Company Announcement

The following is a Company Announcement issued by MIDI p.l.c. ("MIDI" or the "Company") pursuant to the Listing Rules issued by the Listing Authority.

Quote

Update to the Financial Analysis Summary

MIDI p.l.c. announces the publication of the update to the Financial Analysis Summary dated 23rd June 2020, prepared by Rizzo Farrugia & Co (Stockbrokers) Ltd., in line with the requirements of the Listing Authority Policies in relation to the €50 million 4% Secured Bonds 2026 issued by the Company in 2016.

The update to the Financial Analysis Summary is being attached to this announcement. This report is also available on the Company's website via the following link https://www.midimalta.com/en/updatefas.

Unquote

Catherine Formosa

Catherine Formosa
Company Secretary

23rd June 2020

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
MIDI plc
North Shore,
Manoel Island,
Limits of Gzira, GZR 3016

23 June 2020

Dear Sirs,

MIDI plc – update to the Financial Analysis Summary (the **"Update FAS"**)

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

The purpose of the Update FAS is that of summarising key financial data appertaining to MIDI plc (the "**Company**", "**MIDI**", or "**Issuer**") in relation to the €50 million 4% Secured Bonds 2026 issued by the Company in 2016.

The data in this Update FAS 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 to 2019 has been extracted from the Issuer's audited statutory financial statements for the three years in question, as and when appropriate.

(b) The forecast data for the financial year ending 31 December 2020 has been provided by management of the Issuer.

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

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

(e) Relevant financial data in respect of the comparative set as analysed in part D has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Malta Business Registry.

The Update FAS is meant to assist potential investors by summarising the more important financial data of the Issuer. The Update FAS does not contain all data that is relevant to potential investors and is meant to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Issuer 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 Update FAS and no representation or warranty is provided in respect of the reliability of the information contained in this report. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo
Director

FINANCIAL ANALYSIS SUMMARY

Update 2020

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013.

23 June 2020

RIZZO FARRUGIA

YOUR INVESTMENT CONSULTANTS

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Important Information

Purpose of the Document

MIDI plc (the "**Company**", "**MIDI**" or the "**Issuer**") issued €50 million 4% Secured Bonds 2026 pursuant to a prospectus dated 28 June 2016 (the "**Bond Issue**"). The prospectus included a Financial Analysis Summary ("**FAS**") in line with the requirements of the Listing Policies as issued and last updated by the MFSA on 5 March 2013. The purpose of this report is to provide an update to the FAS (the **"Update FAS**") on the performance and on the financial position of the Company.

Sources of Information

The information that is presented has been collated from a number of sources, including the Company's website (www.midimalta.com), the Company's audited financial statements for the years ended 31 December 2017, 2018 and 2019 and forecasts for financial year ending 31 December 2020.

Forecasts that are included in this document have been prepared and approved for publication by the directors of the Company, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st January to 31st December. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Previous FAS Issued

The Company has published the following FAS which are available on its website:

FAS dated 28 June 2016 (appended to the prospectus)

FAS dated 19 June 2017

FAS dated 20 June 2018

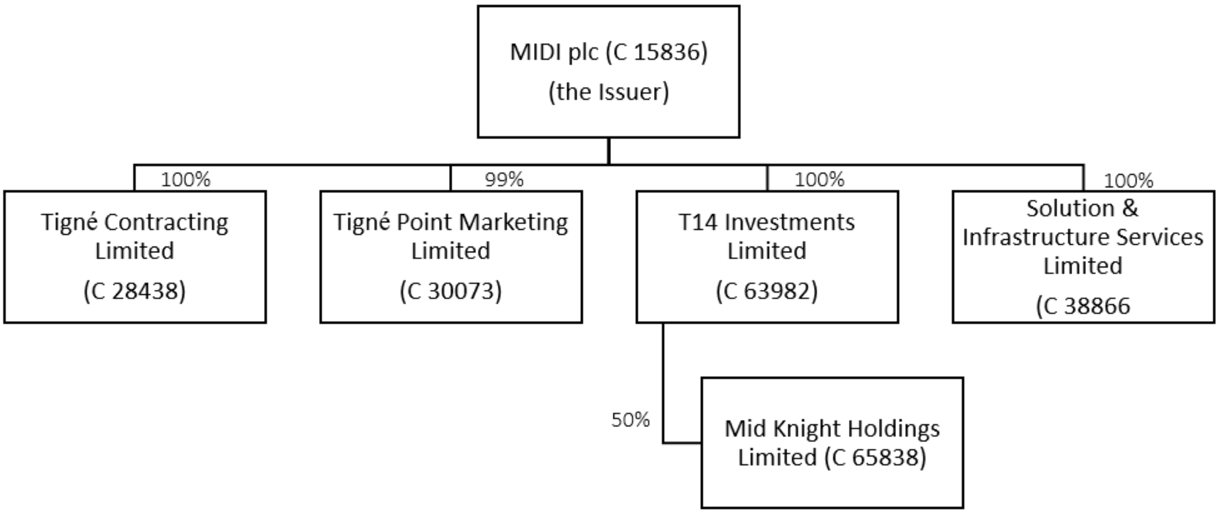
FAS dated 21 June 2019

PART A BUSINESS & MARKET OVERVIEW UPDATE

1. INTRODUCTION

MIDI plc was established in 1992 as a private consortium and was admitted to listing on the Malta Stock Exchange in December 2010. In June 2000, MIDI acquired the emphyteutical rights to the land at Tigné Point (Sliema) and Manoel Island (Gzira) from the Government of Malta for a period of 99 years. Tigné Point is one of the largest residential, commercial and leisure property development projects in Malta to date.

The MIDI Group is currently composed of the Issuer which is the holding Company of several subsidiary companies as shown in the organigram below.



T14 INVESTMENTS LIMITED AND MID KNIGHT HOLDINGS LIMITED

T14 Investments Limited ("**T14IL**") was established in Malta on 21 February 2014 as a private limited liability company. During that same year, T14IL entered into a joint venture with Benny Holdings Limited (a company substantially owned by Mr Mark Weingard who sits on the board of MIDI plc) – Mid Knight Holdings Limited – with a view to develop and manage a business centre (known as The Centre) located at Tigné Point.

