the provisions of this section 5.9, 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.

5.9.3 All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

## 5.10 Events of Default

The Bonds shall become immediately due and repayable at their principal amount together with any accrued interest, if any of the following events ("**Events of Default**") shall occur:

- 5.10.1 the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.10.2 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
- 5.10.3 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
- 5.10.4 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

- 5.10.5 the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 5.10.6 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 made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- 5.10.7 any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of five million Euro (€5,000,000) or its equivalent at any time.

#### **5.11 Transferability of the Bonds**

- 5.11.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- 5.11.2 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 CSD, 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 CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.
- 5.11.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 5.11.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require for 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.
- 5.11.5 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.

#### **5.12 Further Issues**

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

#### **5.13 Meetings of Bondholders**

- 5.13.1 The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which, in terms of the Prospectus, require the approval of a Bondholders' meeting.
- 5.13.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the



Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

- 5.13.3 The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
  
- 5.13.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
  
- 5.13.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
  
- 5.13.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
  
- 5.13.7 The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.
  
- 5.13.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 65% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
  
- 5.13.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall mutatis mutandis apply to meetings of Bondholders.

#### **5.14 Authorisations and Approvals**

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 3 April 2014.

#### **5.15 Notices**

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



## 6 TAXATION

### 6.1 General

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

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

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

### 6.2 Malta Tax on Interest

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

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

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally in this latter case the Issuer will advise the Inland Revenue Department 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.

### 6.3 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.

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

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

#### 6.5 Duty on Documents and Transfers

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

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

### 7 TERMS AND CONDITIONS OF THE BOND ISSUE

#### 7.1 Expected Time Table of Bond Issue

1. Application Forms mailed to holders of Maturing Bonds as at the Cut-Off Date	04 June 2014
2. Closing date for Applications to be received from holders of Maturing Bonds as at the Cut-Off Date	18 June 2014
3. Intermediaries' Offer*	20 June 2014
4. Commencement of interest on the Bonds	23 June 2014
5. Announcement of basis of acceptance	23 June 2014
6. Refunds of unallocated monies	23 June 2014
7. Expected dispatch of allotment advices	27 June 2014
8. Expected date of admission of the securities to listing	27 June 2014
9. Expected date of commencement of trading in the securities	30 June 2014

\* The Intermediaries' Offer shall not be undertaken in the event of over-subscription by holders of Maturing Bonds.

#### 7.2 Terms and Conditions of Application specific to Holders of Maturing Bonds

- 7.2.1 The consideration payable by an Applicant for Bonds may be settled, after submitting the appropriate pre-printed Application Form, by the transfer to the Issuer of all or part of the Maturing Bonds held by such Applicant as at the Cut-off Date (the “**Maturing Bond Transfer**”), subject to a minimum application of €2,000 and rounded upwards to the nearest €100.
- 7.2.2 Payment by Applicants of the Cash Top-Up referred to in the paragraph entitled “Preferred Allocation to holders of Maturing Bonds” in section 4.3 shall be made in Euro and in cleared funds at the Bond Issue Price, in either cash or by cheque payable to “**The Registrar – MIH Bond Issue 2014**”.

- 7.2.3 By submitting a signed pre-printed Application Form indicating that the Maturing Bond Transfer is being selected as consideration for the Bonds being applied for, the Applicant is thereby confirming:
- i. that all or part (as the case may be) of the Maturing Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, if applicable;
  - ii. that the pre-printed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
    - a. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
    - b. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
  - iii. that in respect of the exercise of the option set out in section 7.2.2 above, the Applicant's remittance representing the Cash Top-Up will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Registrar (which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).
- 7.2.4 Where the Applicant is the holder of Maturing Bonds which as at the Cut-Off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form.
- 7.2.5 All Applications for the subscription of Bonds being effected by Maturing Bond Transfer must be submitted on the appropriate pre-printed Application Form by not later than 14.00 hours on 18 June 2014. The completed pre-printed Application Form is to be lodged with any of the Authorised Financial Intermediaries.
- 7.2.6 Holders of Maturing Bonds wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date shall be entitled to do so through an Authorised Financial Intermediary participating in the Intermediaries' Offer.

### 7.3 General Terms and Conditions

- 7.3.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List. In the event that the Bonds are not admitted to the Official List, no Maturing Bond Transfers (see section 7.2 above) shall take effect, and any Application monies (in the case of a Cash Top-Up being required) received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- 7.3.2 In view of the fact that the proceeds of the Bond Issue are intended to be applied to the redemption of part of the outstanding amount of the Maturing Bonds, the Issuer has not established an aggregate minimum subscription level for the Bond Issue.

As indicated in section 4.1 above under the heading "Reasons for the Issue and Use of Proceeds", the Maturing Bonds shall be redeemed partly out of the proceeds of the Bond Issue and partly out of general cash reserves of the Issuer. In the event that the Bond Issue is not fully subscribed, the residual balance of Maturing Bonds will likewise be funded from the general cash reserves of the Issuer. 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 external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

- 7.3.3 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.

- 7.3.4 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 7.3.5 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 7.3.6 In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).
- 7.3.7 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 7.3.8 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 7.3.9 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 7.3.10 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 7.3.11 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 7.3.12 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants (including holders of Maturing Bonds applying for Bonds in terms of section 7.2 above) during the Intermediaries' Offer is €2,000.

- 7.3.13 The Bond Issue shall close on the earlier of: (i) the date on which the aggregate of Applications received from the Existing Bondholders up to the full amount of Maturing Bonds held as at the Cut-Off Date (that is by Maturing Bond Transfer as set out in section 7.2.1 above) reaches €12,000,000; or (ii) if following the allocation of all Bonds applied for as set out in para (i) the full €12,000,000 of Bonds would not have been allocated, on the lapse of the Intermediaries' Offer.

Within two (2) Business Days from closing of the Bond Issue, the Issuer shall announce the result of the Issue and shall determine, and issue a company announcement setting out, the basis of acceptance of applications and allocation policy to be adopted.

- 7.3.14 In the event that an Existing Bondholder has been allocated a number of Bonds which is less than the number applied for, Maturing Bonds equal in value to the number of Bonds allocated to such Existing Bondholder shall be transferred to the Issuer as set out in section 7.2.1. above, whereas the remaining Maturing Bonds held by the Existing Bondholder and representing the aggregate nominal value of Bonds applied for but not allocated shall be retained by the Existing Bondholder. In the event that Authorised Financial Intermediaries subscribing for Bonds have been allocated a number of Bonds which is less than the number applied for, then such Authorised Financial Intermediaries shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the subscription agreement, at the Authorised Financial Intermediary's sole risk within two (2) Business Days from the date of final allocation.

- 7.3.15 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the MSE" appended as Appendix IV to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 440 of the Laws of Malta) for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.

- 7.3.16 By completing and delivering an Application Form, the Applicant:

- a agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- b warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- c authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- d confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- e agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- f agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;

- g warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
- h warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- i represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- j agrees that Charts Investment Management Service Limited will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Charts Investment Management Service Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- k agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
- l renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

#### 7.4 Plan of Distribution and Allotment

Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription to holders of Maturing Bonds and to Authorised Financial Intermediaries. It is expected that an allotment advice will be dispatched to Applicants within four (4) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

#### 7.5 Pricing

The Bonds are being issued at par, that is, at €100 per Bond.

#### 7.6 Intermediaries' Offer

The Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of Bonds whereby it will bind itself to allocate Bonds to such investors during the Intermediaries' Offer, if any, provided that in aggregate Applications by Existing Bondholders up to the full amount of Maturing Bonds held as at the Cut-Off Date (that is by Maturing Bond Transfer as set out in section 7.2.1 above) do not exceed €12,000,000. Holders of Maturing Bonds wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date shall be entitled to do so through an Authorised Financial Intermediary participating in the Intermediaries' Offer.

In terms of each Subscription Agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List. The Subscription Agreements will become binding on each of the Issuer and the Authorised Financial 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.



Authorised Financial 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.

#### **7.7 Allocation Policy**

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

- i. first to Existing Bondholders up to the extent of their holdings of Maturing Bonds to be utilised for the purposes of the payment of consideration of Bonds and subject to the minimum holding of €2,000;
- ii. in the event that the satisfaction of all applications under paragraph (i) above shall result in an over-subscription of the Bond, within two (2) Business Days from closing of the Bond Issue the Issuer shall announce the result of the Issue and shall determine and announce the basis of acceptance of Applications and allocation policy to be adopted through a company announcement;
- iii. in the event that following the allocations made pursuant to paragraph (i) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries' Offer as detailed in section 7.6 above.

#### **7.8 Admission to Trading**

7.8.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 2 June 2014.

7.8.2 Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the MSE

7.8.3 The Bonds are expected to be admitted to the MSE with effect from 27 June 2014 and trading is expected to commence on 30 June 2014.

