RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
Mediterranean Investments Holding plc
22, Europa Centre,
John Lopez Street,
Floriana FRN 1400

22 June 2018

Dear Sirs,

Mediterranean Investments Holding plc – Financial Analysis Summary (the **"Analysis")**

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 Analysis is that of summarising key financial data appertaining to Mediterranean Investments Holding plc (the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2017 has been extracted from the Company's audited statutory financial statements.

(b) The updated forecasts for the financial year ending 31 December 2018 have been provided by management of the Company.

(c) Our commentary on the results of the Company and on the respective financial position is based on explanations provided by the Company.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.

(e) Relevant financial data in respect of competitors as analysed in part 4 of this report has been extracted from public sources such as the web sites of the companies concerned or financial statements filed at the Registry of Companies.

The Analysis is meant to assist potential investors by summarising the more important financial data of the Company. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the securities of the Company and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E. Rizzo

Director

MEDITERRANEAN INVESTMENTS HOLDING P.L.C.

FINANCIAL ANALYSIS SUMMARY

2018 Update

NB: Information about the Guarantor of the Bonds is available from a Financial Analysis Summary dated 28 June 2017 (http://corinthiagroup.com/analysis-report/) and which is expected to be updated by no later than 30 June 2018.

22 June 2018

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List of Abbreviations

AHC	Alinmaa Holding Company
AUCC	Arab Union Contracting Company (Libya)
BOT	Build, Operate and Transfer agreement dated 2 October 2007 and entered between Corinthia and PCL
CF	Corinthia Finance plc
CPHCL	Corinthia Palace Hotel Company Limited
EBITDA	Earnings before interest, tax, depreciation and amortisation
F&B	Food and beverages
GDP	Gross Domestic Product
IHI	International Hotel Investments plc
LPTACC	Libya Projects and General Trading and Contracting Co.
MFSA	Malta Financial Services Authority
MGS	Malta Government Stocks
MIH	Mediterranean Investments Holding p.l.c.
MSS Agreement	Management and Support Services Agreement
MTJSC	Medina Tower Joint Stock Company
NGO	Non-Government Organisation
NREC	National Real Estate Company
PCL	Palm City Limited
PPE	Property, plant and equipment
PWL	Palm Waterfront Ltd
RevPAU	Revenue per available unit
UN	United Nations
UNSMIL	United Nations Support Mission in Libya
YTM	Yield to maturity

PART 1 THE COMPANY

1. KEY ACTIVITIES AND PRINCIPAL MARKETS

The principal activities of Mediterranean Investments Holding p.l.c. (the "**Company**" or "**MIH**") relate to the acquisition and development of immoveable property outside Malta, particularly in North Africa. The types of properties of interest to the Company include, without limitation, residential gated villages, build-operate-transfer projects, office and commercial buildings, retail outlets, shopping malls, housing, conference centres and other governmental projects.

Currently, MIH, through its wholly-owned subsidiary Palm City Limited ("**PCL**"), operates the Palm City Residences in Janzour, Libya through a build-operate-transfer agreement entered into between PCL and Corinthia Palace Hotel Company Limited ("**CPHCL**"). It also owns 25% of the share capital of Medina Tower Joint Stock Company ("**MTJSC**"), a company incorporated with the objective to construct the Medina Tower, a proposed 199,000 square metre mixed-used development in the heart of Tripoli. Palm Waterfront Ltd ("**PWL**") is a wholly-owned subsidiary of MIH (99.9%) and is responsible for the development of the Palm Waterfront project. The Medina Tower and the Palm Waterfront projects are also both situated in Libya and are currently on hold.

2. DIRECTORS AND KEY EMPLOYEES

2.1 THE BOARD OF DIRECTORS AND KEY EMPLOYEES

The current Board of MIH consists of seven directors who are entrusted with the overall direction and management of the Company. The Board's mandate is to identify and execute new investment opportunities and obtain related funding. The Board is composed as follows:

Alfred Pisani	Executive Director and Chairman
Samuel D. Sidiqi	Non-Executive Director and Deputy Chairman *(resigned 14 March 2018)*
Joseph Fenech	Executive Director
Joseph M. Pisani	Non-Executive Director
Faisal J. S. Alessa	Non-Executive Director *(resigned on 31 October 2017; re-appointed on 28 March 2018)*
Ahmed Wahedi	Non-Executive Director *(appointed on 14 March 2018)*
Ahmed Yousri Helmy	Non-Executive Director *(appointed on 14 March 2018)*
Bassem Bitar	Non-Executive Director *(resigned on 28 March 2018)*
Shivamurthy Bhanapur Hiremath	Non-Executive Director *(appointed on 1 November 2017; resigned on 28 March 2018)*
Mario P. Galea	Non-Executive Director

The company secretary is Stephen Bajada.

2.2 EXECUTIVE MANAGEMENT OF THE COMPANY AND GROUP EMPLOYEES

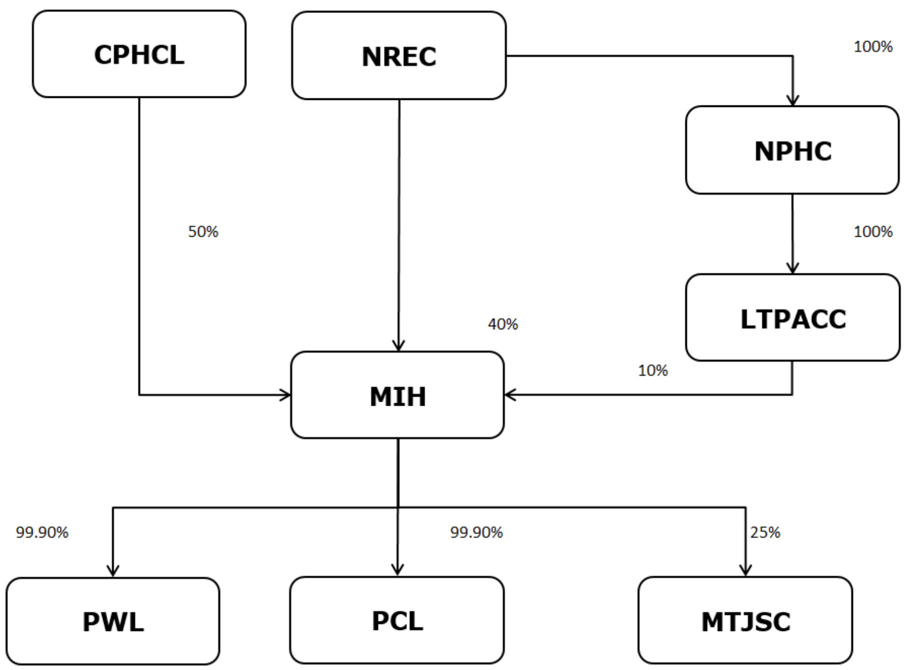
The Company does not have any employees of its own. MIH is reliant on resources made available by CPHCL pursuant to a management and support services agreement ("**MSS Agreement**") which is described further in section 4.1 of this document. Through the MSS Agreement, Reuben Xuereb provides his services as the CEO of the Company, Rachel Stilon as the CFO and Stephen Bajada as the Company Secretary. Other than these executives, there are a number of executives in the accounting, auditing, legal, secretarial and other departments who provide services to MIH on an ad-hoc basis.

The average number of employees engaged by the MIH group within the various subsidiaries during FY2017 was 63, of which 13 are administrative employees and the remaining are employed in operations.

3. ORGANISATIONAL STRUCTURE AND OPERATIONAL DEVELOPMENT

3.1 ORGANISATIONAL STRUCTURE

MIH was incorporated in December 2005 and converted into a public limited company in 2007. It is owned equally by National Real Estate Company ("**NREC**") and CPHCL, directly or indirectly, as illustrated hereunder.



MIH AND ITS SUBSIDIARIES AND ASSOCIATE COMPANY (THE "GROUP")

In terms of the Memorandum and Articles of Association of MIH, the two major shareholders – CPHCL and NREC – are entitled to appoint three Directors each and jointly have the right to appoint the seventh Director who is to be an independent non-executive director. The Chairman is appointed by each of CPHCL and NREC based on a three-year term rotation basis.

MIH is the 99.9% shareholder of both PCL and PWL and has a 25% shareholding in MTJSC. Through CPHCL, MIH is part of an extended group of companies related to the Corinthia Group, including the locally-listed companies International Hotel Investments plc ("**IHI**") and Corinthia Finance plc ("**CF**").