SOLUTION & INFRASTRUCTURE SERVICES LIMITED

Solution & Infrastructure Services Limited ("**SIS**") was established in Malta on 5 June 2006 as a private limited liability company. The company was initially set up as a joint venture between MIDI and Siemens S.p.A. On 14 September 2015, MIDI acquired the remaining 50% shareholding owned by Siemens S.p.A.

The principal operations of SIS are now focused on the operation of an HVAC centralised system which consists of the provision of heating and cooling to various residential and commercial components at Tigné Point.

Apart from HVAC, other building technologies such as fire detection, access control and CCTV services are also provided by SIS at Tigné Point, albeit to a lesser extent.

Tigné Point Marketing Limited

Tigné Point Marketing Limited ("**TPML**") was established in Malta on 7 August 2002 as a private limited liability company. TPML handles all marketing and sales activities of the Group. The company has a specialised selling and marketing team and is the main point of contact with MIDI's customers.

2. Key Assets and Developments

Tigné Point

Tigné Point is a residential, commercial and leisure development located in Sliema. The development comprises 379 residential units complemented by office facilities, a shopping mall, parking facilities and Pjazza Tigné which also includes commercial and leisure outlets. The project places a strong emphasis on the restoration of historic sites including Fort Tigné, St. Luke's Garrison Chapel, army barracks and the clock tower. All traffic is routed underground, providing a car-free zone at ground floor level and extensive green areas and public spaces. These attributes make it a unique development for Malta in many respects.

Q2

Development of the Q2 residential block was concluded during 2018, and 45 of the 60 units were delivered during financial year 2018, additional to a penthouse that was delivered during FY2016. A further 11 apartments were delivered during FY2019. This leaves a balance of three residential units (one of which is a penthouse). In FY2019, the Company also finalised the sale of three commercial outlets. Total revenue generated from these sales amounted to €24.3 million.

T14 – The Centre

The joint venture between MIDI and a third-party investor in 2014 - Mid Knight Holdings Limited - to carry out the construction and development of the T14 Business Centre, now known as The Centre, has been completed during 2017. The Centre is fully owned by Mid Knight Holdings Limited save for one floor which was sold during FY2017. The remaining owned floors are now fully tenanted.

Developments in 2020

COVID-19 Update

The projections for FY2020 as presented in Part B of this report were prepared by MIDI plc taking into account the uncertainty brought about by COVID-19. Management have been prudent in their assumptions and these are reflected in the projected revenues of both the sale of property and rental operations. The number of residential units left available for sale are three, and while these remain available for sale, management has taken a prudent approach and did not factor in any revenue from a potential sale of these apartments during FY2020. While the Company continues ahead with its plans for the development of the Q3 project and the preparatory works for the Manoel Island project (as described further below), it remains vigilant on developments as a result of COVID-19 with a view of taking the necessary measures so as to curb any potential negative impact on the Company's current business and future plans.

The impact of COVID-19 on rental income has, so far, not been material and this is expected to remain the case, particularly since the re-opening of stores as from 4 May 2020, while restaurants were allowed to re-open as from 19 May 2020. With regards to cash flows, the Company has made necessary assessments, and its projections indicate that it is expected to have sufficient liquidity and financial resources to meet all its ongoing obligations and forecasted cash outflows, including the payment of interest to its bondholders. Furthermore, the Company's directors have prudently recommended that no dividend is paid out in 2020 with regards to FY2019 performance, with a view of conserving cash balances in case the effects of COVID-19 prolong or take a turn to a worst case scenario. In addition to these measures, the Company opted to undergo a cost-cutting exercise with the same aim in mind.

New Development – the Q3 (ex-T20) Site

MIDI plc has a remaining site within the Tigné Point complex, Q3 (previously known as T20) which will comprise a development of circa 9,000 sqm. This development will comprise of 63 apartments spread over 17 floors and four levels of car parking, as well as the embellishment of the Garden Battery and adjoining areas. Permits were granted in April 2020 (and are now subject to an appeal) and a tender process has commenced to sign on contractors for the project. Construction is expected to commence in early 2021 and the apartments are aimed to be delivered between 2024 and 2025. This will conclude the development of Tigné Point.

Developments on the Manoel Island Project

The Company's masterplan for this project envisages the development of a low-rise marina village, the enhancement of the yacht marina, the creation of an 80,000 sqm of public park spaces, and the restoration of a number of the historical buildings located on Manoel Island, most notably the Lazzaretto which is also envisaged to be converted into a five star hotel including serviced apartments. The western part of the island will comprise a series of low-rise residential blocks (up to four floors). Furthermore, car parking facilities will be located underground. The outline development permit was approved by the Planning Authority in March 2019, providing for gross developable area of 127,178 sqm.

On the 17 June 2020, MIDI announced that the Environment & Planning Review Tribunal ("**EPRT**") had concluded that there was a breach in the Environment Impact Assessment ("**EIA**") in respect of the approved revised Outline Development Permit for Manoel Island. The EPRT decided that a fresh EIA must be submitted by the Company to the Environment Resources Authority in order for the Planning Authority to reconsider the application.

In its announcement, the Company reiterated its full commitment to the Manoel Island project and the development of the site as contemplated in the deed of emphyteusis entered into with Government on the 15 June 2000.

Discussions with Tumas Group

In June 2018, MIDI plc announced that it had entered into preliminary discussions with Tumas Group Company Limited to explore the possibility of establishing a joint venture with respect to the development of Manoel Island. Since then, the Company updated the market that these discussions ceased as announced by the Company in December 2019.

Governance and Senior Management

The Board of MIDI consists of nine independent non-executive directors who are entrusted with the overall direction and management of the Company. The Board is currently composed of the following directors:

Board of Directors	Role
Dr Alec A. Mizzi	Chairman & Non-Executive Director
Mr Joseph Bonello	Non-Executive Director
Mr David G. Curmi	Non-Executive Director
Mr David Demarco	Non-Executive Director (*resigned on 11 June 2019; re-appointed on 17 June 2019)*
Mr Joseph A. Gasan	Non-Executive Director
Mr John Mary *sive* Jimmy Gatt	Non-Executive Director (*appointed on 11 June 2019)*
Mr Alan Mizzi	Non-Executive Director
Mr Joseph Said	Non-Executive Director
Mr Mark Weingard	Non-Executive Director

During 2019, Jonathan Buttigieg also served as a member of the board of directors of the Issuer, until 11 June 2019.