### **8 DOCUMENTS ON DISPLAY**

For the duration period of this Securities Note the following documents (or copies thereof) shall be available for inspection at the registered office of the Issuer:

- (a) Memorandum and Articles of Association of the Issuer;
- (b) Audited Consolidated Financial Statements of the Issuer for the years ended 31 December 2011, 2012 and 2013;
- (c) Audited Financial Statements of PCL for the years ended 31 December 2011, 2012 and 2013;
- (d) Audited Financial Statements of PWL for the period ended 31 December 2013;
- (e) Financial Analysis Summary prepared by Charts Investment Management Service Limited dated 2 June 2014.

These documents are also available for inspection in electronic form on the Issuer's website at [www.mihplc.com](http://www.mihplc.com)



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SECURITIES NOTE – ANNEX I

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AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri & Co Ltd	Valletta Buildings, Fifth Floor, South Street, Valletta VLT 1103	25688688
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court No. 1, G Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta' Xbiex XBX 1403	21342342
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	21322872
Jesmond Mizzi Financial Advisors Ltd	67, Level 3, South Street, Valletta VLT 1105	23265681
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581114
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000





## SECURITIES NOTE – ANNEX II

## SPECIMEN APPLICATION FORM



Mediterranean Investments Holding p.l.c.

€12,000,000  
6% UNSECURED BONDS 2021  
APPLICATION FORMApplication  
Number

Please read the notes overleaf before completing this Application Form.

**A APPLICANT**

MSE ACCOUNT NO.	I.D. CARD/ PASSPORT/ COMPANY REG. NO.	TEL. NO.	MOBILE NO.
-----------------	---------------------------------------	----------	------------

Nominal Value of Mediterranean Investments Holding p.l.c. 7.5% Bonds 2012-2014 (the "Maturing Bonds"):

AMOUNT IN FIGURES **Box 1**  
€

I/We wish to purchase and acquire the amount set out below in Mediterranean Investments Holding p.l.c. 6% Bonds 2021 at the Bond Issue Price (at par) pursuant to the Prospectus dated 2 June 2014 (minimum €2,000 and in multiples of €100 thereafter).

**B AMOUNT IN WORDS**AMOUNT IN FIGURES **Box 2**  
€The amount to be included in  
**Box 2** shall not exceed:

€

Amount of Mediterranean Investments  
Holding p.l.c. 6% Bonds 2021 applied  
for less the nominal holding in Maturing  
Bonds, payable in full upon application  
under the Terms and Conditions as set  
out in the Prospectus.AMOUNT IN FIGURES **Box 3**  
Difference payable on  
Application **Box 2 - Box 1**  
€**C RESIDENT - WITHHOLDING TAX DECLARATION (See note 9)** (to be completed ONLY if the Applicant is a Resident of Malta)

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

**D NON-RESIDENT - DECLARATION FOR TAX PURPOSES** (to be completed ONLY if the Applicant is a Non-Resident)

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

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

**E INTEREST MANDATE (see note 9)** Completion of this Panel is MANDATORY

BANK

IBAN

**F** This Application form is to be submitted in the case where the Applicant selects, as a method of payment for the Mediterranean Investments Holding p.l.c. 6% Bonds 2021 being applied for, to transfer to the Issuer all or part of the Maturing Bonds held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel B above. By submitting this signed Application Form, the Applicant is thereby confirming that:

- all or part (as applicable) of the Maturing Bonds held by the Applicant at the Cut-Off Date are being transferred to the Issuer at their nominal value; and
- this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
  - cause the transfer of the said holding in Maturing Bonds in the Issuer's name in consideration of the issue of Mediterranean Investments Holding p.l.c. 6% Bonds 2021; and
  - engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Mediterranean Investments Holding p.l.c. 6% Bonds 2021 in the Applicant.

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions (as defined herein) which I/we fully accept.

Signature/s of Applicant/s

Date

(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)  
(All parties are to sign in the case of a joint Application)

(Bare owner/s and usufructuary/ies to sign in the case of holdings of Maturing Bonds that are subject to usufruct)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

AUTHORISED FINANCIAL INTERMEDIARY'S CODE

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

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

1. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. This Application Form is not transferable and entitles you to a preferential treatment as a holder of the Maturing Bonds (see note 6 below).
4. Interest and redemption proceeds will be issued in the name of the person as shown in Panel A overleaf.
5. This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the Mediterranean Investments Holding p.l.c. 6% Bonds 2021 being applied for, to transfer to the Issuer all or part of the holding in the Maturing Bonds held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel B overleaf. By submitting this signed Application Form, the Applicant is thereby confirming that:
  - a. all or part (as applicable) of the Maturing Bonds held by the Applicant as at the Cut-Off Date are being transferred to the Issuer at their nominal value, thereby releasing the Issuer from all and any obligations with respect to such Maturing Bonds; and
  - b. this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
    - i. cause the transfer of the Maturing Bonds in the Issuer's name in consideration of the issue of Mediterranean Investments Holding p.l.c. 6% Bonds 2021; and
    - ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the appropriate number of Mediterranean Investments Holding p.l.c. 6% Bonds 2021 in the Applicant's name.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by holders of Maturing Bonds up to their full amount held as at the Cut-Off Date, rounded to the nearest €100 and subject to a minimum application of €2,000, provided that the aggregate nominal value of Maturing Bonds transferred to the Issuer as consideration for Mediterranean Investments Holding p.l.c. 6% Bonds 2021 is, following rounding up to the nearest €100, not in excess of €12 million.

Payment of the Cash Top-Up, which is to be inserted in Box 3 of Panel B overleaf, may be made in cash or by cheque payable to "Charts Ltd - The Registrar" which is to be attached to the Application Form being submitted to any Authorised Financial Intermediary listed in Annex I of the Securities Note. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.
8. In the case where a holder of Maturing Bonds is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
9. Applicants who are resident in Malta in terms of the Income Tax Act, Cap. 123 of the Laws of Malta, may elect to have final withholding tax (currently 15%) deducted from interest payments. This withholding tax is considered as a final tax and where the Applicant is a Maltese resident individual, he/she need not declare the interest so received in his/her income tax return. However, the individual is still entitled to declare the gross interest in the tax return and the tax so deducted will be available as a credit against the individual's tax liability or for a refund, as the case may be. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in their tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments. Applicants will receive interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel E overleaf.

In terms of Section 6.1.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act, interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act.

10. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.

The contents of 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.

11. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 2 June 2014. **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MSE IN THE MSE ACCOUNT QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
12. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Prospectus during normal office hours by not later than 14:00 hours on 18 June 2014. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Bond as contained in the Prospectus. Any Applications received by the Registrar after 14:00 hours on 18 June 2014 will not be accepted. If an Application is not accepted or is accepted for fewer Bonds than those applied for, the balance of the amount paid but not allocated will be returned by direct credit into the bank account indicated in Panel E.
13. By completing and delivering an Application Form you (as the Applicant/s) acknowledge/s that:
  - a. the Issuer may process the personal data that you provide on the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
  - b. the pre-printed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
    - iii. cause the transfer of the said holding in Maturing Bonds in the Issuer's name in consideration of the Issue of Mediterranean Investments Holding p.l.c. 6% Bonds 2021; and
    - iv. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Mediterranean Investments Holding p.l.c. 6% Bonds 2021 in the Applicant.
  - e. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such request must be made in writing and addressed to the Issuer. The request must further be signed by yourself, as the Applicant to whom the personal data relates.

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



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PINTO WHARF • FLORIANA FRN 1913 • MALTA  
  
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www.charts.com.mt • info@charts.com.mt

The Directors  
Mediterranean Investments Holding p.l.c.  
22, Europa Centre  
Floriana FRN 1400  
Malta

2 June 2014

Dear Sirs

**Mediterranean Investments Holding p.l.c. Financial Analysis Summary**

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

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

- (a) Historical financial data for the four years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 has been extracted from audited consolidated financial statements of the Company for the four years in question.
- (b) The forecast data for the two years ending 31 December 2014 and 31 December 2015 has been provided by management of the Company.
- (c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by MIH.
- (d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

LICENSED TO PROVIDE INVESTMENT SERVICES BY THE  
MALTA FINANCIAL SERVICES AUTHORITY



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

Yours faithfully,



**Wilfred Mallia**  
Director

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## ABBREVIATIONS

CPHCL	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta with company registration number C 257 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta.
EDREICO	Economic Development and Real Estate Investment Company, a company registered under the laws of Libya and having its registered office at 49, 4th Floor, Burj Al Fatah Tower, PO BOX 93142, Tripoli, Libya.
IHI	International Hotel Investments p.l.c., a company registered under the laws of Malta with company registration number C 26136 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta.
LPTACC	Libya Projects Trading And Contracting Company, a company registered under the laws of Kuwait with company registration number 119633 and having its registered office at Office 16/Mezzanine, Block 12, Al Asfour International Company, Al Manqaf, Kuwait.
MIH	Mediterranean Investments Holding p.l.c., a company registered under the laws of Malta with company registration number C 37513 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta.
MTJSC	Medina Tower Joint Stock Company for Real Estate and Development, a joint stock investment company registered under the commercial laws of Libya (in accordance with Law No. 5 (1997) as amended by Law No. 7 (2004) and Law No. 9 (2010)) having its registered office at Tripoli Tower, Suite 107, Tower 2, Level 10, Tripoli, Libya, and bearing privatisation and investment board number 343.
NPHC	National Projects Holding Company (KSC), a Kuwaiti shareholding company registered under the laws of Kuwait with company registration number 111731 and having its registered office at National Market Building, 4th Floor, Office 24, Abdullah Al Salem, Al Mirqab, Kuwait.
NREC	National Real Estate Company, a company registered under the laws of Kuwait with company registration number 19628 and having its registered office at P.O. Box 64585, Shuwaikh, B 70456, Kuwait.
PCL	Palm City Limited, a company registered under the laws of Malta with company registration number C 34113 and having its registered office at 22, Europa Centre, John Lopez Street Floriana FRN 1400, Malta.
PWL	Palm Waterfront Ltd, a company registered under the laws of Malta with company registration number C 57155 and having its registered office at 22, Europa Centre, John Lopez Street Floriana FRN 1400, Malta.

