



Mediterranean Investments Holding p.l.c.

PROSPECTUS

DATED 29 MAY 2017

**ISSUE OF €40,000,000 5.0% UNSECURED BONDS 2022
OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR BY
MEDITERRANEAN INVESTMENTS HOLDING P.L.C.**

GUARANTEED BY CORINTHIA PALACE HOTEL COMPANY LIMITED

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

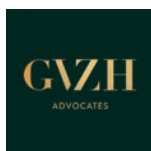
THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS,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

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

LEGAL COUNSEL

SPONSOR

REGISTRAR & MANAGER



SUMMARY NOTE

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

Dated 29 May 2017

In respect of an issue of €40,000,000 5.0% Unsecured Bonds 2022
of a nominal value of €100 per Bond issued at par by



MEDITERRANEAN INVESTMENTS HOLDING PLC

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

Guaranteed by

CORINTHIA PALACE HOTEL COMPANY LIMITED

A private limited liability company registered in Malta with company registration number C 257

ISIN: MT0000371287

Prospective investors are to refer to the Guarantee contained in Annex A of the Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled “*Risk Factors*” contained in this Summary Note, the Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by Corinthia Palace Hotel Company Limited.

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APPROVED BY THE DIRECTORS

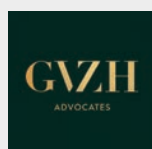
Joseph Fenech

Joseph Fenech for and on behalf of:
Alfred Pisani, Samuel D. Sidiqi, Joseph Pisani,
Faisal J. S. Alessa, Mario P. Galea, Bassem Bitar

LEGAL COUNSEL

SPONSOR

REGISTRAR & MANAGER



IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON MEDITERRANEAN INVESTMENTS HOLDING PLC IN ITS CAPACITY AS ISSUER AND CORINTHIA PALACE HOTEL COMPANY LIMITED IN ITS CAPACITY AS GUARANTOR, THEIR SUBSIDIARIES, AFFILIATES AND THE BUSINESS OF THE GROUP AND INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CHAPTER 386 OF THE LAWS OF MALTA) AND THE REGULATION (AS DEFINED ON PAGE 5 BELOW); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS SUMMARY NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISERS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR AND MAKES NO REPRESENTATIONS AS TO THE CONTENTS, ACCURACY OR COMPLETENESS OF THE PROSPECTUS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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

SAVE FOR THE PUBLIC OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED THE DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING (THE “PROSPECTUS DIRECTIVE”) OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF THE PROSPECTUS DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN THE PROSPECTUS DIRECTIVE), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF



COMPANIES, IN ACCORDANCE WITH THE COMPANIES ACT. APPLICATION HAS ALSO BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO ITS OFFICIAL LIST.

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

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM, OR THE PROSPECTUS AS A WHOLE.

ALL THE ADVISERS TO THE ISSUER AND THE GUARANTOR HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THE PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

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

This Summary Note is prepared in accordance with the requirements of the Regulation (as defined below).

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7) in the relative disclosure requirement checklist. This Summary Note contains all the Elements required to be included in a summary in connection with the securities being issued pursuant to the Prospectus and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities being issued pursuant to the Prospectus and the Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in this Summary Note with the mention of 'not applicable'.

In this Summary Note the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

"Act" or "Companies Act"	the Companies Act, 1995 (Chapter 386 of the laws of Malta);
"Applicant/s"	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
"Application/s"	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager);
"Application Form/s"	the non-transferable, pre-printed forms of application for subscription of Bonds, specimens of which are contained in Annex B of the Securities Note forming part of the Prospectus;
"Authorised Intermediaries"	all the licensed stockbrokers and financial intermediaries listed in Annex D of the Securities Note forming part of the Prospectus;

“Bond/s”	the €40,000,000 unsecured bonds 2022 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 5.0% per annum. The Bonds are guaranteed by CPHCL;
“Bondholder”	a holder of Bonds;
“Bond Issue”	the issue of the Bonds;
“Bond Issue Price”	the price of €100 per Bond;
“Business Day”	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
“CET”	Central European Time;
“Corinthia Finance”	Corinthia Finance plc, a company registered under the laws of Malta with company registration number C 25104 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“Corinthia Group”	CPHCL (as defined below) and the companies in which CPHCL has a controlling interest;
“CPHCL” or “Guarantor”	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta with company registration number C 257 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta. CPHCL is the parent company of the Corinthia Group and is acting as Guarantor in terms of the Guarantee;
“Cut-off Date”	close of business on 26 May 2017 (trading session of 24 May 2017);
“EDREICO”	Economic Development and Real Estate Investment Company, a company registered under the laws of Libya and having its registered office at 49, Fourth Floor, Burj Al Fatah Tower, PO BOX 93142, Tripoli, Libya;
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Exchange” or “Malta Stock Exchange” or “MSE”	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Existing Corinthia Bonds”	collectively the Existing Corinthia Finance Bonds, the Existing IHGH Bonds, the Existing IHI Bonds and the Existing MIH Bonds (each as defined immediately below);
“Existing Corinthia Finance Bonds”	collectively (i) the 6% bonds 2019 – 2022 with ISIN code MT0000101254, due to mature on 29 March 2022 (subject to Corinthia Finance’s option, exercisable at its discretion, to redeem all or any part of the bonds in the said bond issue on the dates falling between and including 30 March 2019 and 29 March 2022), amounting as at the date of the Prospectus to €7,500,000, issued by Corinthia Finance pursuant to a prospectus dated 27 February 2012; and (ii) the 4.25% unsecured bonds 2026 with ISIN code MT0000101262, due to mature on 12 April 2026, amounting as at the date of the Prospectus to €40,000,000, issued by Corinthia Finance pursuant to a prospectus dated 18 March 2016, both of which are currently listed and traded on the Malta Stock Exchange;
“Existing IHGH Bonds”	collectively (i) the 6.5% bonds 2017 – 2019 with ISIN code MT0000481219, amounting as at the date of the Prospectus to €3,133,600, issued by IHGH pursuant to a prospectus dated 28 August 2009 and which shall be redeemed on 1 July 2017; and (ii) the 6% bonds 2024 with ISIN code MT0000481227, due to mature on 15 May 2024, amounting as at the date of the Prospectus to €35,000,000, issued by IHGH pursuant to a prospectus dated 6 May 2014, both of which are currently listed and traded on the Malta Stock Exchange;
“Existing IHI Bonds”	collectively (i) the 5.8% bonds 2021 with ISIN code MT0000111279, due to mature on 21 December 2021, amounting as at the date of the Prospectus to €20,000,000, issued by IHI pursuant to a prospectus dated 16 November 2012; (ii) the 5.8% bonds 2023 with ISIN code MT0000111287, due to mature on 14 November 2023, amounting as at the date of the Prospectus to €10,000,000, issued by IHI pursuant to a prospectus dated 21 October 2013; (iii) the 5.75% unsecured bonds 2025 with ISIN code MT0000111295, due to mature on 13 May 2025, amounting as at the date of the Prospectus to €45,000,000, issued by IHI pursuant to a prospectus dated 10 April 2015; (iv) the 4% secured bonds 2026 with ISIN code MT0000111303, due to mature on 29 July 2026, amounting as at the date of the Prospectus to €55,000,000, issued by IHI pursuant to a prospectus dated 28 June 2016; and (v) the 4% unsecured bonds 2026 with ISIN code MT0000111311, due to mature on 20 December 2026, amounting as at the date of the Prospectus to €40,000,000, issued by IHI pursuant to a prospectus dated 21 November 2016, all of which are currently listed and traded on the Malta Stock Exchange;
“Existing MIH Bonds”	collectively (i) the 6% bonds 2021 with ISIN code MT0000371261, due to mature on 22 June 2021, amounting as at the date of the Prospectus to €12,000,000, issued by the Issuer pursuant to a prospectus dated 2 June 2014; and (ii) the 5.5% unsecured bonds 2020 with ISIN code MT0000371279, due to mature on 31 July 2020, amounting as at the date of the Prospectus to €20,000,000, issued by the Issuer pursuant to a prospectus dated 1 July 2015, both of which are currently listed and traded on the Malta Stock Exchange;

“GBP” or “£” or “Pound Sterling”	the lawful currency of the United Kingdom;
“GBP Rate of Exchange”	the rate of exchange for the purposes of the Prospectus between the Euro and the Pound Sterling, applicable to the GBP Bonds forming part of the Maturing Bonds, that is €1.00 : £0.86340. In determining the aforesaid exchange rate, the Issuer has been guided by the reference exchange rate as published by the European Central Bank on 24 May 2017 at 16:00 hours CET (https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html);
“Group”	the Issuer (parent company), PCL and PWL (subsidiary companies) and MTJSC (associate company);
“Guarantee”	the suretyship of the Guarantor in terms of the guarantee contained in Annex A of the Securities Note forming part of the Prospectus and as described in Element B.18 of this Summary Note;
“IHGH”	Island Hotels Group Holdings plc, a company registered under the laws of Malta having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta and bearing company registration number C 44855, and the companies in which IHGH has a controlling interest;
“IHI”	International Hotel Investments plc, a company registered under the laws of Malta with company registration number C 26136 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“Interest Payment Date”	6 July of each year between and including each of the years 2018 and the year 2022, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
“Issue Period”	the period between 08:30 hours CET on 1 June 2017 and 12:00 hours CET on 16 June 2017 during which the Bonds are available for subscription;
“Issuer” or “MIH”	Mediterranean Investments Holding plc, a company registered under the laws of Malta with company registration number C 37513 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“Listing Authority”	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
“Listing Rules”	the listing rules issued by the Listing Authority, as may be amended from time to time;
“LFICO”	Libyan Foreign Investment Company, a company registered under the laws of Libya with company registration number 9481 and having its registered office at Ghadem Aljabel, Gharian, P.O. Box 4538 Tripoli, Libya;
“LPTACC”	Libya Projects General Trading And Contracting Company, a company registered under the laws of Kuwait with company registration number 119633 and having its registered office at Office 16/Mezzanine, Block 12, Al Asfour International Company, Al Manqaf, Kuwait;
“Malta Stock Exchange Bye-Laws”	the MSE bye-laws issued by the authority of the board of directors of MSE, as may be amended from time to time;
“Maturing Bonds”	the 7.15% bonds 2015 - 2017 due to be redeemed by the Issuer on 6 July 2017 in a combination of EUR (€) denominated Bonds, GBP (£) denominated Bonds and USD (\$) denominated Bonds, with ISIN code MT0000371238 for the EUR Bonds, MT0000371246 for the GBP Bonds and MT0000371253 for the USD Bonds, issued by the Issuer pursuant to a prospectus dated 14 June 2010, and amounting as at the date of the Prospectus to an aggregate amount of €39,920,281 (for the purpose of ascertaining the aggregate principal amount of the Maturing Bonds, specifically the GBP Bonds and USD Bonds forming part thereof, reference is made to the GBP Rate of Exchange (against the Euro) and the USD Rate of Exchange (against the Euro) respectively);
“Maturing Bond Transfer”	the subscription for Bonds by a Maturing Bondholder settled, after submitting the pre-printed Application Form A (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Maturing Bonds held by such Maturing Bondholder as at the Cut-off Date;
“Maturing Bondholder”	a holder of Maturing Bonds as at the Cut-off Date;
“Medina Tower”	the proposed Medina Tower project in Tripoli, Libya;
“MTJSC”	Medina Tower Joint Stock Company for Real Estate and Development, a joint stock investment company registered under the commercial laws of Libya in accordance with Law No. 5 (1997) as amended by Law No. 7 (2004) and Law No. 9 (2010), having its registered office at Tripoli Tower, Suite 107, Tower 2, Level 10, Tripoli, Libya, and bearing privatisation and investment board number 343;
“NPHC”	National Projects Holding Company (KSC), a company registered under the laws of Kuwait with company registration number 111731 and having its registered office at National Market Building, Fourth Floor, Office 24, Abdullah Al Salem, Al Mirqab, Kuwait;

“NREC”	National Real Estate Company KSCP, a company registered under the laws of Kuwait with company registration number 19628 and having its registered office at P.O. Box 64585, Shuwaikh, B 70456, Kuwait;
“Official List”	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
“Palm City Residences”	the Palm City Residences, a property operated by PCL (as defined below) and situated in Janzour, Libya;
“PCL” or “Palm City Ltd”	Palm City Ltd, a company registered under the laws of Malta with company registration number C 34113 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“PWL”	Palm Waterfront Ltd, a company registered under the laws of Malta with company registration number C 57155 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“Prospectus”	collectively this Summary Note, the Registration Document and the Securities Note, all dated 29 May 2017, as such documents may be amended, updated, replaced and supplemented from time to time;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
“Redemption Date”	6 July 2022;
“Redemption Value”	the nominal value of each Bond (€100 per Bond);
“Registrar & Manager”	Bank of Valletta plc;
“Registration Document”	the registration document issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Regulation”	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards regulatory technical standards for publication of the prospectus and dissemination of advertisements;
“Securities Note”	the securities note issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered under the laws of Malta having its registered office at Airways House, Third Floor, High Street, Sliema SLM 1549, Malta and bearing company registration number C 13102. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised financial intermediary licensed by the MFSA and a member of the MSE;
“Summary Note”	this summary note in its entirety issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Terms and Conditions”	the terms and conditions relating to the Bonds as contained in the Prospectus, a summary of which is contained in section E.3 of this Summary Note;
“USD” or “\$” or “US Dollar”	the lawful currency of the United States; and
“USD Rate of Exchange”	the rate of exchange for the purposes of the Prospectus between the Euro and the US Dollar, applicable to the USD Bonds forming part of the Maturing Bonds, that is €1.00 : \$1.1193. In determining the aforesaid exchange rate, the Issuer has been guided by the reference exchange rate as published by the European Central Bank on 24 May 2017 at 16:00 hours CET (https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html).

1 SECTION A | INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

- i. this Summary Note is being provided to convey the essential characteristics and risks associated with the Issuer, the Guarantor and the securities being offered pursuant to the Prospectus. This part is merely a summary and, therefore, should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary Note alone in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor;
- ii. where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before legal proceedings are initiated; and
- iii. civil liability attaches only to those persons who have tabled this Summary Note, including any translation thereof, and who applied for its notification, but only if this Summary Note, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent, or does not provide key information in order to aid investors when considering whether to invest in such securities.

A.2 Consent required for use of the Prospectus in connection with a possible Intermediaries' Offer: prospective investors are hereby informed that:

- i. for the purposes of any subscription for Bonds by Authorised Intermediaries pursuant to an Intermediaries' Offer and any subsequent resale, placement or other offering of Bonds by Authorised Intermediaries participating in the Intermediaries' Offer in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained therein in accordance with the terms hereof) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only: (a) in respect of Bonds subscribed for in terms of the Intermediaries' Offer by Authorised Intermediaries participating in the Intermediaries' Offer; (b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and (c) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus;
- ii. in the event of a resale, placement or other offering of Bonds by an Authorised Intermediary subsequent to an Intermediaries' Offer, said Authorised Intermediary shall be responsible to provide information to prospective investors on the terms and conditions of the resale, placement or other offering at the time such is made; and
- iii. any new information with respect to Authorised Intermediaries unknown at the time of the approval of the Prospectus will be made available through a company announcement which will also be made available on the Issuer's website: www.mihplc.com.

2 SECTION B | ISSUER AND GUARANTOR

B.1 The legal and commercial name of the Issuer is Mediterranean Investments Holding plc (registration number C 37513). The legal and commercial name of the Guarantor is Corinthia Palace Hotel Company Limited (registration number C 257).

B.2 The Issuer was registered in Malta in terms of the Act on 12 December 2005 as a private limited liability company and was subsequently converted into a public limited liability company on 6 November 2007. The Issuer is domiciled in Malta. The Guarantor was registered in Malta in terms of the Act on 21 June 1966 as a private limited liability company. The Guarantor is domiciled in Malta.

B.4b The principal object of the Issuer, which objects are limited to activities outside Malta and to such other activities as are or may be necessary for its operations from Malta, is to directly or indirectly acquire, develop and operate real estate opportunities in North Africa, including, without limitation, opportunities with respect to retail outlets, shopping malls, office and commercial buildings, residential gated compounds, housing, hotels, build-operate-transfer (BOT) and other governmental projects and conference centres. The issue of bonds falls within the objects of the Issuer.

Palm City Residences has remained operational at all times throughout the political turmoil in the country; the present situation of lower than usual occupational leases at Palm City Residences persisted throughout 2015 and 2016 with increased levels of activity returning to the Palm City Residences as from January 2017. From the occupancy levels of 94% at Palm City Residences registered in 2013 and 87% in 2014, occupancy reduced to 11% by the end of 2016. During the first three months of 2017 occupancy has increased to 16%, mainly with tenants who are contracted for the longer 3 to 5 year term at rates in excess of €8,500 per residential unit. A number of other tenants, predominantly made up of NGOs, security companies and embassies, have indicated their commitment to move to Palm City Residences and with the current active negotiations management anticipates that by July 2017 occupancy levels will increase to 18%.

As to the Medina Tower development, the project designs are complete and all development approvals have been obtained from the relevant authorities. The joint venture company responsible for the project, MTJSC, had concluded a term sheet with a Libyan financial institution which would secure the debt funding for the said project on a debt to equity basis of 60:40. Given the passage of time since its issuance, this term sheet would need to be reactivated. This project, the development of which is expected to be completed within circa 48 months from commencement of the works, is currently on hold given the political situation in Libya.

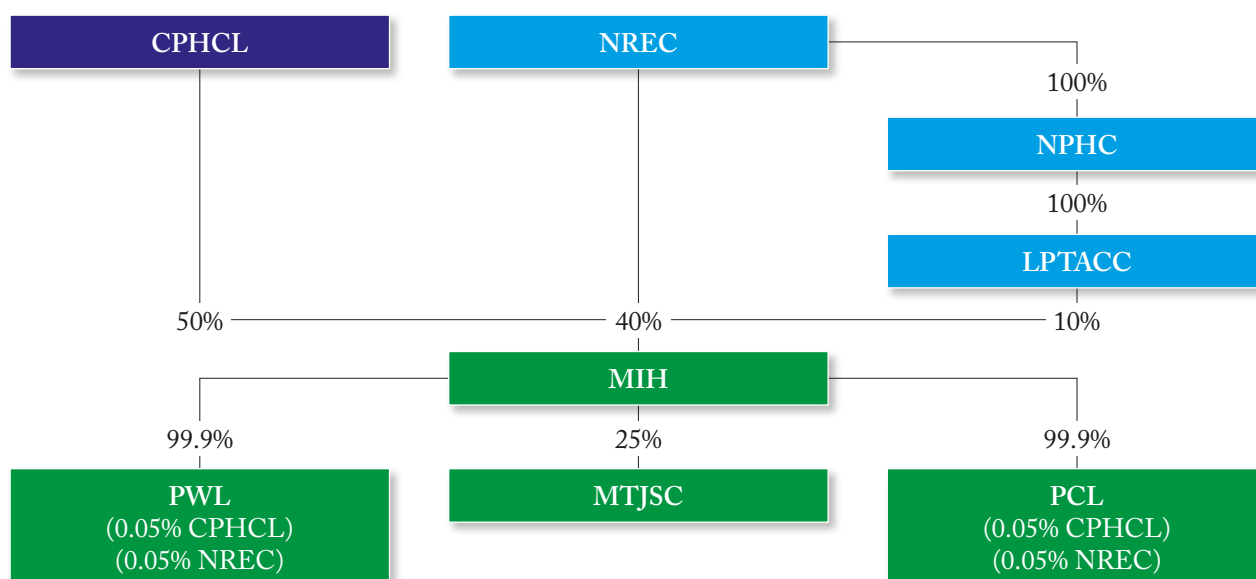
Palm Waterfront project, which is to be developed adjacent to the Palm City Residences, is on hold as at the date of the Prospectus. The development plans submitted to local authorities include a 164-room 4-star hotel and a mix of residential units which, when complete, will either be leased or sold by PWL depending on market trends prevailing at the time.

As regards the Guarantor, CPHCL has, throughout the years, adopted a strategy aimed at increasing its resilience during challenging times, the likes of which have been experienced of late. In this regard, the results of this strategy have been particularly effective in acting as buffers against the adverse effects of economic downturns.

CPHCL has distributed its investments across diverse geographic locations and is now achieving further diversity through growth in ancillary business segments. The diversity of the Corinthia Group's investment portfolio mitigates its exposure to any one specific country or source of business. This diversity ensures that the Corinthia Group's earnings provide a healthy mix between active (hotel business) and passive income (long-term rental income), thereby ensuring a more balanced profit and cash generation.

Whereas CPHCL remains primarily a holding company, its subsidiary company IHI remains a hotel owning and operating company with a number of its hotel assets containing significant retail, office and/or residential components, meaning that it has over the years managed to put its competences in hotel management and real estate development to profitable use.

- B.5 The Issuer is the parent company of the Group. The organisational structure of the Group is illustrated in the diagram below as at the date of the Prospectus:



- B.9 *Not Applicable:* the Registration Document does not contain any profit forecasts or estimates.
- B.10 *Not Applicable:* the Issuer's and Guarantor's respective audit reports on the audited financial statements for the years ended 31 December 2014, 2015 and 2016 do not contain any material qualifications.
- B.12 The Issuer's historical financial information for the three financial years ended 31 December 2014, 2015 and 2016 as audited by Grant Thornton is set out in the audited consolidated financial statements of the Issuer. The Guarantor's historical financial information for the financial year ended 31 December 2014 as audited by Grant Thornton and for the two financial years ended 31 December 2015 and 2016 as audited by PricewaterhouseCoopers is set out in the applicable audited consolidated financial statements of the Guarantor. Such audited consolidated financial statements are available for inspection at the Issuer's registered office.

There were no significant adverse changes to the financial or trading position of the Issuer and/or the Guarantor since the end of the financial period to which their respective afore-mentioned last audited consolidated financial statements relate. Furthermore, the Issuer and the Guarantor hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

Extracts of the historical consolidated financial information of the Issuer referred to above are set out below:

Mediterranean Investments Holding p.l.c.