The Issuer has a number of employees of its own. The executive management of MIDI is composed of the following:

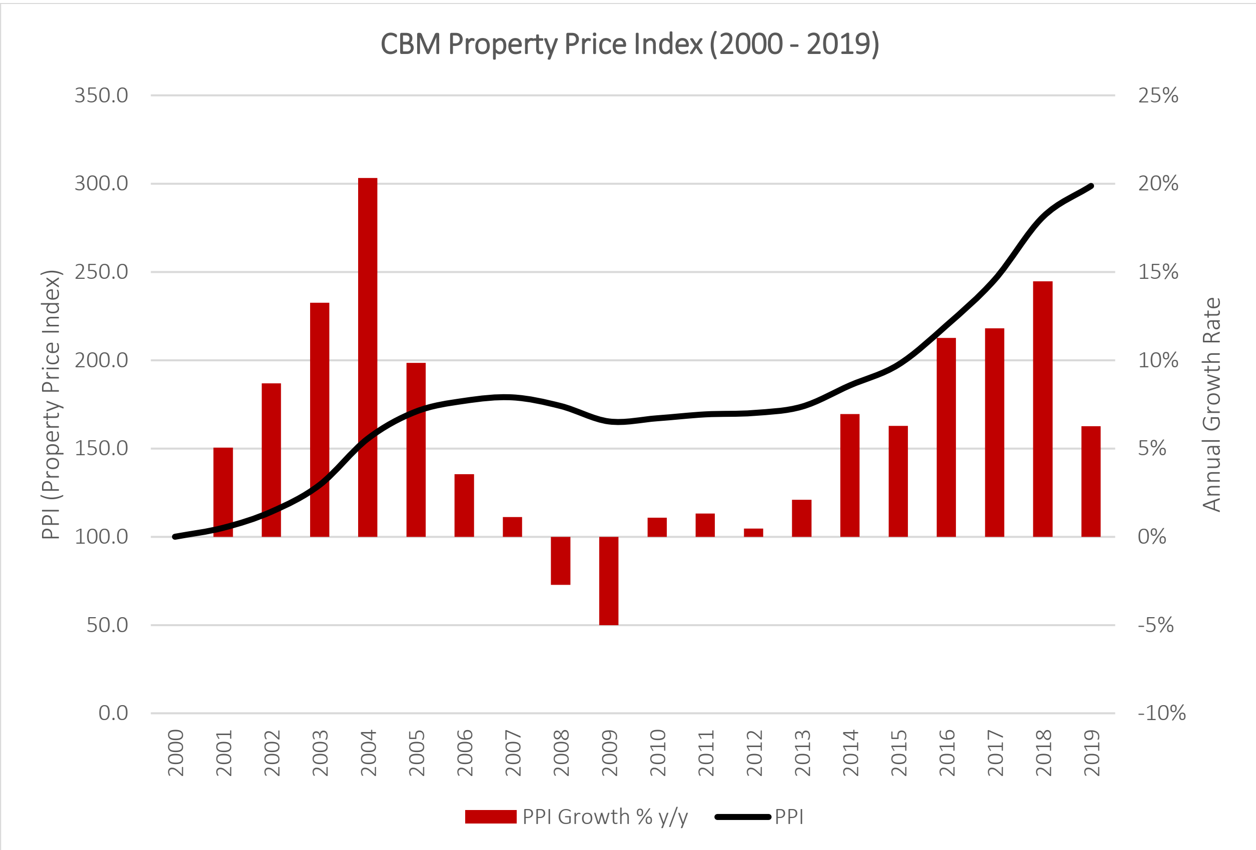
Executive Management	Role
Mr Mark Portelli	Chief Executive Officer
Dr Catherine Formosa	Company Secretary
Mr Jesmond Micallef	Chief Financial Officer
Mr Ivan Piccinino	Senior Project Manager

During 2019, Eshan Tabrizi held the post of Chief Commercial Manager until 28 June 2019

3. MARKET OVERVIEW

The construction and real estate industry has traditionally been a key driver of growth for the local economy. Moreover, the positive correlation between the performances of the local economy and the construction and real estate industry has been particularly evident in recent years. These have been mainly fuelled by favourable local and external macroeconomic dynamics as well as various initiatives (including fiscal incentives) by the Government of Malta aimed at boosting the overall level of public and private investment, regenerate business/retail and consumer confidence, and increase the participation and relocation of numerous foreigners and foreign companies opting to reside and do business in Malta.

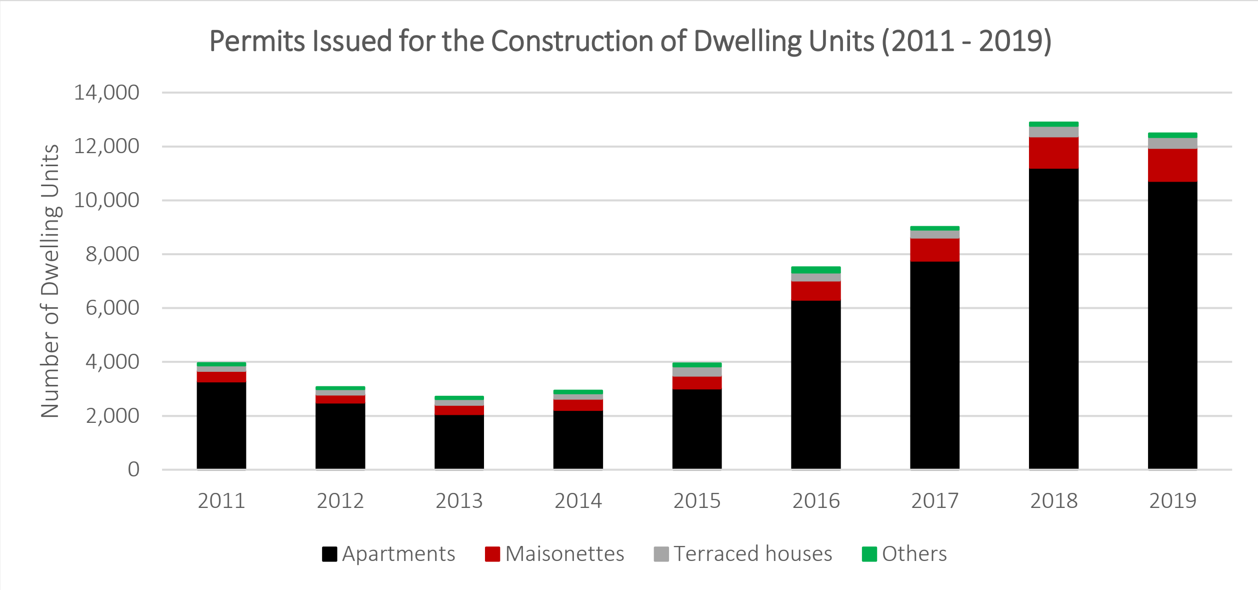
The most recent data issued by the Central Bank of Malta shows that property prices in Malta increased by 6% in 2019 over the previous year. This led the CBM Property Price Index, which tracks movements in the advertised prices of the major types of residential property, to reach a new all-time high of 298.7 points as at the end of 2019 compared to 281.1 points as at the end of 2018.