## PART 1

### 1. COMPANY'S KEY ACTIVITIES

Mediterranean Investments Holding p.l.c. ("**MIH**", "**Issuer**", "**Company**" or the "**Group**") is principally engaged in the acquisition and development of immovable property in North Africa, including without limitation, residential gated villages, build-operate-transfer and governmental projects, office and commercial buildings, retail outlets, shopping malls, housing, hotels, and conference centres.

As at the date of this report, MIH operates the Palm City Residences in Janzour, Libya through a build-operate-transfer agreement entered into with CPHCL for a period of 65 years as from commencement of operations; owns 25% of the share capital of MTJSC, the company incorporated to construct the Medina Tower; and is responsible to develop the Palm Waterfront pursuant to an 80-year build-operate-transfer agreement concluded with CPHCL, which period commenced as from the date of said agreement.

### 2. DIRECTORS AND KEY EMPLOYEES

MIH is managed by a Board consisting of seven directors entrusted with its overall direction and management, and is mandated to identify and execute new investment opportunities and obtain funding thereof.

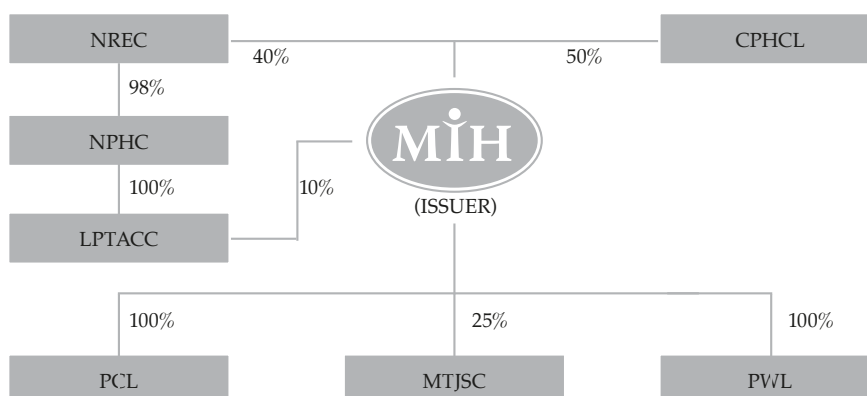
#### Board of Directors

Alfred Pisani	Executive Director and Chairman
Samuel D. Sidiqi	Non-Executive Director and Deputy Chairman
Joseph Fenech	Executive Director
Yousef Abdelmaula	Non-Executive Director
Faisal J.S. Alessa	Non-Executive Director
Mario P. Galea	Non-Executive Director
Khadija Oubala	Non-Executive Director

The weekly average number of employees engaged by the Group during FY2013 was 143, of which, 122 staff members were employed in the operating category while 21 persons were administrative staff (FY2012: 113).

### 3. ORGANISATIONAL STRUCTURE & OPERATIONAL DEVELOPMENT

The Company was incorporated on 12 December 2005 and is the parent company of the MIH Group as set out in the organisational structure hereunder:



#### 3.1 MIH

CPHCL and NREC each own, directly or indirectly, 50% of the share capital of the Issuer. In terms of the Memorandum and Articles of Association of MIH, the two shareholders are entitled to appoint three Directors each, and jointly have the right to appoint the seventh Director who shall be an independent non-executive director. The Chairman is appointed by each of CPHCL and NREC based on a three-year term rotation policy.

##### Key historical events

- 2005 - Issuer is incorporated
- 2006 - Commenced construction of the Palm City Residences
  - PCL concludes a 65-year build-operate-transfer agreement with CPHCL
- 2007 - MIH issues €15 million bond to increase units at Palm City and for new projects
- 2008 - MIH issues €20 million bond to fund the Group's acquisition strategy
- 2010 - MTJSC is set up to construct Medina Tower
  - 276 out of 413 units have been leased at Palm City and 109 units are subject to negotiations
  - Palm City Residences is fully complete and operational
  - MIH issues €40 million bonds for Medina Tower and corporate requirements
- 2011 - Operations are disrupted due to the uprising in Libya (between Feb – Oct 2011)
- 2012 - Occupancy at Palm City Residences is re-established at 91% but Medina Tower is delayed
- 2013 - PWL concludes an 80-year build-operate-transfer agreement with CPHCL
  - Occupancy reaches 94% - revenues at €30.9 million and operating profit of €25.4 million



### 3.2 PCL

Palm City Limited is a wholly owned subsidiary of the Issuer and was set up to develop and operate the Palm City Residences, which is a 413-unit village that includes residences ranging from one-bedroom apartments to four-bedroom semi-detached villas. The site, which is located in Janzour Libya, has a footprint measuring 171,000m<sup>2</sup> and a shorefront of *circa* 1.3 km. The development occupies a built-up area measuring 133,824m<sup>2</sup> and is structured in a village-type environment as depicted below, offering a host of amenities and leisure facilities that include a supermarket, a variety of retail shops, a laundry, health clinics, a clubhouse, swimming pools, tennis courts and a number of catering outlets and cafes.

CPHCL holds legal title to the land on which the Palm City Residences is 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 PCL, with effect from 6 July 2006 PCL was engaged by CPHCL to undertake the construction of the property in accordance with the specifications agreed upon between CPHCL and PCL. All costs and expenses related to the construction and development of the Palm City Residences were borne by PCL.

In consideration of the costs incurred by PCL for the development of the complex, it was agreed that PCL will operate the Palm City Residences for a specified period of 65 years as from completion of development (till 2075). Throughout the said term, PCL is authorised to 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 gated village, are for the account of PCL. All revenues generated by the leasing out of accommodation facilities are retained by PCL, enabling it to obtain compensation for the expenses incurred by it for the construction and development of the Palm City Residences and to make a reasonable return on investment.

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

PCL and CPHCL have applied to the competent authority in Libya, the Libyan Investment Board, for approval of the assignment of the 99 year lease, which expires on 4 July 2105, from CPHCL to PCL. Both parties have agreed that upon such approval being granted, the Build-Operate-Transfer Agreement will be terminated.

Palm City Residences



### 3.3 PWL

Palm Waterfront Ltd is a wholly owned subsidiary of MIH and will be primarily engaged in the development and operation of the Palm Waterfront pursuant to a Build-Operate-Transfer Agreement entered into with CPHCL in December 2013. The arrangement gives PWL the right to develop the Palm Waterfront site which is located in Shuhada Sidi Abuljalil, Janzour, Libya adjacent to the Palm City Residences. Furthermore, PWL is entitled to manage and operate the Palm Waterfront, once completed, for a period of 80 years.

The site has a footprint of *circa* 50,000m<sup>2</sup> and the planned development shall include a 164 room 5-star hotel, 257 residential units, an entertainment centre comprising six cinemas and a bowling centre, retail outlets and restaurants, car park and a marina. Apart from the studio and two bedroom apartments, most of the residences at the Palm Waterfront will have spacious layouts. The average size of an apartment will be *circa* 250m<sup>2</sup> and the larger units are planned to measure approximately 450m<sup>2</sup> of indoor space together with large outdoor terraces. All of the apartments will overlook the proposed marina as suggested below.

In developing the Palm Waterfront, MIH will be utilising its experience obtained in the construction of the Palm City Residences. The management team has also taken into consideration feedback received from tenants residing at Palm City Residences to optimise the design layout, services available and general ambience of the proposed project. Furthermore, the same architectural firm that was responsible for the Palm City Residences has been appointed. Detailed design drawings have been finalised and submitted to the planning authority in Tripoli for approval. It is the intention of PWL to offer the residential units, when complete, either on a lease basis or outright sale, but will react to market trends as necessary, and will therefore align its strategies and offerings in accordance with such trends and market developments. With respect to the planned 164 room 5-star hotel, PWL will utilise CPHCL's experience in operating hotels in Libya. The project will be initiated once PWL has raised the required funding, as to 40% equity and 60% debt, to complete the development phase, and has obtained the necessary planning approvals from the local authorities.