PCL

Palm City Ltd is a private limited liability company incorporated and registered in Malta on 10 June 2004. It has an authorised share capital of €250,000,000 and an issued share capital of €140,500,000 divided into 140,500,000 ordinary shares of €1 each, fully paid up. PCL is a wholly-owned subsidiary of the Company.

PWL

Palm Waterfront Ltd is a private limited liability company incorporated and registered in Malta on 3 August 2012. It has an authorised share capital of €100,000,000 and an issued share capital of €2,000 divided into 2,000 ordinary shares of €1 each, fully paid up. PWL is a wholly-owned subsidiary of the Company.

MTJSC

The Company holds a 25% equity participation in Medina Tower Joint Stock Company for Real Estate Investment and Development ("**MTJSC**"), a joint stock company incorporated and registered in Libya on 20 May 2010. The remaining 75% is held equally by IHI and two Libyan investment companies – Arab Union Contracting Company ("**AUCC**") and Alinmaa Holding Company ("**AHC**").

Further information on each of PCL, PWL and MTJSC is found in section 5 of this report.

THE PARENT COMPANIES

CPHCL

CPHCL is a Malta registered company which owns 50% of MIH and acts as the guarantor in terms of the €20 million 5.5% Bonds 2020 issued by MIH in 2015 and also of the bonds to which this FAS relates to (information about the Guarantor can be found in the FAS on CPHCL dated 28 June 2017, an update to this report is expected to be issued by no later than 30 June 2018). Apart from its investment in MIH, CPHCL has over the years expanded into an international group in the hospitality and leisure industry. It is the parent company of the Corinthia Group and is principally engaged in the ownership, development and operation of hotels and other activities related to the hospitality industry in various countries either directly or through subsidiaries.

NREC

NREC holds a 40% direct shareholding in MIH and another 10% is held indirectly through its wholly-owned subsidiary – Libya Projects and General Trading and Contracting Co. ("**LPTACC**"). NREC is a Kuwaiti-listed company with an international focus on real estate. It has to date developed a strong portfolio of retail, commercial and residential real estate mainly in new and established markets across the Middle East and North Africa (MENA) region.

3.2 Key Historical Events of the Group

2005	Company is incorporated.
2006	Commenced construction of Palm City Residences.
2007	PCL concludes a 65-year build-operate-transfer agreement with CPHCL.
2007	MIH issues €15 million bond to partly fund the development of Palm City Residences.
2008	MIH issues €20 million bond to further fund the Group's acquisition strategy.
2010	MTJSC is set up to construct Medina Tower.
	Palm City Residences is fully complete and operational. MIH issues €40 million bonds for its equity funding in Medina Tower project and other corporate requirements.
2011	Operations at Palm City Residences are disrupted due to the uprising in Libya (between February – October 2011).
2012	Medina Tower project is delayed due to the political upheaval in the country.
2013	PWL concludes an 80-year build-operate-transfer agreement with CPHCL.
2014	MIH issues €12 million bond to repay part of a €15 million bond which was issued in 2007. The balance of the maturing bond was redeemed out of the Company's own cash flow.
2015	MIH issues €20 million bond to repay a €20 million bond which was issued in 2008.
2015	MIH issues €11 million bond (unlisted) to part repay a bank facility which was acquired to finance part of the development of Palm City Residences.
2017	MIH issues €40 million bond to repay the previous bonds issued in 2010.

3.3 Material Developments in the Past Three Years

Palm City Residences

During the past three years, the financial performance of MIH continued to be dented by the socio-political turmoil in Libya which, in turn, resulted in a significant drop in occupancy levels. In fact, occupancy levels fell from over 90% in June 2014 at the time of the start of civil unrest, to a low of 10.7% by the end of 2016.

However, interest in Palm City Residences started to rebound slowly during the first months of 2017and PCL managed to secure a number of lease agreements with embassies, NGO's and other institutions, resulting in the occupancy level to increase to 18.25% by June 2017, and improve even further and reach 24.7% by December 2017. The increase in occupancy materialised following renewed interest in the country by major oil companies and international agencies. Numerous property audits were carried out by security consultants on behalf of the lessees, who certified Palm City as a safe and secure compound that provides the highest level of service not only in terms of hospitality but, more importantly, from the perspective of safety and security. Within the compound, Palm City currently operates an all-day dining restaurant/bistro/cafe, an internationally well-stocked supermarket and a health and fitness centre. More recently, PCL engaged an international health care operator to operate the clinic at Palm City. In the near term, management expects to see the re-opening of a second restaurant within the compound.

Notwithstanding the difficult operating environment, during the past three years MIH maintained the Palm City Residences operational at all times. Moreover, PCL invested in additional and enhanced security features in an effort to keep the entire village as secure as possible. This was also done in view of the fact that a number of tenants, particularly those who are heavily invested in Libya, kept their leases running with a view to physically return to the country at the first possible opportunity.

Bond Issues

The outstanding bonds of MIH as at the date of this Analysis are listed hereunder.

ISIN	Bond Amount	Coupon	Prospectus Date	Maturity Date
MT0000371261	€12 million	6.00%	2 June 2014	22 June 2021
MT0000371279	€20 million	5.50%	1 July 2015	31 July 2020
Unlisted Bond	€11 million	6.00%	18 September 2015	3 October 2020
MT0000371287	€40 million	5.00%	29 May 2017	6 July 2022

4. Material Contracts

4.1 MSS Agreement

MIH is party to an MSS Agreement with CPHCL. Through this agreement, MIH is provided with management support services at the strategic level of its business that benefits MIH from the experience and expertise of CPHCL in the conduct of its business and the implementation of a highly efficient and cost-effective construction programme. The MSS Agreement also makes available for MIH top executive and central administrative level staff and support personnel from the Corinthia Group. Under this agreement, MIH is provided with such services for an annual fee of €330,750 (which is adjusted annually for a 5% inflation) giving MIH access to:

- the commitment of an executive team with over 40 years' experience of successfully operating in Libya;
- an experienced, motivated, proven and loyal local and foreign senior management team of international calibre with an average of over 20 years' service;
- a team of well-qualified and dynamic young professionals, increasing the potential for future growth;
- an effective monitoring system assuring controls on standards and performance;
- a long experience in developing, managing and maintaining properties planned and built to high quality standards; and
- corporate strength through a long-term policy of diversification into construction, project management and other service ventures.

4.2 Build-Operate-Transfer Agreement

Through its subsidiaries – PCL and PWL – MIH has in place two build-operate-transfer ("**BOT**") agreements with one of its major shareholders – CPHCL – as detailed further in section 5 below.

5. Overview of the Major Assets of the Company

The values attributable to the major asset of each of the underlying investments are summarised below:

	Valuation Basis	FY2015 *€'000*	FY2016 *€'000*	FY2017 *€'000*
Palm City Residences *(65-year BOT agreement expiring 2071)*	Discounted Cash Flows	250,043	250,212	250,268
Palm Waterfront *(80-year BOT agreement expiring in 2093)*	Cost + Capitalised expenses	8,307	8,309	8,583
Medina Tower * *(25% shareholding in MTJSC)*	Equity contribution	14,314	13,705	12,603

Source: MIH plc financial statements for the years 2015, 2016 and 2017.

** The equity contribution that MIH has in Medina Tower is denominated in Libyan Dinars (LYD). MIH's investment in Medina Tower did not change between 2015 and 2017, and the differences in the value of such investment as quoted above relate to foreign exchange differences (unrealised) relating to the EUR/LYD rates prevailing as at the year-end date.*

5.1 Operational Asset – Palm City Residences

The following is an overview of the only operating asset of the Company – Palm City Residences.

Background to Palm City Residences

PCL is a wholly owned subsidiary of MIH (99.9%), set up to develop and operate the Palm City Residences in Janzour, Libya. The site hosting the development of a 413-unit village has a footprint of 171,000 square metres and a shorefront of approximately 1.7 kilometres.

CPHCL holds title to the land where Palm City Residences is built, pursuant to a 99-year lease agreement dated 5 July 2006. PCL entered into a BOT agreement for 65 years with CPHCL (effective 6 July 2006) whereby PCL was engaged to undertake the construction and operations of the complex. Under the BOT agreement, PCL will operate the residences at its own risk and for its own benefit. Upon expiry of this agreement, PCL will be required to transfer the operations back to CPHCL for the remaining useful life of the lease until 2105[1].