Source: Central Bank of Malta

The CBM Property Price Index also shows that property prices in Malta have increased by a compound average growth rate ("**CAGR**") of 5.6% per annum (in nominal terms) since 2000.

The most recent upturn in property prices in Malta was mainly demand-driven. In fact, although statistics show that the number of permits for residential units issued by the Planning Authority eased slightly for the first time in five years, this was still the second highest amount of planning permits for new dwellings ever issued. During 2019, the Planning Authority sanctioned the development of 12,485 units, slightly lower than the 12,885 permits issued in 2018 but significantly higher than the 9,006 permits issued in 2017. The slight decline in 2019 was due to a decline in permits for apartments (the largest category of residential units), whilst maisonettes and terraced houses both experienced increases.



Source: Planning Authority

Commercial Property

Although commercial property is a very important niche of the local property market, available statistics are indeed limited. Nonetheless, empirical evidence suggests healthy and buoyant demand, particularly for high-quality office space in line with the increase in the number of foreign companies operating in Malta. Indeed, with the constant influx of foreigners seeking to set up, transfer or expand their business locally, the demand for office space has increased considerably in recent years, mainly driven by Government's efforts at promoting Malta as a prime international business destination particularly for entities operating in financial services, i-gaming, information technology, aircraft maintenance and maritime. Other factors that contributed towards this success are an advanced telecommunications network, highly skilled professionals at competitive labour costs, Malta's strategic location and the implementation of laws in line with EU laws and directives.

Economic Results

Property remains an important contributor to the country's GDP. The improved activity and sentiment across the local property market also reflected in the contribution of this sector to Malta's GDP. In fact, gross value added of the construction sector increased by over 14% to €447 million in 2019 compared to €393 million in the previous year. Over the same period, the percentage share of the construction sector to Malta's GDP grew as the construction sector grew at a faster pace than other sectors within the local economy. Similarly, during

2019 strong growth was also registered within the real estate activities segment which grew at a rate of 7% to €552 million from €514 million in 2018.

COVID-19 Impact on the Property Sector

The COVID-19 pandemic has impacted the residential rental market in Malta in a number of ways. Firstly, the demand side from incoming tourism has ceased following the temporary closure of Malta International Airport and the lasting effect on tourism worldwide. Secondly, a substantial number of third-country nationals have been made redundant and have since been repatriated to their home countries and in doing so increasing the number of vacant residential properties. Finally, the strong supply of new properties on the market has also put downward pressure on rental prices. Altogether, this has encouraged short-let property owners to consider renting their properties on a long-let basis at considerably discounted rates when compared to pre-COVID-19 times. The weakened demand has also forced some property owners to sell their properties at discounted rates in order to meet debt obligations with credit institutions.

In cognisance of the importance of the property sector to the Maltese economy, the Government of Malta has so far introduced a number of fiscal measures within this segment including reducing the stamp duty for buyers and withholding tax for sellers which applies to anyone still under a promise of sale agreement and will cover the first €400,000 for deeds published until March 2021. For buyers, the stamp duty was dropped from 5% to 1.5%, while the withholding tax for sellers was dropped from 8% to 5%. Moreover, going forward owners of small property portions and garages will be eligible as first-time buyers.

Furthermore, the Government of Malta has directed credit and financial institutions to offer a six-month moratorium on repayment of capital and interest aimed to support economically vulnerable persons who have been materially affected by the COVID-19 outbreak. Another incentive recently issued by the government to support the property market was the launch of a loan scheme for property buyers between the ages of 21 to 39 who do not have enough liquidity available to fund the 10% deposit.

4. REVIEW OF THE INCOME STATEMENT

<u>Note on revenue recognition from sale of property:</u> In terms of accounting standards, revenue arising from the Company's sale of property can only be recognised in its income statement when significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This means that while the Company may enter into a number of promise of sale agreements and receive the relative deposits, no such cash flows can be recognised as revenue until the deed of sale is published for each of the apartments, i.e. when the ownership of the apartment is completely transferred from the Company to the new owner.

	ACTUAL FY2017 *€'000*	ACTUAL FY2018 *€'000*	ACTUAL FY2019 *€'000*	FORECAST FY2020 *€'000*
Revenue	4,636	52,469	27,724	2,179
Cost of Sales	(3,051)	(29,932)	(13,135)	(1,247)
Gross Profit	**1,586**	**22,537**	**14,589**	**932**
Other net operating costs	(3,799)	(3,500)	(2,515)	(2,572)
EBITDA	**(2,213)**	**19,037**	**12,074**	**(1,640)**
Depreciation	(573)	(586)	(392)	(288)
Movement in fair value of investment property				
Results from operating activities	**(2,786)**	**18,451**	**11,682**	**(1,928)**
Net finance costs	**(2,255)**	**(1,942)**	**(2,074)**	**(2,340)**
Share of (loss)/profit of joint venture	26,281	1,348	1,626	2,300
Impairment charge on goodwill		-	-	-
(Loss) / Profit before tax	**21,240**	**17,857**	**11,234**	**(1,968)**
Tax income / (expense)	(465)	(6,224)	(3,019)	-
(Loss) / Profit for the period	**20,775**	**11,633**	**8,215**	**(1,968)**

FY2019 REVIEW

The Group's revenue streams are divided into two main segments: (a) the development and sale of property, which comprises primarily the construction and sale of residential units within Tigné Point; and (b) rental and management of commercial property, which involves the leasing and management of retail space at Pjazza Tigné and the catering units situated at the foreshore at Tigné Point, the management of the public car park (up to November 2018), as well as the operations of SIS (acquired by MIDI in September 2015).