Palm Waterfront



### 3.4 MTJSC

In 2010, Medina Tower Joint Stock Company for Real Estate Investment and Development was set up for the purpose of owning and developing the Medina Tower. The shareholders of MTJSC are MIH and IHI, having a shareholding of 25% each, and EDREICO that owns the remaining 50% of the share capital. The parcel of land measures *circa* 11,000m<sup>2</sup> and is situated in Tripoli's main high street. The architectural concept stems from a 4-storey podium that will include a mix of residential, retail, commercial and conference space. A curved tower rises from the 6<sup>th</sup> level and peaks at the 40<sup>th</sup> level, where a double height restaurant will complete the property. The development will comprise a total gross floor area of *circa* 199,000m<sup>2</sup>.

The project designs of the Medina Tower are complete and all development approvals have been obtained from the relevant authorities. As to the financing of the project, the equity contribution for the first phase of this project is already fully paid up and will comprise 40% of the capital requirements for the said project. The remaining 60% of funding is expected to be raised through a bank loan, which the company is in the final stages of negotiating with a Libyan financial institution. A sanction letter has already been approved and signed, and once MTJSC has registered in favour of the financing bank a first hypothec over the property, it will be able to start making drawdowns under the loan facility. It is expected that construction works on the Medina Tower will commence shortly thereafter.

Medina Tower



#### 4. MAJOR ASSETS OWNED BY THE GROUP

Mediterranean Investments Holding p.l.c. was incorporated as a private limited liability company on 12 December 2005 and was, on 6 November 2007, converted into a public limited liability company. The principal activity of the Group is to directly or indirectly acquire, develop and operate real estate projects in Libya and invest in any related trade or business venture. The MIH Group comprises the Issuer, its two subsidiaries, Palm City Limited and Palm Waterfront Ltd, and its associate Medina Tower Joint Stock Company for Real Estate Investment and Development. The table below highlights the major assets of MIH.

	FY2013	FY2012	FY2011	FY2010
	€'000	€'000	€'000	€'000
Palm City Residences, Janzour, Libya <sup>1</sup> (Build-Operate-Transfer Agreement: 60 years remaining)	310,676	310,406	248,478	246,057
Palm Waterfront, Janzour, Libya (Build-Operate-Transfer Agreement: 80 years operating term as from date of agreement)	8,115 <sup>2</sup>			
Medina Tower (25% shareholding in MTJSC)	12,696	12,649 <sup>4</sup>	3,958	4,035 <sup>3</sup>
	<b>331,487</b>	<b>323,055</b>	<b>252,436</b>	<b>250,092</b>

<sup>1</sup> Includes gain in fair value amounting to €90.2 million and €56.8 million, accounted for in FY2009 and FY2012 respectively.

<sup>2</sup> MIH entered into a BOT agreement with CPHCL for a cash consideration of €7 million. The remaining balance relates to preliminary expenses incurred by MIH on the project.

<sup>3</sup> MIH acquired a 25% shareholding in Medina Tower JSC for an aggregate amount of €3.9 million.

<sup>4</sup> A further investment of €9.1 million was injected in Medina Tower JSC (total investment to date amounted to €13 million). The net difference between the cash injection and balance sheet amount relates to the share of losses of Medina JSC attributable to MIH.

Source: Consolidated audited financial statements of MIH for the years ended 31 December 2010, 2011, 2012 and 2013.



## 5. PALM CITY RESIDENCES

Palm City Limited operates a 413-unit gated residential complex in Janzour, Libya and is currently the sole operating activity of the MIH Group. The property is subject to a 65-year Build-Operate-Transfer Agreement which commenced in 2006. The following table sets out a summary of the operating performance of the Palm City Residences for the years indicated therein:

(€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual
<b>Turnover</b>						
Rental income – residential	33,171	31,591	29,194	25,717	10,035	8,781
Rental income – commercial	586	558	422	288	36	22
Food & beverage	692	659	449	390	91	195
Other income	128	122	810	920	40	122
<b>Total turnover</b>	<b>34,577</b>	<b>32,930</b>	<b>30,875</b>	<b>27,315</b>	<b>10,202</b>	<b>9,120</b>
Operating expenses	(7,866)	(7,886)	(5,469)	(4,577)	(2,964)	(2,700)
<b>Operating profit</b>	<b>26,711</b>	<b>25,044</b>	<b>25,407</b>	<b>22,738</b>	<b>7,238</b>	<b>6,420</b>
Number of units	413	413	413	413	413	413
Occupied units (average)	392	392	382	326	198	240
Occupancy level (yearly average) (%)	96	96	92	79	48	42
Average monthly rate per month (€)	6,920	6,591	6,372	6,541	4,192	4,187

Source: Management information

Construction of the Palm City Residences was completed in 2010 which also was its first full year of operations. Management's primary objective in the initial period was to achieve a high occupancy rate at the complex and generate positive cash flows to cover interest payable and to settle capital creditor balances and repayment of borrowings. During 2010, the complex registered an initial occupancy rate of 42% and an average monthly rate of €4,187. At year end, management was involved in negotiations relating to the rental of an additional 109 units.

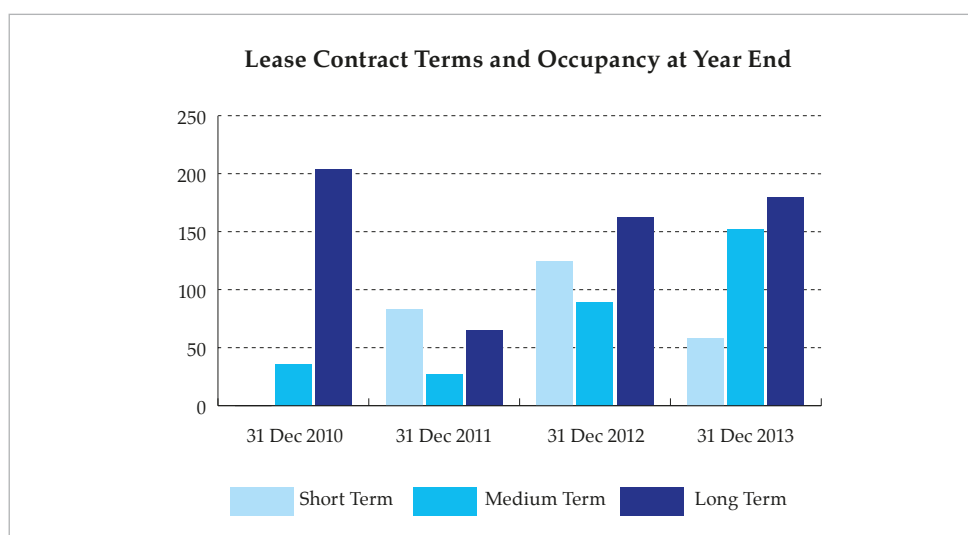
In FY2011, the momentum achieved in concluding lease contracts at the Palm City Residences was abruptly hampered by the civil unrest in Libya that brought the country to a standstill in the 9-month period February to October 2011. The uprising caused a mass evacuation of international contractors and expats, and operations at the village were severely disrupted. Notwithstanding this, Palm City Residences remained open and operational, albeit with reduced personnel commensurate with the level of operational activity, allowing it to generate sufficient revenue to meet the ongoing operational expenses and overheads. Management's main concern at the time was to protect the village from material damage. Following the end of the conflict and in anticipation of an influx of foreign workers returning to Libya, the MIH Group embarked on a recruitment programme to reinstate staff members at the complex and the marketing team re-focused on securing new tenancies. Despite the difficult year, Palm City Residences generated revenues of €10.2 million (FY2010: €9.1 million) and registered an average occupancy level of 48% (FY2010: 42%). Operating profit for the year amounted to €7.2 million (FY2010: €6.4 million).

FY2012 proved to be a successful year for the Group as the Palm City Residencies reported an average occupancy level of 79% (FY2011: 48%), coupled with a significant shift from short-term rentals to medium to long term leases (that provide more stability to the generation of income). Revenue for the year almost trebled when compared to the prior year, from €10.2 million in FY2011 to €27.3 million in FY2012. As expected, tenants emanating from the oil & gas sector occupied the largest portion of the village at 46%, followed by non-governmental organisations (NGOs) which took up 27%.

The financial year ended 31 December 2013 was another positive year and results surpassed those achieved in the prior year. Average occupied units in FY2013 amounted to 382 (FY2012: 326) but average monthly rate declined marginally by 2.6% to €6,372. Overall, Palm City Residences increased revenue by 13% to €30.9 million and achieved an operating profit of €25.4 million (FY2012: €22.7 million). Although political instability and security uncertainty prevailed in the country, expats primarily involved in the oil & gas sector continued to trickle into Libya to re-establish oil production at pre-war levels. During the year under review, Palm City Residences reported an occupancy level of 92% as 382 out of 413 units were leased out. Part of this achievement was due to the fact that a number of gated residences in the area were closed for business. As a result, management was able to conclude longer term rentals at higher monthly rates.