Extracts from the Statements of Comprehensive Income

For the year ended 31 December

	2014 €'000	2015 €'000	2016 €'000
Operating Profit/(Loss) (excluding fair value adjustments)	21,757	6,481	(785)
Loss before tax	(47,988)	(844)	(6,383)
Net Loss for the year	(28,092)	(383)	(6,443)

Mediterranean Investments Holding p.l.c.

Extracts from the Consolidated Statements of Financial Position

As at 31 December

	2014 €'000	2015 €'000	2016 €'000
Non-current assets	271,876	273,423	272,869
Current assets	18,936	10,393	4,309
Total assets	290,813	283,816	277,178
Shareholders' equity	138,048	138,496	131,679
Total liabilities	152,765	145,320	145,499
Total equity and liabilities	290,813	283,816	277,178

Mediterranean Investments Holding p.l.c.

Extracts from the Consolidated Cash Flow Statements

As at 31 December

	2014 €'000	2015 €'000	2016 €'000
Net cash from/(used in) operating activities	20,761	5,287	(711)
Net cash (used in)/from investing activities	(437)	(217)	347
Net cash used in financing activities	(20,347)	(9,912)	(3,554)
Net decrease in cash and cash equivalents	(23)	(4,842)	(3,918)
Cash and cash equivalents b/fwd	10,289	10,277	5,435
Cash and cash equivalents c/fwd before the effect of foreign exchange rate changes	10,266	5,435	1,517
Effect of foreign exchange rate changes	11	–	(20)
Cash and cash equivalents c/fwd	10,277	5,435	1,497

Extracts of the historical consolidated financial information of the Guarantor referred to above are set out below:

Corinthia Palace Hotel Company Limited

Extracts from the Consolidated Statements of Comprehensive Income

for the year end 31 December

	2014 €'000	2015 €'000	2016 €'000
Revenue	159,238	178,373	207,923
Operating (loss) profit	(17,151)	1,587	(5,318)
Loss before tax	(62,876)	(30,498)	(19,246)
Loss for the year	(48,886)	(31,077)	(22,275)
Total comprehensive income (expense) for the year net of tax	(35,444)	4,538	20,539

Corinthia Palace Hotel Company Limited

Extracts from the Consolidated Statements of Financial Position

as at 31 December

	2014 €'000	2015 €'000	2016 €'000
Non current	1,136,924	1,269,592	1,287,785
Current	71,521	86,631	101,842
Total assets	1,208,445	1,356,223	1,389,627

Equity pertaining to CPHCL shareholders	386,745	387,432	394,928
Minority interest	246,961	253,599	270,429
Total equity	633,706	641,031	665,357
Non-current	483,414	572,986	605,379
Current	91,325	142,206	118,891
Total liabilities	574,739	715,192	724,270
Total equity and liabilities	1,208,445	1,356,223	1,389,627

Corinthia Palace Hotel Company Limited

*Extracts from the Consolidated Cashflow Statements
for the year ended 31 December*

	2014	2015	2016
	€'000	€'000	€'000
Net cash from operating activities	8,942	36,900	4,199
Net cash (used in) from investment activities	39,362	(28,855)	(28,175)
Net cash from/(used for) financial activities	(32,166)	(7,322)	32,440
Net increase in cash and cash equivalents	16,138	723	8,464
Cash and cash equivalents at the beginning of year	(47)	16,091	16,814
Cash and cash equivalents at end of year	16,091	16,814	25,278

- B.13 At the end of 2016, the Group reported a working capital deficiency of €49.8 million, of which €40.3 million relates to the Maturing Bonds. The directors of the Issuer believe that they will be successful in replacing the Maturing Bonds with this Bond Issue. The directors of the Issuer have also obtained written assurances from the shareholders of MIH that they will continue to support the company, proportionate to their shareholding, on an on-going basis, to enable it to meet its liabilities as and when they fall due. Accordingly, the directors of the Issuer are confident that the Issuer will continue to have adequate levels of cash to sustain its operations and investments.

The Guarantor is not aware of any recent events which are, to a material extent, relevant to the evaluation of its solvency.

- B.14 The Issuer is the parent company of the Group and was set up in 2005. Its principal activities include the direct and/or indirect acquisition, development and operation of real estate projects in North Africa and the investment in any related trade or business venture. The business of the Group largely relates to the development and operation of the Palm City Residences, the construction, development and eventual operation of the Medina Tower and the development and eventual operation of the Palm Waterfront. As the holding company of the Group, MIH is ultimately dependent upon the operations and performance of its subsidiaries and other investments. MIH's key subsidiaries in this regard are PCL, which has been mandated by CPHCL through a build-operate-transfer agreement to finalise the construction of Palm City Residences and operate the complex for a period of 65 years; and PWL, which in virtue of a build-operate-transfer agreement entered into with CPHCL was given the right to construct, implement, manage and eventually operate the Palm Waterfront site adjoining Palm City Residences. Additionally, the Issuer holds a 25% equity participation in a joint venture company, MTJSC, which was set up together with IHI and EDREICO (the latter now two Libyan investment companies) to construct the Medina Tower.

CPHCL is the parent company of the Corinthia Group which, through its investment companies, is organised at the strategic level into a number of distinct business units, each of which plan and implement well-defined strategies driven by the objective of continued growth, furtherance of their core interests and the on-going optimisation of profitability of their operations. IHI is CPHCL's largest subsidiary company and has the objective of investing, acquiring and developing real estate projects with a principal focus on hotel assets. To date, IHI has acquired and/or developed hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russia) and St Julians (Malta), and has a 50% shareholding in a 294 roomed luxury hotel in London (UK) (which it manages and controls) and a penthouse apartment which is currently let to a third party. IHI also fully owns CHI, the main objective of which is to provide hotel management services to hotel properties owned by IHI, CPHCL and third party hotel owners. On 10 August 2015, IHI acquired 100% of the issued share capital of IHGH.

- B.15 As at the date of the Prospectus, the Issuer is a holding company having investments in the entities set out in sub-section 2(B.14) immediately above which operate the business of the Group. In terms of its Memorandum and Articles of Association, the main objects for which the Issuer is constituted, which are limited to activities outside Malta and to such other acts as are or may be necessary for its operations from Malta, are to directly or indirectly acquire, develop and operate real estate opportunities in North Africa, including, without limitation, opportunities with respect to retail outlets, shopping malls, office and commercial buildings, residential gated compounds, housing, hotels, build-operate-transfer (BOT) and other governmental projects and conference centres.

CPHCL, as the parent company of the Corinthia Group, is principally engaged, directly or through subsidiaries, in investments that are predominantly focused on the ownership, development and operation of hotels, and in other activities related to the hospitality industry in various countries. In terms of clause 4.6 of its Memorandum of Association, CPHCL is, amongst other things, authorised to borrow, raise or secure the payment of money for the

purpose of or in connection with the company's business and to secure the repayment of any moneys borrowed by hypothecation, charge or lien upon the whole or part of the movable and immovable property or assets of the company. Furthermore, CPHCL is authorised to give guarantees or provide security for any such persons, firms and companies as the directors may deem fit and proper and on such terms as may seem expedient and, in particular, to companies in which the company has an interest.

- B.16 The Issuer's current authorised share capital is €100,000,000 divided into 50,000,000 ordinary 'A' shares of €1 each and 50,000,000 ordinary 'B' shares of €1 each. The issued share capital of the Issuer is €48,002,000 divided into 24,001,000 ordinary 'A' shares of €1 each and 24,001,000 ordinary 'B' shares of €1 each, fully paid up. CPHCL holds 24,001,000 ordinary 'A' shares of €1 each, NREC holds 19,200,800 ordinary 'B' shares of €1 each and LPTACC holds 4,800,200 ordinary 'B' shares of €1 each.

The authorised and issued share capital of CPHCL is €20,000,000 divided into 20,000,000 ordinary shares of a nominal value of €1 each, fully paid up, held as follows: A. & A. Pisani and Co. Ltd (C 6430) holds 1,666,667 ordinary shares of €1 each; J & H Pisani Company Limited (C 6817) holds 1,666,667 ordinary shares of €1 each; PAKA Limited (C 6969) holds 1,666,667 ordinary shares of €1 each; VAC Company Limited (C 6818) holds 1,666,667 ordinary shares of €1 each; Geranium Holdings Limited (C 66582) holds 1,666,666 ordinary shares of €1 each; Intakur Limited (C 7038) holds 1,666,666 ordinary shares of €1 each; and Libyan Foreign Investment Company (LFICO) holds 10,000,000 ordinary shares of €1 each.

- B.17 *Not Applicable*: neither the Issuer nor the Guarantor have sought the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.
- B.18 For the purposes of the Guarantee, CPHCL stands surety with the Issuer and irrevocably and unconditionally undertakes to affect the due and punctual performance of all the payment obligations undertaken by the Issuer under the Bonds if the Issuer fails to do so. Accordingly, until such time as the Bonds remain in issue, the Guarantor undertakes to pay on an on-going basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds. The Guarantor's obligations under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

3 SECTION C | SECURITIES

- C.1 The Issuer shall issue an aggregate of €40,000,000 in unsecured Bonds 2022 having a nominal value of €100 per bond, subject to a minimum subscription of €1,000 in Bonds and multiples of €100 thereafter. The Bonds will be issued in fully registered form and will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository at the Malta Stock Exchange. On admission to trading the Bonds will have the following ISIN number MT0000371287. The Bonds shall bear interest at the rate of 5.0% per annum and shall be repayable in full upon maturity unless they are previously re-purchased and cancelled. The Bond Issue is guaranteed by CPHCL.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 Investors wishing to participate in the Bonds will be able to do so by completing the Application Form. Completion of the Application Form will entitle such investor to: (i) the payment of interest; (ii) the payment of capital; (iii) ranking with respect to other indebtedness of the Issuer and Guarantor in accordance with the status of the Bonds, as follows: *"the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer and the Guarantor, present and future"*; (iv) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and (v) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

As at 31 December 2016 the Group's indebtedness amounted in aggregate to €105 million (€102 million at 31 December 2015), including bank loans, corporate bonds and shareholders' loans. Such bank borrowings are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with the other issued bonds, ranks after all bank borrowings.

- C.9 The Bonds shall bear interest from and including 6 July 2017 at the rate of 5.0% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 6 July 2018 (covering the period 6 July 2017 to 5 July 2018). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

A Maturing Bond Transfer shall be without prejudice to the rights of Maturing Bondholders to receive interest on the Maturing Bonds up to and including 5 July 2017. The Maturing Bonds shall be redeemed on 6 July 2017 as determined by the Issuer and duly notified to Maturing Bondholders.

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 5.0%.

The remaining component of Element C.9 is not applicable, given that no representative of debt security holders has been appointed.

C.10 *Not Applicable*: there is no derivative component in the interest payments on the Bonds.

C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 29 May 2017. Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 5 July 2017 and trading is expected to commence on 6 July 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

4 SECTION D | RISKS

Holding a bond involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations, as well as all the other information contained in the Prospectus before deciding to acquire the Bonds. Prospective investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment.

The Prospectus contains statements that are, or may be deemed to be, “forward-looking statements”, which relate to matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s and Guarantor’s respective directors. No assurance is given that the future results or expectations will be achieved.

In so far as prospective investors seek advice from Authorised Intermediaries concerning an investment in the Bonds, Authorised Intermediaries are to determine the suitability of prospective investors’ investment in the Bonds in the light of said prospective investors’ own circumstances. The Bonds may not be a suitable investment for all investors. In particular, Authorised Intermediaries should determine whether each prospective investor: (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement; (ii) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency; (iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and (iv) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks.

Below is a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary. Investors are, therefore, urged to consult their own financial or other professional advisers with respect to the suitability of investing in the Bonds.

D.2 Essential information on the key risks specific to the Issuer, the Group and its business:

The Issuer was incorporated in 2005 and, through PCL, has been primarily involved in the development and operation of Palm City Residences. Until such time when the Medina Tower project and the Palm Waterfront project are fully developed and launched on the market, the Issuer will continue to be solely dependent on the business prospects and operating results of PCL. The operations of PCL and its operating results are subject to a number of factors that could adversely affect the Group’s business and financial condition, some of which are beyond the Group’s control:

- i. Whilst the Issuer and PCL are registered in Malta, all of their respective assets, operations, business interests and activities are located or conducted in Libya through a branch of PCL. The Group’s business activities over the coming years are expected to be focused on and aimed at the development of the Medina Tower project in which the Group has a 25% holding and Palm Waterfront, which is to be developed by a 100% owned subsidiary of the Issuer. Accordingly, the Group is susceptible to the political and economic risks that may from time to time influence Libya’s prospects. Negative political or economic factors and trends in or affecting Libya could have a material impact on the business of the Issuer.
- ii. Emerging markets present economic and political conditions which differ from those of the more developed markets and could possibly present less social, political and economic stability, which could render investment in such markets more risky than investments in more developed markets. As an emerging market, the Libyan market is undergoing and may continue to undergo substantial political, economic and social reform, and the implications and consequences of reform may not be entirely clear at the outset. The consequences may be profound and, accordingly, prospective investors should take into account the unpredictability associated thereto.

- iii. The main pillar of the Group's business consists of the acquisition, development and running of real estate projects in Libya. Property development projects are subject to a number of specific risks inherent in this field – the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of sale or rental transactions not being effected at the prices and within the timeframe envisaged; higher interest costs; and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.
- iv. All industries, including the property development industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Issuer's and/or the Guarantor's future cash flow, results of operations or financial condition.
- v. The Issuer and PCL both have a material amount of debt, and the amount of debt funding of the Issuer is expected to increase as and when the Issuer undertakes the Medina Tower and the Palm Waterfront projects, and other possible future development plans. A substantial portion of the Group's generated cash flows will be required to make principal and interest payments on the Group's debt. A substantial portion of the cash flow currently generated from PCL's operations is utilised to repay its debt obligations pursuant to the terms of the facilities provided. The financial covenants to which such facilities are subject give rise to a reduction in the amount of cash available for distribution to the Issuer which would otherwise be available for funding of the Issuer's working capital, capital expenditure, development costs and other general corporate costs, or for the distribution of dividends.
- vi. The Issuer relies, and will in future be relying heavily, on the contacts and expertise of the Corinthia Group and NREC, its principal shareholders, in connection with providing assistance in the application for and procurement of permits, licenses or other development authorisations from the competent authorities in Libya, in relation to present and future projects. However, no assurance can be given that the Issuer or its subsidiaries will be able to use such contacts and expertise as and when required.
- vii. The Issuer is, in part, reliant on the business of CPHCL, which has a long trading history in mixed-use real estate developments that consist principally of hotels, residences, offices and retail areas. The hotel industry globally is characterised by strong and increasing competition. Many of CPHCL's current and potential competitors' operating histories, name recognition, customer bases and financial and other resources are a competitive factor for the Guarantor wherever it may have business. Severe competition in certain countries and changes in economic and market conditions could adversely affect CPHCL's business and operating results. The Guarantor's prospects should be considered in the light of the risks and the difficulties generally encountered by companies operating in a mixture of mature and stabilised markets coupled with new and rapidly developing markets. CPHCL's operations and its results are subject to a number of factors that could adversely affect the Corinthia Group's business, many of which are common to the hotel and real estate industry and beyond the Corinthia Group's control.
- viii. The Group's activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk), credit risk and risks associated with the unpredictability of financial markets, all of which could have adverse effects on the Group's financial performance.
- ix. The Issuer's overseas operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

D.3 Essential information on the key risks specific to the Bonds:

- i. The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds, including the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates, generally. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.
- ii. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- iii. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.

- iv. No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- v. The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference with all other present and future unsecured obligations of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. In view of the fact that the Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor is directly linked to the financial position and solvency of the Guarantor.
- vi. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders. The provisions relating to meetings of Bondholders permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- vii. The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules, the Companies Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

5 SECTION E | OFFER

- E.2b The proceeds from the Bond Issue, which net of Issue expenses are expected to amount to approximately €39,500,000, will be used by the Issuer for the redemption of the outstanding amount of the Maturing Bonds remaining in issue as at 6 July 2017, being the date of redemption of the Maturing Bonds as determined by the Issuer and duly notified to Maturing Bondholders. As at the date of the Prospectus the aggregate value of Maturing Bonds in issue stands at €39,920,281 – for the purpose of ascertaining the aggregate principal amount of the Maturing Bonds, specifically the GBP Bonds and USD Bonds forming part thereof, reference is made to the GBP Rate of Exchange (against the Euro) and the USD Rate of Exchange (against the Euro), respectively. In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied for the purpose set out above. The residual amount required by the Issuer for the purpose of the use specified above which shall not have been raised through the Bond Issue shall be financed from the Group's own funds and/or bank financing.
- E.3 The Bonds are open for subscription by: Maturing Bondholders; holders of Existing Corinthia Bonds as at the Cut-off Date; and Authorised Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Maturing Bondholders and/or by holders of Existing Corinthia Bonds as at the Cut-off Date, as the case may be, as aforesaid.

Maturing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Maturing Bonds at par value, subject to a minimum holding of €1,000 in Bonds and rounded upwards to the nearest €100. Any Maturing Bondholders whose holding in Maturing Bonds is less than €1,000 shall be required to pay the difference together with the submission of their Application Form A (“Cash Top-Up”). Any Maturing Bondholders whose holding in Maturing Bonds: (A) after conversion of GBP denominated Maturing Bonds to Euro at the GBP Rate of Exchange is not in multiples of €100, or (B) after conversion of USD denominated Maturing Bonds to Euro at the USD Rate of Exchange is not in multiples of €100, shall have the option of rounding down to the nearest €100, subject to a minimum holding of €1,000 (in which case the applicable refund will be settled in the currency of original subscription on 6 July 2017), or of rounding up to the nearest €100 by paying the difference together with the submission of their Application Form A (“Cash Top-Up”).

Maturing Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Maturing Bonds held by them as at the Cut-off Date (including any top-ups necessary in terms of any of A, B or C above) (“Maturing Bond Transfer”) shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds. Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds.

Maturing Bondholders transferring all of the Maturing Bonds held by them as at the Cut-off Date may apply for an amount of Bonds in excess of the amount of Maturing Bonds being transferred by Maturing Bond Transfer. In such case Maturing Bondholders may subscribe for additional Bonds, in multiples of €100, by completing the appropriate section of the Application Form A.

The balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer, if any, shall be made available for subscription (A) to Maturing Bondholders in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-off Date and (B) to holders of Existing Corinthia Bonds as at the Cut-off Date, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer.

Any balance of the Bonds not subscribed to by Maturing Bondholders and/or by holders of Existing Corinthia Bonds as at the Cut-off Date, as the case may be, shall be offered for subscription to Authorised Intermediaries through an Intermediaries' Offer. Any subscription received during the Intermediaries' Offer shall be subject to the same terms and conditions as those applicable to Applications by Maturing Bondholders and/or by holders of Existing Corinthia Bonds as at the Cut-off Date, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for under Application Forms A and B, respectively. In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds to such investors during the Intermediaries' Offer.

Furthermore, should any Bonds be made available for subscription through an Intermediaries' Offer as aforesaid the Issuer notifies that it has reached an agreement with a third party investor for the latter to subscribe to up to a maximum of €10,000,000 worth of the resultant balance of Bonds.

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

- i. first to Maturing Bondholders up to the extent of their holdings of Maturing Bonds on the Cut-off Date to be utilised for the purposes of the payment of consideration of Bonds, rounded upwards to the nearest €100 and subject to the minimum holding of €1,000;
- ii. the balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer, if any, shall be made available for subscription (A) to Maturing Bondholders in respect of any additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-off Date and (B) to holders of Existing Corinthia Bonds as at the Cut-off Date, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer. Accordingly, in the event that a Maturing Bondholder applies for additional Bonds other than by Maturing Bond Transfer as specified in (i) above, no guarantee shall be given with respect to the excess Bonds applied for; and
- iii. in the event that following the allocations made pursuant to paragraphs (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Intermediaries and to a third party investor through an Intermediaries' Offer. Applications received from Authorised Intermediaries through an Intermediaries' Offer, if any, shall be allocated without priority or preference and in accordance with the allocation policy as determined by the Issuer.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

1. General

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest and the principal amount due under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer and Guarantor, present and future.

2. Form, Denomination and Title

The Bonds will be issued in fully registered form in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €1,000 per individual Bondholder. Authorised Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €1,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in sub-section 3(C.5) above.

3. Redemption and Purchase

Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest) on 6 July 2022. Subject to the provisions of this paragraph, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

4. Payments

Payment of the principal amount of the Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Redemption Date.

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be effected within seven (7) days of the Interest Payment Date.

5. Events of Default

The Securities Note sets out a list of events of default the occurrence of which would result in the Bonds becoming immediately due and repayable at their principal amount, together with accrued interest.

6. Further Issues

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

7. Meetings of Bondholders

The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.

8. Governing Law and Jurisdiction

The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Act. From their inception the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit or proceedings against the Issuer and/or the Guarantor arising out of or in connection with the Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese courts as aforesaid.

E.4 Save for the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) and any fees payable to Rizzo, Farrugia & Co (Stockbrokers) Ltd. as Sponsor in connection with the Bond Issue, and to Bank of Valletta plc as Registrar & Manager, so far as the Issuer is aware no person involved in the Issue has a material interest in the Bond Issue.

E.7 No expenses shall be specifically charged by the Issuer to any Bondholder who subscribes for the Bonds.

6 TIME-TABLE

1	Application Forms mailed to Maturing Bondholders and to holders of Existing Corinthia Bonds as at the Cut-off Date	31 May 2017
2	Closing date for Applications to be received from Maturing Bondholders and from holders of Existing Corinthia Bonds as at the Cut-off Date	16 June 2017 (by 12:00 CET)
3	Intermediaries Offer*	21 June 2017
4	Announcement of basis of acceptance	23 June 2017
5	Dispatch of allotment advices and refunds (if any)	3 July 2017
6	Expected date of admission of the Bonds to listing	5 July 2017
7	Commencement of interest	6 July 2017
8	Expected date of commencement of trading in the Bonds	6 July 2017

* In the event that the total value of Applications received from Maturing Bondholders and/or holders of Existing Corinthia Bonds as at the Cut-off Date, as the case may be, exceeds €40,000,000, the Intermediaries' Offer will not take place.