Revenue and Other Income Analysis by Operating Segment

	ACTUAL	ACTUAL	ACTUAL	FORECAST
	FY2017	FY2018	FY2019	FY2020
	€'000	*€'000*	*€'000*	*€'000*
Development and sale of property	184	48,581	24,286	-
Rental and management of commercial property	4,452	3,888	3,438	2,179
Total Revenue	4,636	52,469	27,724	2,179

In FY2018, MIDI completed its development of the Q2 units, and as such, several apartments which were on promise of sale agreement were delivered and a deed of sale signed. In view of the accounting treatment for revenue as explained in the preamble of this part, the revenue in relation to the delivered apartments is recognised in the year when such residential units are delivered to the new owners (i.e. upon the publication of deed of sale). In FY2018 revenue from this segment amounted to €48.6 million, while for FY2019, this was €24.3 million, in view of the lesser amount of units available to be delivered in that year. The remaining €3.4 million consisted of rental income and management of commercial property and car parking activities.

After deducting cost of sales of €13.1 million, which in the main consisted of costs in relation to the recognised deeds of the delivered Q2 units, the Company's gross profit stood at €14.6 million. After deducting other operating costs of €2.5 million (which is net of other income of €134K), the Company's EBITDA stood at €12.1 million (in FY2018, EBITDA was €19 million).

During FY2019, the Company adopted IFRS 16 – Leases and as a result, recognised interest on lease liabilities in its net finance costs of €95K. This and the lower interest income earned during the year led to the increase in net finance costs from €1.9 million in FY2018 to €2.1 million in FY2019.

The share of profit from the Group's investment in Mid Knight Holdings Limited, the joint venture owning and operating The Centre at Tigné Point, was €1.6 million.

The tax charge for FY2019 was €3 million and the resultant net profit amounted to €8.2 million, which is lower than that of FY2018, (€11.6 million), which however, includes a significantly higher amount of units delivered during the said year. This is reflective of the volatility of the Company's revenues which fluctuate according to the projects undertaken and the units delivered in any given year.

Forecast FY2020

The number of units delivered in FY2019 exceeded the projections of the year (as is explained later in section 9 of this report). Given that more apartments were delivered than expected in FY2019, leaving a balance of just three units available for sale, the projections of FY2020 therefore have been effected accordingly, particularly when compounded with the prudent assumption that the remaining units available will not be sold during FY2020 due to the COVID-19 pandemic.

As such, revenue for FY2020 is projected to consist solely of €2.2 million relating to rental income, car park operations and revenues generated by SIS's operations. The lower rental income when compared to FY2019 is the result of concessions granted by the Company to its tenants in relation to rent during the enforced lockdown of non-essential outlets and catering units, reduction in the activity of the car park operations and a reduction in the revenues generated by SIS's operations. The effects of COVID-19 are expected to be felt beyond merely the enforced lockdown period with economic activity remaining subdued for some time post-lockdown. EBITDA for FY2020 is expected to be negative, at €1.6 million, since the Company's revenue for this year will not sufficiently cover direct and other operating expenses.

Depreciation charge is very much in line with that incurred in FY2019, while net finance costs are expected to be slightly higher in view of the repayment of the shareholders' loan by Mid Knight Holdings Limited, which results in no interest income receivable for the year. The share of profit from Mid Knight Holdings Limited, which operates The Centre within Tigné Point, is expected to contribute a further €2.3 million (FY2019: €1.6 million) – the increase being a result of incremental rate increases and costs optimisation. No taxation expense is forecasted for FY2020 in view of the fact that no sale of property is being projected for the year and with tax due on income from its rental operations being set off against accumulated tax losses.

6. Review of Cash Flows Statement

	ACTUAL FY2017 €'000	ACTUAL FY2018 €'000	ACTUAL FY2019 €'000	FORECAST FY2020 €'000
Net cash from / (used for) operating activities	(8,242)	7,327	1,118	(15,405)
Net cash from / (used for) investing activities	107	4,459	(46)	-
Net cash from / (used for) financing activities	4,190	(8,395)	7,416	541
Net movements in cash and cash equivalents	**(3,945)**	**3,391**	**8,488**	**(14,864)**
Cash and cash equivalents at beginning of the year	13,829	9,884	13,275	21,763
Cash and cash equivalents at end of year	**9,884**	**13,275**	**21,763**	**6,899**

FY2019 Review

The cash position of the Group benefitted from the signing of further deeds of sale of the Q2 units during FY2019. Furthermore, in FY2019, Mid Knight Holdings Limited, the Company's joint venture, repaid a loan to the tune of €9.7 million which was outstanding at the end of FY2018. The Group's spend in FY2019 on additional PPE was just below €46,000, comprising of office equipment and plant integral assets (in FY2018, the Group generated €4.5 million following the disposal of the car park for €4.6 million). The cash balances at the end of the financial year were €21.8 million.

Forecast FY2020

As inferred earlier, for prudence sake, management did not project any sale of the remaining three units, and as such, the net cashflows from operations are expected to be negative, reflecting only income receivable from its rental operations and the payment of operational costs for the year.

No cashflows are envisaged to be used or generated from investing activities during FY2020, while cash flows generated through financing activities are expected to be €0.5 million, reflecting dividends anticipated from the Company's investment in Mid Knight Holdings Limited, which are expected to be in excess of the finance costs incurred on the borrowings outstanding during FY2020.

The cash balances that the Company had as at the end of FY2019 will support the operational cash outflows necessary in FY2020. As a result, the cash position as at the end of December 2020 is expected to be €6.9 million.