As to the forecasted years (FY2014 and FY2015), management expects to maintain a high occupancy level of 96% and therefore 392 out of 413 units are projected to be leased to third parties. Average monthly rate is forecasted to increase by 3.4% and 5% in FY2014 and FY2015 respectively. As a result, management expects revenue to increase to €33.2 million by FY2015 and operating profit is projected to grow by 5% from €25.4 million in FY2013 to €26.7 million in FY2015.

#### Duration of lease contracts





As illustrated in the above charts, the civil unrest in FY2011 negatively impacted both the number of units leased and the term of such leases. During this period, occupants preferred to enter into short-term lease contracts and as a result, agreements for up to one year increased from 15% in FY2010 to 62% in FY2011. In the subsequent two financial years, long term lease contracts gradually increased and as at 31 December 2013 the said long term contracts made up 46% of aggregate signed agreements (short term contracts: 54%). During the period under review, management has maintained its preference towards longer term leases as it serves to stabilise yearly income and enables management to better plan for the longer term.

#### Revenue by term of lease contracts

A segmental analysis of revenue by lease contract term for the four financial years ended 31 December 2010 to 31 December 2013 is provided below:

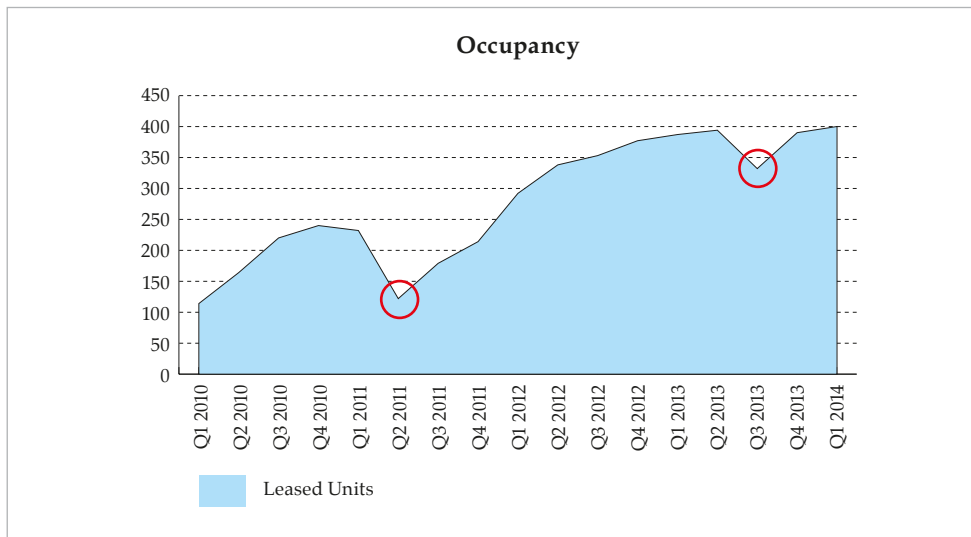
Lease contract term €'000	FY2013		FY2012		FY2011		FY2010	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
< 6 months	769	3%	6,195	24%	2,283	22%	-	-
> 6 months	28,425	97%	19,522	76%	7,752	78%	8,781	100%
	<b>29,194</b>	<b>100%</b>	<b>25,717</b>	<b>100%</b>	<b>10,035</b>	<b>100%</b>	<b>8,781</b>	<b>100%</b>

Source: Management information

Revenue from lease contracts shorter than 6 months decreased from 22% in FY2011 to 3% in FY2013, as further evidence that expats are more confident on the situation in Libya and are therefore increasingly more willing to enter into longer term lease contracts.

#### Occupancy in units (quarterly)

The chart below illustrates occupancy in units at the Palm City Residences on a quarterly basis. Leased units have always been on the increase, except for two instances, since the complex initiated operations in FY2010. In the first semester of 2011, there was the outbreak of civil unrest in the country and the majority of expats left Libya which resulted in a significant decline in occupancy at the complex. As to the decrease in Q3 2013, this was due to the expiration of the lease contract held by the UN that occupied 76 units at the Residences up to end of September 2013. Thereafter, as depicted in the chart below, occupancy recovered to 92% by November 2013 and 95% in December 2013. As at end of Q1 2014, occupancy level at the complex reached an all-time peak of 97%.

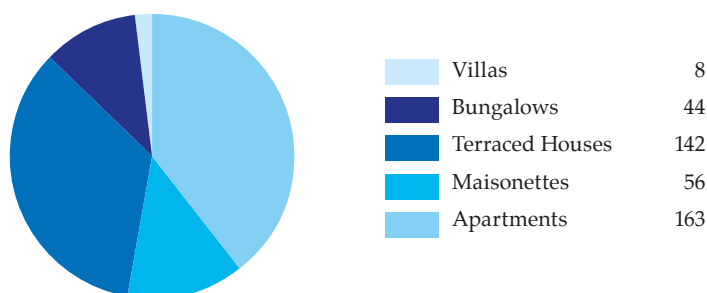




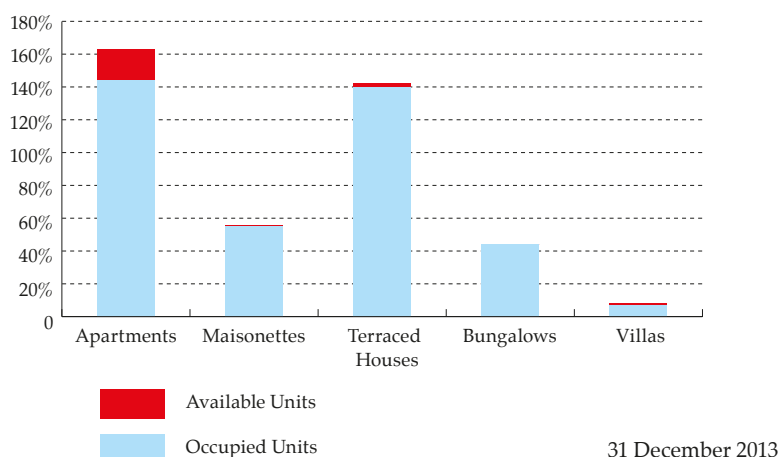
### Property mix

The pie charts below highlight the type of units available at the Palm City Residences and the occupancy per type of property as at 31 December 2013. The Residences principally offers a mix of apartments, maisonettes and terraced houses (361 units or 87%) and in FY2013, the average rate per month of the aforesaid units was between €4,500 and €7,100. The Palm City Residences also includes a number of premium units in the form of bungalows (44 units) and villas (8 units). Such units are leased at an average unit rate per month ranging between €9,500 and €11,500. The chart below illustrates the occupancy per property type as at 31 December 2013. Unoccupied units as at the said date include 19 apartments, 1 maisonette, 2 terraced houses and 1 villa).

**Available Units at Palm City Residences**



**Occupancy by Property Type**



## 6. COUNTRY AND MARKET OVERVIEW

Libya is still recovering from a violent civil uprising which began in February 2011. Despite the end of the conflict in October 2011, the security situation in Libya remains uncertain and protests and violent clashes between opposition groups continue to occur sporadically across the country.

### 6.1 Economic environment

Libya possibly has North Africa's largest oil reserves and therefore has massive potential for commercial development. Moreover, its people are generally eager to open up to the outside world and break out of 40 years of isolation. Against this backdrop, when Libya was liberated from the previous regime in 2011, there was a sudden surge of interest in the country on the part of foreigners wanting to invest. Libya's economic activity began to recover in 2012 mainly due to the nearly full resumption of oil production, an increase in construction and infrastructure activity, and the prospects of reduced political instability. By September 2012, Libya's oil production had nearly reached its pre-revolution levels of 1.6 million barrels per day.

However, by the end of 2012 the incidents became more frequent and have since been a hindrance to increasing economic activity. Some foreign companies and expats who left Libya at the height of the conflict have slowly trickled back, but the situation on the ground remains uncertain and unstable. The new administration is struggling to assert its authority against heavily-armed tribesmen and militias and parts of the country remain outside its control. Moreover, the interim Government is not in a position to sign long-term contracts for infrastructure investment needs, as Libyan cabinet ministers do not want to commit their successors or enter into contracts that might not be honoured by future administrations. As a result of the unstable environment in Libya, oil production has spiralled downwards and oil extraction is currently at a little over 200,000 barrels per day. Oil production from the eastern region, Libya's main oil producing area, has been at a standstill since August 2013 due to the armed embargo of the oil terminals by alleged federalists.

The long-term prospects inherent in the Libyan market are undoubtedly immense. The capital expenditure plans for infrastructure under the prior regime were approximately \$240 billion for the years 2008-2013, and the current need for infrastructure is probably even greater, with spending particularly required to get oil fields functioning. In spite of such potential, Libya still has a very difficult business environment, where the country needs a drastic modernisation of its economy, its banking system and its administrative structures to be flexible to welcome new foreign direct investment. In addition, the country's education system is limited and any foreign investment is largely dependent on a foreign workforce. Accordingly, Libya's medium-term economic outlook remains uncertain due to the highly volatile political situation. The ability of the interim Government to establish the rule of law in Libya and instituting reforms in the public sector are expected to be key to attracting foreign direct investment to Libya in future.