[1] *The Group is in the process of registering a joint stock company in Libya, to be owned as to 90% of its share capital by PCL (CPHCL and NREC to hold the remaining 10% in equal proportions between them). Subject to approval by the competent authority in Libya, the Libyan Investment Board, title to the land underlying the Palm City Residences will be transferred by CPHCL to such company. Upon such title transfer taking effect, the BOT agreement between PCL and CPHCL will be terminated, resulting in PCL no longer being bound to return the operation of the Palm City Residences to CPHCL upon the lapse of the said 65-year term.*

The composition of the 413-unit gated residential complex in Janzour is summarised below:

Property Type	No of Units	Size per Unit (m^2)	Size (m^2)	% of total size
Studio Apartments	24	36	864	1%
2-Bedroom Apartments	95	79	7,505	12%
2-Bedroom Maisonettes	56	115	6,440	11%
3-Bedroom Apartments	44	203	8,932	15%
3-Bedroom Terraced Houses	142	176	24,992	41%
Bungalow	44	171	7,524	12%
Villas	8	505	4,040	7%
Total	**413**		**60,297**	**100%**

Source: Management Information

The complex's amenities include a variety of shops, supermarket, health clinic, offices, catering outlets, cafeterias, pools, fitness centre and sports facilities, amongst others.

Performance of Palm City Residences

In each of the past three years (2015 to 2017), PCL (being the only operational asset of MIH to date) generated in excess of 99% of the Group's annual revenues as per below table:

for the year ended 31 December	Actual 2015 €'000	Actual 2016 €'000	Actual 2017 €'000
Residential leases	9,622	3,259	6,917
Commercial leases	252	85	478
F&B	41	43	415
Other income	1,356	241	549
Total PCL revenue	11,270	3,627	8,359
MIH plc - Group Revenue	11,340	3,627	8,359
PCL revenue contribution	99.4%	100%	100%
Average Occupancy	34%	14%	17%
RevPAU (revenue in € per unit per month)	1,941	658	1,396

Source: Management Information

Up to FY2014, the main contributors to the residential revenue were clients operating in the oil and gas sector and non-government organisations which represented 50% and 15% respectively of total residential revenue. However, in FY2016 residential revenues from the oil & gas industry decreased by 81% due to the civil unrest in Libya and in consequence of the reduction in oil production and exports, as well as a decline in oil prices.

By end of June 2017, clients in the non-governmental sector represented 65% of the total occupied units compared to 17% taken up by the Oil & Gas sector, with cumulative residential revenue of €2.7 million out of a total of €3 million. By the end of FY2017, the NGO sector occupied 57% of the total occupied units compared to 24% occupied by the Oil and Gas Sector, with cumulative residential revenue amounting to €6.9 million out of a total of €8.3 million. In the same period, total occupancy increased from 18.25% in June up to 24.7% by end of year. As at the time of this report, occupancy has reached 35% by end of May with a monthly revenue of €1.25 million. Out of the current occupancy (expected to reach 40% by June), NGOs make up 58% of total occupancy and Oil & Gas a further 20%.

During the period between 2015 and 2016, tenant leasing sentiment gradually shifted from a preference for medium and long-term leases (2014-15) to one where short and medium-term stays became more prevalent (2016). In fact, in FY2016 41% (FY2015:14%) of the tenants had a binding lease agreement for the short-term (one year or less), 41% (FY2015:45%) of the tenants had a binding lease agreement for medium-term (one year) whilst, only 18% (FY2015:41%) opted to go for a longer-term (two to five-year lease agreement).

By the close of H1 2017, this sentiment had shifted back to a preference for medium term stays (accounting for 52% of leases). Short-term leases contributed the most to this shift. By end of FY2017, this trend had consolidated to the extent that most tenants preferred a medium (57%) and long term (24%) solution compared to short-term stays (20%). This reflected PCL's tenants' commitment to move back to the country for the longer term, in support of their own projects.

In FY2016, the revenue per available unit per month (RevPAU) decreased significantly from that registered in FY2015 (€1,941), however, this started increasing again in FY2017 (€1,396) reflecting the increase in demand for tenancy at Palm City Residences.

The competitive edge that Palm City Residences had over other similar residential compounds has always been its location and security features, being located in an area close to Tripoli but secluded in terms of security features. According to management, other competing complexes located in the vicinity of Palm City Residences, such as the Regatta Complex, were subject to attacks and have accordingly been dismissed as alternative residential complexes by NGOs, oil companies and the like, who seek a more secluded, secure and safe environment for their expatriates. Management also emphasise that while there are alternative accommodation options in Tripoli, none of the other options offer the same level of top quality service, security and the extent of facilities, both leisure and commercial, that Palm City offers. As a result, management believes that the Group enjoys a dominant market position and although Palm City Residences suffered from a significant decline in occupancy levels in previous years, it remained operational at all times, maintained in pristine condition and closely monitored by its management.

Outlook for PCL

The last three years have been particularly challenging for MIH as its operations were severely dented by the continued political instability in Libya. Several foreign companies operating in Libya downsized their operations and presence in the country, thus decreasing the number of foreign personnel in Libya and reducing the need for accommodation. As a result, the occupancy level within Palm City dropped significantly, although one noted an increase in occupancy in 2017 over 2016.

Management advised that interest in Palm City which started to gather momentum towards the end of FY2016 continued in FY2017, supported by the high standard of accommodation and security procedures offered at Palm City and which were not available elsewhere in Libya. A number of visits and enquiries have been received from a number of companies, embassies and NGO's which is an indicator that the international community is eager to engage with Libya commercially and diplomatically following the difficulties of the post-revolutionary period. Such interest continued during the course of the first few months of 2018, with the Group concluding additional lease agreements with embassies, NGO's, international security service providers and other entities which are reportedly paying rates that are the highest rates ever charged by Palm City. Management expects occupancy to reach 48% by the end of 2018, as discussed further in the following sections of this report.

5.2 Other Non-Operational Assets

MIH has two other projects that are on hold in view of the prevailing instability in Libya. These are the Palm Waterfront complex (through the 99.9%-owned PWL) and the Medina Towers (through its 25% investment in MTJSC).

Palm Waterfront Limited

Palm Waterfront Limited (PWL) is a wholly owned subsidiary of MIH, established primarily with the intention to develop and operate the Palm Waterfront site. The site is subject to a 99-year lease in favour of CPHCL and like PCL, PWL entered into a BOT Agreement on 5 December 2013 with CPHCL. The BOT expects PWL to construct and eventually operate the Palm Waterfront 40,000 square metre site for a period of 80 years. The planned development is situated in Shuhada Sidi Abuljalil in Janzour, Libya, adjacent to Palm City Residences, with plans to develop a 164-room 4-star hotel, 259 residential units for resale, an entertainment centre of six cinemas and one bowling centre, retail outlets, car park and a marina. Funding for the development of this project is not yet in place.

In drawing up the concept behind the Palm Waterfront project, MIH has taken into consideration feedback received from tenants at Palm City Residences, including property design layout, services offered and general ambience. It is the intention of PWL to offer residential units at Palm Waterfront, when complete, either on a lease basis or outright sale, but will react to market trends at the time and will, therefore, align its strategies and offerings in accordance with such trends and market developments. With respect to the planned 164-room 4-star hotel at the Palm Waterfront, PWL will take advantage of the Corinthia Group's experience in operating hotels, particularly in the operation of the Corinthia Hotel Tripoli. Design drawings of the project have been finalised and at the opportune time, such detailed plans will be submitted to the planning authority in Tripoli for approval. The project will be initiated once the situation in Libya stabilises and PWL raises the required funding as to 40% equity and 60% debt, to complete the development phase.

MEDINA TOWER JOINT STOCK COMPANY

MIH owns 25% of MTJSC, which was set up in 2010 for the purpose of owning and developing the Medina Tower. The remaining 75% is owned equally by IHI, AUCC and AHC. Medina Tower is expected to be a mixed used development, to be built over a site measuring *circa* 11,000 square metres and is situated on Tripoli's central business district.