7. Review of Statement of Financial Position

	ACTUAL FY2017 €'000	ACTUAL FY2018 €'000	ACTUAL FY2019 €'000	FORECAST FY2020 €'000
ASSETS				
Property, plant and equipment	20,540	2,182	2,619	2,331
Right of Use Asset	-	-	13,135	12,902
Investment property	21,728	37,078	37,078	37,078
Investment in joint ventures	28,244	29,593	29,843	30,643
Available-for-sale financial assets	514	508	532	532
Loans receivable from joint ventures	9,701	9,701	-	-
Term placements with banks	-	-	-	-
Deferred tax assets	3,107	1,273	607	607
Total non-current assets	**83,834**	**80,335**	**83,814**	**84,093**
Inventories - development project	140,269	123,627	125,423	133,835
Trade and other receivables	3,936	3,155	3,417	2,445
Current tax asset	235	-	62	62
Cash and cash equivalents	10,135	13,496	21,901	6,899
Total current assets	**154,575**	**140,278**	**150,803**	**143,241**
Total assets	**238,409**	**220,613**	**234,617**	**227,334**
LIABILITIES				
Borrowings	62,211	49,303	49,395	49,395
Lease Liabilities	-	-	12,990	12,594
Trade and other payables	26,038	22,263	18,086	13,597
Total non-current liabilities	**88,249**	**71,566**	**80,471**	**75,586**
Borrowings	3,926	10,000	10,000	10,000
Lease Liabilities	-	-	654	654
Trade and other payables	59,614	41,607	39,526	39,097
Total current liabilities	**63,540**	**51,607**	**50,180**	**49,751**
Total liabilities	**151,789**	**123,173**	**130,651**	**125,337**
EQUITY				
Share capital	42,832	42,832	42,832	42,832
Share premium	15,879	15,879	15,879	15,879
Other reserves	2,094	1,287	1,311	1,311
Retained earnings	25,816	37,442	43,943	41,975
Total equity	**86,621**	**97,440**	**103,965**	**101,997**
Total equity and liabilities	**238,409**	**220,613**	**234,617**	**227,334**

FY2019 REVIEW

MIDI's asset base for FY2019 was of €234.6 million. the increase from FY2018's value of €220.6 million was in relation to the recognition of the right-of-use asset following the adoption of IFRS16 – Leases, which is attributable to the ground rent payment obligation the Company has with the Government of Malta for the land at Manoel Island and Tigné Point. During FY2019, there was a significant increase in cash and equivalents netted which was attributable to the payment received from Mid Knight Holdings Limited in connection with the shareholder's loan which the Company had provided to Mid Knight Holdings Limited.

Similarly, with respect to IFRS16 – Leases, a lease liability was recognised on the Company's balance sheet that represents the present value of the lease payments payable until the underlying lease agreements expire. The composition of the remaining liabilities remained largely unchanged, with the Company being financed through a mix of capital market borrowings (a €50 million bond due in 2026 carrying a coupon of 4%, short term bank borrowings amounting to €10 million and total equity of €104.0 million).

FORECAST FY2020

Preparatory works on the Q3 development will be carried out in FY2020, following receipt of full development permit earlier this year. Similarly, it is anticipated that continued planning and preparatory works on the Manoel Island development continue to be carried out in FY2020. This will result in the capitalisation of some of the costs related to the project (in inventory) which is expected to increase from €125.4 million in FY2019 to €133.8 million in FY2020.

As discussed earlier, the cash balances available at the end of FY2019 will be applied to sustain the Company's operations in FY2020, which will feature a subdued year of revenue given that no sale of property is being projected. This will also be augmented by the temporary waiver of rent to tenants at the Pjazza extended to them as a means of short to medium term support through the COVID-19 lockdown.

The other components of the Company's balance sheet are expected to remain in line with FY2019 and reflect the subdued level of operations in FY2020, as explained above. The mix of financing is expected to remain unchanged from FY2019.

Net Asset Value

	ACTUAL FY2017	ACTUAL FY2018	ACTUAL FY2019	FORECAST FY2020
NAV per Share *(Total equity / Number of shares in issue)*	€ 0.404	€0.455	€0.485	€0.476

The Group's net asset value continued to increase and as at the end of financial year 2019 stood at €0.485 per share, up from €0.455 as at the end of FY2018. This has been based on additional value generated by the Group during the year, which translates from the improved performance during FY2019. The expected NAV for FY2020 is expected to contract to €0.476, reflecting the expected loss made during the year.

8. Ratio Analysis

The following set of ratios have been computed by Rizzo Farrugia & Co (Stockbrokers) Ltd using the figures extracted from annual reports and management information.

Note: where the ratios were non-comparable because of a negative return or a negative result, the ratio has been recorded as 'n/a'.

Profitability Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to generate profitable sales from its assets.

	ACTUAL FY2017	ACTUAL FY2018	ACTUAL FY2019	FORECAST FY2020
Gross Profit margin *(Gross Profit / Revenue)*	34.20%	42.95%	52.62%	42.77%
EBITDA margin *(EBITDA / Revenue)*	N/A	36.28%	43.55%	N/A
Operating Profit margin *(Operating Profit / Revenue)*	N/A	35.17%	42.14%	N/A
Net Profit margin *(Profit for the period / Revenue)*	448.08%	22.17%	29.63%	N/A
Return on Equity *(Profit for the period / Average Equity)*	26.98%	12.64%	8.16%	N/A
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	14.81%	7.52%	5.13%	N/A
Return on Assets (ROA) *(Profit for the period / Average Assets)*	9.40%	5.07%	3.61%	N/A

Despite the lower revenue recorded for FY2019 when compared to the earlier financial period, MIDI registered better returns on improved margins. Meanwhile, in view of the lower profit for the year, the returns on the balance sheet figures came in lower in FY2019. In view of the subdued activity in FY2020 which is expected to impact profitability, most of the ratios cannot be commented about since the forecasted return for the year is negative.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its short-term obligations.

	ACTUAL FY2017	ACTUAL FY2018	ACTUAL FY2019	FORECAST FY2020
Current Ratio *(Current Assets / Current Liabilities)*	2.43x	2.72x	3.01x	2.88x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.16x	0.26x	0.44x	0.14x

In view of the revenue generated by property sales from the Q2 residential block and the repayment of the loan by Mid Knight Holdings Limited to MIDI in FY2019, the Company had significant cash balances in FY2019, which effected positively its Current and Cash Ratios. Meanwhile for FY2020, these ratios are expected to weaken as the cash build up in FY2019 is expected to be used by the Company to support its operations, as discussed in earlier parts of this document, although the current assets will be expected to reflect the capitalised costs on the Manoel Island and Q3 developments in inventory.

Solvency Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its debt obligations.

	ACTUAL FY2017	ACTUAL FY2018	ACTUAL FY2019	FORECAST FY2020
Interest Coverage ratio *(EBITDA / Net finance costs)*	n/a	9.80x	5.82x	n/a
Gearing Ratio *(Net debt / [Net Debt + Total Equity])*	0.39x	0.32x	0.27x	0.34x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	43.30%	37.83%	36.36%	36.80%
Net Debt to EBIDTA *(Net Debt / EBIDTA)*	n/a	2.41x	3.11x	n/a

The composition of the Company's financing of its activities and operations continues to be a mix of bank debt, bonds and equity. In FY2019, equity was further increased through the retained profits made during that year. This led to improved gearing ratios reportable for the Company. The significant cash generated in FY2019 also contributed to this as net debt came in lower.