REGISTRATION DOCUMENT

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

Dated 29 May 2017

In respect of an issue of €40,000,000 5.0% Unsecured Bonds 2022
of a nominal value of €100 per Bond issued at par by



MEDITERRANEAN INVESTMENTS HOLDING PLC

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

Guaranteed by

CORINTHIA PALACE HOTEL COMPANY LIMITED

A private limited liability company registered in Malta with company registration number C 257

ISIN: MT0000371287

Prospective investors are to refer to the Guarantee contained in Annex A of the Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "*Risk Factors*" contained in the Summary Note, this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by Corinthia Palace Hotel Company Limited.

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

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

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

APPROVED BY THE DIRECTORS

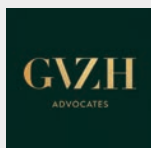
Joseph Fenech

Joseph Fenech for and on behalf of:
Alfred Pisani, Samuel D. Sidiqi, Joseph Pisani,
Faisal J. S. Alessa, Mario P. Galea, Bassem Bitar

LEGAL COUNSEL

SPONSOR

REGISTRAR & MANAGER





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IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON MEDITERRANEAN INVESTMENTS HOLDING PLC IN ITS CAPACITY AS ISSUER AND CORINTHIA PALACE HOTEL COMPANY LIMITED IN ITS CAPACITY AS GUARANTOR IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES ISSUED BY THE LISTING AUTHORITY, THE COMPANIES ACT, 1995 (CHAPTER 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS, AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISERS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR AND MAKES NO REPRESENTATIONS AS TO THE CONTENTS, ACCURACY OR COMPLETENESS OF THE PROSPECTUS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS WHATSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER AND/OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISERS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND



REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF SO APPLYING AND OF ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXATION IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE PUBLIC OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED THE DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING (THE “**PROSPECTUS DIRECTIVE**”) OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF THE PROSPECTUS DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN THE PROSPECTUS DIRECTIVE), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

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

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

ALL THE ADVISERS TO THE ISSUER AND GUARANTOR NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING “*ADVISERS TO THE ISSUER AND GUARANTOR*” IN SUB-SECTION 4.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

1 DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

“Act” or “Companies Act”	the Companies Act, 1995 (Chapter 386 of the laws of Malta);
“AHCT”	Alinmaa Holding Company for Tourism & Real Estate Investments, a company registered under the laws of Libya and having its registered office at Al-Hamamat St., Al Madina Alsiahya, Tripoli, Libya;
“AUCC”	Arab Union Contracting Company, a company registered under the laws of Libya and having its registered office at Level 21, General Department, Tripoli Tower, Tower 1, Tripoli, Libya;
“Authorised Intermediaries”	all the licensed stockbrokers and financial intermediaries listed in Annex D of the Securities Note forming part of the Prospectus;
“Bond/s”	the €40,000,000 unsecured bonds 2022 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 5.0% per annum. The Bonds are guaranteed by CPHCL;
“Bondholder”	a holder of Bonds;
“Corinthia Group”	CPHCL (as defined below) and the companies in which CPHCL has a controlling interest;
“CHI Limited”	CHI Limited, a company registered under the laws of Malta having its registered office at 1, Europa Centre, Floriana FRN 1400, Malta and bearing company registration number C 26086;
“CPHCL” or “Guarantor”	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta with company registration number C 257 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta. CPHCL is the parent company of the Corinthia Group and is acting as Guarantor in terms of the Guarantee;
“Directors” or “Board”	the directors of the Issuer whose names are set out in sub-section 4.1 of this Registration Document;
“EBITDA”	earnings before interest, tax, depreciation and amortization;
“EDREICO”	Economic Development and Real Estate Investment Company, a company registered under the laws of Libya and having its registered office at 49, Fourth Floor, Burj Al Fatah Tower, PO BOX 93142, Tripoli, Libya;
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Exchange” or “Malta Stock Exchange” or “MSE”	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Financial Analysis Summary”	the financial analysis summary dated 29 May 2017 compiled by the Sponsor in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer, a copy of which is set out in Annex C of the Securities Note forming part of the Prospectus;

“GBP” or “£” or “Pound Sterling”	the lawful currency of the United Kingdom;
“GBP Rate of Exchange”	the rate of exchange for the purposes of this Prospectus between the Euro and the Pound Sterling, applicable to the GBP Bonds forming part of the Maturing Bonds, that is €1.00 : £0.86340. In determining the aforesaid exchange rate, the Issuer has been guided by the reference exchange rate as published by the European Central Bank on 24 May 2017 at 16:00 hours CET (https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html);
“Group”	the Issuer (parent company), PCL and PWL (subsidiary companies) and MTJSC (associate company);
“Guarantee”	the suretyship of the Guarantor in terms of the guarantee contained in Annex A of the Securities Note forming part of the Prospectus and as described in Element B.18 of the Summary Note forming part of the Prospectus;
“IHI”	International Hotel Investments plc, a company registered under the laws of Malta with company registration number C 26136 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“IHGH”	Island Hotels Group Holdings plc, a company registered under the laws of Malta having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta and bearing company registration number C 44855, and the companies in which IHGH has a controlling interest;
“Island Caterers Limited”	Island Caterers Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta and bearing company registration number C 9377;
“Issuer” or “MIH”	Mediterranean Investments Holding plc, a company registered under the laws of Malta with company registration number C 37513 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“Listing Authority”	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
“Listing Rules”	the listing rules issued by the Listing Authority, as may be amended from time to time;
“LFICO”	Libyan Foreign Investment Company, a company registered under the laws of Libya with company registration number 9481 and having its registered office at Ghadem Aljabel, Gharian, P.O. Box 4538 Tripoli, Libya;
“LPTACC”	Libya Projects General Trading And Contracting Company, a company registered under the laws of Kuwait with company registration number 119633 and having its registered office at Office 16/Mezzanine, Block 12, Al Asfour International Company, Al Manqaf, Kuwait;
“Malta Stock Exchange Bye-Laws”	the Malta Stock Exchange plc bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;

“Maturing Bonds”	the 7.15% bonds 2015 - 2017 due to be redeemed by the Issuer on 6 July 2017 in a combination of EUR (€) denominated Bonds, GBP (£) denominated Bonds and USD (\$) denominated Bonds, with ISIN code MT0000371238 for the EUR Bonds, MT0000371246 for the GBP Bonds and MT0000371253 for the USD Bonds, issued by the Issuer pursuant to a prospectus dated 14 June 2010, and amounting as at the date of the Prospectus to an aggregate amount of €39,920,281 (for the purpose of ascertaining the aggregate principal amount of the Maturing Bonds, specifically the GBP Bonds and USD Bonds forming part thereof, reference is made to the GBP Rate of Exchange (against the Euro) and the USD Rate of Exchange (against the Euro) respectively);
“Medina Tower”	the proposed Medina Tower project in Tripoli, Libya;
“MFSA”	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);
“MTJSC”	Medina Tower Joint Stock Company for Real Estate and Development, a joint stock investment company registered under the commercial laws of Libya in accordance with Law No. 5 (1997) as amended by Law No. 7 (2004) and Law No. 9 L(2010), having its registered office at Tripoli Tower, Suite 107, Tower 2, Level 10, Tripoli, Libya, and bearing privatisation and investment board number 343;
“NPHC”	National Projects Holding Company (KSC), a company registered under the laws of Kuwait with company registration number 111731 and having its registered office at National Market Building, Fourth Floor, Office 24, Abdullah Al Salem, Al Mirqab, Kuwait;
“NREC”	National Real Estate Company KSCP, a company registered under the laws of Kuwait with company registration number 19628 and having its registered office at P.O. Box 64585, Shuwaikh, B 70456, Kuwait;
“Official List”	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
“Palm City Residences”	the Palm City Residences, a property operated by PCL (as defined below) and situated in Janzour, Libya;
“PCL” or “Palm City Ltd”	Palm City Ltd, a company registered under the laws of Malta with company registration number C 34113 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“PWL”	Palm Waterfront Ltd, a company registered under the laws of Malta with company registration number C 57155 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“Prospectus”	collectively the Summary Note, this Registration Document and the Securities Note, all dated 29 May 2017, as such documents may be amended, updated, replaced and supplemented from time to time;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
“QPM” or “QPM Limited”	QPM Limited, a company registered under the laws of Malta with company registration number C 26148 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;

“Redemption Date”	6 July 2022;
“Registration Document”	this registration document in its entirety issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Regulation”	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
“Securities Note”	the securities note issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered under the laws of Malta having its registered office at Airways House, Third Floor, High Street, Sliema SLM 1549, Malta and bearing company registration number C 13102. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised financial intermediary licensed by the MFSA and a member of the MSE;
“Summary Note”	the summary note issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“The Coffee Company Malta Limited”	The Coffee Company Malta Limited, a company registered under the laws of Malta with company registration number C 55973 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“USD” or “\$” or “US Dollar”	the lawful currency of the United States; and
“USD Rate of Exchange”	the rate of exchange for the purposes of this Prospectus between the Euro and the US Dollar, applicable to the USD Bonds forming part of the Maturing Bonds, that is €1.00 : \$1.1193. In determining the aforesaid exchange rate, the Issuer has been guided by the reference exchange rate as published by the European Central Bank on 24 May 2017 at 16:00 hours CET (https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html).

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- words importing the singular shall include the plural and vice-versa;
- words importing the masculine gender shall include the feminine gender and vice-versa;
- the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.

2 RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER AND/OR THE GUARANTOR. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER AND/OR GUARANTOR TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND THE GUARANTOR AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S AND/OR GUARANTOR'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR GUARANTOR.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE GUARANTOR OR THE SPONSOR OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS OF THIS DOCUMENT.

2.1 Forward-looking statements

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor's strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances. Prospective investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's and Guarantor's control.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and/or Guarantor's directors include those risks identified under this heading "*Risk Factors*" and elsewhere in the Prospectus. If any of the risks described were to materialise, they could have a material effect on the Issuer's and/or Guarantor's financial results, trading prospects and the ability of the Issuer and/or Guarantor to fulfil their respective obligations under the securities to be issued in terms of the Prospectus.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and/or Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled “*Risk Factors*” for a further discussion of the factors that could affect the Issuer’s and/or Guarantor’s future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantor and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

2.2 Risks relating to the Group and its business

2.2.1 General

The Issuer was incorporated in 2005 and, through PCL, has been primarily involved in the development and operation of Palm City Residences. Until such time when the Medina Tower project and the Palm Waterfront project are fully developed and launched on the market, the Issuer will continue to be solely dependent on the business prospects and operating results of PCL.

The operations of PCL and its operating results are subject to a number of factors that could adversely affect the Group’s business and financial condition, some of which are beyond the Group’s control.

2.2.2 Risks relating to the political, economic and social environment of the country in which the Issuer operates.

The country in which the Group operates may be susceptible to political, economic or social risks not normally encountered in more developed countries. Whilst the Issuer and PCL are registered in Malta, all of their respective assets, operations, business interests and activities are located or conducted in Libya through a branch of PCL. The Issuer is also an investee in a joint stock company MTJSC in respect of the business interests of the Medina Tower project, another project that will be developed in Tripoli, Libya. An application for the establishment of an investment project is underway at the Libyan Ministry of Economy in respect of the future development of Palm Waterfront. The Group’s business activities over the coming years are expected to be focused on and aimed at the development of the Medina Tower project in which the Group has a 25% holding and Palm Waterfront, which is to be developed by a 100% owned subsidiary of the Issuer. Accordingly, the Group is susceptible to the political and economic risks that may from time to time influence Libya’s prospects. Negative political or economic factors and trends in or affecting Libya could have a material impact on the business of the Issuer.

As the political, economic and social environment in Libya remains subject to continuing change, investment in this country is characterised by a significant degree of uncertainty and unpredictability. Any unexpected changes in the political, social, economic or other conditions in Libya may have an adverse effect on the operations and financial results of the Group and on any investments made by the Group, as occurred during 2011 and again in 2014 when PCL’s operations were adversely affected by the conflict and political turmoil in Libya, reporting decreases in occupancy levels and apartment rental rates for those years. The consequences may be profound and, accordingly, prospective investors should take into account the unpredictability associated therewith.

2.2.3 Emerging market

Prospective investors should also note that emerging markets present economic and political conditions which differ from those of the more developed markets and could possibly present less social, political and economic stability, which could render investment in such markets more risky than investments in more developed markets.

The Group’s prospects should be considered in the light of the risks and the difficulties generally encountered by companies operating in emerging markets. Specific country risks that may have a material impact on the Group’s business, operating results, cash flows and financial condition include: acts of warfare and civil clashes; political, social and economic instability; government intervention in the market, including tariffs,

protectionism and subsidies; changes in regulatory, taxation and legal structures; exchange control and rules on expropriation, nationalisation and/or confiscation of assets; difficulties and delays in obtaining permits and consents for operations and developments; inconsistent governmental action and/or lack or poor condition of infrastructure.

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

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

2.2.4 *Libya*

The continued instability and state of uncertainty prevailing since the 2011 uprising continues to have a negative effect on travel to Libya and, accordingly, on the performance and operation of the Group as well as on the financial results of the Group. Economic uncertainty and political risk remain high in Libya with prevalent threats to positive development. Most foreign embassies in Libya remain at present either closed or have suspended operations and withdrawn their diplomatic staff, albeit recently a number of countries have re-opened their embassies. Those governments that have as yet not re-opened their embassy in the country have advised their respective nationals against all unnecessary travel to the country. Although an agreement was reached in December 2015 for the formation of a Government of National Accord, sustained levels of governance, stability and economic development cannot as yet be considered to have been achieved, and notwithstanding the reported efforts of the UN Special Mission in Libya (UNSMIL) the threat of further deterioration in Libya's general economic and social situation prevails.

Security concerns resulting from the above, as well as social unrest and lack of clarity on the political situation, have also brought about a decline in investor confidence, investment (including foreign direct investment) and capital spending.

The above-mentioned negative political or economic factors and trends may continue to have a negative influence on the operating results of the Group and could also have a material impact on the business of the Issuer in the region.

2.2.5 *Natural disasters, contagious disease, terrorist activity and war have, in the past, adversely affected the expatriate community and similar events could adversely affect the industry in the future*

Natural disasters, the spread of contagious disease, industrial action, travel-related accidents, terrorist activity and war and the targeting of particular destinations have, in the past, had a significant negative impact on the travel industry globally and such events could have a similarly negative impact in the future.

Such events occurring in the location where the Group operates will invariably affect tenancy patterns and reduce the number of business travellers to the country, including demand for residential accommodation at Palm City Residences. In addition, concerns about air travel safety could substantially decrease the overall amount of air travel. Actual or threatened war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty may also reduce overall demand for business travel. Furthermore, the occurrence of any of these events or increasing concerns about these events could have a material adverse impact on the business, financial condition, results of operations and prospects of the Group and/or the Guarantor.

2.2.6 *Liquidity Risk*

In view of the fact that the Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the Group's and/or the Guarantor's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices in response to changes in economic, real estate, market or other conditions, or the exercise by tenants of their contractual rights such as those which enable them to vacate properties occupied by them prior to, or at, the expiration of the lease term. These factors could have an adverse effect on the Group's financial condition and results.

2.2.7 Risks relating to property development

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

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

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

2.2.8 Litigation Risk

All industries, including the property development industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Issuer's and/or the Guarantor's future cash flow, results of operations or financial condition.

2.2.9 The Group may not be able to obtain the capital it requires for development or improvement of existing or new properties on commercially reasonable terms, or at all

The Group's ability to implement its business strategies is dependent upon, amongst other things, its ability to generate sufficient funds internally and to access financing at acceptable costs. No assurance can be given that sufficient financing for its current and future investments will be available on commercially reasonable terms or within the timeframes required by the Group, also taking into account the need, from time to time, for the Group's properties to undergo renovation, refurbishment or other improvements. Any weakness in the capital markets may limit the Group's ability to raise capital for completion of projects that have commenced or for development of future investments. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments on commercially reasonable terms, including increases in borrowing costs or decreases in loan funding, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

2.2.10 Fluctuations in property values

As stated above, the Group is involved in the acquisition and development of properties. Property values are affected by and may fluctuate, inter alia, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the Group's property portfolio may also fluctuate as a result of other factors outside the Group's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, interest and inflation rate fluctuations.

The Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values. The valuation of property and property-related assets is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which valuations are carried out. Accordingly, there is no assurance that valuations of Group properties and property-related assets will reflect actual market values that could be achieved upon a sale. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the relative valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made.

2.2.11 The Group's indebtedness could adversely affect its financial position

The Issuer and PCL both have a material amount of debt, and the amount of debt funding of the Issuer is expected to increase as and when the Issuer undertakes the Medina Tower and the Palm Waterfront projects, and other possible future development plans.

A substantial portion of the Group's generated cash flows will be required to make principal and interest payments on the Group's debt. A substantial portion of the cash flow currently generated from PCL's operations is utilised to repay its debt obligations pursuant to the terms of the facilities provided. The financial covenants to which such facilities are subject to give rise to a reduction in the amount of cash available for distribution to the Issuer which would otherwise be available for funding of the Issuer's working capital, capital expenditure, development costs and other general corporate costs, or for the distribution of dividends.

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

As to the Medina Tower and Palm Waterfront projects, MTJSC and PWL will be negotiating bank credit facilities for the construction of their respective projects once a decision is taken to execute these projects. The agreements regulating the bank debt are likely to impose significant operating restrictions and financial covenants on MTJSC and PWL. These restrictions and covenants could limit the ability of each of the said companies and the Group to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities. Furthermore, the sites on which the Medina Tower and Palm Waterfront are to be constructed may be subject to a land charge granting a right of preference and ranking to the lending banks in priority and preference to other creditors.

2.2.12 The Group may be exposed to certain financial risks, including interest rate risk which the Group may be unable to effectively hedge against

The Group's activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk), credit risk and risks associated with the unpredictability of financial markets, all of which could have adverse effects on the Group's financial performance.

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

2.2.13 Exchange rate risk and other regional economic developments may have a material adverse effect on the Issuer's business, financial condition and results of operations

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

The Issuer's financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both translation risk, which is the risk that the financial statements for a particular period or as of a certain date depend, although in part only, on the prevailing exchange rate to the Libyan Dinar against the Euro; and transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the currency of its revenue and assets, which fluctuation may adversely affect its operating performance.

2.2.14 Issuer's reliance on PCL to service and repay Issuer's debt securities

The timely payment of interest payable by the Issuer on its debt securities could be negatively conditioned by unforeseen adverse circumstances affecting the operations of PCL which could significantly impinge on PCL's cash flow.

The payment of interest and/or capital repayment on the Issuer's debt securities will be funded principally by the dividend pay-outs of PCL. The payment of dividends by PCL will depend on, among other factors, any future profits, financial position, working capital requirements, general economic conditions and other factors that its board of directors deems significant from time to time. Accordingly, any occurrence that could impede or otherwise delay the cash flow generation from Palm City Residences could have a detrimental impact on PCL's ability to pay dividends, which in turn would have an adverse impact on the ability of the Issuer to meet interest payments or capital repayments on its securities on their due date.

Furthermore, in respect of Palm City Residences, the Group could in future face competition from other residential properties in its area of operation. The principal factors which the Issuer expects could affect the said property's ability to both attract new tenants as well as retain tenants beyond the term of their current lease are, amongst others:

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

2.2.15 Reliance on the Corinthia Group and NREC

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

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

2.2.16 Reliance on key senior personnel and management

The Group's growth since inception is, in part, attributable to the efforts and abilities of the members of the executive management teams and other key personnel of the Issuer and PCL. If one or more of the members of this team were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

In common with many businesses, the Issuer will be relying heavily on the contacts and expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the Issuer's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel. The loss of the services of any of the key personnel could have, in the short term, a material adverse effect on the Issuer's business.

2.2.17 The Group's insurance policies

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the business and the country in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

2.2.18 Other risks

The Group is subject to taxation, environmental and health and safety laws and regulations. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus upon the business and operations of Group companies.

2.3 Risks relating to the business of the Guarantor

CPHCL has a long trading history in mixed-use real estate developments that consist principally of hotels, residences, offices and retail areas. The hotel industry globally is characterised by strong and increasing competition. Many of CPHCL's current and potential competitors' operating histories, name recognition, customer bases and financial and other resources are a competitive factor for the Guarantor wherever it may have business. Severe competition in certain countries and changes in economic and market conditions could adversely affect CPHCL's business and operating results.

The Guarantor's prospects should be considered in the light of the risks and the difficulties generally encountered by companies operating in a mixture of mature and stabilised markets coupled with new and rapidly developing markets.

CPHCL's operations and its results are subject to a number of factors that could adversely affect the Corinthia Group's business, many of which are common to the hotel and real estate industry and beyond the Corinthia Group's control.

3 PERSONS RESPONSIBLE

This Registration Document includes information prepared in compliance with the Listing Rules of the Listing Authority for the purpose of providing Bondholders with information with regard to the Issuer and Guarantor. Each and all of the Directors whose names appear in sub-section 4.1 of this Registration Document accept responsibility for all the information contained in the Prospectus.

To the best of the knowledge and belief of the directors of the Issuer and Guarantor, who have taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer and of the Guarantor hereby accept responsibility accordingly.