## 6.2 Residential accommodation in Libya

Due to the on-going conflicts in the country, most expats in Libya are concentrated in Tripoli, nearby Janzour, or in Benghazi, and are mainly residing in hotels and gated residential villages. Such expats include diplomats and employees (primarily working in the hydrocarbon and construction industries). The villages within proximity of the Palm City Residences are the Regatta residential complex and Janzour Village, both of which are currently occupied by rebels and therefore unavailable to foreigners. As a result, a number of companies that usually place employees at Regatta and Janzour Village have contracted units at Palm City Residences.

In the near to medium term, the Palm City Residences will remain one of a few high quality residential complexes available in the country and competition from other developments is expected to be relatively weak. However, as Libya's political situation stabilises, it is likely that foreign direct investment will increase and a number of residential complexes will be developed to cater for the increased demand.

PART 2

7. GROUP PERFORMANCE REVIEW

7.1 Income statement

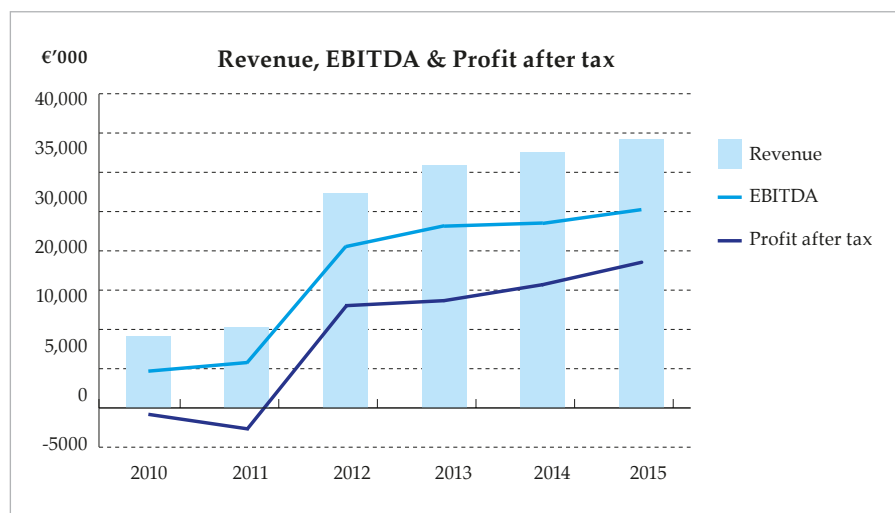
The following financial information is extracted from the audited consolidated financial statements of MIH for the four years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013. The financial information for the years ending 31 December 2014 and 31 December 2015 has been provided by management of the Company.

The projected financial statements detailed below relate to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

MIH Group Income Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual
Revenue	34,719	33,032	30,875	27,315	10,202	9,120
Operating expenses	(8,541)	(8,497)	(7,730)	(6,778)	(4,479)	(4,397)
<b>EBITDA<sup>1</sup></b>	<b>26,178</b>	<b>24,535</b>	<b>23,145</b>	<b>20,537</b>	<b>5,723</b>	<b>4,723</b>
Depreciation and amortisation	(667)	(579)	(260)	(240)	(248)	(197)
Increase in fair value of investment property	-	-	-	56,804	-	-
<b>Results from operating activities</b>	<b>25,511</b>	<b>23,956</b>	<b>22,885</b>	<b>77,101</b>	<b>5,475</b>	<b>4,526</b>
Share of profit/(loss) from equity accounted investments	-	-	47	(276)	-	(151)
Net finance costs	(6,701)	(7,858)	(6,798)	(8,236)	(7,610)	(5,162)
Net fair value gain/(loss) on interest rate swaps	61	61	249	(431)	(561)	-
<b>Profit/(loss) before tax</b>	<b>18,871</b>	<b>16,159</b>	<b>16,383</b>	<b>68,158</b>	<b>(2,696)</b>	<b>(787)</b>
Taxation	(238)	(1,805)	(2,590)	(19,115)	-	(1)
<b>Profit/(loss) after tax</b>	<b>18,633</b>	<b>14,354</b>	<b>13,793</b>	<b>49,043</b>	<b>(2,696)</b>	<b>(788)</b>

<sup>1</sup> EBITDA – Earnings before interest, tax, depreciation and amortisation

Revenue, EBITDA & Profit after tax



For the purpose of comparing normalised earnings in the above chart, an uplift in fair value of Palm City Residences of €36.1 million (after accounting for deferred taxation on the said revaluation) has been excluded from profit after tax for FY2012.

The key accounting ratios are set out below:

	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010
Operating profit margin (EBITDA/revenue)	75%	74%	75%	75%	56%	52%
Interest cover (times) (EBITDA/net finance cost)	3.9	3.1	3.4	2.5	0.8	0.9
Net profit margin (Profit after tax/revenue)	53.7%	44.5%	44.7%	47.5% <sup>2</sup>	-26.4%	-8.6%
Earnings per share (€) <sup>1</sup> (Profit after tax/number of shares)	0.39	0.30	0.29	1.02	-0.06	-0.02
Return on equity (Profit after tax/shareholders' equity)	9%	8%	8%	8% <sup>2</sup>	-3%	-1%
Return on capital employed (Operating profit/total assets less current liabilities)	8%	8%	7%	6%	2%	2%
Return on assets (Profit after tax/total assets)	5%	4%	4%	4% <sup>2</sup>	-1%	-

<sup>1</sup> Earnings per share calculation set out above has been based on the current number of shares in issue of the Company of 48,002,000 shares of €1 each.

<sup>2</sup> An uplift in fair value of Palm City Residences of €36.1 million has been excluded from the computation.

Source: Charts Investment Management Service Limited

FY2010 was the first full year of operations in which the management team at Palm City Residences was primarily active in concluding tenancy agreements. In addition to the increased marketing activities, PCL embarked on growing its staff complement in anticipation of the increase in occupancy in the months ahead. As at the end of FY2010, 276 out of a total of 413 units had been leased and 109 units were subject to final client confirmations. However, the revenue amount for FY2010 of €9.1 million reflects lease contracts for 240 units since the remaining signed contracts commenced in FY2011. The loss for the year amounted to €0.8 million after accounting for net finance costs of €5.2 million.

The initial two months of FY2011 were a progression from prior year in that management of PCL remained focused on increasing tenancy at the Palm City Residences. During the same period MIH was involved in the planning phase of the Medina Tower project. However, towards the end of February 2011, all commercial activity was abruptly halted by the civil uprising in Libya, and the main priority at that moment was to safeguard and protect personnel and the property. Unlike other third party residential villages, Palm City Residences remained open even though operations were curtailed to a bare minimum.

The civil unrest in Libya came to an end by August 2011, which led PCL to resume operations at the Palm City Residences. As a result of the optimism that prevailed thereafter, the company engaged on a marketing effort to sign on new clients that agreed to lease units for periods ranging between 1 month and 3 years, whilst ensuring that the majority of contracts entered into prior to the conflict remained valid and active. In view of the above, Group revenue for FY2011 amounted to a modest €10.2 million and EBITDA totalled €5.7 million. Net finance costs increased from €5.2 million in FY2010 to €7.6 million, which resulted in the Group incurring a loss for the year of €2.7 million.

Turnover for the year ended 31 December 2012 more than doubled to €27.3 million. Furthermore, EBITDA increased by €14.8 million to €20.5 million in FY2012. During the year under review, Palm City Residences reported a substantial increase in signed lease agreements and achieved an occupancy rate of 91% by year end. Profit for FY2012 amounted to €49.0 million (FY2011: -€2.7 million) after accounting for a pre-tax fair value uplift on Palm City Residences of €56.8 million. Excluding the fair value adjustment, MIH registered a profit after tax in FY2012 of €12.9 million.

In FY2013 Palm City Residences registered an increase in turnover of €3.6 million, when compared to FY2012, to €30.9 million. Occupancy levels were sustained at *circa* 92% as more entities returned to Libya during the year. More importantly, PCL was able to shift a substantial number of short-term rentals (76 units) to medium and long term leases. Another positive aspect is that approximately 54% of available units are occupied by tenants operating in the hydrocarbon sector. As long as economic and political stability prevail in Libya, it is the intention of oil corporations to operate in the country for the long term.

The Group is projecting that during the financial years ending 31 December 2014 and 31 December 2015 revenue should increase by 7% and 5% respectively from €30.9 million in FY2013 to €34.7 million by FY2015 as a result of a combination of higher achieved occupancy and better contracted rates.

Group EBITDA is expected to increase by 6% in FY2014, which is lower than the increase in revenue, due to higher incremental operating costs. In FY2015 EBITDA is forecasted to amount to €26.2 million, an increase of 6.7% over FY2014. The Directors believe that the Group should continue to achieve healthy profits in the near term as the complex maintains full occupancy and progressively reduces borrowing costs. Net profit for FY2015 is projected to amount to €18.6 million, a 35% increase over FY2013 profits of €13.8 million.