Meanwhile, in view of the lower EBITDA in 2019, the Net Debt to EBITDA ratio was higher in FY2019 at 3.11x as opposed to the 2.41x in FY2018. Similarly, the interest coverage ratio weakened to 5.82x from 9.8x in FY2018, on the lower level of EBITDA and higher net finance costs (although the latter now include the lease payments which were previously recorded as part of operating costs).

In FY2020, given the lower level of cash that would net off the level of debt of the Company, gearing is expected to increase.

Additional Ratios

The following additional ratios are being computed in relation to the listed shares of the Company:

	ACTUAL FY2017	ACTUAL FY2018	ACTUAL FY2019	FORECAST FY2020
Earnings per Share (EPS) *(Net profit / No. of shares in issue)*	€0.0970	€0.0543	€0.0384	n/a
Dividend Cover *(EPS / Dividend paid per share)*	13.86x	6.79x	4.79x	n/a

The Company can only recognise revenues upon the delivery of units (i.e. upon the signing of the final deed), and as such, there is an element of volatility reflective of this in the calculation of the EPS. Similarly, the increased profitability seen in FY2017 and FY2018 was translated in high dividend cover in both years, which however, came down to 4.79x in FY2019 on the back of lower profits recorded in the period.

9. VARIANCE ANALYSIS

Statement of Comprehensive Income	FORECASTED FY2019 €'000	ACTUAL FY2019 €'000	*Variance*
Revenue	16,657	27,724	*66%*
Cost of Sales	(7,326)	(13,135)	*79%*
Gross Profit	**9,331**	**14,589**	*56%*
Other net operating costs	(3,375)	(2,515)	*-25%*
EBITDA	**5,956**	**12,074**	*103%*
Depreciation	(325)	(392)	*21%*
Results from operating activities	**5,631**	**11,682**	*107%*
Net finance costs	(2,177)	(2,074)	*-5%*
Share of (loss)/profit of joint venture	1,400	1,626	*16%*
Profit before tax	**4,854**	**11,234**	*131%*
Tax income / (expense)	(1,344)	(3,019)	*125%*
Profit for the period	**3,510**	**8,215**	*134%*

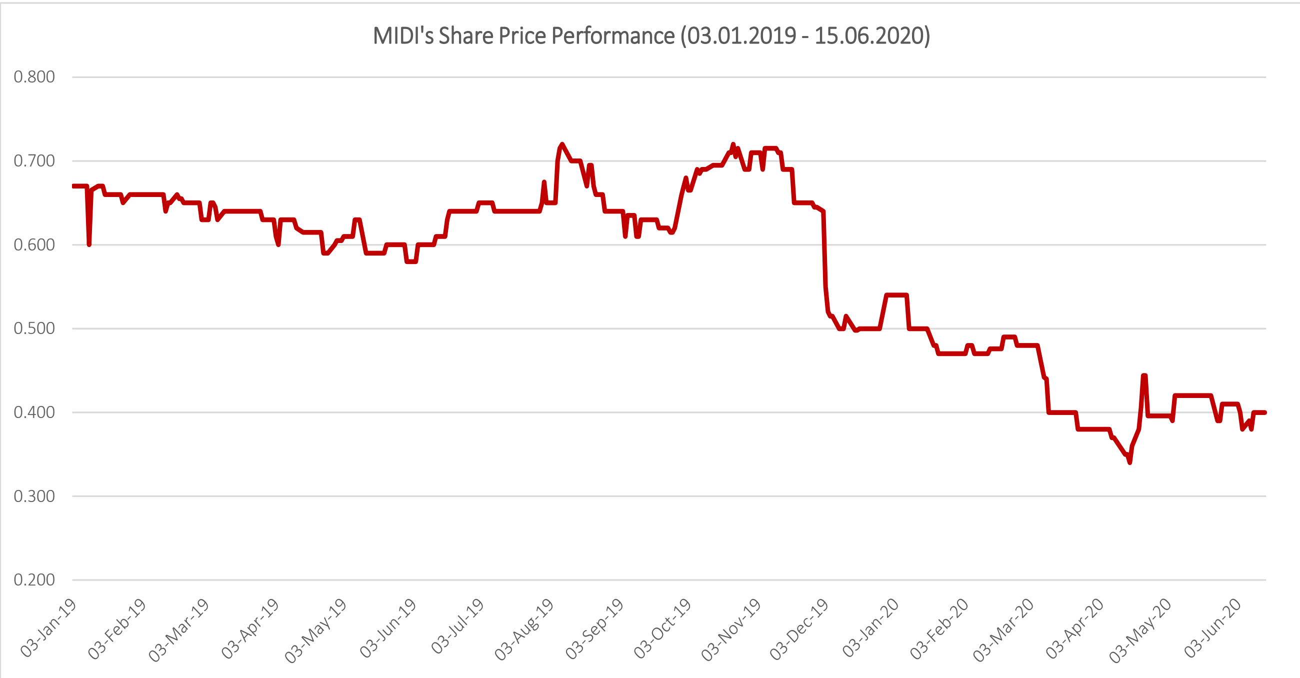
The underlying assumptions of the FAS published in 2019 had taken into account the delivery of fewer apartments than were actually delivered during the course of FY2019. This resulted in a higher revenue of €27.7 million compared to a forecasted €16.7 million. This difference in the number of delivered units affected most of the other components of the income statement. Similarly, the share of profit from the joint venture in Mid Knight Holdings Limited contributed a more favourable return than anticipated, reflecting the refinancing of the joint venture's borrowings at a lower finance cost than originally anticipated. As a result, the variances described above resulted in a variance in the net profit for the year of approximately €5 million.

PART C LISTED SECURITIES

SHARES

MIDI's shares have been listed on the Official List of the Malta Stock Exchange since the IPO in December 2010.