4 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS OF THE ISSUER AND GUARANTOR

4.1 Directors of the Issuer

As at the date of this Registration Document, the Board of Directors is constituted by the following persons:

Alfred Pisani	Executive Director and Chairman
Samuel D. Sidiqi	Non-executive Director and Deputy Chairman
Joseph Pisani	Non-executive Director
Faisal J.S. Alessa	Non-executive Director
Joseph Fenech	Executive Director
Mario P. Galea	Independent, non-executive Director
Bassem Bitar	Independent, non-executive Director

Mr Alfred Pisani and Mr Joseph Fenech occupy senior executive positions within the Corinthia Group. The other five Directors, Mr Samuel D. Sidiqi, Mr Joseph Pisani, Mr Faisal J.S. Alessa, Mr Mario P. Galea and Mr Bassem Bitar, serve on the Board of the Issuer in a non-executive capacity. Mr Mario P. Galea and Mr Bassem Bitar are considered as independent Directors since they are free of any business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing Mr Galea and Mr Bitar's independence due notice has been taken of sub-section 5.117 of the Listing Rules.

The business address of Mr Alfred Pisani, Mr Joseph Pisani, Mr Joseph Fenech and Mr Mario P. Galea is 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta.

The business address of Mr Samuel D. Sidiqi, Mr Faisal J.S. Alessa and Mr Bassem Bitar is P.O. Box 64585, Shuwaikh, B 70456, Kuwait.

The Company Secretary of the Issuer is Mr Stephen Bajada.

The following are the respective *curriculum vitae* of the Directors:

Name: **Alfred Pisani**; Executive Director and Chairman

Alfred Pisani is the founder of the Corinthia Group and has been the Chairman and Chief Executive Officer since the inception of Corinthia in 1962. He was responsible for the construction of the Corinthia Group's first hotel, the Corinthia Palace Hotel in Attard. He has led the Corinthia Group from a one hotel company to a diversified group having significant interests, both locally and internationally. Mr Pisani is also the Chairman of IHI.

Name: **Samuel D. Sidiqi**; Non-executive Director and Deputy Chairman

Samuel D. Sidiqi is the Chief Executive Officer of NREC where he looks after a portfolio of real estate assets and developments across the Middle East. Before joining NREC he spent seven years with Agility Logistics and, before that, he worked with Bain & Company where he advised a number of Fortune 500 companies on strategy. Mr Sidiqi graduated from Massachusetts Institute of Technology and received his MBA from the Wharton School of Business of the University of Pennsylvania.

Name: **Joseph Pisani**; Non-executive Director

Joseph Pisani, besides being a founder director of CPHCL as from 1966, is also a director of IHI with effect from 22 December 2014, as well as acting as a director on a number of boards of other subsidiary companies of the Corinthia Group. Since 2000 he has served as Chairman of the Monitoring Committee of CPHCL and IHI. He was educated at St Edward's College and the University of Malta. He has ever since been intimately involved in the growth and evolution of the Corinthia Group.

Name: **Faisal J.S. Alessa**; Non-executive Director

Faisal J.S. Alessa currently holds the position of Chairman of Kuwait based NREC. Before becoming Chairman, Mr Alessa served NREC by leading its business development function and as a board member, Chairman and Managing Director of various subsidiary organisations. Prior to joining NREC, he was the chairman of United Capital Group, a company registered in Kuwait with over USD 700 million in assets under management. Mr Alessa is a graduate of Barry University in Miami, Florida, USA. Besides holding office as a non-executive Director of the Issuer, Mr Alessa also serves as a member of the board of directors of Kuwait Agricultural Company and Kuwait Agro for General Trading and Contracting.

Name: **Joseph Fenech**; Executive Director

Joseph Fenech is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom and a Fellow of the Malta Institute of Accountants. Mr Fenech joined the Corinthia Group in 1980 after having spent a number of years as senior auditor with a local auditing firm. His first appointment was as Group Accountant responsible for all financial and accounting matters of the Corinthia Group operations. Mr Fenech is the Joint Chief Executive Officer of IHI.

Name: **Mario P. Galea**; Independent, non-executive Director

Mario P. Galea was the founder, managing partner and chairman of Ernst & Young Malta until he retired in 2012. Currently he serves on a number of boards of directors, finance committees and audit committees in various companies. Mr Galea is a certified public accountant and auditor, a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Malta Institute of Accountants. He has served as President of the Malta Institute of Accountants and held various other positions in the Institute, Federation des Comptables Européens (FEE) and the Accountancy Board, which is the regulator of the accountancy profession in Malta. Mr Galea is the independent non-executive Director competent in accounting and auditing matters and acts as the Chairman of the Audit Committee of the Issuer.

Name: **Bassem Bitar**; Independent, non-executive Director

Bassem Bitar is Vice President responsible for strategy at NREC, a Kuwaiti publicly listed real estate and investment company with a presence in the Middle East and North Africa. Prior to joining NREC, Mr Bitar occupied various senior positions with publicly listed real estate companies in Kuwait.

4.2 Directors of the Guarantor

As at the date of this Registration Document, the board of directors of CPHCL is constituted by the following persons:

Alfred Pisani	Executive director and Chairman
Abuagila Almahdi	Non-executive director
Joseph Pisani	Executive director
Sharafeddin Salem Abdullah Banghazi	Non-executive director
Victor Pisani	Executive director
Mustafa Ali Ahmed Ghnedi	Non-executive director

The business address of the directors of the Guarantor is 22, Europa Centre, Floriana FRN 1400, Malta.

The Company Secretary of the Guarantor is Mr Alfred Fabri.

The following are the respective *curriculum vitae* of the directors of the Guarantor:

Name: **Alfred Pisani**; Executive director and Chairman

The *curriculum vitae* of Mr Alfred Pisani is set out in sub-section 4.1 above.

Name: **Abuagila Almahdi**; Non-executive director

Abuagila Almahdi is a director of CPHCL and has been appointed as non-executive director of IHI with effect from 16 October 2014. Mr Almahdi joined LFICO in 1999 and has served as Deputy Managing Director until he was appointed Vice Chairman of CPHCL in February 2014. He is also Chairman of Medelec Switchgear Limited. Mr Almahdi holds a Bachelor of Accounting degree from Tripoli University, a postgraduate diploma in accounting from the Academy of Graduate Economic Studies Tripoli and a Master in Finance, Accounting and Management from Bradford University School of Management.

Name: **Joseph Pisani**; Executive director

The *curriculum vitae* of Mr Joseph Pisani is set out in sub-section 4.1 above.

Name: **Sharafeddin Salem Abdullah Banghazi**; Non-executive director

Sharafeddin Banghazi joined LFICO in 1996 and currently serves as its director of planning and research. He is also a board member of the Libyan Foreign Investment Board for the Ministry of Economy, Trade and Investments, Tripoli. Mr Banghazi holds a degree in engineering from the University of Glasgow, a masters degree in Marine Technology from the University of Newcastle and a MBA in Business Administration from the University of Newcastle.

Name: **Victor Pisani**; Executive director

Victor Pisani is a founder director and member of the main board of CPHCL since 1966 and is a director on a number of its subsidiaries within the Corinthia Group. He was formerly a board member and Chairman of Pisani Flour Mills Limited (C 3949).

Name: **Mustafa Ali Ahmed Ghnedi**; Non-executive director

Mustafa Ghnedi is a director of CPHCL. Mr Ghnedi joined LFICO in 1991 and currently serves as its Chairman of the board of directors of LFICO Algeria and its head of legal in Tripoli. He holds a law degree from Tripoli University and read English at University College, Dublin.

4.3 Senior Management of the Issuer

As at the date of the Prospectus the Issuer does not have any employees of its own and is reliant on the resources which are made available to it by the Guarantor pursuant to the MSS Agreement detailed in sub-section 5.1.3 of this Registration Document, including, in particular, the services of Mr Reuben Xuereb, who is the Chief Executive Officer of MIH, Ms Rachel Stilon, who is the Chief Financial Officer of MIH, and Mr Stephen Bajada who acts as the Company Secretary of MIH.

The following are the respective *curriculum vitae* of the key members of the Group's Executive Team:

Name: **Reuben Xuereb**; Chief Executive Officer of MIH

Reuben Xuereb joined the Corinthia Group in January 2005 in a senior executive role and has since been heading the real estate investments and operations in Libya. Having worked in the Middle East with one of the largest finance houses and investment groups based in Bahrain, he has specialised in real estate investment structures and is responsible for corporate strategy and business development of MIH. Prior to that, Mr Xuereb was the Chief Financial Officer of FIMBank - an international trade finance bank headquartered in Malta for six years. Mr Xuereb is also the CEO of MTJSC, Chairman and CEO of PCL, and Executive Chairman of QPM Limited (C 26148).

Name: **Rachel Stilon**; Chief Financial Officer of MIH

Rachel Stilon graduated with a B.A. (Hons) Accountancy from the University of Malta in 1996. She worked for Price Waterhouse before joining the internal audit department of Corinthia Group in 1998. In 2000 she moved into corporate finance as financial controller of CPHCL. Since then she has held various corporate finance related positions, including financial controller of Corinthia Finance plc. Ms Stilon holds a Certified Public Accountant and Auditor warrant, is a member of the Malta Institute of Accountants and serves as a director on the board of Federated Mills plc.

Name: **Stephen Bajada**; Company Secretary of MIH

Stephen Bajada joined the Corinthia Group in 1998 after having spent a number of years as senior manager with the National Tourism Organisation Malta, responsible for research and development. Since joining the Corinthia Group he has occupied a number of senior positions ranging from administration, overall responsibility of the insurance requirements of the Corinthia Group, as well as company secretary for a number of Corinthia Group companies ranging from hospitality management, catering, events and project management in various jurisdictions. Mr Bajada has served as Company Secretary to MIH, PCL and PWL since 2012. He is a graduate in business management from the University of Malta.

4.4 Advisers to the Issuer and Guarantor

Legal Counsel

Name: GVZH Advocates

Address: 192, Old Bakery Street, Valletta VLT 1455, Malta

Sponsoring Stockbroker

Name: Rizzo, Farrugia & Co. (Stockbrokers) Ltd.

Address: Airways House, Third Floor, High Street, Sliema SLM 1549, Malta

Registrar & Manager

Name: Bank of Valletta plc

Address: BOV Centre, Cannon Road, Santa Venera SVR 9030, Malta

As at the date of the Prospectus the advisers named under this sub-heading have no beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or the Guarantor with any of the advisers referred to above.

The organisations listed above have advised and assisted the directors of the Issuer and the Guarantor in the drafting and compilation of the Prospectus.

4.5 Issuer's auditors

Name: Grant Thornton

Address: Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta

The annual statutory consolidated financial statements of the Issuer for the financial years ended 31 December 2014, 2015 and 2016 have been audited by Grant Thornton. Grant Thornton is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).

4.6 Guarantor's auditors

Name: Grant Thornton

Address: Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta

Name: PricewaterhouseCoopers

Address: 78, Mill Street, Qormi QRM 3101, Malta

The annual statutory consolidated financial statements of the Guarantor for the financial year ended 31 December 2014 have been audited by Grant Thornton, whilst the annual statutory consolidated financial statements for the financial years ended 31 December 2015 and 2016 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act 1979 (Chapter 281 of the laws of Malta).

5 INFORMATION ABOUT THE ISSUER AND THE GUARANTOR

5.1 Historical development of the Issuer

5.1.1 Introduction

Full legal and commercial name of the Issuer:	Mediterranean Investments Holding plc
Registered address:	22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta
Place of registration and domicile:	Malta
Registration number:	C 37513
Date of registration:	12 December 2005
Legal form	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone number:	+356 21 233 141
Fax number:	+356 21 234 219
E-mail address:	info@mihplc.com
Website:	www.mihplc.com

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

The Issuer was set up on 12 December 2005 as a private limited liability company and was subsequently converted into a public limited liability company on 6 November 2007. Today, following a share capital increase effected in 2006, MIH has an authorised share capital of €100,000,000 divided into 50,000,000 ordinary 'A' shares of a nominal value of €1 each and 50,000,000 ordinary 'B' shares of a nominal value of €1 each. The issued share capital of MIH is €48,002,000 divided into 24,001,000 ordinary 'A' shares of €1 each and 24,001,000 ordinary 'B' shares of €1 each, all of which have been fully paid. Each of CPHCL and NREC (directly or indirectly) hold 50% of the Issuer's share capital. Of the 50% share owned by NREC, 10% is held by its subsidiary LPTACC, a fully owned subsidiary of NPHC which, in turn, is 98% owned by NREC. In terms of the Memorandum and Articles of Association of the Issuer, CPHCL, as the holder of ordinary 'A' shares, has the right to appoint three Directors to the Board and NREC and LPTACC, as the holders of ordinary 'B' shares, jointly have the right to appoint three Directors to the Board, with the seventh Director jointly appointed by CPHCL, NREC and LPTACC. Further details concerning the manner in which the shares in MIH are subscribed to are set out in sub-section 8.1 of this Registration Document.

Since incorporation MIH issued eight bonds, five of which are currently listed and traded on the Malta Stock Exchange.

In November 2007, pursuant to a prospectus dated 7 November 2007, MIH issued LM6,439,500 (equivalent to €15,000,000) 7.5% bonds redeemable at par between 2012 and 2014. These bonds, which matured on 4 December 2014, were repaid in full upon maturity.

In July 2008, MIH issued to the public in Malta €15,000,000 7.5% bonds due in 2015 having a nominal value of €100 each and issued at par, subject to an over-allotment option of an additional €5,000,000 bonds on the same terms. The said issue of bonds was regulated by the prospectus dated 15 July 2008 and in virtue thereof the maturity date of the bonds in question fell due on 4 August 2015. This bond was repaid with the proceeds raised from another bond issued by MIH in July 2015 (as detailed below in this sub-section).

In June 2010, MIH issued an aggregate of €40,000,000 7.15% bonds redeemable at par between 2015 and 2017 which were distributed as follows upon issue: €28,767,200 in EUR denominated bonds, £4,385,900 in GBP denominated bonds and \$7,216,500 in USD denominated bonds. The said issue of bonds was regulated by the prospectus dated 14 June 2010. The said bonds, unless previously purchased and cancelled, are due to be redeemed by MIH on 23 July 2017, subject to MIH's option, exercisable at its discretion, to redeem all or any part of the bonds in the said bond issue on the dates falling between and including 23 July 2015 and 22 July

2017. Interest on the bonds is payable annually in arrears on 23 July of each year between and including each of the years 2011 and 2017. As at the date of this Registration Document the following respective amounts under this June 2010 bond are outstanding - €28,519,400, £4,351,100 and \$7,120,300 - and it is the Issuer's intention to repay said outstanding amounts with the proceeds raised from this Bond Issue as set out in sub-section 5.1 of the Securities Note.

In June 2014, MIH issued a further €12,000,000 6% bonds due 2021 having a nominal value of €100 each and issued at par pursuant to a prospectus dated 2 June 2014. The maturity date of the bonds in question falls due on 22 June 2021 and interest on the bonds is payable annually in arrears on 22 June of each year between and including each of the years 2015 and 2021. The net proceeds from said June 2014 bond issue were used by MIH to part finance the redemption of the outstanding amount of €14,757,659 7.5% bonds which had been previously issued by MIH in November 2007. As at the date of this Registration Document the amount of €12,000,000 of the said June 2014 bond remains outstanding.

In July 2015, MIH issued a further €20,000,000 5.5% unsecured bonds due 2020 having a nominal value of €100 each and issued at par pursuant to a prospectus dated 1 July 2015. The maturity date of the bonds in question falls due on 31 July 2020 and interest on the bonds is payable annually in arrears on 31 July of each year between and including each of the years 2016 and 2020. The net proceeds from said July 2015 bond issue were used by MIH to part finance the redemption of the outstanding amount of €19,649,600 7.5% bonds 2015 which had been previously issued by MIH in July 2008. As at the date of this Registration Document the amount of €20,000,000 of the said July 2015 bond remains outstanding.

Finally, in September 2015, MIH issued a further €11,000,000 6% unsecured and unlisted notes due 2020 having a nominal value of €1,000 each and issued at par pursuant to a prospectus dated 18 September 2015. The maturity date of the notes in question falls due on 3 October 2020 and interest on the notes is payable annually in arrears on 3 October of each year between and including each of the years 2016 and 2020. As at the date of this Registration Document the amount of €11,000,000 of the said September 2015 issue remains outstanding.

5.1.2 *Overview of the Group's business*

Palm City Residences

Since incorporation, the Issuer has been primarily involved, through PCL, in the development and operation of the Palm City Residences. This oceanfront gated complex, located in Janzour, Libya, consists of 413 residential units, ranging from one-bedroom apartments to four-bedroom fully detached villas with private pools, constructed on a plot of land measuring 171,000m² and enjoying a 1.3km shorefront (including beach area). The village-type complex offers a host of amenities and leisure facilities that include a piazza, supermarket, a variety of retail shops, a laundry, a health clinic, and a number of catering outlets and cafes. The development also features numerous indoor and outdoor sports facilities, including a fully equipped gym, squash court, tennis courts, an indoor pool, water sports facilities and an outdoor swimming pool.

By virtue of an agreement dated 5 July 2006, CPHCL holds legal title under Libyan law to the land on which the Palm City Residences are built. Such agreement is for a term of 99 years. With effect from 6 July 2006 PCL entered into a build-operate-transfer agreement with CPHCL, whereby CPHCL engaged PCL to complete the construction of the Palm City Residences and to operate the said complex thereafter for a 65-year term. Upon the expiry of this 65 year term, PCL is bound to transfer the operation back to CPHCL. 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. This registration process has been on hold since 2015 pending the current unrest in the country.

The Palm City Residences project was completed in late 2009 and by 2010 all the residences were operational. At the time, the Issuer's principal objectives remained focused on the management and operations of Palm City Residences through its subsidiary PCL and on securing medium to long-term lease contracts with a view to achieving a stabilised occupancy rate of 95% by mid-2011. Significant progress had been registered throughout the course of 2010 and the first two months of 2011 as Palm City Residences continued to secure lease contracts

and increase its occupancy. Towards the end of February 2011, however, due to the civil unrest in Benghazi and other parts of Libya, and the resulting mass evacuation of expatriate personnel from the country, the majority of lease contracts were either cancelled or suspended on a force majeure basis, and the Group's focus shifted to safeguarding and protecting its personnel, the property and the personal belongings of its remaining tenants.

Whilst the unrest in Libya had largely subsided in 2012, 2013 and the first six months of 2014, fresh outbreaks of conflict erupted again in July 2014 and continued to escalate over the second half of 2014 culminating in a highly unstable political setting featuring two groups claiming legitimacy to govern the country in consequence of which all foreign nationals have been directed to evacuate the country by their respective countries. The period during the conflict and its aftermath were characterised by political and economic instability and a curtailment of business activity. As a consequence of the geopolitical uncertainty in the region and the resulting impact on operations and cash flow during most of 2011 carrying through to the early part of 2012, the shareholders of MIH were called upon to support the Group's cash flow requirements by extending a €13.2 million shareholders' loan. This was necessary principally for the Issuer to meet its bond interest costs under existing bonds and for PCL to meet its commitments with capital creditors. Furthermore, and in order to alleviate the cash flow pressures on the Group in this delicate period, the terms of the then existing bank loan facilities were successfully renegotiated and increased to a longer term for repayment. Both these measures allowed the Group to adequately safeguard its investment during the 2011 revolution, ensuring it was able to pursue high levels of occupancy and improved rates throughout 2012 (91%), 2013 (94%) and in the first half of 2014 (95%). The shareholders' loans continue to demonstrate the shareholders' unrelenting commitment to support the Group as and when needed.

During 2012 and more so in 2013, Palm City generated the highest levels of revenue since its opening. With occupancy levels soaring at 91%, total revenue for the 12 months ending December 2012 was recorded at €27.1 million and operating profit a record high of €22.7 million. The financial performance of Palm City continued to progress positively with 2013 setting the highest record both in terms of occupancy, revenue and profitability. Total revenue for the 12 months to December 2013 amounted to €30.2 million on the back of a 94% occupancy with operating profit amounting to €23.5 million.

Whilst instability kicked in again in 2014, Palm City recorded another strong 12 months with revenue reaching €29.4 million, and operating profit amounting to €23 million. In 2015 the instability that persisted implied that a number of tenants were forced to leave due to the deteriorating situation in the country. The instability on the ground continued throughout 2015 and much of 2016 and as a result of this, occupancy between August 2014 and December 2015 declined to 33.6 % and continued to decline further to a low of 8% in 2016.

Interest in Palm City started to trickle back in towards the end of 2016. A number of visits and enquiries have been received from a number of companies, embassies and NGO's. Following a few months of scouting and evaluation, interest has started to be converted into leases. To date, a number of leases have been signed by embassies, NGO's, international security service providers and others with occupancy increasing from 8% to 16% and, given recent contractual discussions, this is due to increase to 18% by July 2017. Beyond the occupancy, another important development is the rates at which the residential units are being leased. The average leasing rate per unit has increased from €5,500 per month to €8,500 per month meaning that total revenue at occupancy levels of 14% is higher than the proportionate revenue for the same occupancy in 2013.

Medina Tower

In 2010, MTJSC was set up for the purpose of owning and developing the Medina Tower. The shareholders of MTJSC are MIH, IHI, AUCC and AHCT, having a shareholding of 25% each (the latter two companies were formerly known as Economic Development and Real Estate Investment Company [EDREICO]). The parcel of land over which this project will be developed measures circa 11,000m² and is situated in Tripoli's main high street. The architectural concept stems from a 4-storey podium that will include a mix of residential, retail, commercial and conference space. A curved tower rises from the sixth level and peaks at the fortieth level, where a double height restaurant will complete the property. The development will comprise a total gross floor area of circa 199,000m².

The project designs of the Medina Tower are complete and all development approvals have been obtained from the relevant authorities. As to the financing of the project, the equity contribution for the first phase of this project is already fully paid up and will comprise 40% of the capital requirements for the said project. The

remaining 60% of funding will be derived from a Libyan financial institution in terms of a sanction letter that has been approved and signed, but now needs to be reactivated. The project is on hold until Libya stabilises and its prospects improve.

Palm Waterfront

PWL is a wholly-owned subsidiary of MIH and will be primarily engaged in the development and operation of the Palm Waterfront site which is located in Shuhada Sidi Abuljalil, Janzour, Libya adjacent to the Palm City Residences pursuant to a Build-Operate-Transfer Agreement entered into with CPHCL in December 2013. The arrangement gives PWL the right to develop the Palm Waterfront site. Furthermore, PWL is entitled to manage and operate the Palm Waterfront for a period of 80 years from 5 December 2013.