The development phases will be financed through funding provided on a 60:40 debt-to-equity ratio. Whilst the equity contribution required for the first phase of this project is already fully paid up, a term sheet has also been signed a few years back with a Libyan financial institution with a view to securing the full debt funding requirements for this project. Said term sheet provides for a *moratorium* on capital repayments for the duration of the development of the site. The development is expected to be completed within circa 48 months from commencement of the works. Whilst construction works on site have not yet commenced, the project has full development permits from the local authorities and all construction drawings have been completed. The board of Medina Tower meets on a regular basis and remains keen to commence with site works, as and when this is opportune.

The project has full development permits and the development of the Medina Tower will consist of a 199,000-square metre 42-storey structure plus 2 floors of underground parking, comprising 254 residences for resale, 25,200 square metres of office space for rental, 21,200 square metres for retail and leisure, as well as a spa, conference and car park facilities for rental to third parties.

PART 2 COUNTRY AND MARKET OVERVIEW

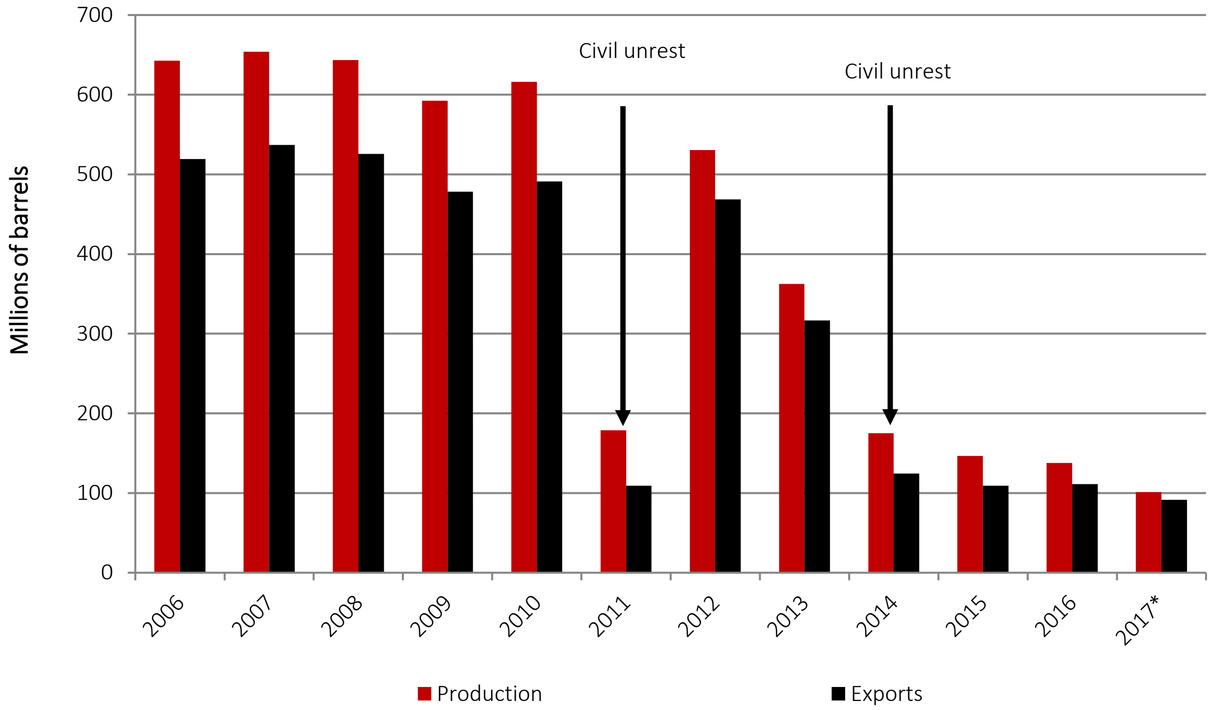
Following the toppling of long-time ruler Col. Muammar Gaddafi in mid-2011, Libya has still not yet created the political infrastructure that is required for the country to become truly democratic and instil functional power transition mechanisms. After the National Transitional Council (which was originally setup following the end of the first Libyan civil war) handed power to the elected General National Congress in 2012, socio-political division in the country remerged as voters opted for a new parliament in June 2014 – the House of Representatives – to replace the General National Congress. As resistance and fighting broke out (principally in Tripoli and Benghazi), the House of Representatives relocated to the port city of Tobruk on the eastern side of Libya whilst the former General National Congress took seat in Tripoli.

In late 2015, the United Nations brokered the Libyan Political Agreement ("**LPA**") that included members of both the House of Representatives and the General National Congress. This development was intended at restoring political stability in the country and at forming an interim Government of National Accord. However, the LPA never took off as differences between the two main factions remained unresolved.

Meanwhile, the socio-political unrest that took place in Libya in recent years left a significant dent on the performance of the economy which is virtually wholly dependent on the production and exportation of crude oil. In fact, data provided by the Central Bank of Libya[2] and the Federal Reserve Bank of St. Louis[3] (reproduced in the charts below) clearly shows the substantial drop in oil production and exportation in 2011 (during the first Libyan civil war) from previous years, the strong rebound in 2012 following the restoration of some political order and the establishment of the National Transitional Council, and the reduced activity in the aftermath of the civil unrest that broke out in 2014. Moreover, the data once again confirms the extent of how the wild volatility in the production and exportation of oil impinged negatively on Libya's Gross Domestic Product throughout these years.

[2] *https://cbl.gov.ly/en/*
[3] *https://fred.stlouisfed.org/*

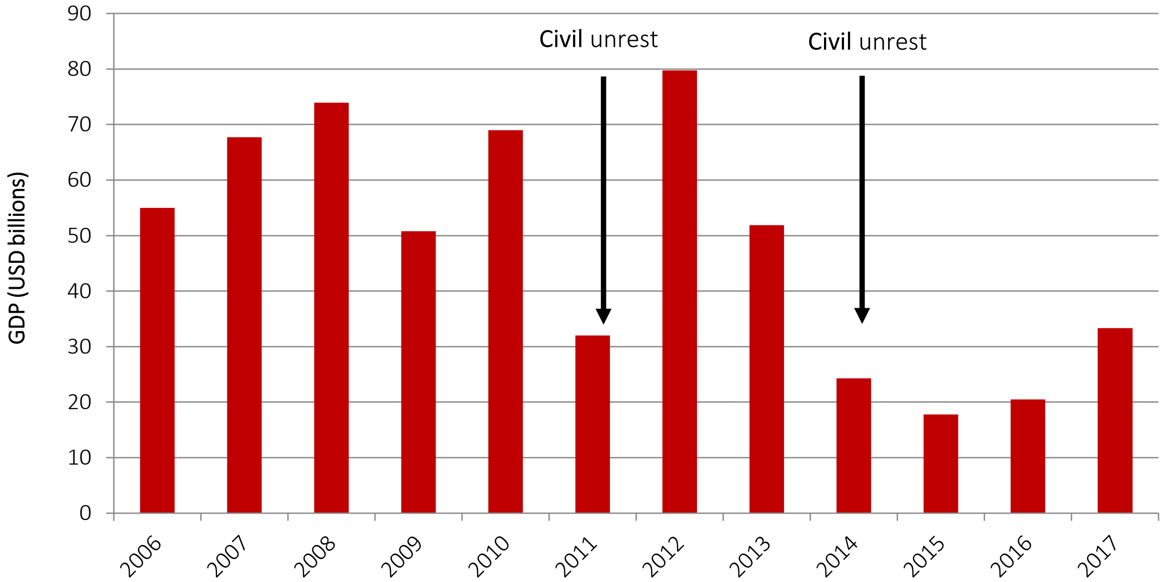
Libya
Production & Exports of Crude Oil
from 2006 to June 2017



* As at 30 June 2017

Source: https://cbl.gov.ly/en/

Libya
Gross Domestic Product
from 2006 to June 2017



Source: https://fred.stlouisfed.org/

In September 2017, the United Nations Support Mission in Libya ("UNSMIL")[4] announced a new roadmap aimed at restoring a lasting political solution in the country. This included changes to the previous LPA and the possible organisation of fresh elections to be held this year. Although this latest development was widely interpreted as a glimmer of hope for the reconstruction of Libya, it is still uncertain whether political reunification and peace could eventually be achieved in the near term.