Issued Share Capital:	214,159,922 ordinary shares with a nominal value of €0.20 per share
ISIN:	MT0000420126
Highest price in 2019:	€0.72
Lowest price in 2019:	€0.498
Current price:	€0.40 *(as at 15 June 2020)*



DEBT SECURITIES

MIDI's listed debt securities comprise:

Bond:	€50 million 4% Secured Bonds 2026
ISIN:	MT0000421223
Redemption date:	27 July 2026 at par
Prospectus dated:	28 June 2016

PART D COMPARATIVES

The table below compares MIDI's financial metrics to those of other companies which have debt securities listed on the Malta Stock Exchange with a similar maturity as that of the Company.

It is to be noted, however, that there are significant differences in the business models of each of the listed companies being compared below and an exact match to the operations and business of the Issuer is not available. Thus, while the metrics below can be used as a gauge of MIDI's financial strength against other issuers listed locally, they do not capture the quantitative factors such as the differences in business models of each issuer, their competitive position in the market, KPIs, etc.

Bond Details	Outstanding Amount *(€)*	Total Assets *(€'000)*	Total Equity *(€'000)*	Gearing Ratio*	Net Debt to EBIDTA *(times)*	Interest Cover** *(times)*	YTM^
5.00% Dizz Finance plc 2026 ***	8,000,000	30,038	5,099	72.7%	14.96x	1.17x	5.37%
4.80% Med. Maritime Hub Finance plc 2026	15,000,000	36,807	4,369	83.1%	8.27x	2.51x	5.27%
4.50% Medserv plc 2026	21,982,400	154,685	14,768	78.6%	4.27x	2.25x	4.50%
4.00% MIDI plc 2026	**50,000,000**	**234,617**	**103,966**	**26.5%**	**3.11x**	**5.82x**	**3.63%**
4.00% IHI plc 2026***	55,000,000	1,617,853	877,620	37.0%	7.75x	3.22x	4.22%
3.90% Plaza Centres plc 2026	8,500,000	48,845	31,482	26.27%	3.92x	6.30x	3.85%

Source: Yield to Maturity from rizzofarrugia.com based on bond prices of 15 June 2020. Ratio workings and financial information quoted have been based on the respective issuers' published financial data (or their guarantors, where and as applicable) available as at 15 June 2020.

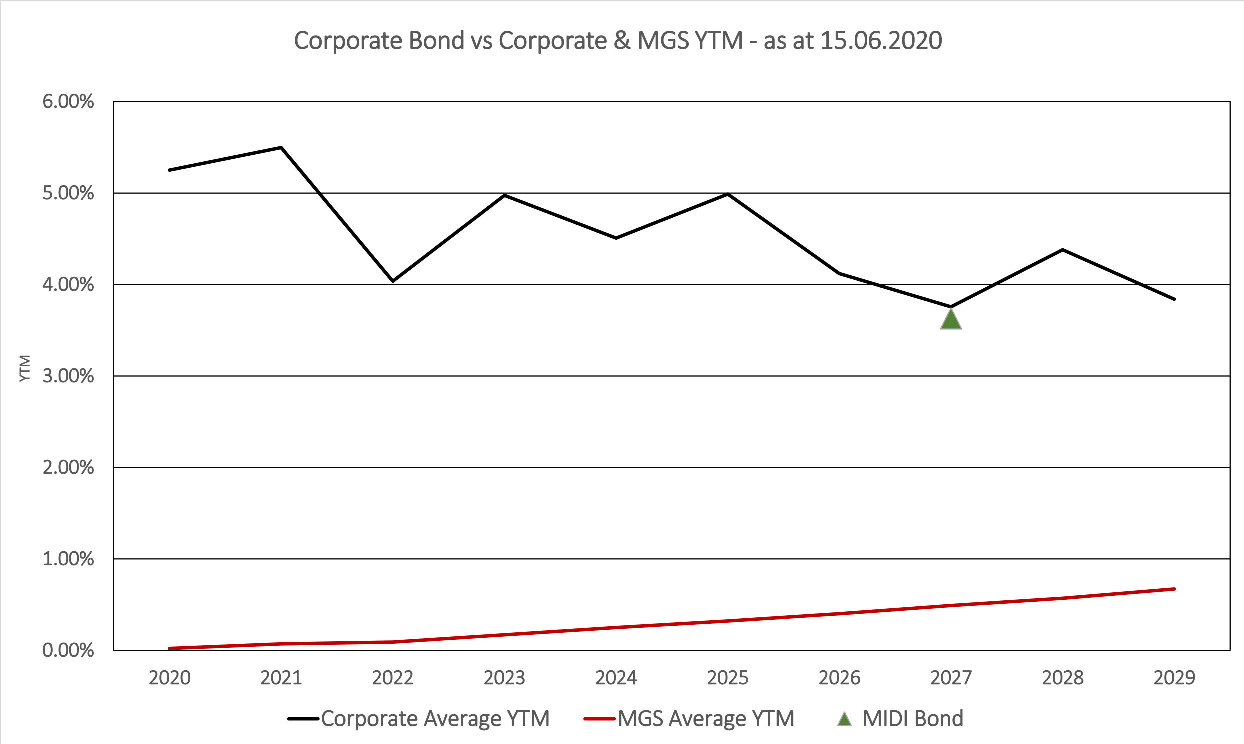
^Yield to Maturity (YTM) from rizzofarrugia.com based on bond prices as at 15 June 2020.

**Gearing Ratio: Net Debt / (Net Debt + Equity)*

***Interest Cover: EBITDA / Net Finance Cost*

**** Information has been based on financial statements for FY2018 – financial statements for FY2019 were not available by 15 June 2020.*

The chart overleaf shows the average yield to maturity of the MIDI bond compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 15 June 2020.



At a coupon of 4.00% per annum, the MIDI Bond 2026 currently yields 3.63%, which is approximately 323 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2026 and at a discount of approximately 49 basis points over the average yield to maturity of corporate bonds maturing in 2026 (data correct as at 15 June 2020).

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PART E GLOSSARY

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortisation, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
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.

STATEMENT OF FINANCIAL POSITION 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.

Profitability Ratios

Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed 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.
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	This is computed by dividing profit after tax by total assets.

Liquidity Ratios

Current Ratio	The current ratio is a financial ratio that measures whether 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.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Solvency Ratios

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs 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.
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.

Other Definitions

Yield to Maturity	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.

Earnings per Share (EPS)	This is calculated by dividing the company’s profit by the number of shares in issue.
Dividend Cover	This is calculated by dividing the EPS by the dividend per share.