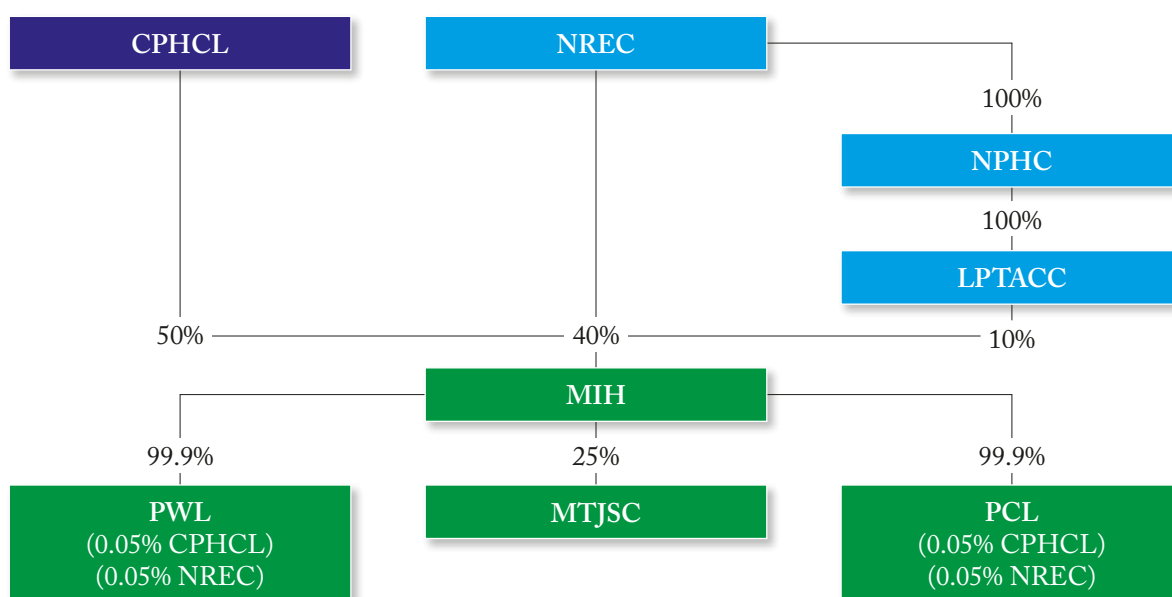
The site has a footprint of circa 40,000m² and the planned development shall include a 164 room 4-star hotel, 259 residential units for lease or sale, an entertainment centre comprising six cinemas and a bowling centre, retail outlets and restaurants, a car park and a marina. Apart from the studio and two bedroom apartments, most of the residences at the Palm Waterfront will have spacious layouts. The average size of an apartment will be circa 250m² and the larger units are planned to measure approximately 450m² of indoor space together with large outdoor terraces.

This project has been temporarily placed on hold in view of the prevailing situation in Libya.

5.1.3 Organisational structure

The Issuer is the parent company of the Group and, accordingly, is ultimately dependent upon the operations and performance of its subsidiaries and other investments.

The organisational structure of the Group is illustrated in the diagram below as at the date of the Prospectus:



MIH

The principal activity of the Issuer is to directly or indirectly acquire, develop and operate real estate projects in Libya and invest in any related trade or business venture. The Issuer is party to a management and support services agreement (the “MSS Agreement”) with CPHCL in connection with the provision of management services at the strategic level of the Issuer’s business, enabling the Issuer to benefit from the experience and expertise of CPHCL in the operation of its business and the implementation of a highly efficient and cost-effective construction programme which is expected to be reflected in a substantial increase in the market value of the Group’s real estate properties.

The MSS Agreement also ensures that at the top executive and central administrative level, the Issuer has continued and guaranteed access to the top executive staff and support personnel of the Corinthia Group. The agreement has a term of two years expiring on 31 December 2017 but allows for an extension of the term upon agreement to that effect being reached between the parties thereto. Three (3) months prior to the expiry of the said term, the shareholders of the Issuer intend to consider an extension of this MSS Agreement on the same terms for an additional term of two years. In terms of the current agreement, in consideration for the support services afforded by CPHCL, the Issuer shall pay CPHCL a fixed annual fee of €330,750 adjusted for inflation at 5.0% per annum. The Directors believe that this is a reasonable charge to the Issuer, particularly in light of the benefits enjoyed by the Issuer pursuant to the MSS Agreement, which include:

- 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 15 years' service;
- a team of well-qualified and dynamic young professionals, fuelling the potential for future growth;
- an effective monitoring system assuring controls on standards and performance;
- a long experience in developing and managing properties planned and built to exacting standards with equally high standards demanded on maintenance, resulting in high quality, well-maintained assets; and
- corporate strength through a long-term policy of diversification into construction, project management and other service ventures.

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 Issuer. Pursuant to a build-operate-transfer agreement dated 6 July 2006 entered into by and between CPHCL and PCL, CPHCL engaged PCL to finalise the construction of Palm City Residences and operate the complex for a period of 65 years. Palm City Residences was completed at a cost of circa €160 million and commenced full operations in 2010.

MTJSC

By virtue of a Memorandum of Incorporation dated 20 May 2010 and registered under law no. 343 at the investment register in Tripoli, Libya on 7 August 2010, the Issuer subscribed to a 25% equity participation in a joint venture company, Medina Tower Joint Stock Company for Real Estate Investment and Development. This joint venture was set up together by IHI and EDREICO (the latter now AHCT and AUCC, two Libyan investment companies). MIH, IHI, AHCT and AUCC hold a 25% equity participation respectively. MTJSC was set up to construct the Medina Tower.

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 Issuer. On 5 December 2013, the company entered into a build-operate-transfer agreement with CPHCL which gives PWL the right to develop a site adjoining Palm City Residences on the West, located in Shuhada Sidi Abuljalil, Janzour in Libya. It also gives it the right to construct, implement, manage and operate the project to be developed on said site at its discretion. The term of the build-operate-transfer agreement is for a period of 80 years from signing date of the said agreement.

5.2 Historical development of the Guarantor

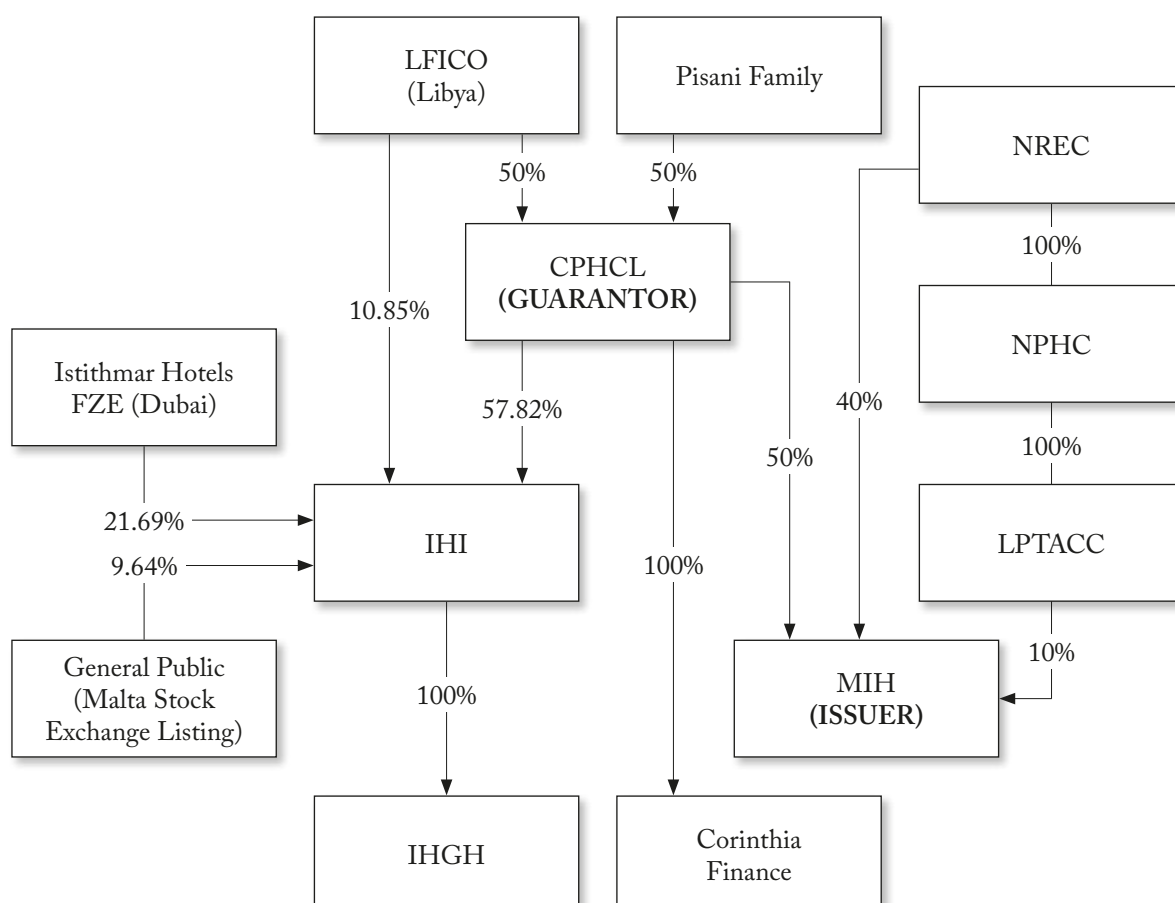
5.2.1 Introduction

Full legal and commercial name of the Guarantor:	Corinthia Palace Hotel Company Limited
Registered address:	22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta
Place of registration and domicile:	Malta
Registration number:	C 257
Date of registration:	21 June 1966
Legal form	The Guarantor is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone number:	+356 21 233 141
Fax number:	+356 21 234 219
E-mail address:	corinthia@corinthiacorporate.com
Website:	www.corinthiacorporate.com

5.2.2 Overview of the Corinthia Group's business

The Guarantor is the parent company of the Corinthia Group and is principally engaged, directly or through subsidiaries and/or associated entities, in investments that are predominantly focused on the ownership, development and operation of mixed-use real estate developments that consist mainly of hotels, residences, offices, retail and commercial areas, as well as industrial and event catering, in various countries.

As the holding company of the Corinthia Group, the Guarantor is ultimately dependent upon the operations and performance of its subsidiaries and associated entities. The diagram below illustrates the principal subsidiaries and associates within the organisational structure of the Corinthia Group as at the date of this Registration Document:





The following table provides a list of the operations and the principal assets owned by the respective Corinthia Group companies as at the date of this Registration Document:

Principal assets and operations

Name	Location	Description	% ownership
Corinthia Palace Hotel Company Limited			
Panorama Hotel Prague	Czech Republic	Property owner	100
Aquincum Hotel Budapest	Hungary	Property owner	100
Corinthia Palace Hotel & Spa	Malta	Property owner	100
Ramada Plaza	Tunisia	Property owner	100
Catermax	Malta	Event catering	100
International Hotel Investments plc			
Corinthia Hotel Budapest	Hungary	Property owner	100
Corinthia Hotel St. Petersburg	Russia	Property owner	100
Corinthia Hotel Lisbon	Portugal	Property owner	100
Corinthia Hotel Prague	Czech Republic	Property owner	100
Corinthia Hotel Tripoli	Libya	Property owner	100
Corinthia Hotel St George's Bay	Malta	Property owner	100
Marina Hotel St George's	Malta	Property owner	100
Corinthia Hotel & Residences London	United Kingdom	Property owner	50*
Corinthia Hotel Brussels	Belgium	Property owner (under development)	50*
CHI Limited	Malta	Hotel management	100
QPM Limited	Malta	Project management	100
Medina Tower	Libya	Mixed-use property (to be developed)	25
Island Hotels Group Holdings plc			
Radisson Blu Resort St Julians	Malta	Property owner	100
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner	50
Azure Group	Malta	Vacation ownership operation	50
Island Caterers	Malta	Event catering	100
Hal Ferh Complex	Malta	Vacant site (to be developed)	100
Costa Coffee	Malta/Spain	Retail catering	100
Mediterranean Investments Holdings plc			
Palm City Residences	Libya	Gated residence complex	100
Medina Tower	Libya	Mixed-use property (to be developed)	25

* under control and management of IHI

IHI, a company listed on the Malta Stock Exchange, is principally engaged in the ownership, development and operation of hotels and ancillary real estate in Europe and North Africa.

To date, IHI has acquired and/or developed hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russia) and St Julians (Malta). IHI also has a 50% shareholding in a 294 roomed luxury hotel in London (UK) (which it manages and controls) and a penthouse apartment which is currently let to a third party.

Revenue and earnings are derived primarily from the operation of owned hotels. A secondary source of income and earnings is generated through rental income of residential and commercial premises, particularly in St Petersburg, Tripoli and Budapest. Additional revenue streams include fees earned by CHI Limited, a wholly-owned subsidiary of IHI, from hotels owned by IHI itself or managed pursuant to management contracts with

CPHCL and other third parties. As at the date of this Registration Document CHI Limited managed eight hotels on behalf of IHI (of which one is fifty per cent owned by IHI) and another five hotels on behalf of CPHCL and another three hotels on behalf of third party owners.

On 10 August 2015, IHI acquired 100% of the issued share capital of IHGH. The business of IHGH largely relates to: the ownership, management and operation of five-star hotels in Malta (namely, the Radisson Blu Resort St Julians and a 50% ownership in the Radisson Blu Resort & Spa, Golden Sands); the operating of a vacation ownership marketing business for the aforesaid hotel; the operation of retail and event catering business (Island Caterers Limited); and the development and operation of Costa Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands. IHGH also owns a plot of land measuring 83,000m² located next to the Radisson Blu Resort & Spa, Golden Sands, Malta. The property is earmarked for the development of a luxury tourist complex.

5.2.3 Investments

The most recent principal investments of the Corinthia Group are described hereunder:

(a) Island Hotels Group Holdings plc

In the latter half of 2015, IHI acquired the assets, liabilities and operations of IHGH. In consideration for the acquisition of 38,583,660 shares in IHGH, IHI effected an aggregate cash settlement of €21.4 million and issued 2,687,960 ordinary IHI shares of €1 each as a first tranche consideration. A further payment of €17.3 million and the issuance of 6,507,168 IHI shares were made on 10 August 2016.

(b) St George's Bay Development

Following the IHGH acquisition in 2015, IHI initiated the design process to consolidate the three hotel properties situated in St George's Bay, St Julians, Malta (namely, the Radisson Blue Resort St Julians, the Corinthia Hotel St George's Bay and the Marina Hotel), and make way for a mixed-use development that will feature a luxury hotel, attracting high net leisure and corporate guests, as well as high-end residential, office, retail and commercial facilities targeting a six-star market. Subject to receiving the necessary regulatory planning approvals and having the required funding in place, this project will be spread out over a number of years to minimise interruption to hotel operations.

(c) Costa Coffee

In May 2012, The Coffee Company Malta Limited (at the time an associate company of IHGH, at the date of this Registration Document a fully-owned subsidiary of IHGH) signed a 10-year franchise agreement with Costa Coffee International Limited for the development of Costa Coffee retail outlets in Malta. The first Costa Coffee outlet was opened in June 2012 at the check-in lounge of the Malta International Airport. Since then, another 9 Costa Coffee outlets were opened (3 outlets at the Malta International Airport, one in the arrivals area, another in the Schengen area and the third one in the non-Schengen area and 1 outlet in each of The Point Shopping Complex Sliema, the premises formerly known as Papillon in Balzan, The Embassy Valletta, Bay Street Complex St Julian's, Marsaxlokk and a final outlet in St. Julian's opposite the 'Love' Monument). The company plans to open a further three outlets in Malta over the coming years.

Encouraged by the success achieved in Malta, in March 2014, The Coffee Company Spain S.L. (at the time an associate company of IHGH, at the date of this Registration Document a fully-owned subsidiary of IHGH) signed a franchise agreement with Costa Coffee International Limited for the development and operation of up to 75 Costa Coffee outlets in the East Coast of Spain, the Balearic and Canary Islands. The first outlet in Spain opened in the third quarter of 2014 and the company has, to date, opened a total of 15 outlets. Nine of these outlets are located in Barcelona with the other six located in Valencia (2), Palma (2) and Benidorm (2). A sixteenth outlet will be opening in June 2017 bringing the number of stores in Barcelona to 10. The company is currently consolidating its position on the Spanish market and once results achieve the required levels of performance further outlets will be opened across the region.

(d) Corinthia Hotel St Petersburg

A renovation programme for the Corinthia Hotel St Petersburg, estimated at €23.5 million, is underway. This project comprises the refurbishment of the rooms of the original Hotel and the development of an area measuring circa 1,500m² situated behind the Hotel and which will consist of the creation of a car park and further office space.

(e) Corinthia Hotel Lisbon

A renovation programme is underway at the Corinthia Hotel Lisbon, estimated at a cost of €10 million. The refurbishment started in November 2016 and will take 30 months to complete. The programme comprises the complete refurbishment of all room stock at the hotel in order to upgrade the product, including increasing the size and configuration of the rooms. The refurbishment will be carried out in phases sealing off two to three floors at a time without causing any disturbance to the on-going operation of the hotel which continues to operate normally. Works on the first two floors have already been completed and the finished product has been received well by the market. The programme of works is on schedule.

(f) Hal Ferh Project

As part of the IHGH acquisition, IHI, through a wholly owned subsidiary of IHGH, took ownership of the 85,000m² plot of land at Hal Ferh, situated adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta. IHI is currently in the process of assessing the project designs and concept and funding requirements, prior to embarking on the execution of this project.

(g) Benghazi Project

IHI has a 55% equity participation in Libya Hotel Development and Investment JSC, a company set up in Libya to acquire a derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya. Libya Hotel Development and Investment JSC will eventually develop a mixed-use project consisting of a 228-room five-star hotel, 2,000m² of retail space and 10,000m² of office space. Whilst the necessary planning permits for the project were issued by the Benghazi planning authorities and demolition works commenced in January 2014, in light of the prevailing situation in Libya all works on this development have been put on hold, and current plans are due for reconsideration depending on future developments in Libya. It is anticipated that the funding required for the project, once resumed, will be sourced from a combination of equity injected by the shareholders and appropriate bank financing.

(h) Brussels Project

IHI has a 50% equity participation in the company owning a former hotel building in Brussels, the Grand Hotel Astoria. IHI will handle the redevelopment of the hotel. IHI has reorganized the ground floor flows and uses, as well as reconfigured the bedroom inventory, to ensure that all bedrooms are larger than 30m². The hotel will have around 126 bedrooms of which 25% will be junior suites or suites. The hotel has been awarded a building permit to carry out the planned redevelopment. IHI has prepared a capital concept cost estimate for the full refurbishment project, which cost is estimated at €65 million, inclusive of all costs, fees and contingencies. Work is underway to source and secure funding of the €65 million for the refurbishment project. The aim is to progress to construction by early 2018. IHI's aim is to complete the reconstruction and fit out of the hotel by early 2019. QPM are acting as project managers and work is underway to seek quotations from Belgian and international engineers, M&E designers, cost consultants and interior designers.

Save for the above, the Corinthia Group is not party to any other principal investments, and has not entered into or committed for any principal investments subsequent to 31 December 2016, being the date of the latest audited consolidated financial statements of the Guarantor.

5.2.4 Management contracts under the Corinthia Brand

CHI is a full-service management company with in-house skills and capabilities supporting the Corinthia brand and operations. It has a track record of driving performance improvements across the Corinthia Group's existing assets, those of CPHCL and of third parties. It ensures consistent service levels and performance across

the properties. CHI is scaled to support future growth of Corinthia. CHI currently manages 19 hotels (10 owned by IHI and 7 owned by third parties and a further 2 under development). In 2016 it signed a technical and pre-opening services and management agreement for the development and eventual management of a Corinthia hotel for a third party owner in Dubai. In 2017 it signed a management agreement for two operational hotels owned by a third party in Dubai on a white label basis. CHI management contracts are entered into and structured for a 20 year period. Its key commercial terms include management fees, marketing and reservation fees and incentive fees. It is an efficient use of capital and resource with no capital outlay required for each new management contract and a cost-effective way to gain in-depth knowledge of various markets.

5.2.5 *Business development strategy*

The Corinthia Group's business strategy focuses on achieving positive and sustainable financial results, and appreciation in the value of the Corinthia Group properties. In the execution of the Corinthia Group's strategy, management aims to provide a high quality service at each hotel and treat customers to a unique hospitality experience. Through the provision of better quality offerings the brand value is further enhanced, and leads management to achieve its objective of improving occupancy levels and average room rates. Moreover, it enables the Corinthia Group to target higher-yielding customers, in particular, from the leisure and conference & event segments.

Electronic booking portals have in recent times gained importance in generating room reservations. In this respect, the Corinthia Group is continuously optimising its website 'Corinthia.com', developing further its online reservation system and investing in online marketing.

From a cost perspective, better results are being achieved through the implementation of cost-control and energy-efficient measures at Corinthia Group hotels.

The Corinthia Group's strategy focuses on the operation of hotels that are principally in the five star category. In this respect, the Corinthia Group has identified a number of assets, including four and three star hotels, which are either earmarked for redevelopment or no longer fit its long term strategy. Such non-core assets will be disposed of at the opportune moment in the near to medium term. As to core assets, ongoing investment in their upkeep is given due importance in order to preserve their attractiveness and incremental value.