Nonetheless, such efforts by the UNSMIL last year immediately left a positive effect on the country's oil sector and, as a result, on the entire Libyan economy. In fact, production of oil stood at 101 million barrels for the first six months of 2017 compared to a total of nearly 138 million barrels for the entire 2016. Of these, just over 91 million barrels were exported compared to a total export of 111 million barrels during 2016. Consequently, Libya's GDP surged by over 60% in 2017 to USD33.3 billion (at current prices) compared to USD20.5 billion in 2016.

Going forward, despite the positive political and economic developments which took place last year, Libya remains largely mired in conflict whilst the economic outlook continues to be highly uncertain and entirely dependent on the much wider dynamics of the global oil industry.

At a conference held in Paris earlier this May, attended by more than 20 countries and organisations, the contesting parties to the upcoming elections, in agreement with the international community, issued a joint communique[5] undertaking to hold peaceful elections and respect the results of such elections when these occur. The conclusion of any such elections, expected towards the end of 2018, are being watched closely by the international community, as these are expected to be the first step for the country to implement unified military and security institutions necessary for rule of law as well as economic and infrastructural reconstruction.

[4] https://unsmil.unmissions.org/
[5] https://www.libyaherald.com/2018/05/30/paris-conference-communique-commits-parties-to-december-2018-elections

PART 3 FINANCIAL REVIEW

7. MIH'S HISTORIC & FORECASTED FINANCIAL PERFORMANCE

The MFSA Listing Policies require a 3-year historical analysis of financial information of the Company. The commentary that follows the table below focuses on the financial years from FY2015 to FY2017, both years included.

Furthermore, this section provides the forecasted financial performance of the Company for FY2018. The key assumption underpinning these forecasts is that the economic and political situation in Libya will improve in FY2018.

Following additional discussions with management, it transpired that while the situation in Libya remains volatile, management is experiencing a steady increase in enquiries and lease signing from embassies, NGO's, international security service providers and other entities to relocate to Palm City Residence which signifies that there is renewed interest by institutions to return to Libya, albeit gradually. In fact, during the first quarter of FY2018, occupancy rates reached 29%.

Management also noted that currently there is no other complex that can readily accommodate tenants in a secure environment that mirrors the facilities available at Palm City Residences. Moreover, Libya will need to undergo a massive infrastructural development, which will involve some level of input from foreign investors and these would seek to contract tenancy in Libya in the short to medium term. Thus, given the recent international discussions, management is confident that the demand for accommodation at Palm City Residences will continue to improve in the foreseeable future. To this effect, management has forecasted effective occupancy levels to increase to 48% by the end of FY2018.

All figures referred to in this section of the report have been extracted from the audited financial statements of the Company for the respective years and supported by management information as necessary, with the exception of ratios which have been calculated by Rizzo, Farrugia & Co (Stockbrokers) Limited.

7.1 INCOME STATEMENT

for the year ended/ending 31 December	Actual 2015	Actual 2016	Actual 2017	Forecast 2018
	€'000	*€'000*	*€'000*	*€'000*
Revenue	11,340	3,627	8,359	17,655
Operating expenses	(2,610)	(2,475)	(3,030)	(4,630)
Gross Profit	**8,730**	**1,152**	**5,329**	**13,025**
Administrative expenses	(2,858)	(1,618)	(1,517)	(2,139)
Marketing costs	(180)	(316)	(276)	(46)
EBITDA	**5,692**	**(782)**	**3,536**	**10,840**
Other income	931	121	144	-
Depreciation	(143)	(124)	(93)	(38)
Results from operating activities	**6,481**	**(785)**	**3,586**	**10,803**
Share of (loss) from equity accounted investments	-	-	(80)	-
Finance income	279	1,118	2,757	1,167
Finance costs	(7,849)	(6,955)	(6,538)	(6,115)
Net finance costs	***(7,569)***	***(5,837)***	***(3,781)***	***(4,948)***
Net fair value gain/(loss) on interest rate swaps	245	239	145	30
(Loss) / Profit before tax	**(844)**	**(6,383)**	**(130)**	**5,885**
Tax (expense)/ income	(237)	84	356	(248)
Deferred tax	699	(143)	-	-
Net (Loss) / Profit for the year	**(383)**	**(6,443)**	**226**	**5,637**
Adjusted Net (Loss) / Profit *(excluding deferred tax in relation to fair value adjustments of investment property)*	(1,082)	(6,299)	226	5,637

FY2017 REVIEW

The past three years have been particularly challenging for MIH as occupancy levels within Palm City dropped significantly particularly towards the end of FY2015 and during FY2016, due to the continued political instability in Libya as well as the subdued price of oil when compared to earlier years. As a result, several foreign companies operating in the country were forced to reduce their presence and also significantly limit their operations in Libya. In fact, in FY2015 and FY2016 the complex recorded a very low average occupancy level of 34% and 14% respectively.

In FY2017, however, the financial performance of MIH rebounded strongly, reflecting overall improved confidence that the efforts of the UNSMIL to instil reconciliation in the country will produce positive outcomes. In fact, revenues for MIH more than doubled to €8.36 million from €3.63 million the year before, supported by the build-up of occupancy at the Residences which went up to 25% by the end of financial year 2017.

In view of the increased business, operating expenses increased by 22% to €3.03 million from €2.48 million in 2016. Nonetheless, this increase in operating expenses was much lower than the increase in revenues, reflecting management's efforts at keeping costs under strict control but without sacrificing the necessary investments in security which is a top priority for MIH at Palm City. Accordingly, the gross profit rose to €5.33 million from €1.15 million in the previous year.

Administrative expenses dropped by just over 6% to €1.52 million (FY2016: €1.62 million) reflecting management's continued prudence and caution in controlling operational costs throughout most of 2017. Marketing costs were also contained, dropping by 12.7% to €0.28 million when compared to FY2016.

During FY2017, MIH generated a positive EBITDA of €3.54 million. This represents a significant turnaround from the negative EBITDA of €0.78 million posted in the previous year. After accounting for other income of €0.14 million (related to reversal of provision of bad debts as well as creditors written back) and depreciation charges of €0.09 million, the operating profit stood at €3.59 million compared to an operating loss of €0.79 million in FY2016.

The financial performance of MIH in 2017 was also boosted by the incidence of lower net finance costs to €3.78 million from €5.84 million in 2016, reflecting lower amount of interest payments on bonds following the roll-over of the 7.15% bonds with new bonds having a coupon rate of 5%, as well as a favourable foreign exchange difference of €2.75 million compared to €1.1 million in 2016. The latter relates to exchange differences on payments in Libya Dinars. On the other hand, MIH posted a lower fair value gain on interest swap of €0.14 million compared to €0.24 million in the previous comparable period.

Overall, MIH incurred a pre-tax loss of €0.13 million in 2017 which is much lower than the €6.38 million loss reported the year before. After accounting for a net tax income of €0.36 million, MIH reported a profit after tax of €0.23 million compared to a net loss of €6.44 million in 2016.

Forecasts FY2018

As for the current financial year ending 31 December 2018, MIH has prepared and approved updated forecasts. These are based on a number of considerations, including an improvement in the economic and political situation in Libya which is supported also by feedback received from oil and gas companies, NGOs, embassies, state entities and other organisations such as international schools, seeking to relocate to Palm City Residences.

The above considerations are reflected in forecasted occupancy levels which are expected to increase to 48% by the end of FY2018, generating additional revenues, also on the back of improved rates charged for the units being leased out.

Against this background, MIH is now forecasting revenues to reach the €17.7 million level in 2018. Given this increased business, operating and administrative expenses are expected to surge by nearly 49% to a total of €6.77 million. On the other hand, marketing costs have been budgeted at a lower figure of just €0.05 million (on account that prior bond issue costs were all amortised over previous periods), leading to a forecasted EBITDA of €10.8 million. After accounting for depreciation of €0.04 million, net finance costs of €4.95 million, and a tax charge of €0.25 million, MIH is expecting to register a net profit of €5.64 million in FY2018.