## 7.2 Cash flow statement

MIH Group Cash Flow Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual
Net cash from operating activities	23,342	23,650	22,426	22,033	4,245	4,882
Net cash from investing activities	(3,629)	(2,035)	(9,942)	(15,888)	(6,171)	(23,724)
Net cash from financing activities	(15,539)	(18,446)	(15,111)	(22,165)	2,324	34,671
<b>Net movement in cash and cash equivalents</b>	<b>4,174</b>	<b>3,169</b>	<b>(2,627)</b>	<b>(16,020)</b>	<b>398</b>	<b>15,829</b>
Cash and cash equivalents at beginning of year	13,458	10,289	12,815	28,844	28,195	13,025
Effect of foreign exchange rate changes	-	-	101	(9)	251	(659)
<b>Cash and cash equivalents at end of year</b>	<b>17,632</b>	<b>13,458</b>	<b>10,289</b>	<b>12,815</b>	<b>28,844</b>	<b>28,195</b>

Net cash flows from operating activities have recovered substantially following the civil unrest in FY2011, from €4.2 million to €22.0 million and €22.4 million achieved in FY 2012 and FY2013 respectively. The stable cash inflows generated in the last two financial years are expected to continue in both FY2014 and FY2015, as management believes it can maintain occupancy at the Residences at 96% and at the same time improve the average rate by unit.

Cash used in investing activities of €23.7 million in FY2010 principally related to the completion of the Palm City Residences (€20.1 million) and €3.9 million was utilised to acquire a 25% shareholding in the Medina Tower project. Between FY2011 to FY2013 the Group acquired tangible fixed assets amounting to €3.0 million and paid capital creditors an aggregate amount of €12.8 million. During FY2012 the Group made a further contribution of €9.1 million towards the Medina Tower project and in FY2013, an amount of €7 million was paid to CPHCL for the BOT agreement on the PWL project. A further €1.1 million was settled to cover related and other expenses. In FY2012, the Group invested €1.8 million in Malta Government Stocks which were subsequently sold in FY2013 for €1.9 million. Cash used in investing activities for FY2014 and FY2015 mainly relates to payments for tangible fixed assets and investment property which is expected to total €3.2 million. In addition, during FY2015 MIH is forecasting that it will effect a further payment to MTJSC of €3.0 million.

As to financing activities, the Group raised an aggregate amount of €39.2 million through issuance of bonds in FY2010 and obtained a new €5 million corporate loan also in that year. In FY2011, the shareholders on-lent €13.2 million to the Group, of which €10 million was repaid in FY2012. Furthermore, in FY2011, MIH re-purchased bonds from the market totalling €0.86 million. During the four years FY2010 to FY2013 the Group repaid €21.1 million of outstanding bank loans, and paid in the same period €27.3 million in interest. In FY2014 and FY2015, the Group expects to repay €18.1 million of outstanding loans and to settle €13.1 million in interest due on pending bank loans and bonds. It is forecasted that MIH will repay the remaining amount estimated at €2.8 million of €15 million 7.5% Bonds 2012-2014, not transferred to the €12 million 6% Bonds 2021, on redemption date in December 2014. No new bank borrowings are envisaged for the projected period under review.

### 7.3 Balance sheet

MIH Group Balance Sheet (€'000)	31 Dec'15 Projection	31 Dec'14 Forecast	31 Dec'13 Actual	31 Dec'12 Actual	31 Dec'11 Actual	31 Dec'10 Actual
<b>Assets</b>						
<i>Non-current</i>						
Intangible assets	2	2	2	2	2	2
Property, plant and equipment	9,805	9,435	8,581	415	503	702
Investment property	311,436	311,436	310,676	310,406	248,479	246,057
Investments accounted for using the equity method	15,696	12,696	12,696	12,649	3,958	4,050
Financial assets	-	-	-	1,871	-	-
Sinking fund – 7.15% Bonds 2015-2017	8,000	2,000	-	-	-	-
Lease prepayment	415	422	430	438	445	453
	<u>345,354</u>	<u>335,991</u>	<u>332,385</u>	<u>325,781</u>	<u>253,387</u>	<u>251,264</u>
<i>Current</i>						
Inventories	308	308	395	273	132	213
Trade and other receivables	8,126	7,740	7,529	7,170	8,070	8,412
Taxation	-	-	299	-	-	-
Sinking fund – 7.5% Bonds 2015	-	10,000	-	-	-	-
Cash and cash equivalents	9,642	1,468	10,299	13,086	29,465	28,256
	<u>18,076</u>	<u>19,516</u>	<u>18,522</u>	<u>20,529</u>	<u>37,667</u>	<u>36,881</u>
<b>Total assets</b>	<u><b>363,430</b></u>	<u><b>355,507</b></u>	<u><b>350,907</b></u>	<u><b>346,310</b></u>	<u><b>291,054</b></u>	<u><b>288,145</b></u>

Intangible assets comprise a trademark of Palm City Ltd that was registered in December 2009.

Property, plant and equipment principally consist of computer equipment, office furniture and machinery that is being utilised at the Palm City Residences having a carrying value as at 31 December 2013 of €0.47 million. Also included in property, plant and equipment is a site



in Janzour Libya valued at €8.11 million which is earmarked for the construction of the Palm Waterfront. The asset was acquired by means of a BOT agreement with CPHCL in December 2013. The agreement gives the Group, through PWL, the right to develop the site and operate the project for a period of 80 years.

Investment property includes the Palm City Residences in Janzour, Libya. In FY2012, the property was revalued by €56.8 million to €310.4 million.

Investments accounted for using the equity method include a 25% shareholding in Medina Tower J.S.C. This equity stake was acquired in FY2010 for a total consideration of €3.9 million. In FY2012, the investment in Medina Tower J.S.C. was increased to €13 million subsequent to a cash injection of €9.1 million. A further injection of €3 million is projected for FY2015.

During the historical years under review, financial assets consisted of investments in Malta Government Stocks which were disposed of in FY2013. It is envisaged that in FY2014, the Group will transfer €10 million to a sinking fund created for the redemption of the 7.5% Bonds 2015, and an additional €10 million is projected to be transferred in FY2014 and FY2015 to a sinking fund set up for the redemption of the 7.15% Bonds 2015-2017.

Current assets are principally made up of working capital assets including: (i) inventories of food and beverage, consumables, room supplies and maintenance stocks; and (ii) amounts receivable from tenants at the Palm City Residences.

MIH Group Balance Sheet (cont.)	31 Dec'15	31 Dec'14	31 Dec'13	31 Dec'12	31 Dec'11	31 Dec'10
(€'000)	Projection	Forecast	Actual	Actual	Actual	Actual
<b>Equity and liabilities</b>						
<b>EQUITY</b>						
Called up share capital	48,002	48,002	48,002	48,002	48,002	48,002
Other equity components	-	-	-	46	-	-
Retained earnings	154,720	136,087	118,138	104,345	55,302	57,998
	<b>202,722</b>	<b>184,089</b>	<b>166,140</b>	<b>152,393</b>	<b>103,304</b>	<b>106,000</b>
<b>LIABILITIES</b>						
<i>Non-current</i>						
Borrowings and bonds	87,232	76,809	93,536	116,549	130,585	120,139
Other non-current liabilities	51,376	51,438	51,499	50,031	30,484	29,924
	<b>138,608</b>	<b>128,247</b>	<b>145,035</b>	<b>166,580</b>	<b>161,069</b>	<b>150,063</b>
<i>Current</i>						
Borrowings and bonds	9,280	28,930	23,494	8,720	9,229	9,229
Other current liabilities	12,820	14,241	16,239	18,617	17,452	22,853
	<b>22,100</b>	<b>43,171</b>	<b>39,733</b>	<b>27,337</b>	<b>26,681</b>	<b>32,082</b>
	<b>160,708</b>	<b>171,418</b>	<b>184,768</b>	<b>193,917</b>	<b>187,750</b>	<b>182,145</b>
<b>Total equity and liabilities</b>	<b>363,430</b>	<b>355,507</b>	<b>350,908</b>	<b>346,310</b>	<b>291,054</b>	<b>288,145</b>

The key accounting ratios are set out below:

	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010
Net assets per share (€) <sup>1</sup> (Net asset value/number of shares)	4.22	3.84	3.46	3.17	2.15	2.21
Liquidity ratio (times) (Current assets/current liabilities)	0.82	0.45	0.47	0.75	1.41	1.15
Gearing ratio (Net debt/net debt and shareholders' equity)	30%	34%	39%	42%	52%	49%

<sup>1</sup> Net assets per share calculation set out above has been based on the current number of shares in issue of the Company of 48,002,000 shares of €1 each.