In addition to the aforementioned strategy for internal growth, the Corinthia Group aims to grow its business externally by further expanding the portfolio of hotels and mixed-use properties and venturing into other businesses through:

Acquisitions, joint ventures and developments

Management remains active in growing the Corinthia Group's hotel portfolio and mixed-use properties by acquisition, particularly if these entail a potential for capital appreciation. In 2015, the Corinthia Group acquired IHGH which, inter alia, will enable the Corinthia Group to redevelop the three hotels located near St George's Bay, St Julians, Malta into a mixed-use luxury development. This recent acquisition will also allow the Corinthia Group to diversify its revenue streams through the expansion of Costa Coffee outlets principally in Spain. Furthermore, other mixed-use properties described in sub-section 5.2.3 above are earmarked for development in the coming years and which are expected to generate substantial revenues for the Corinthia Group. It is projected that further acquisition opportunities will arise as a result of the extensive network of contacts of the directors and Chief Executives of the Corinthia Group. If available at attractive prices and subject to funding, the Corinthia Group is principally interested to acquire hotels in its target markets, including certain European cities.

On 11 April 2016, IHI acquired a 50% participation interest, along with one of its major shareholders LFICO holding the other 50%, the entire issued share capital of the Belgian hotel-owning company, Hotel Astoria S.A., resulting in the acquisition of the Grand Hotel Astoria in Brussels. The Grand Hotel Astoria was built in 1910 by a Belgian aristocratic family and at the time it was acquired by its last owners in 2007 it was operated as a 145 room hotel. When bought by the hotel's former owners in 2007, it was closed with a view to carrying out an intensive refurbishment. However, such refurbishment failed to get underway and the asset has laid desolate for the last ten years. The hotel, once redeveloped, will be renamed the Corinthia Grand Astoria Hotel. The refurbishment of the Grand Hotel Astoria will add another key destination to the Corinthia brand's growing portfolio.

Management contracts

Where attractive opportunities arise, the Corinthia Group will seek to expand its portfolio of hotels by entering into agreements to manage hotels for third party owners. The strength of the Corinthia brand, its reservation system and online presence, and the quality of its existing operations has already begun to introduce third party owned hotels into the Corinthia brand offering and has placed it in a good position to establish such relationships, as is evident with the new relationships in Dubai and Doha.

6 TREND INFORMATION AND FINANCIAL PERFORMANCE

6.1 Trend information of the Issuer

In 2013 MIH registered its best operational results to date through the robust performance of its subsidiary PCL. Launched in 2009, Palm City Residences weathered the after-effects of the Libyan revolution and in 2013 achieved a record 94% occupancy while the operational expenses were well contained. The profit for the year after tax amounted to €13.8 million.

In 2014 MIH registered significantly strong revenue and equally positive profitability levels notwithstanding the unrest that broke out in July 2014 and the subsequent evacuation of tenants. Nonetheless, the majority of the tenants have maintained the leases during the course of 2014 and invoices issued by Palm City have been settled by the clients. As the instability in Libya in general persisted in 2015 and 2016, the level of tenancies has been on a constant decline. Since the downturn in business arising as a direct consequence of the civil unrest in Libya, as explained in sub-section 5.1.2 of this Registration Document, there has been a general improvement in the trading performance of the Issuer since the date of its last published audited consolidated financial statements relating to the year ended 31 December 2016.

The re-opening of the Italian embassy in Tripoli in January 2017 shows that the international community is forward leaning in its attempts to engage with Libya commercially and diplomatically throughout the difficulties of the post-revolutionary period. It is yet to be seen whether the reopening of the Italian embassy is, therefore, likely to trigger any further diplomatic re-engagements in the country.

Given the security challenges being encountered, commercial activity in Libya continued to diminish and consequently demand for residential premises to accommodate expatriate executives for the long-term has reduced. From the occupancy levels of 94% at Palm City Residences registered in 2013 and 87% in 2014, occupancy reduced to 11% by the end of 2016. During the first three months of 2017 occupancy has increased to 16%.

Palm City Residences has remained operational at all times throughout the political turmoil in the country; the present situation of lower than usual occupational leases at Palm City Residences persisted throughout 2015 and 2016 with increased levels of activity returning to the Palm City Residence as from January 2017 given the lack of expatriate accommodation having equivalent standards and security measures in place.

Management has continued to retain constant communications with the tenants and, whilst occupancies have during the course of 2015 and 2016 reduced, a number of tenants, particularly those who are heavily invested in Libya, have kept their personal belongings at the premises. The business model of Palm City Residences is such that the tenancies do not depend on the business of leisure clients, but rather on blue chip international companies who would require the support of security and logistics service providers, all of whom would seek accommodation at Palm City Residences now more than ever as opposed to varied and fragmented rented accommodation generally around the city. A turn-around of events is being witnessed in 2017 with the sudden inflow of governmental and NGO entities paying rates that are the highest rates charged to date by Palm City. More and more interest is forthcoming from a number of NGO's, security companies and embassies who are planning to move in to Palm City given the high standard of accommodation but also because this is well complimented with security procedures and standard of service throughout that is not available elsewhere in Libya. Occupancy has increased to 14% in the first quarter of 2017, mainly with tenants who are contracted for the longer 3 to 5 year term at rates in excess of €8,500 per residential unit per month. A number of other tenants, predominantly made up of NGO's, security companies and embassies, have indicated their commitment to move to Palm City and with the current active negotiations management anticipates that by July 2017 occupancy levels will increase to 18%.

Looking ahead, Palm Waterfront is expected to be developed adjacent to the Palm City Residences. PWL had submitted development plans to the local authorities in 2015 for their approval of the construction and development of Palm Waterfront. In devising the concept behind the Palm Waterfront project, MIH has taken into consideration

feedback received from tenants at the 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 as necessary and will, therefore, align its strategies and offerings in accordance with such trends and market developments. With respect to the planned 164-room 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.

As to the Medina Tower, the project designs are complete and all development approvals have been obtained from the relevant authorities. The joint venture company responsible for the project, MTJSC, had concluded a term sheet with a Libyan financial institution which would secure the debt funding for the said project on a debt to equity basis of 60:40. Given the passage of time since its issuance, this term sheet would need to be reactivated. The development is expected to be completed within circa 48 months from commencement of the works. Said term sheet provides for a moratorium on capital repayments for the length of this 48 month period. This project is currently on hold given the political situation in Libya. Nonetheless, the value of the land and the building permits together with the completion of the detailed designs of the project would significantly add value to the land which is recorded in the books of Medina Tower JSC at €26 million. The location, proximity to the waterfront and neighbouring buildings considered to be the central business district, commands the highest premium in the whole of Tripoli.

Occupancy at the Palm City Residences is likely to continue to increase throughout 2017. However, development of the Group's properties in Libya (including Medina Tower and the Palm Waterfront) will remain on hold until such time when there are clear signs that the turmoil in Libya has subsided and a gradual recovery in business activity has commenced.

Save for the matters disclosed in this Registration Document, there has been no material adverse change in the prospects of the Issuer since the date of its last published audited consolidated financial statements dated 31 December 2016.

Information relative to the profit forecasts or estimates of the Issuer is set out in the Financial Analysis Summary.

6.2 Trend information of the Guarantor

There has been no material adverse change in the prospects of CPHCL since the date of its last published audited consolidated financial statements dated 31 December 2016.

The following is an overview of the most significant recent trends affecting the Guarantor and the markets in which it operates:

Libya

The limited operation at the Corinthia Hotel Tripoli is likely to persist in 2017. On the other hand, the increase in tenancies at Palm City Residences is testament to a return to some form of normality. However, the development of a number of the Group's properties in Libya (including Medina Tower, the Palm Waterfront and the Benghazi Project) will remain on hold until such time when there are clear signs that the business community in Libya has settled in the country once again.

Russia

Lower oil prices, a decline in real wages, the weakening of the Rouble and the impact from external economic factors continued to weigh on the Russian economy in 2015. However, initial signs of stabilisation are coming from the industrial sector, while performance in the agricultural sector is also looking better. Despite such evidence, the economy will likely continue to underperform due to low oil prices, external economic factors and increasing geopolitical risks.

The Corinthia Hotel St Petersburg has been affected by a reduction in corporate travel to the Russian Federation and a significant reduction in the value of the Rouble against the Euro. The challenges set and so far acted upon by the Hotel's management team have been to source alternative markets, targeting in particular as much business as possible from within the Russian Federation itself, and to operate the Hotel with a wide range of room rates targeting upscale corporate to luxury travellers, a policy that has proved to be successfully implemented in 2016 when record operating profits were registered in Rouble terms.

Tunisia

Tunisia was once again rocked by terrorist activity on 24 November 2015 when a bus carrying presidential guards was targeted in the capital. This marks the third high-profile incident for Tunisia in 2015. The latest attack has exacerbated the country's security concerns and have far-reaching implications for the economy. Since the attacks in June 2015, approximately 70 hotels have closed and employment in the tourism sector has plummeted. Business activity is set to follow suit, as apprehensive investors begin to scale back their investments in Tunisia amid the ongoing violence. Such events have affected and will undoubtedly continue, at least in the near term, to have an adverse impact on the occupancy and average room rates at the Ramada Plaza Tunis Hotel. There has been a marginal recovery in the economy in 2016 and prospects for 2017 appear positive.

Malta

Tourism in Malta in recent years has been performing at a strong level and this trend continued in 2015 as well. Inbound tourism from January to November 2015 amounted to 1.7 million guests, an increase of 5.9% over the same period in 2014. Tourism expenditure was estimated at €1.6 billion, 7.7% higher than that recorded for the comparable period in 2014. Focus will be maintained on increasing traffic during the winter months and attracting more visitors from new markets to Malta. This bodes well for the Maltese hospitality industry to continue to grow revenues and increase profitability. Tourist arrivals, occupancies and rates have increased further during the course of 2016. Performance for 2017 is also expected to be strong with Malta hosting the EU presidency in the first semester of the year.

Beyond 2016, Malta's EU Presidency in 2017 together with Valletta serving as the European City of Culture in 2018 are widely expected to generate increased demand for hotels and enhance Malta's image as a tourist and leisure destination, which would in turn generate future growth. Meanwhile, the somewhat uncertain future of the national carrier Air Malta poses a threat to further growth and competition from other Mediterranean countries will likely remain strong.

In the light of the above developments, the Group's hotel properties in Malta have performed exceptionally well both in terms of revenue generation and profitability, achieving significant year-on-year growth.

Hungary

Hungary's economy picked up pace in the fourth quarter of 2015 as GDP growth accelerated from 2.4% in Q3 2015 to 3.2% (Q4). The pick-up in growth was driven by a robust performance from the domestic economy. Private consumption recorded the largest gain in almost a decade, expanding 3.2% annually. Continued gains in the labour market and higher real wages have supported household spending. Investment activity also gained steam, supported by final drawdowns on EU development funds. Fixed investment growth tallied 6.5% in Q4 2015, contrasting Q3's 1.4% contraction. In addition, government consumption accelerated, rising 6.7% (Q3: +5.1% year-on-year).

Hungary's economy regained traction in Q2 2016, proving resilient to an unprecedented decline in fixed investment over fading EU funding and recovering some of the ground lost in Q1 2016. GDP expanded 2.6% annually in Q2 2016, according to data released by the Central Statistics Office (KSH), marking a considerable pickup over Q1's four-year low of 1.1%. A remarkable rebound in the external sector, which partly resulted from a recovery in the vehicle industry (which in Q1 2016 had suffered from production stoppages), and buoyant private consumption drove the acceleration and helped to overcome weakness in fixed investment. The Central Bank of Hungary sees GDP expanding 2.8% in 2016 and 3.0% in 2017.

During the six month period January to June 2016, accommodation establishments registered an increase in tourism nights of 4.5% (total for the period was 11.0 million tourism nights) when compared to the same period in 2015. The number of nights spent by international and domestic tourists increased by 3.4% and 5.6% respectively. Accommodation establishments generated gross revenues of HUF168.5 billion (circa €554.1 million) during the period in question, an increase of 6.6% over the comparable period. The increase in volume can be attributed mainly to tour groups and leisure individuals taking advantage of discounted prices and a favourable exchange rate. Overall, tourism prospects in Hungary are believed to be promising. Domestic tourism will be fuelled mainly by a weaker local currency, making local travel more attractive for the budget conscious. Inbound travel will also benefit from more competitively-priced Hungarian offerings, especially in medical and health tourism. The conflict in neighbouring Ukraine and the economic difficulties in Russia, however, pose great uncertainties as both countries are important feeder markets and drastic changes in arrival numbers could affect the performance of hotels in the country.

In line with the country's economic improvements, the Corinthia Group's two hotel properties (one five star and one four star) achieved significant year-on-year growth both in revenue generation and in profitability. A substantial part of these improvements is in consequence of the diversification in market segmentation wherein lower rated business is being replaced by the more lucrative leisure, corporate and conference & event market segments.

Czech Republic

The Czech Republic's economic performance was extraordinarily strong in 2015 and a third consecutive annual expansion above 4.0% was recorded (2015: 4.3%). The expansion mainly came on the back of the domestic economy, fuelled by rising investment, through strong absorption of EU funds, and public spending. Solid private consumption, which is benefiting from expansionary monetary policy and low oil prices, has also encouraged growth.

The Czech Republic's economy lost some steam in the second quarter of 2016, slowing from a 3.0% annual increase in Q1 2015 to a 2.6% expansion. The reading was the lowest in two years and highlights the magnitude of the impact on investment of the diminished absorption of aid from the European Structural and Investment Fund. The high levels of investment growth made possible in 2015 thanks to the EU funds started to dissipate in the first quarter of 2016 and further declined in Q2 2016, dragging on overall GDP growth. Weaker private consumption and to a lesser extent a decrease in public spending also held back growth, while the external sector performed strongly. The Czech National Bank expects the economy to expand 3.4% in 2017.

In comparison to the prior year (2014), Czech hotels reported for 2015 an increase in overnight stays of 10.2% to 47.1 million and guest numbers (both resident and foreign guests) increased by 9.6% to 17.2 million. The number of overnight stays in collective accommodation establishments totalled 11.6 million in Q2 2016 (+1.0% y-o-y). The number of nights spent by residents was up 3.8% y-o-y, out of which foreign guests spent 1.4% fewer nights in accommodation establishments. There was a 3.1% y-o-y increase in the number of guests in collective accommodation establishments in Q2 2016 (4.6 million) and occupancy of hotels increased by 4.1% y-o-y (3.4 million guests).

The Czech government is increasingly prioritising to move tourism beyond the current concentration in the capital, Prague, and increase the potential of undiscovered places in the country. Most significant source markets are Germany, Russia, Italy, UK, US, Slovakia and Poland, while demand is also increasing from other markets such as China and South Korea.

Hotel performance in Prague is generally expected to continue to improve in the coming years as the market gradually absorbs the remaining oversupply of hotel rooms, leveraging on its image as an attractive and corporate destination. The performance of inbound tourism will be supported by a second airport in the Czech capital, Prague (Vodochody), which is planned to be operational by 2018. This will enable cheaper flights for tourists as several low cost carriers have shown interest in operating flights to Prague.

This positive trend was also witnessed in the Corinthia Group's two hotel properties in Prague (one five star and one four star) where over the past couple of years there has been significant year-on-year growth both in revenue streams and profitability.

Portugal

For the year 2015, Portugal's GDP increased 1.5% after expanding 0.9% in 2014. During 2015, the government unveiled a plan to repay IMF bailout loans ahead of schedule. In this respect, up to 10 February 2016, Portugal reimbursed a total amount of €10.4 billion to the IMF (representing 36% of total loans outstanding). Portugal's GDP increased a seasonally adjusted 0.3% in Q2 2016 over the previous quarter, according to revised data published by the National Statistics Institute on 31 August 2016. On a year-on-year comparison, GDP expanded 0.9% in Q2 2016, matching the growth rate in Q1 2016.

Overall domestic demand recorded a noticeable slowdown, despite the measures put in place by government to reverse the austerity imposed by the previous administration. On a positive note, total investment recorded a 0.7% increase over the previous quarter, which represented the highest level in four quarters and a solid rebound from Q1's 0.6% contraction. The external sector was the main driver of the pickup in the Portuguese economy in Q2 2016. It made an overall contribution to growth of plus 0.1 percentage points, the highest since September 2015, which contrasted the minus 0.4 percentage points recorded in Q1 2016. The Bank of Portugal expects the economy to expand 1.6% in 2017.

In 2015, tourism accommodation establishments hosted 17.4 million guests (+8.6%) and registered 48.9 million overnight stays (+6.7%). In the period January to July 2016, tourism accommodation establishments recorded 10.6 million guests (+10.7%) and registered 29.6 million overnight stays (+10.2%). Total revenue from hotel activities amounted to €371.6 million in July 2016 and revenue from accommodation was €280.6 million (+16.8% and +17.5% y-o-y respectively). These increases were broadly similar to the aggregate for the period January to July 2016 (+16.7% and +17.8% y-o-y respectively). The coordination between tourism and aviation authorities to expand available routes turned out to be crucial for Portugal's success in the tourism industry. Indeed, the Lisbon tourism market has expanded in the last few years both as a leisure and business destination. In particular, the continuing popularity of cruise tourism and golf tourism and an increased awareness of Lisbon in the conference & events sector have aided demand growth, particularly in the five-star segment.

With the introduction of low cost airline carriers to the country, Portugal is perceived as a 'value for money' destination and this has been one of the leading factors contributing to the growth in the hospitality figures outlined above. The Corinthia Group's hotel property in Lisbon has likewise benefitted from this upsurge in business, registering significant year-on-year growth both in revenue and gross operating profit. Management plans to continue focusing on higher yielding segments (leisure and conference & events) and believes that due to the size of the hotel, there should not be any displacement of leisure guests when signing larger conference & events business.

This positive trend was also witnessed by the Corinthia Lisbon Hotel with significant y-o-y growth both in revenue streams and profit generation.

United Kingdom

The UK economy grew by 0.5% in Q4 2015, taking the annual rate of growth for 2015 to 2.2% (0.7% lower than the 2.9% growth registered in 2014). The disappointing figure was the result of a slowdown in industry due to feeble manufacturing figures as factories struggled with a strong Sterling and weak external demand. Moreover, the construction sector recorded the first contraction in nearly two years. The UK economy grew by 0.6% in the second quarter (April to June) of 2016. The services industry continued to be the main driver of growth in output, growing by 0.5% in Quarter 2 2016 and contributing 0.4 percentage points to the quarterly GDP growth rate. A rebound in survey data in August 2016 following the downturn right after the EU referendum suggests that the Brexit shock on business and consumer confidence is slowly fading out. Helped by the weaker exchange rate, the manufacturing Purchasing Managers' Index (PMI) hit its highest reading in August 2016, reflecting expansion in both activity and new orders. The economy is expected to grow 0.5% in 2017.

In the 12 months to December 2015, the number of visits to the UK was 4% higher (to 35.8 million visits) than a year earlier and earnings remained the same during this period (non-residents spent £21.8 billion in 2015). Overseas residents made 36.6 million visits to the UK in the 12 months August 2015 to July 2016, an increase of 4% compared with the same period a year earlier. Overseas residents spent £21.8 billion on these visits, which was 1% less than the same period a year earlier.

Since its launch in 2011, the Corinthia Hotel & Residences London managed to increase both its revenue generation and operating profits annually. Growth of 9% and 12% in revenue and gross operating profit respectively is being projected by management for FY2017 over FY2016. The hotel's strategy is to achieve an average occupancy level of circa 80% and progressively increase average room rate as the Corinthia brand gains further recognition in London and the UK, making it one of the most sought after hotels in London in the luxury market.

6.3 Key financial review

6.3.1 Financial information of the Issuer

The historical financial information about the Issuer is included in the audited consolidated financial statements for each of the financial years ended 31 December 2014, 2015 and 2016. The said statements are available for inspection as set out under the heading “Documents available for inspection” in section 16 of this Registration Document. Set out below are highlights taken from the audited consolidated financial statements of the Issuer for the years ended 31 December 2014, 2015 and 2016.

Mediterranean Investments Holding p.l.c.

Extracts from the Statements of Comprehensive Income

For the year ended 31 December

	2014 €'000	2015 €'000	2016 €'000
Revenue	30,091	11,340	3,627
Operating expenses	(5,138)	(2,610)	(2,475)
Gross Profit	24,953	8,730	1,152
Administrative and other expenses	(3,035)	(3,038)	(1,934)
EBITDA	21,918	5,692	(782)
Other Income	30	931	121
Depreciation	(191)	(143)	(124)
Decrease in FV of investment property	(60,867)	–	–
Share of profit from equity accounted investments	5	–	–
Net finance costs	(8,967)	(7,569)	(5,836)
Net fair value gain on interest rate swaps	85	245	238
Loss before tax	(47,988)	(844)	(6,383)
Taxation	19,896	461	(60)
Net Loss for the year	(28,092)	(383)	(6,443)

Mediterranean Investments Holding p.l.c.

Extracts from the Consolidated Statements of Financial Position

As at 31 December

	2014 €'000	2015 €'000	2016 €'000
Assets			
Non-current assets	271,876	273,423	272,869
Current assets	18,936	10,393	4,309
Total assets	290,813	283,816	277,178
Equity and Liabilities			
Total equity	138,048	138,496	131,679
Liabilities			
Non-current liabilities	106,265	128,731	91,358
Current liabilities	46,500	16,589	54,141
Total liabilities	152,765	145,320	145,499
Total equity and liabilities	290,813	283,816	277,178

Mediterranean Investments Holding p.l.c.
Extracts from the Consolidated Cash Flow Statements
As at 31 December

	2014	2015	2016
	€'000	€'000	€'000
Net cash from operating activities	20,761	5,287	(711)
Net cash (used in)/from investing activities	(437)	(217)	347
Net cash (used in)/from financing activities	(20,348)	(9,913)	(3,554)
Net decrease in cash and cash equivalents	(23)	(4,842)	(3,918)
Cash and cash equivalents b/fwd	10,289	10,277	5,435
Cash and cash equivalents c/fwd before the effect of foreign exchange rate changes	10,267	5,435	1,517
Effect of foreign exchange rate changes	11	–	(20)
Cash and cash equivalents c/fwd	10,277	5,435	1,497

2014 was a year of mixed experiences, with the first half proving to be a record performing period for MIH through its operations of Palm City Residences, whilst the second half of the year was overshadowed by the political conflict that developed in Libya.