7.2 CASH FLOW STATEMENT

	Actual	Actual	Actual	Forecast
for the year ended 31 December	2015	2016	2017	2018
	€'000	€'000	€'000	€'000
Net cash from / (used in) operating activities	5,287	(711)	6,103	10,126
Net cash (used in) / from investing activities	(217)	347	(313)	(100)
Net cash (used in)/from financing activities	(9,913)	(3,554)	(2,327)	(8,573)
Net (decrease)/increase in cash and cash equivalents	**(4,843)**	**(3,918)**	**3,463**	**1,453**
Cash and cash equivalents b/fwd	10,277	5,435	1,497	4,902
Cash and cash equivalents c/fwd before the effect of foreign exchange rate changes	**5,435**	**1,517**	**4,960**	**6,355**
Effect of foreign exchange rate changes	-	(20)	(58)	-
Cash and cash equivalents c/fwd	**5,435**	**1,497**	**4,902**	**6,355**

FY2017 REVIEW

In 2017, MIH's cash position improved in line with the rebound in business activity. In fact, during the year MIH generated €6.1 million in net cash from operating activities compared to net cash amounting to €0.71 million used in FY2016. Moreover, the net cash from operations generated in FY2017 is also superior to the comparable figure of FY2015 (€5.29 million) as margins were superior.

The cash used by the Group in investing activities in FY2017 consisted primarily of payments of €0.34 million of capitalised expenses at PWL.

In terms of cash flows used by the Group in its financing activities, during 2017 the Company paid €2.94 million in bank loans (FY2016: €3.17 million) and €5.76 million in interests (FY2016: €6 million). In addition, during the year MIH incurred an aggregate of €0.55 million in bond issue costs and differences on exchange related to the redemption of the 7.15% multi-currency bond during FY2017. On the other hand, MIH received a loan of €5 million from LAFICO (supported by a corporate guarantee provided by CPHCL), as well as an additional funding of €1.93 million in shareholders' loan (FY2016: €5.62 million).

FORECASTS FOR FY2018

As for 2018, MIH is expecting to generate net cash from operations amounting to €10.1 million, reflecting the higher level of business expected during the course of the year. Capital expenditure is expected to be contained at just €0.1 million while net cash expected to be used in financing activities (€8.6 million outflow) is expected to comprise in the main interest payments on the various bank and shareholders' loans as well as those accruing on bonds, and repayment of bank loans.

Overall, MIH is anticipating ending FY2018 with a net cash balance of €6.36 million.

7.3 Statement of Financial Position

for the year ended 31 December	Actual 2015 *€'000*	Actual 2016 *€'000*	Actual 2017 *€'000*	Forecast 2018 *€'000*
Non-current assets				
Intangible assets	2	2	2	2
Investment property	250,043	250,212	250,268	250,253
Property, plant and equipment	8,649	8,542	8,789	8,921
Investments accounted for using the equity method	14,314	13,705	12,603	12,603
Lease prepayment	415	407	400	392
Total non-current assets	**273,423**	**272,869**	**272,062**	**272,171**
Current assets				
Inventories	446	441	653	520
Trade and other receivables	4,175	2,330	2,863	2,818
Cash and cash equivalents	5,460	1,539	4,904	6,355
Taxation recoverable	312	-	-	-
Total current assets	**10,393**	**4,309**	**8,420**	**9,693**
Total assets	**283,816**	**277,178**	**280,483**	**281,864**
Equity				
Share capital	48,002	48,002	48,002	48,002
Retained earnings	90,494	83,677	82,525	88,163
Total equity	**138,496**	**131,679**	**130,527**	**136,165**
Non-current liabilities				
Bank & other borrowings	13,433	10,780	12,898	9,796
Bonds	83,011	43,000	82,424	82,540
Shareholders' loan	2,655	8,275	10,203	10,203
Other non-current liabilities	-	-	825	825
Deferred tax liability	29,218	29,127	29,127	29,127
Taxation	-	-	-	256
Derivative financial instruments	414	29	-	-
Total non-current liabilities	**128,731**	**91,211**	**135,478**	**132,749**
Current liabilities				
Bank borrowings	3,212	2,736	2,635	2,630
Bonds	-	40,292	-	-
Derivative financial instruments	-	146	30	-
Trade and other payables	11,488	9,753	10,513	9,266
Current taxation	1,890	1,360	1,300	1,063
Total current liabilities	**16,589**	**54,288**	**14,478**	**12,958**
Total liabilities	**145,320**	**145,499**	**149,956**	**145,707**
Total equity and liabilities	**283,816**	**277,178**	**280,483**	**281,872**

FY2017 REVIEW

The total asset base of the Group amounted to €283.8 million in FY2015, €277.2 million in FY2016 and €280.5 million in FY2017. The largest asset that MIH has on its balance sheet is the Palm City Residences, operated by its 100% subsidiary, PCL. The value attributable to the Palm City Residences is based on the projected revenue streams which are discounted at a series of rates depending on the risk associated with particularly identified criteria. As such, following the significant drop in the market value of the Palm City Residences in 2014 (a reduction of €61 million in the fair value of the residences), the latter has been kept unchanged during the past three years at €250 million.

The other significant assets of MIH are PPE and shares held in an associate company (MTJSC). PPE amounted to €8.79 million as at 31 December 2017 (FY2016: €8.54 million) and comprise primarily land and construction works for the planned development of the Palm Waterfront project. On the other hand, the shares held by MIH in MTJSC had a carrying value of €12.6 million as at the end of FY2017 and represent MIH's equity contribution to MTJSC.

The called-up share capital of MIH as at 31 December 2017 stood at €48 million. Retained earnings improved slightly to €83.5 million in FY2017 from the €83.2 million in FY2016, reflecting the net profit registered during the year under review.

The increase in non-current borrowings from €10.8 million in FY2016 to €12.9 million in FY2017 includes a loan of €5 million from LAFICO which was partly used for the repayment of other bank loans and other general funding purposes. As a result, non-current bank loans dropped by nearly 22% to €10.5 million from €13.5 million as at the end of 2016. Meanwhile, non-current bonds increased to €82.4 million from €43 million in 2016 due to the roll-over of the 7.15% bonds to new bonds redeemable in 2022, previously classified as current liabilities during FY2016 due to their maturity profile of falling due in less than one year at the respective reporting date. Similarly, shareholders' loans increased to €10.2 million from €8.28 million in 2016 following further financial support provided by the Company's shareholders during the year.

The Group's funding base has inherently been composed of a mix of equity, bank debt, shareholders' loans and capital market borrowings. During the years, the Group managed to reduce its level of bank borrowings from €16.6 million in FY2015 to €13.5 million in FY2016 and to €10.5 million in FY2017. The amount of bonds outstanding has remained largely unchanged at €83 million during the past three years. In contrast, shareholders' loan increased from €2.66 million in 2015 to €8.28 million as at the end of 2016, and then by a further €1.93 million to a total of €10.20 million in 2017.

Total equity went down from €138.5 million in FY2015 to €131.7 million by the end of FY2016. This reflects the losses incurred in FY2016, due to a reduction in occupancies and revenues. On the other hand, the drop in total equity to €130.5 million as at 31 December 2017 was driven by an unfavourable net change of €1.38 million related to other components of equity, primarily related to differences on exchange.

FORECASTS FOR FY2018

In 2018, MIH is forecasting total assets to remain largely unchanged at €281.9 million. On the other hand, total liabilities are anticipated to drop to €145.7 million from just under €150 million as at the end of 2017, largely reflecting an anticipated decline of 20% in bank and other borrowings to €12.4 million from €15.5 million as at 31 December 2017. Accordingly, total equity is expected to increase by 4.3% to €136.2 million. This increase also reflects the anticipated net profit that MIH is expecting to make in FY2018 as occupancy levels continue to increase.

7.4 FINANCIAL RATIOS AND KEY METRICS

The below are a set of key financial ratios and metrics applicable to the Company.

NB: where the returns are negative, the ratio cannot be commented about and as such is marked as 'n/a'.

Key profitability ratios of MIH improved considerably in FY2017 as the Company managed to register positive EBITDA as well as an operating and net profit compared to the negative financial performance and losses incurred in 2016. Nonetheless, the interest cover for FY2017 shows that the Company still did not generate enough EBITDA to cover the servicing of its debt service obligations, albeit by a small margin. In this respect, it is noteworthy to highlight that during 2017, MIH continued to receive financial support from its two principal shareholders – namely, CPHCL and NREC – which, in fact, provided additional shareholders' loan of €1.93 million, thereby increasing such loans to €10.2 million from €8.28 million as at 31 December 2016. Furthermore, during 2017 MIH received a loan from LAFICO amounting to €5 million. This was advanced to support MIH in its corporate needs and working capital requirements. This loan is supported by a corporate guarantee provided in favour of LAFICO by CPHCL.