Source: Charts Investment Management Service Limited

Other than equity, the Group is financed through bank loans, corporate bonds and other borrowings from shareholders, analysed as follows:

MIH Group Borrowings & Bonds (€'000)	31 Dec'15 Projection	31 Dec'14 Forecast	31 Dec'13 Actual	31 Dec'12 Actual	31 Dec'11 Actual	31 Dec'10 Actual
<b>Bank borrowings</b>	<b>22,894</b>	<b>32,241</b>	<b>40,945</b>	<b>48,961</b>	<b>53,621</b>	<b>55,749</b>
<b>Bonds</b>						
7.5% Bonds 2012-2014			14,758	14,757	14,757	15,000
7.5% Bonds 2015		19,650	19,650	19,650	19,650	20,000
7.15% EUR Bonds 2015-2017	28,057	27,937	28,093	27,990	27,894	28,043
7.15% GBP Bonds 2015-2017	5,193	5,193	5,212	5,323	5,193	5,120
7.15% USD Bonds 2015-2017	5,518	5,518	5,172	5,388	5,499	5,456
6% Bonds 2021	12,000	12,000				
Issuance of new bonds	19,650					
	<b>70,418</b>	<b>70,298</b>	<b>72,885</b>	<b>73,108</b>	<b>72,993</b>	<b>73,619</b>
<b>Other interest bearing borrowings</b>						
<b>Shareholders' loan</b>	<b>3,200</b>	<b>3,200</b>	<b>3,200</b>	<b>3,200</b>	<b>13,200</b>	<b>-</b>
<b>Total borrowings and bonds</b>	<b>96,512</b>	<b>105,739</b>	<b>117,030</b>	<b>125,269</b>	<b>139,814</b>	<b>129,368</b>

The bank borrowings are secured by: (i) a general hypothec over PCL's assets; (ii) a corporate guarantee of the Company; (iii) a corporate guarantee from the ultimate shareholders; (iv) a pledge over its shareholding in PCL; and (v) pledges over part of Palm City Ltd's bank deposits.

#### 7.4 Sinking Fund

In terms of the prospectuses of each of the bonds in issue, the Company is required to build a sinking fund from its annual surpluses to be utilised for the redemption of the bonds upon maturity. In view of the civil unrest that occurred in Libya in 2011, the Group's operational activities were significantly hampered and as a result it was only able to meet debt service obligations and bank loan repayments, and settle capital creditor balances. Since 2012, operations at PCL have improved to the extent that Palm City Residences is to date practically fully occupied (31 March 2014: 96% occupancy). The Company is therefore projecting that in FY2014 it will transfer €10 million to a sinking fund created for the redemption of the 7.5% Bonds 2015, and in FY2014 and FY2015 it will transfer €2 million and €8 million respectively to a sinking fund created for the redemption of the 7.15% Bonds 2015-2017. The Issuer will not be required to create a sinking fund for the upcoming €12 million 6% Bonds 2021.

### PART 3

#### 8. COMPARABLES

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

Comparative Analysis	Nominal Value (€'000)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'million)	Net Asset Value (€'million)	Gearing Ratio (%)
7.0% GH Marina plc 2017/20	11,664	5.76	0.72	56.79	23.39	50
6.8% Premier Cap. plc 2017/20	24,656	5.52	3.38	69.58	16.17	67
6.0% S. Farsons Cisk plc 2017/20	15,000	5.02	8.59	151.53	91.93	24
6.6% Eden Finance plc 2017/20	14,133	5.99	3.01	100.23	43.69	46
6.2% Tumas Investments plc 2017/20	25,000	5.10	3.74	286.00	93.60	55
4.9% Gasan Finance plc 2019/21	25,000	4.66	3.88	185.58	78.01	40
6.0% Corinthia Fin. plc 2019/22	7,500	5.36	2.09	1,299.87	677.82	39
6.0% Medserv plc 2020/23	20,000	5.56	3.38	22.46	8.16	49
5.8% IHI plc 2021	20,000	5.26	2.54	1,092.67	626.49	33
5.5% Pendergardens Dev plc 2020	15,000	5.50	n/a	18.74	3.27	53
6% Pendergardens Dev plc 2022	27,000	6.00	n/a	18.74	3.27	53
<b>6% MIH plc 2021</b>	<b>12,000</b>	<b>6.00</b>	<b>3.40</b>	<b>350.91</b>	<b>166.14</b>	<b>39</b>

14 May 2014

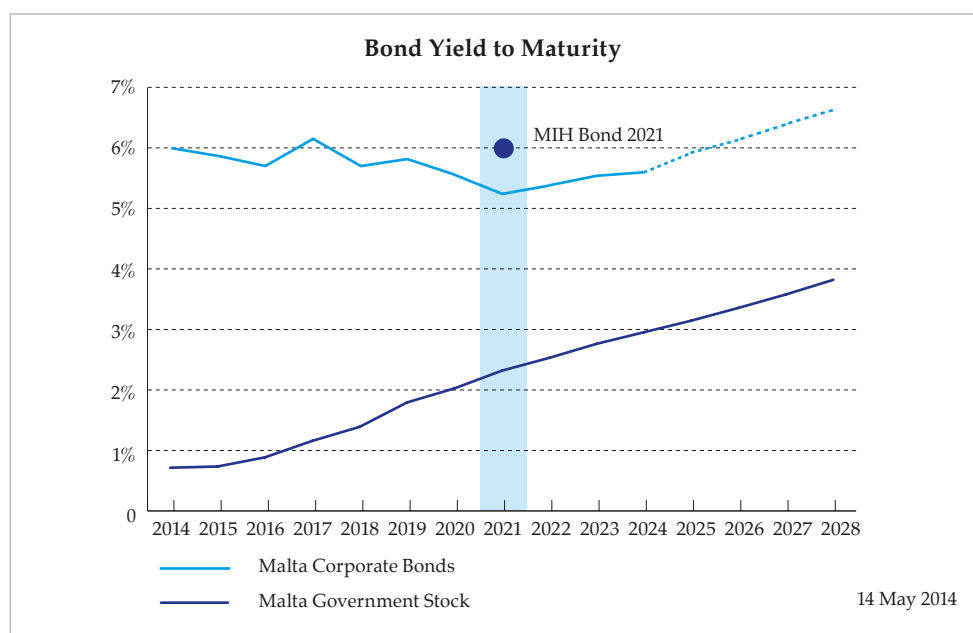
Source: Malta Stock Exchange, Charts Investment Management Service Limited

Annual Accounts: For the year ended 31 December 2013, except for Simonds Farsons Cisk plc (YE 31/01/13), Grand Harbour Marina plc (YE 31/12/12), Tumas Investments plc (YE 31/12/2012) and Gasan Finance plc (YE 31/12/2012).

The interest cover ratio determines the ability of a company to pay interest on its outstanding borrowings. For the financial year ended 31 December 2013, the Group's earnings before depreciation, interest and taxes was 3.40 times more than interest expenses for the year. This indicates that the Group is generating significantly higher earnings to service its outstanding debt.

The debt to equity ratio or gearing ratio demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. At a gearing ratio of 39%, the Group's shareholders' equity is almost double its external net debt. This ratio is amongst the lowest in the above table, which means that the Group has a proportionately lower level of borrowings when compared to the debt levels of the other companies.

The chart below shows the yield to maturity of the proposed bond as compared to other corporate bonds listed on the Malta Stock Exchange. The Malta Government Stock yield curve has also been included as the benchmark risk-free rate for Malta.



To date, there are no corporate bonds which have a redemption date beyond 2024 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The premium over Malta Government Stock has been assumed at 280 basis points, which is the average premium for medium term corporate bonds listed on the Malta Stock Exchange. The MIH 6% Bonds 2021 has been priced at 368 basis points above Malta Government Stock and 74 basis points above listed corporate bonds.

#### PART 4

### 9. EXPLANATORY DEFINITIONS

#### Income Statement

Revenue	Total revenue generated by the Group from its business activities during the financial year, including residential & commercial leases, food & beverage, and other services.
Operating expenses	Operating expenses include all direct and other operating costs, selling & marketing and general & administration expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Fair value of investment property	Fair value of investment property is an accounting adjustment to change the book value of the Group's investment property to its estimated market value.
Share of profit from equity accounted investments	MIH owns minority stakes in Medina Tower (25%). The results of this company are not consolidated with the subsidiaries of the Group, but MIH's share of profit is shown in the profit and loss account under the heading 'share of profit from equity accounted investments'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

#### Key Performance Indicators

Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average unit rate (AUR)	Average unit rate is calculated by dividing unit revenue by units leased. Palm City Residences uses this measure to calculate the average price at which they are units on a monthly basis.

#### Profitability Ratios

Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

#### Efficiency Ratios

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

#### Equity Ratios

Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
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#### Cash Flow Statement

Cash flow from operating activities	Cash generated from the principal revenue-producing activities (leases, food & beverage, other services, etc) of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.

## Balance Sheet

Non-current assets	Non-current assets are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include property, plant & equipment, investment properties (Palm City Residences), and investments accounted for using the equity method (investment in Medina Tower).
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, etc), cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and taxation.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.

## Financial Strength Ratios

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