Despite these difficult circumstances, management remained resolute in primarily ensuring the safety of its clients and its staff, but also in keeping this property operational at all times. This helped to achieve a profit after tax, but before impairment charges, of €12 million. However, in view of the reduced profitability and the higher country risk, MIH recognised an impairment charge on this property of €40.1 million net of tax for 2014.

A number of factors, not least the continued political instability in Libya throughout 2015 as well as the fall in the price of oil, instigated foreign companies operating in Libya to reduce further their presence in the country. The reduction of foreign personnel in Libya had a significant impact on the financial performance of Palm City Residences, owned by PCL – currently the Group's only operational subsidiary and source of revenue. Notwithstanding these setbacks, management's efforts in aggressively pursuing all possible leasing opportunities supported by the strict control of operational costs, has yielded enough revenue to register a marginal year-end loss. This is a remarkable result especially when one considers the fact that 2015 marked the first full year of operations for Palm City Residences under the current political crisis.

Although there was a certain amount of optimism prevailing at the beginning of 2015, this was severely dampened by the events that unfolded in Tripoli at the end of January. This prompted further evacuation of tenants as well as personnel from Palm City Residences administrative staff in order to safeguard their well-being. Although the occupancy for 2015 closed at only 15 %, Palm City Residences still managed to generate over €11 million in revenue. Despite the strenuous circumstances under which Palm City Residences operated throughout the whole of 2015 and the sharp drop in revenue relative to the year before, it is pertinent to point out that the conversion of revenue to EBIDTA was maintained at a fairly strong percentage of 66%.

Given the lingering situation that persisted in Libya throughout 2016 those tenants who still had units running the term of their lease, continued to pay until the end of the term of their lease. While a number of tenants did not renew the lease contracts, no tenants demanded reimbursement of rent paid upfront due to their decision to leave the country. As a result, Palm City continued to generate revenue with total income for the 12 months to December 2016 registered at €3.5 million ending the year with a 11% occupancy. Through relentless cost control and hands on management of the facility at all levels, and notwithstanding the significantly reduced level of income, Palm City Residences achieved a break even situation at operational level. This was no mean feat considering the multitude of challenges to maintain the operations of a large complex of this nature with a limited number of resources.

The Group registered a loss after tax of €6.4 million in 2016 on account of the interest charges on the bank loan provided to PCL and the bonds in issue by MIH. These losses, together with the payment of the bank's capital repayments were, in the main, funded by further injections of shareholders' loans.

During the latter part of 2016, a number of international companies, NGO's and diplomatic missions have paid visits to Palm City and have sent their security contractors to carry out a property audit. This signaled an interest by a number of potential tenants to move to Palm City Residences if the complex was deemed to meet the security requirements of these specific clients. Given the limited options available to any tenant, in terms of residential complexes and operational hotels and considering the upkeep and security provided in the complex, the Directors feel confident that a number of these enquiries will be converted into real business.

6.3.2 Financial information of the Guarantor

The historical financial information about the Guarantor is included in the audited consolidated financial statements for each of the financial years ended 31 December 2014, 2015 and 2016. The said statements are available for inspection as set out under the heading "*Documents available for inspection*" in section 16 of this Registration Document. Set out below are highlights taken from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2014, 2015 and 2016.

Corinthia Palace Hotel Company Limited

Condensed Consolidated Income Statement

for the year end 31 December

	2014 €'000	2015 €'000	2016 €'000
Revenue	159,238	178,373	207,923
Net operating expenses	(131,185)	(146,603)	(165,549)
Other operating income	507	984	1,461
EBITDA	28,560	32,754	43,835
Depreciation and amortisation	(24,129)	(26,906)	(32,475)
Net changes in fair value of investment property	(14,629)	193	(19,768)
Net impairment (losses) / reversals attributable to hotel properties	(6,953)	(4,454)	3,090
Results from operating activities	(17,151)	1,587	(5,318)
Other non operating income	923	0	218
Net finance costs	(17,118)	(19,887)	(22,789)
Exchange differences on borrowings	(455)	(8,305)	9,916
Share of results of associate companies	(29,075)	(3,893)	(1,273)
Loss before tax	(62,876)	(30,498)	(19,246)
Income tax income / (expense)	13,990	(579)	(3,029)
Loss for the year	(48,886)	(31,077)	(22,275)
Other comprehensive income			
Net (impairment) / revaluation of hotel properties	(15,391)	44,233	41,027
Share of comprehensive income of equity accounted investments	19,197	9,676	6,598
Other effects and tax	9,636	(18,294)	(4,811)
Other comprehensive income for the year net of tax	13,442	35,615	42,814
Total comprehensive (loss) / income for the year	(35,444)	4,538	20,539

Corinthia Palace Hotel Company Limited
Condensed consolidated balance sheet
as at 31 December

	2014 €'000	2015 €'000	2016 €'000
Non current	1,136,924	1,269,592	1,287,785
Current	71,521	86,631	101,842
Total assets	1,208,445	1,356,223	1,389,627
Equity pertaining to CPHCL shareholders	386,745	387,432	394,928
Minority interest	246,961	253,599	270,429
Total equity	633,706	641,031	665,357
Non-current	483,414	572,986	605,379
Current	91,325	142,206	118,891
Total liabilities	574,739	715,192	724,270
Total equity and liabilities	1,208,445	1,356,223	1,389,627

Corinthia Palace Hotel Company Limited
Condensed Consolidated of Cashflow
for the year ended 31 December

	2014 €'000	2015 €'000	2016 €'000
Net cash from operating activities	8,942	36,900	4,199
Net cash (used in) from investment activities	39,362	(28,855)	(28,175)
Net cash used for financial activities	(32,166)	(7,322)	32,440
Net increase in cash and cash equivalent	16,138	723	8,464
Cash and cash equivalent at the beginning of year	(47)	16,091	16,814
Cash and cash equivalent at end of year	16,091	16,814	25,278

In **2014** the Corinthia Group's revenue amounted to €159.2 million reflecting a decrease of €5.7 million on the turnover registered in 2013 (€164.9 million). As in previous years, these consolidated figures do not include the 50% share of results of the Corinthia Hotel & Residences London and Palm City Residences in Libya which are reflected in the line item 'Share of results of associate companies'. In view of the instability in Libya in the second half of the year and the economic conditions in the Russian Federation, the revenues generated by Corinthia Hotel Tripoli and Corinthia Hotel St. Petersburg for the year ended 31 December 2014 were lower than those of 2013 by circa €16.1 million. This reduction was, however, in the main compensated by increased revenues and the rationalisation of operating costs by the Corinthia Group's other hotel properties across Europe. The Corinthia Group's EBITDA for 2014 at €28.6 million (excluding the Corinthia Hotel & Residences London and Palm City Residences) represents a reduction of only €2.6 million on the EBITDA of €31.2 million reported in 2013.

The depreciation charge for 2014 reduced by more than €4.1 million on the prior year and this was largely due to some assets becoming fully depreciated. In 2014 there was also a reduction in net finance costs in consequence of reduced EURIBOR rates coupled with the further reduction of the Corinthia Group's indebtedness.

The loss of €29.1 million (2013: profit of €0.4 million) registered on the Corinthia Group's share of results of associate companies mainly reflects the developments at the Corinthia Hotel & Residences London (50% share of the loss of €29.1 million registered on this investment), and at MIH through its principal subsidiary company PCL (50% share of the loss of €21.3 million).

In 2014 the Corinthia Hotel & Residences London registered a marginal improvement in its operating performance over 2013. However, depreciation and interest costs turned this profit into a loss of €11.2 million. The continued positive trend in operational performance resulted in an uplift of €17.9 million in this property's

value recognized in other comprehensive income. In April 2014, 11 apartments in Whitehall Place adjacent to the Corinthia Hotel London were sold to third parties while the penthouse apartment was retained to be sold when the right opportunity arises. Except for one-off property costs resulting from this sale of apartments, this disposal of assets had no effect on the Corinthia Group's financial results since these apartments had already been valued at their market price.

For MIH, 2014 was a year of mixed experiences, with the first semester proving to be a record performance at Palm City Residences, whilst the second semester was overshadowed by the political conflict that developed in Libya. Despite these difficult circumstances, management remained resolute in primarily ensuring the safety of its clients and its staff, but also in keeping this property operational at all times. This helped to achieve a profit after tax, but before impairment charges, of €12 million (2013: €13.8 million). However, in view of the reduced profitability and the higher country risk, MIH recognised an impairment charge on this property of €40.1 million net of tax.

Although, in 2014 the Corinthia Group registered an encouraging operational performance despite the problems in Libya and in Russia, its profitability for 2014 was adversely impacted by the resultant impairment charges on its properties in these two countries. In fact, the Corinthia Group recognised an impairment charge of €69.2 million in the value of its hotels and investment properties in Tripoli and in St. Petersburg. On the other hand, through the robust performance achieved by a number of the Corinthia Group's hotels located in Europe, the Corinthia Group registered a total uplift of €52.7 million in the fair values of these properties, most notable of which were the ones located in London (limited to 50% share), in Lisbon and in Budapest.

The net effect of these revaluation adjustments, excluding that on Palm City Residences, was a loss of €21.6 million reflected in the Income Statement and a gain of €3.8 million in the Statement of Comprehensive Income with the relative tax effect mitigating the overall net impairment loss to €6.2 million. In consequence of the foregoing, in 2014 the Corinthia Group registered a loss after tax of €48.9 million compared to a profit of €4.8 million in 2013.

The other comprehensive income of €13.4 million (2013: €42.2 million) mainly reflects the net effect of the Corinthia Group's share of impairment charges of €5.8 million, net of tax, and a favourable translation adjustment of €6.4 million on the investment in the Corinthia Hotel & Residences London as a result of the strengthening of the Pound Sterling versus our reporting currency, the Euro.

After adding the net comprehensive income of €13.4 million to the loss after tax of €48.9 million, the Corinthia Group's total comprehensive expense for 2014 amounted to €35.4 million against a total comprehensive income of €46.9 million registered in 2013.

Property revaluation adjustments feature prominently in both the Corinthia Group's income statement and in the comprehensive income statement. In 2014 the net impairment charges were significant and were the principal reasons for the deviation in the results for year when compared to 2013. It is also important to highlight the fact that the total comprehensive expense of €35.4 million includes €44 million of non-cash related adjustments relating to impairments, depreciation and translation adjustments.

Despite the force majeure situations in Russia and Libya the Corinthia Group remained resilient through its robust asset base which at the end of 2014 exceeded €1.2 billion, its diversified portfolio, its prudent gearing ratio, and the unbending commitment of its two shareholding blocks and its employees.

During **2015**, the Group registered a loss after tax of €31.1 million. After adding other comprehensive income of €35.6 million the total comprehensive profit for the year amounted to €4.5 million.

2015 was generally a good year for the Group despite the setbacks brought about by the difficult economic and political situations in Libya, Russia, and Tunisia. Revenues continued to increase and profitability improved in most of the Group's operations.

On 10 August 2015 IHI acquired the Malta based Island Hotels Group (IHGH). Through this acquisition, IHI intends to enhance development opportunities on the adjoining sites in St Julian's Malta once the necessary planning approvals and funding are in place, while it started maximizing synergies of its operations in Malta through the merging of the acquired operations into its own structures. The results of this acquired Group are

included in the consolidated financial statements of the Corinthia Group as from 1st July 2015 resulting in an additional profit after tax of €2.5 million excluding the results from associated companies.

During 2015 the Group's revenue amounted to €178.4 million reflecting an increase of €19.2 million on the turnover registered in 2014 (€159.2 million). These consolidated figures do not include the results of the Corinthia Hotel in London, the Palm City Residences in Libya, and the Golden Sands Resorts (acquired through IHGH) in which the Group holds a 50% shareholding. The Group's 50% share of the net profit or loss of these three important investments are reflected in the line item 'Share of results of associate companies'.

The current year's results were again characterised by significant fluctuations, both positive and negative, in the fair value of the Group's properties. This affected both the Income Statement and the Comprehensive Income. In the Income Statement the Group recognised a net impairment of €4.4 million (2014: impairment of €21.6 million) mainly due to the Corinthia Hotel St Petersburg.

The depreciation charge for 2015, which is reported under net operating expenses, increased from €24.1 million in 2014 to €27.0 million in 2015 mainly in consequence of the inclusion of the IHGH's results in the Group's consolidated results.

In 2015 net finance costs increased by €2.8 million (from €17.1 million in 2014 to €19.9 million in 2015). The net increase is principally on account of the incorporation of the IHGH borrowing costs for the second semester of this year, which amounted to €1.9 million.

In 2015, the Group registered a loss of €3.9 million (2014: loss of €29.1 million) on its share of results of associate companies. The results of the Corinthia Hotel London and Residences (50% share of the 2015 loss of €8.1 million compared to a loss of €29.1 million in 2014), MIH through its principal subsidiary company Palm City Ltd (50% share of the loss of €0.4 million in 2015 compared to a loss of €28.1 million in 2014). For the first time, the results of 50% share in Golden Sands Resorts during the last six months of the year are also being reported in 2015 and these represent a profit amounting to €2.0 million.

Despite posting a net loss after interest and depreciation, the performance of the Corinthia Hotel London, in which IHI holds a 50% stake, improved significantly in 2015 with record occupancies, rates and EBITDA earnings being achieved as this property moves further towards its maturity. The hotel's EBITDA, limited to IHI's 50% share, amounted to €8.2 million as compared to €4.5 million in 2014. Following the sale of the 11 residential apartments adjoining the hotel in 2014, the residential penthouse at 10 Whitehall Place has been leased for a term of two years starting early in 2016.

In 2015, the continued reduction of foreign personnel in Libya had a significant impact on the occupancy levels and financial performance of Palm City Residences, ultimately owned by MIH. Notwithstanding these setbacks, management's efforts in aggressively pursuing all possible leasing opportunities supported by the strict control of operational costs, yielded enough revenue to register a profit from operations of €6.5 million and a marginal loss after tax.

MIH recognizes that in order to maintain the existing revenue streams, as well as in preparation for returning tenants in future, it is imperative that Palm City Residences continues to operate uninterrupted despite the huge challenges being faced. In order to safeguard the well-being of its personnel as well as that of its tenants, Palm City continues to implement a number of security and contingency plans which include, but are not limited to, infrastructural improvements and security breach counter-measures.

The overall situation in Libya has led to a considerable reduction in turnover and EBITDA earnings from the Group's hotel operations. On the other hand, the Commercial Centre, adjoining the hotel and leased to blue chip companies, remained operational in 2015, generating substantial rental income.

In consequence of the foregoing, in 2015 the Group registered a loss after tax of €31.1 million compared to a loss of €48.9 million in 2014.

The other comprehensive income of €35.6 million (2014: €13.4 million) mainly reflects the net effect of the Group's share of property revaluation uplifts of €42.3 million net of tax, a favourable translation adjustment of €5.9 million on the investment in the Corinthia Hotel London and Residences, and €15.3 million in adverse currency effects caused by the change of functional currency for the Russian operation. The property revaluation

uplifts resulted from improved performances combined with positive outlooks registered in the Group's hotels located in Malta, Hungary, London and the Czech Republic.

As a result of the positive effects described above, the Group's total comprehensive income for the year amounted to €4.5 million, against a total comprehensive expense of €35.4 million registered in 2014.

In **2016** the Group registered total comprehensive income of €20.5 million against a corresponding figure of €4.5 million in 2015. This is made up of a loss after tax of €22.3 million in the Income Statement (2015: loss of €31.1 million) and net other comprehensive income of €42.8 million (2015: €35.6 million). €6.6 million (2015: €0.6 million) of total comprehensive income is attributable to the shareholders of CPHCL whilst the balance is attributable to non-controlling interests.

Despite the prolonged period of political instability in Libya, the Group registered a better overall performance for the year than that for 2015. This was generally the result of a combination of sustained improvement in the Group's hotel operations and some significant uplifts in the value of these properties. These positive results were partially dented by the effects of the weakening of the Pound Sterling and the impairment in the value of the Group's Commercial Centre in St Petersburg. On the other hand, the sustained appreciation of the Russian Rouble partly mitigated the impairment on the investment property in St Petersburg.

As already reported last year, IHI acquired the IHGH in 2015. Through this acquisition, IHI has not only enhanced its development opportunities on the adjoining sites in St Julian's Malta, but also embarked on an intensive exercise aimed at maximizing synergies in its operations in Malta. The results of IHGH were consolidated in the Corinthia Group's results as from 1st July 2015. In 2016 the whole twelve months' results of IHGH were consolidated in the Group's Consolidated Income Statement and Statement of total Comprehensive Income, rather than being limited to six months as was the case the year before.

These consolidated amounts do not include, at EBITDA level, the results of the Corinthia Hotel in London, the Palm City Residences in Libya, and the Golden Sands Resorts (acquired through IHGH) in which the Group holds a 50% shareholding. The Group's 50% share of the net profit or loss of these three important investments are reflected in the line item 'Share of results of associate companies' and will be explained in more detail further on in this review.

During 2016 the Group's revenue amounted to €207.9 million reflecting an increase of €29.5 million on the turnover of 2015 (€178.4 million).

There has been a year-on-year improvement in EBITDA of €11.1 million. This improvement was mainly driven by strong Hotel performances in Russia (€3.3 million), Portugal & Hungary (€1.3 million), and IHGH (€5.3 million). The latter principally due to the recognition of a full period of twelve months' results.

The depreciation charge for 2016 increased from €26.9 million in 2015 to €32.5 million in 2016 mainly in consequence of the inclusion of the IHGH's results in the Group's consolidated results for the whole year (€2.0 million), as opposed to six months the year before.

Net finance costs increased by €2.9 million mainly in consequence of increased bond interest costs primarily due to the new €55 million Bond issued by IHI plc in July 2016 and the fact that IHGH's finance costs for 2015 only represent the charges for six months (post acquisition), whilst those for 2016 cover a full year.

On the other hand, in exchange differences on borrowings, there has been a year-on year improvement of €18.2 million given that in 2015 there was an exceptional loss of €8.3 million and this year an exceptional gain of €9.9 million, both effects underpinned by the movements of the Rouble against the Euro (depreciation in 2015 and appreciation in 2016).

The loss of €1.3 million registered on the Group's share of results of associate companies (2015 - loss of €3.9 million) mainly reflects the results of the Corinthia Hotel London and Residences (50% share of the 2016 loss of €4.8 million compared to a loss of €8.1 million in 2015) and MIH through its principal subsidiary company Palm City Ltd (50% share of the loss of €6.4 million in 2016 compared to a loss of €0.4 million in 2015). These losses were mitigated by the 50% share of the profit registered by the Golden Sands Resorts of €8.4 million compared to a profit of €2.0 million for the last six months of 2015.

With regards to Palm City the prolonged political unrest in Libya resulted in foreign companies downsizing their presence in the country and decreasing the number of their personnel on the ground. This situation continued to affect the occupancy levels and the financial performance of Palm City Residences (owned by MIH plc). Notwithstanding the low physical occupancy, Palm City remains open and operational, with a reduced staff compliment working around the clock to ensure that the complex is well maintained and secure. Such measures limited the operational loss to €0.8 million against a profit of €6.5 million in 2015. However, the loss after tax increased from €0.4 million in 2015 to €6.4 million in 2016 mainly due to the incidence of the relatively fixed financing costs on bank loans and corporate bonds.

A net revaluation uplift of €3.0 million (2015: Impairment of €4.5 million) was recognised in the Income Statement mainly due to the improvement in results of Corinthia Hotel St Petersburg. On the other hand, the revaluation of the commercial centre in St Petersburg resulted in an impairment of €19.76 million due to lower leasing rates achieved relative to those previously anticipated.

In consequence of the foregoing, in 2016 the Group registered a loss after tax of €22.3 million which is lower than the loss of €31.1 million sustained in 2015.

The positive result in the other comprehensive income of €42.8 million (2015: €35.6 million) reflects mainly the effect of the property revaluation uplifts amounting to €38.7 million, net of tax, plus a favourable currency translation adjustment of €1.5 million, being mainly the net favourable effect of the appreciation of the Rouble and the weakening of the Pound Sterling.

The property revaluation uplifts were the result of the improved operating performances and positive outlooks registered by the Group's hotels located in Malta, Hungary, Portugal, London, Russia (recognised in the Income Statement) and the Czech Republic.

The various and substantial positive effects described above helped the Group achieve a total comprehensive income for the year of €20.5 million, against the €4.5 million registered in 2015.

6.4 Future Investments

Pursuant to the build-operate-transfer agreement entered into on 5 December 2013 by and between CPHCL and PWL, the latter is committed, subject to the issuance of the required permits and raising the necessary financing by way of equity investment in PWL and/or bank financing, to construct the Palm Waterfront.

Furthermore, pursuant to the Issuer's 25% shareholding in MTJSC and the shareholding of the other shareholders in MTJSC, MTJSC has the equity contribution required for the first phase of the Medina Tower project and a signed term sheet with a Libyan financial institution for the debt portion of this project. The said term sheet provides for a moratorium on capital repayments for the anticipated 48-month works' period required for the completion of the development.

Save for the above, the Group is not party to any other principal investments, and has not entered into or committed for any principal investments subsequent to 31 December 2016, being the date of the latest audited consolidated financial statements of the Issuer.

7 MANAGEMENT AND ADMINISTRATION

7.1 The Issuer

7.1.1 *The Board of Directors of the Issuer*

In terms of its Memorandum and Articles of Association, the Issuer is managed by a Board of seven (7) Directors entrusted with the overall direction and management thereof.

The Issuer's Memorandum and Articles of Association further provide that:

- CPHCL, as the holder of ordinary 'A' shares, shall have the right to appoint three (3) Directors to the Board;
- NREC and LPTACC, as the holders of ordinary 'B' shares, shall have the right to appoint three (3) Directors to the Board; and

- CPHCL, NREC and LPTACC, as the holders of ordinary 'A' shares and ordinary 'B' shares respectively, shall have the right to jointly appoint the seventh Director to the Board.

As at the date of the Prospectus, the Board of the Issuer is composed of the individuals listed in sub-section 4.1 of this Registration Document. Furthermore, in line with generally accepted principles of sound corporate governance, at least one (1) of the Directors shall be a person independent of the Group.