	Actual FY2015	*Actual* FY2016	*Actual* FY2017	*Forecast* FY2018
Gross Profit margin *(Gross Profit / Revenue)*	76.99%	31.76%	63.75%	73.77%
EBITDA margin *(EBITDA / Revenue)*	50.20%	n/a	42.30%	61.40%
Operating Profit margin *(Operating Profit / Revenue)*	57.15%	n/a	42.90%	61.19%
Net Profit margin *(Adjusted Net Profit for the period / Revenue)*	n/a	n/a	2.71%	31.93%
Return on Equity *(Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)*	n/a	n/a	0.17%	4.23%
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	n/a	n/a	0.10%	2.35%
Return on Assets *(Profit for the period / Average Assets)*	n/a	n/a	0.08%	2.00%
Interest Coverage Ratio *(EBIDTA / Net Finance Costs*	0.75	n/a	0.94	2.19

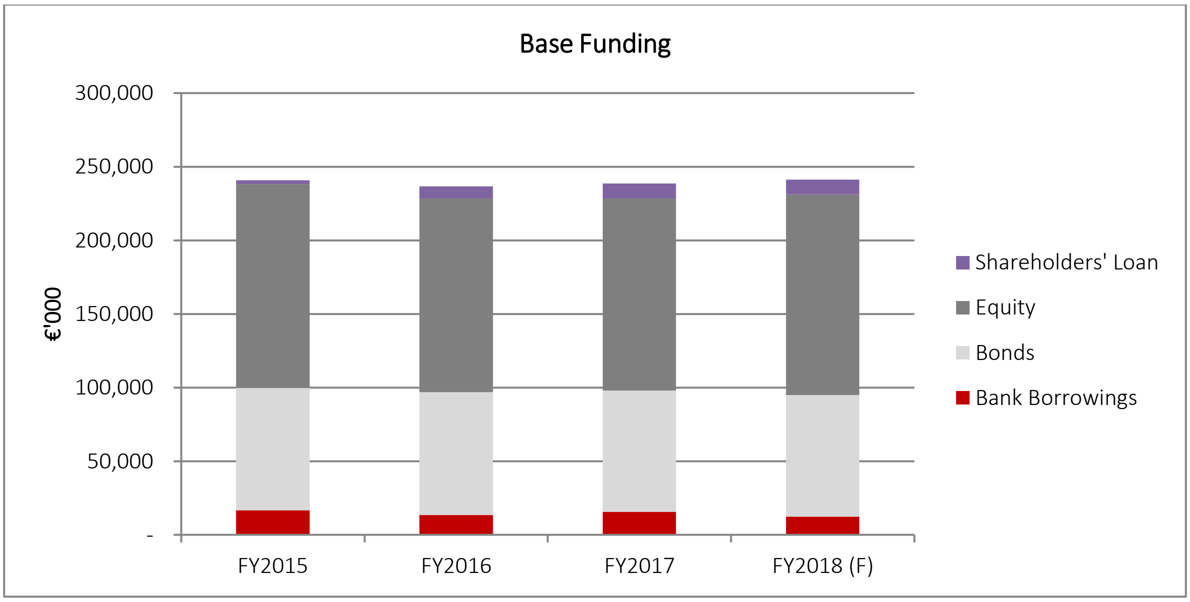
In line with the stronger financial performance that MIH is forecasting for FY2018, the Company is anticipating a further rebound in its profitability ratios. In particular, the EBITDA and the net profit margins are expected to climb to 61.4% and 31.9% respectively (from 42.3% and 2.7% in 2016), whilst the interest cover is expected to reach almost 2.2 times despite the higher incidence of net finance costs (primarily on the back of much lower finance income).

	Actual	*Actual*	*Actual*	*Forecasts*
	FY2015	**FY2016**	**FY2017**	**FY2018**
Current Ratio *(Current Assets / Current Liabilities)*	0.63x	0.08x	0.58x	0.75x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.33x	0.03x	0.34x	0.49x

Over the years, the Group's current ratio, representing the amount of current assets available to settle short-term liabilities, has been below one. The composition of the Company's current liabilities primarily includes bank borrowings, trade and other payables, and (up to June 2017) the 7.15% bonds which were redeemed last year. Trade and other payables are mainly made up of accrued expenses as well as deferred income. The latter increased by €2.42 million in 2017 to €2.86 million from €0.44 million as at the end of 2016, mainly reflecting capital and operating creditors.

In FY2017, the cash ratio improved to nearly 0.6 times from just under 0.1 times as at the end of FY2016, reflecting both the significant drop in current liabilities due to the roll-over of the 7.15% bonds as well as the surge in cash balances to €4.9 million from €1.54 million as at 31 December 2016. Moreover, MIH is expecting its working capital position to improve further in 2018, with the current ratio forecasted to climb to 0.75 times, on the back of expected higher cash balances as well as anticipated lower amounts of trade and other payables.

This mix of funding sources has enabled MIH to keep the Group's level of gearing at relatively acceptable levels across the years.



Source: MIH financial statements for the years 2015, 2016 and 2017, as well as forecasts provided by Management of the company.

	Actual	*Actual*	*Actual*	*Forecast*
	FY2015	FY2016	FY2017	FY2018
	€'000	*€'000*	*€'000*	*€'000*
Equity	**138,496**	**131,679**	**130,527**	**136,165**
Bank Borrowings	16,645	13,516	15,533	12,426
Bonds	83,011	83,292	82,424	82,540
Shareholders' Loan	2,655	8,275	10,203	10,203
Total Borrowings	**102,311**	**105,084**	**108,160**	**105,169**
Cash at Bank and in hand	5,460	1,539	4,904	6,355
Net Debt	**96,851**	**103,545**	**103,256**	**98,814**

Furthermore, in view of the improved financial performance that is being forecasted for FY2018, the net debt to EBITDA ratio is expected to drop significantly to just over nine times from 29.2 times in FY2017. This indicates that MIH will approximately require nine years to pay back its net debt assuming that the forecasted EBITDA of €10.8 million is maintained on an annual basis.

	Actual	*Actual*	*Actual*	*Forecast*
	FY2015	FY2016	FY2017	FY2018
Gearing Ratio (1) *(Net debt / Total Equity)*	0.70x	0.79x	0.79x	0.73x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	42.49%	44.38%	45.31%	43.58%
Net Debt to EBIDTA *(Net Debt / EBIDTA)*	17.01x	n/a	29.20x	9.12x

7.5 VARIATIONS IN THE COMPANY'S FINANCIAL PERFORMANCE

for the year ended 31 December	*Actual*	*Forecasted FAS 2017*	*Forecast (revised)*	*Forecasted FAS 2017*
	FY2017	FY2017	FY2018	FY2018
	€'000	*€'000*	*€'000*	*€'000*
Revenue	8,359	6,783	17,655	20,047
Operating expenses	(3,030)	(1,628)	(4,630)	(4,700)
Gross Profit	**5,329**	**5,155**	**13,025**	**15,346**
Administrative expenses	(1,517)	(1,922)	(2,139)	(1,702)
Marketing costs	(276)	(4)	(46)	(5)
EBITDA	**3,536**	**3,228**	**10,840**	**13,640**
Other income	144	-	-	-
Depreciation	(93)	(54)	(38)	(177)
Results from operating activities	**3,586**	**3,174**	**10,803**	**13,463**
Share of profit from equity accounted investments	(80)	-	-	-
Finance income	2,757	-	1,167	-
Finance costs	(6,538)	(6,633)	(6,115)	(6,024)
Net finance costs	***(3,781)***	***(6,633)***	***(4,948)***	***(6,024)***
Net fair value gain/(loss) on interest rate swaps	145	329	30	-
(Loss) / Profit before tax	**(130)**	**(3,130)**	**5,885**	**7,439**
Tax (expense) income	356	-	(248)	-
Deferred tax	-	-	-	(256)
Net Profit / (Loss) for the year	**226**	**(3,130)**	**5,637**	**7,182**

VARIANCES – FY2017

Overall, the 2017 financial performance of MIH was much better than previously estimated. In fact, revenues were 23% higher. Moreover, although total operating, administrative and marketing costs were also higher than previously forecasted, EBITDA and operating profit still exceeded forecasts by 10% and 13% respectively. In addition, MIH posted a net profit of €0.23 million in 2017 which contrasts sharply with the previous estimate of a net loss of €3.13 million.

VARIANCES – FY2018 FORECASTS

The new financial forecasts for the current year ending 31 December 2018 are also materially different from the previous projections published on 29 May 2017. Management revised the forecasts, which anticipate a slower build-up in occupancy levels. The FY2018 figures are based on actual figures achieved during the first quarter 2018 and have been built on the basis of the level of interest and demand the Company has been getting at Palm City Residences. In this respect, revenues are now expected to be 12% lower than previously projected, and EBITDA and net profit to be over 20% inferior to the projections published last year. This notwithstanding, the improvement over FY2017 remains evident on the back of the assumed continued gradual climb in occupancy levels as tenants cautiously return in Libya.

8. Related Party Listed Securities

MIH is 50% owned by CPHCL which in turn is also the parent company of IHI plc and Corinthia Finance plc. Below is a list of all outstanding debt listed on the local capital market of each of MIH, IHI and Corinthia Finance:

Mediterranean Investments Holding plc

MT0000371279	€20,000,000	5.50% MIH plc 2020
MT0000371261	€12,000,000	6.00% MIH plc 2021
MT0000371287	€40,000,000	5.00% MIH plc 2022
	€72,000,000	

N.B. The above list excludes the €11 million 6.00% MIH UNLISTED BOND which matures in 2020.

Corinthia Finance plc

MT0000101254	€7,500,000	6.00% Corinthia Finance plc 2019/22
MT0000101262	€40,000,000	4.25% Corinthia Finance plc 2026
	€47,500,000	

International Hotel Investments plc

MT0000111279	€20,000,000	5.80% International Hotel Investments plc 2021
MT0000111287	€10,000,000	5.80% International Hotel Investments plc 2023
MT0000481227	€35,000,000	6.00% International Hotel Investments plc 2024
MT0000111295	€45,000,000	5.75% International Hotel Investments plc 2025
MT0000111303	€55,000,000	4.00% International Hotel Investments plc 2026
MT0000111311	€40,000,000	4.00% International Hotel Investments plc 2026
	€205,000,000	

Total outstanding debt listed on the local capital market of MIH, IHI and Corinthia Finance amounts to €324.5 million.

PART 4 COMPARISON TO OTHER ISSUERS

The table below compares the Company's bonds with other local corporate bonds having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations vary significantly from those of the Company and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

Bond Details	Outstanding Amount *(€)*	Total Assets *(€'000)*	Total Equity *(€'000)*	Gearing Ratio* *(%)*	Net Debt to EBIDTA** *(times)*	Interest Cover*** *(times)*	YTM (as at 15.06.2018)^ *%*
5.50% MED. INV. HOLDING PLC 2020	**20,000,000**	**280,483**	**130,527**	**44.17**	**29.20**	**0.93**	**4.48**
5.50% Pendergardens Devts plc 2020	15,000,000	68,589	14,418	66.04	29.60	1.45	2.36
6.00% MED. INV. HOLDING PLC 2021	**12,000,000**	**280,483**	**130,527**	**44.17**	**29.20**	**0.93**	**4.51**
5.8% IHI plc 2021	20,000,000	1,602,317	884,632	36.26	7.90	2.64	4.02
5.75% Central Business Centre plc 2021	3,000,000	28,567	15,926	40.16	72.96	1.77	4.21
6.00% Corinthia Finance plc 2019-22	7,500,000	1,765,072	901,595	42.07	9.50	2.23	4.95
5.00% MED. INV. HOLDING PLC 2022	**40,000,000**	**280,483**	**130,527**	**44.17**	**29.20**	**0.93**	**4.28**
6.00% Pendergardens Devts plc 2022	27,000,000	68,589	14,418	66.04	29.60	1.45	3.6
6.00% Medserv plc 2020-2023	20,000,000	153,273	28,251	63.53	11.40	1.10	5.56
4.25% GAP Group plc 2023	40,000,000	56,906	6,696	85.08	13.20	2.60	3.47
5.80% IHI plc 2023	10,000,000	1,602,317	884,632	36.36	7.90	2.64	3.93

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 15 June 2018. Ratio workings and financial information quoted have been based on the respective issuers' published financial data (or their guarantors, where and as applicable).

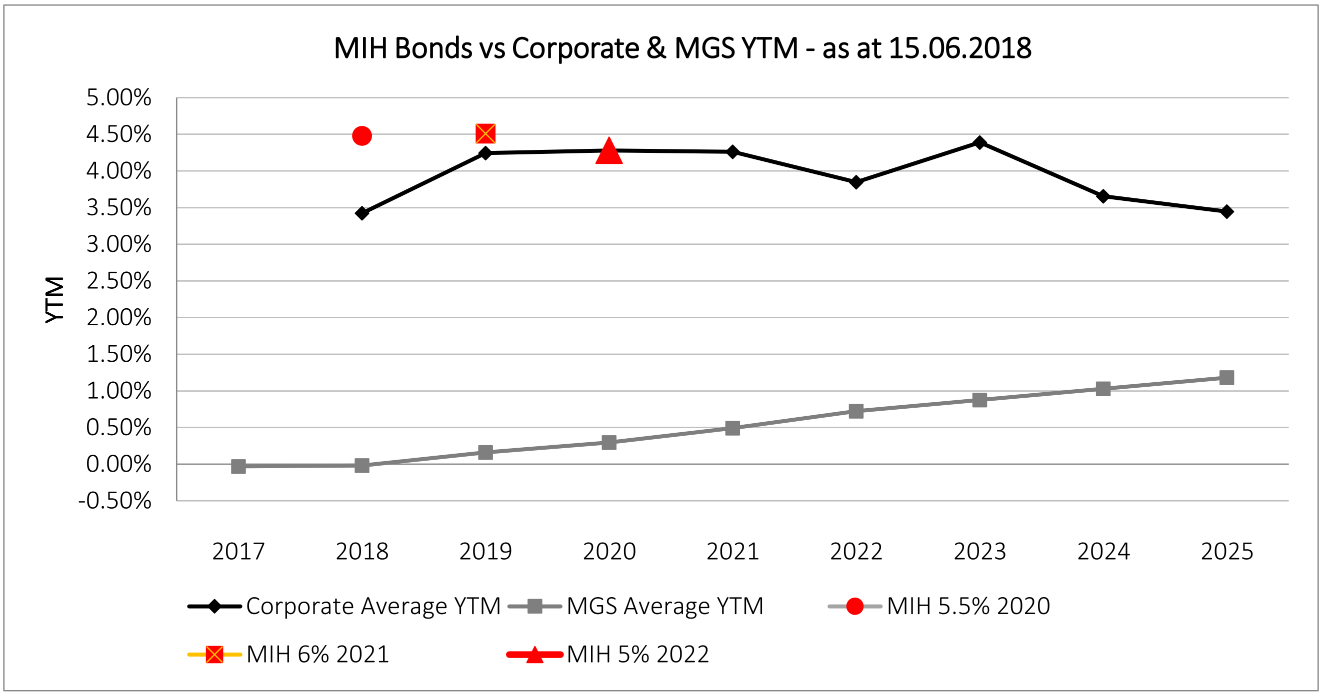
**Gearing: This refers to the fundamental analysis ratio of a company's level of long-term debt compared to its equity capital. In the above table this is computed as follows: Net Debt / [Net Debt + Equity).*

***Net Debt to EBITDA: This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.*

****Interest Cover: The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.*

^Yield to Maturity (YTM) from rizzofarrugia.com, based on bond prices of 15 June 2018. YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

The chart below shows the average yield to maturity of the MIH bonds compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve. All the yields presented hereunder are as at 15 June 2018.



The following is a summary of the YTMs of each of the outstanding MIH bonds and how they compared to the average YTMs of corporate bond and MGS with a similar maturity:

	YTM	Premium (Discount) over Corporate Bond Average	Premium over Average MGS
MIH 5.5% 2020	4.80%	(43bps)	481bps
MIH 6% 2021	6.00%	130bps	581bps
MIH 5% 2022	5.00%	11bps	464bps

GLOSSARY

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
Cost of Sales	The costs incurred in direct relation to the operations of the Company
Gross Profit	The difference between Revenue and Cost of Sales.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

BALANCE SHEET STATEMENT EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.

Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings and any reserves.