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

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

None of the Directors have been:

- a) convicted in relation to fraud or fraudulent conduct in the last five (5) years;
- b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- c) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- d) disqualified by a court from acting as director or manager in the last five (5) years.

The Directors believe that the Issuer's current organisational structure is adequate for its present activities. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

7.1.2 Directors' service contracts and remuneration

None of the Directors have a service contract with the Issuer.

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

7.1.3 Conflict of interest

In addition to being a Director of the Issuer, Alfred Pisani is also a director of CPHCL and, together with Joseph Fenech, they are both also directors of MTJSC, whereas Mario P. Galea, Samuel D. Sidiqi and Faisal J.S. Alessa are also directors of PCL and PWL, and Joseph Pisani and Bassem Bitar are also directors of PCL.

In light of the foregoing, such Directors are susceptible to conflicts between the potentially diverging interests of the Issuer and any of such other companies in transactions entered into, or proposed to be entered into, between them. The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by the Directors are handled in the best interest of the Issuer and according to law. The fact that the Audit Committee is constituted in its majority by independent, non-executive Directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

To the extent known or potentially known to the Issuer, as at the date of the Prospectus, other than the information contained and disclosed in the Prospectus, there are no other conflicts of interest between any duties of the Directors and their private interests and/or their duties which require disclosure in terms of the Regulation.

7.1.4 *Loans to Directors*

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

7.1.5 *Removal of Directors*

A Director may, unless he resigns, be removed by the shareholder appointing him or by an ordinary resolution of the shareholders as provided in Articles 139 and 140 of the Act. The Directors currently in office are expected to remain in office at least until the next Annual General Meeting of the company.

7.1.6 *Powers of Directors*

By virtue of the provisions of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting. The powers of the Directors are better described in sub-section 13.2.3 below.

7.1.7 *Employees*

As at the date of the Prospectus the Issuer does not have any employees of its own and is reliant on the resources which are made available to it by CPHCL pursuant to the MSS Agreement detailed in sub-section 5.1.3 of this Registration Document, including, in particular, the services of Mr Reuben Xuereb, who is the Chief Executive Officer of MIH, Ms Rachel Stilon, who is the Chief Financial Officer of MIH, and Mr Stephen Bajada who acts as the Company Secretary of MIH.

As at 31 December 2016 the Group employed 70 members of staff, 58 of whom work in operations and the remaining 12 in administration. In this regard, the Issuer's objective during the course of 2017 is to manage the operation of the Palm City Residences efficiently and to ensure that payroll and other operating costs continue to be met.

7.1.8 *Working capital*

At the end of 2016, the Group reported a working capital deficiency of €49.8 million, of which €40.3 million relates to the Maturing Bonds. The Directors believe that they will be successful in replacing the Maturing Bonds with this Bond Issue. The Directors have also obtained written assurances from the shareholders of MIH that they will continue to support the company, proportionate to their shareholding, on an on-going basis, to enable it to meet its liabilities as and when they fall due. Accordingly, the Directors are confident that the Issuer will continue to have adequate levels of cash to sustain its operations and investments.

7.2 *The Guarantor*

7.2.1 *The Board of directors of the Guarantor*

The Memorandum of Association of the Guarantor provides that the Board of directors shall be composed of six (6) directors. As at the date of the Prospectus, the board of directors of the Guarantor is constituted by the individuals set out in sub-section 4.2 of this Registration Document.

7.2.2 *Directors' service contracts*

None of the directors of the Guarantor have a definitive service contract with the company.

7.2.3 *Loans to directors*

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

7.2.4 Non-executive directors

The non-executive directors' main functions are to monitor the operations of the executive directors and their performance, as well as to review any investment opportunities that are proposed by the executive directors. All proposed acquisitions of the Guarantor are brought to the board of directors for approval.

7.2.5 Boards of CPHCL's subsidiary companies

Each property is owned through a subsidiary company registered in the jurisdiction where that property is located and such subsidiary company is required to comply with all the laws and regulations of that jurisdiction. Accordingly, a board of directors is entrusted with the responsibility of the direction and management of each subsidiary within the strategic parameters established by the Guarantor's board of directors. In some jurisdictions the Guarantor has adopted the structure of a dual board in line with the requirements of legislation prevalent under those jurisdictions. These involve the concept of a board of directors that is entrusted with setting the policies and strategies of each respective subsidiary to be implemented by management in the day-to-day operations and executive decisions, and a supervisory board that is entrusted with monitoring the policy implementation within that subsidiary by management.

The board of directors of each subsidiary is, within the strategic parameters established by the board of directors of the Guarantor, autonomous in the determination of the appropriate policies for the respective property and, in the case of hotels, is entrusted with handling the relations with the hotel operating company. Each property, in turn, has its own management structure and employees that have the function of implementing the policies and directions of the subsidiary boards.

8 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

8.1 Major shareholders of the Issuer

As further detailed in sub-section 13.1 below, CPHCL currently owns 50% of the share capital of the Issuer, NREC holds 40% of the share capital, whereas LPTACC holds the remaining 10%. LPTACC is a fully-owned subsidiary by NPHC, which, in turn, is 98% owned by NREC.

Specifically, the Issuer has an authorised share capital of €100,000,000 divided into 50,000,000 ordinary 'A' shares of €1 each and 50,000,000 ordinary 'B' shares of €1 each. The Issuer has an issued share capital of €48,002,000 divided into 24,001,000 ordinary 'A' shares of €1 each and 24,001,000 ordinary 'B' shares of €1 each, which are subscribed to and allotted as fully paid up shares as follows:

Name of Shareholder	Number of shares held
Corinthia Palace Hotel Company Limited (C 257)	24,001,000 ordinary 'A' shares of €1 each
National Real Estate Company KSCP (19628)	19,200,800 ordinary 'B' shares of €1 each
Libya Projects General Trading And Contracting Company (119633)	4,800,200 ordinary 'B' shares of €1 each

As far as the Issuer is aware, no person holds an indirect shareholding in excess of 5.0% of the company's total issued share capital. Furthermore, to the best of the Issuer's knowledge there are no arrangements in place as at the date of the Prospectus the operation of which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code") with a view to ensuring that the relationship with its major shareholders is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the Audit Committee, which is constituted in its majority by independent, non-executive Directors, of which one, in the person of Mr Mario P. Galea, also acts as Chairman. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The composition of the Board, including the presence of an independent, non-executive Director not appointed by either of the major shareholders of the Issuer, effectively minimises the possibility of any abuse of control by any major shareholder.

8.2 Major shareholders of the Guarantor

The authorised and issued share capital of CPHCL is €20,000,000 divided into 20,000,000 ordinary shares of a nominal value of €1 each. The share capital has been fully issued, subscribed and fully paid up, as follows:

	Name of Shareholder	Number of shares held
1	A. & A. Pisani and Co. Ltd (C 6430)	1,666,667 ordinary shares of €1 each
2	J & H Pisani Company Limited (C 6817)	1,666,667 ordinary shares of €1 each
3	PAKA Limited (C 6969)	1,666,667 ordinary shares of €1 each
4	VAC Company Limited (C 6818)	1,666,667 ordinary shares of €1 each
5	Geranium Holdings Limited (C 66582)	1,666,666 ordinary shares of €1 each
6	Intakur Limited (C 7038)	1,666,666 ordinary shares of €1 each
7	Libyan Foreign Investment Company (LFICO)	10,000,000 ordinary shares of €1 each

At present, in terms of the Memorandum and Articles of Association of the Guarantor, the Board of CPHCL consists of six (6) directors. A shareholder or a number of members who individually or between them hold 16.66% plus one share of the issued share capital of CPHCL shall be entitled to appoint one director. In practice, the Pisani family is collectively (represented through the shareholders numbered 1 to 6 above) entitled to appoint three directors and LFICO (numbered 7 above) is entitled to appoint the other three. All issues arising at Board of directors meetings are to be decided by a majority of votes and in the case of equality of votes the Chairman shall not have a second or casting vote.

9 AUDIT COMMITTEE PRACTICES

9.1 The Issuer

9.1.1 Audit Committee

The terms of reference of the Audit Committee of the Issuer consist of, inter alia, its support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time.

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

- its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- maintaining communications on such matters between the Board, management and the independent auditors;
- facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- preserving the company's assets by understanding the company's risk environment and determining how to deal with those risks.

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

A majority of the Directors sitting on the Audit Committee are of an independent, non-executive capacity. The Audit Committee is presently composed of the following non-executive Directors - Mario P. Galea who acts as chairman, whilst Joseph Pisani (non-executive Director) and Bassem Bitar (independent, non-executive Director) act as members. In compliance with the Listing Rules, Mario P. Galea is the independent, non-executive Director who is competent in accounting and/or auditing matters. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. The CVs of the said Directors may be found in sub-section 4.1 above.

9.1.2 *Internal audit*

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

The internal audit unit reports directly to the Audit Committee.

9.2 The Guarantor

9.2.1 *Compliance with the Corporate Governance regime*

Whilst it is not a requirement on the Guarantor to adopt the Code, it has out of its own accord chosen to introduce disciplines that are recommended in the Code, including the setting up of an Audit Committee as indicated below.

9.2.2 *Audit Committee of CPHCL*

The primary objective of CPHCL's Audit Committee is to assist the board of directors in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the board of directors, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee of CPHCL reports directly to the board of directors of the said company.

The terms of reference of CPHCL's Audit Committee have been formally set out in a separate Charter. Joseph F.X. Zahra acts as Chairman and Abuagila Almahdi, Joseph J. Vella and Mario P. Galea as members, whilst Alfred Fabri performs the duties of secretary to the Audit Committee.

The Audit Committee's role includes responsibility for monitoring the performance of the entities borrowing funds from the company and also carrying out the oversight of related party transactions to ensure that these are carried out on an arm's length basis.

9.2.3 *Internal audit*

The role of the internal auditor is to carry out systematic risk-based reviews and appraisals of the operations of the Guarantor (as well as of the subsidiaries and associates of the Corinthia Group) for the purpose of advising management and the board of directors, through the Audit Committee, on the efficiency and effectiveness of internal management policies, practices and controls. This function is expected to promote the application of best practices within the organisation. The internal auditor reports directly to the Audit Committee.

9.2.4 *Hotel operations*

Day-to-day management of hotel operations are the responsibility of CHI, the Corinthia Group's hotel operating company that directs each subsidiary's management and staff in day-to-day operations. The responsibility of the operational performance of each hotel is that of the operating company, whose performance is monitored and evaluated on a regular basis by the board of each subsidiary, which in turn reports on performance and operations to IHI's or CPHCL's board of directors, or third party owners, as the case may be.

9.2.5 *Property audit*

Regular property audits are carried out by QPM. These audits, which are unannounced, comprise a full review of each property twice a year when a physical inspection of the building and the assets is undertaken by experienced engineers. A detailed report is submitted to the owners, including a review of the maintenance systems and quality of the maintenance works with recommendations on the replacement of plant and equipment.

9.3 Related party transactions concerning CPHCL

CPHCL regularly enters into trading transactions with fellow subsidiaries and associates within the Corinthia Group in its normal course of business. Trading transactions between these companies include items which are normally encountered in a group context and include rental charges, management fees, recharging of expenses and financing charges. These transactions are subject to regular scrutiny of the Audit Committees of both the Issuer and of CPHCL to ensure that they are made on an arm's length basis and that there is no abuse of power by the Issuer or CPHCL in the context of related party transactions. In this regard, the Audit Committees of both the Issuer and of CPHCL meet as and when necessary for the purpose of discussing formal reports submitted by each company's internal auditor on any transactions or circumstances which may potentially give rise to such conflict or abuse.

10 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Issuer is subject to the Code and the Board has taken such measures as were considered necessary in order for the Issuer to comply with the requirements of the Code to the extent that these were deemed appropriate and complementary to the size, nature and operations of the Issuer, as follows:

- **Principles 1 & 4:** The Board of Directors is entrusted with the overall direction and management of the Issuer, including the establishment of strategies for future development, and the approval of any proposed acquisitions by the Issuer in pursuing its investment strategies. Its responsibilities also involve the oversight of the Issuer's internal control procedures and financial performance, and the review of business risks facing the Issuer, ensuring that these are adequately identified, evaluated, managed and minimised. All the Directors have access to independent professional advice at the expense of the Issuer, should they so require;
- **Principle 2:** The roles of Chairman and Chief Executive Officer are carried out respectively by Mr Alfred Pisani and Mr Reuben Xuereb;
- **Principle 3:** The Board is composed of two executive Directors, Alfred Pisani and Joseph Fenech, and five non-executive Directors (two of whom are also independent of the Issuer). Three Directors are appointed by each of the two major shareholders, CPHCL and NREC. The other, Mr Mario P. Galea, is an independent Director jointly appointed by the two major shareholders. The composition and balance on the Board is determined in accordance with the provisions set out in the Memorandum and Articles of Association of the Issuer regulating the appointment of Directors, and although the majority of non-executive Directors are not independent as recommended by the Code, the Issuer considers the present mix of executive Directors and non-executive Directors (including the two independent Directors) to create a healthy balance and serves to unite all shareholders' interests, whilst providing direction to the Issuer's management to help maintain a sustainable organisation.

The non-executive Directors constitute a majority on the Board and their main functions are to monitor the operations of the executive directors and their performance, as well as to analyse any investment opportunities that are proposed by the executive Directors. In addition, the non-executive Directors have the role of acting as an important check on the possible conflicts of interest of the executive Directors, which may exist as a result of their dual role as executive Directors and their role as officers of CPHCL;

- **Principle 5:** The Board of Directors aims to meet regularly and all Directors are given ample opportunity to discuss the agenda and convey their opinions. During 2016 the Board of Directors met four times to discuss the operations and strategy of the Issuer;
- **Principle 6:** The Chief Executive Officer ensures that Directors are provided with relevant information to enable them to effectively contribute to Board decisions;
- **Principle 7:** The Board of Directors performs a self-evaluation of its own performance and that of its committees on an annual basis, and the Board's performance is always under the scrutiny of the shareholders. The Board considers the present evaluation procedure to suffice and, therefore, does not consider it necessary to formalise the evaluation process through the setting up of an evaluation committee;

- **Principle 8:** The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of a nomination and remuneration committee. Given that the Issuer does not have any employees of its own (its senior executive team providing services to the Issuer pursuant to the MSS Agreement), and any remuneration to the Board of Directors is determined by the shareholders of the Issuer in accordance with its Memorandum and Articles of Association, it is not considered necessary for the Issuer to maintain a remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with its Memorandum and Articles of Association;
- **Principle 9:** The Issuer is highly committed to having an open and communicative relationship with its bondholders and investors;
- **Principle 10:** The Issuer ensures that it is in constant contact with its principal institutional shareholders and bondholders;
- **Principle 11:** By virtue of the Issuer's Memorandum and Articles of Association, the Directors are obliged to keep the Board advised, on an on-going basis, of any interest that could potentially conflict with that of the Issuer. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has a material interest;
- **Principle 12:** The Issuer understands that it has an obligation towards society at large to put into practice sound principles of corporate social responsibility. It achieves this through the commitments of CPHCL.

Save for the instances of non-adherence to the Code which have been explained above, the Board is of the opinion that the Issuer is in compliance with the Code.

11 HISTORICAL FINANCIAL INFORMATION

The Issuer's historical financial information for the three financial years ended 31 December 2014, 2015 and 2016 as audited by Grant Thornton is set out in the audited consolidated financial statements of the Issuer. The Guarantor's historical financial information for the financial year ended 31 December 2014 as audited by Grant Thornton is set out in the applicable audited consolidated financial statements of the Guarantor. The Guarantor's historical financial information for the financial years ended 31 December 2015 and 2016 as audited by PricewaterhouseCoopers is set out in the applicable audited consolidated financial statements of the Guarantor. Such audited consolidated financial statements are available for inspection as set out in section 16 below.

There were no significant adverse changes to the financial or trading position of the Issuer and/or the Guarantor since the end of the financial period to which their respective afore-mentioned last audited consolidated financial statements relate. Furthermore, the Issuer and the Guarantor hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

12 LITIGATION PROCEEDINGS

Except as set out below, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or Guarantor are aware) during the period covering twelve (12) months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor and/or the Group, taken as a whole.

The Issuer and the Guarantor are co-defendants in court proceedings against them for alleged unpaid professional fees. Although the Issuer and Guarantor have reason to believe that they will prevail on the merits for which they will vigorously defend themselves, the proceedings are still at an early stage and the ultimate outcome cannot be predicted at this time. The Issuer is also a defendant in proceedings against it for alleged unpaid works in relation to capital repairs at Palm City Residences. The Issuer believes that it has a strong defence in respect of these claims; however, in the event of an adverse determination of any and all such claims the Issuer's liability is not expected to have any material adverse effect on the financial position or profitability of the Issuer, the Guarantor and/or the Group, taken as a whole.

13 ADDITIONAL INFORMATION

13.1 Memorandum and Articles of Association of the Issuer

13.1.1 Objects

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

The Memorandum and Articles of Association of the Issuer otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of the Prospectus at the registered office of the Issuer as set out under the heading “Documents available for inspection” in section 16 of this Registration Document and at the Registrar of Companies of the MFSA.

13.1.2 Share capital of the Issuer

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

Since incorporation, the Issuer allotted shares as detailed below:

<i>Date of allotment</i>	<i>Number of shares</i>	<i>Shareholder</i>	<i>Consideration</i>
Initial share capital, issued on 12 December 2005	1,000 ordinary ‘A’ shares	CPHCL	€1,000 in cash
Initial share capital, issued on 12 December 2005	1,000 ordinary ‘B’ shares	NREC	€1,000 in cash
21 February 2006	24,000,000 ordinary ‘B’ shares	NREC	€24,000,000 in cash
16 March 2006	24,000,000 ordinary ‘A’ shares	CPHCL	Capitalisation of shareholder’s loan

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

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

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

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

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

The shares of the Issuer are not listed on the MSE, nor has an application ever been filed for the shares of the Issuer to be quoted on the MSE Official List. There is no capital of the Issuer which has been issued to the public during the two years immediately preceding the publication of the Prospectus.

13.1.3 Voting rights and restrictions

The holders of shares in the Issuer are entitled to vote at meetings of the shareholders of the Issuer on the basis of one (1) vote for each share held.

13.1.4 Powers of Directors

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

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

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

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

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

13.1.5 Commissions

There were no commissions, discounts, brokerages or other special terms granted during the two (2) years immediately preceding the publication of the Prospectus in connection with the issue or sale of any capital of the Issuer or any of its subsidiaries.

13.2 Memorandum and Articles of Association of the Guarantor

13.2.1 Objects

In terms of clause 4.6 of its Memorandum of Association, the Guarantor is, amongst other things, authorised to borrow, raise or secure the payment of money for the purpose of or in connection with the company's business and to secure the repayment of any moneys borrowed by hypothecation, charge or lien upon the whole or part of the movable and immovable property or assets of the company. Furthermore, the Guarantor is authorised to give guarantees or provide security for any such persons, firms and companies as the directors may deem fit and proper and on such terms as may seem expedient and, in particular, to companies in which the company has an interest.

The Memorandum and Articles of Association of CPHCL otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors.

A copy of the Memorandum and Articles of Association of the Guarantor may be inspected during the lifetime of the Prospectus at the registered office of the Issuer as set out under the heading “Documents available for inspection” in section 16 of this Registration Document and at the Registrar of Companies of the MFSA.

13.2.2 Share capital of the Guarantor

The authorised and issued share capital of CPHCL is €20,000,000 divided into 20,000,000 ordinary shares of a nominal value of €1 each, all fully paid up, which are subscribed to as set out in sub-section 8.2 of this Registration Document.

The shares of the Guarantor are not listed on the Exchange. Application has not been filed for the shares of the Guarantor to be quoted on the Official List of the Exchange.

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

There is no capital of the Guarantor which is currently under option which could result in a change in control of the company, nor is there any agreement by which any part of the capital of the Guarantor is to be put under such option.

13.2.3 Voting rights and restrictions

Unless otherwise provided in the terms of the issue, the holders of shares in the Guarantor are entitled to vote at meetings of the shareholders of the Guarantor on the basis of one (1) vote for each share held.

13.2.4 Powers of CPHCL's directors

The directors are vested with the management of the Guarantor and their powers of management and administration emanate directly from CPHCL's Memorandum and Articles of Association and the law. In terms of said Memorandum and Articles of Association, they may do all such things that are not by the Memorandum and Articles of Association reserved for the shareholders in general meeting.

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

In terms of its Memorandum and Articles of Association, the Board of directors of the Guarantor may exercise all the powers of the Guarantor to borrow money and give security therefor, as it thinks fit.

There are no provisions in the Guarantor's Memorandum and Articles of Association regulating the retirement or non-retirement of said company's directors over an age limit.

13.2.5 Commissions

There were no commissions, discounts, brokerages or other special terms granted during the two (2) years immediately preceding the publication of the Prospectus in connection with the issue or sale of any capital of the Guarantor or any of its subsidiaries.

14 MATERIAL CONTRACTS

The Issuer, the Guarantor and/or other Group entities have not entered into any material contracts which are not in the ordinary course of their respective business which could result in either the Issuer or the Guarantor or any member of the Group being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet their respective obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

15 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Financial Analysis Summary reproduced in Annex C of the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The Financial Analysis Summary dated 29 May 2017 has been included in Annex C of the Securities Note in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co. (Stockbrokers) Ltd. of Airways House, Third Floor, High Street, Sliema SLM 1549, Malta, which has given, and has not withdrawn, its consent to the inclusion of said report herein. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. does not have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the Financial Analysis Summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

16 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof, where applicable, are available for inspection at the registered office of the Issuer at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta during the term of the Bond Issue during office hours:

- i. the Memorandum and Articles of Association of the Issuer;
- ii. the Memorandum and Articles of Association of the Guarantor;
- iii. the audited consolidated financial statements of the Issuer for the years ended 31 December 2014, 2015 and 2016;
- iv. the audited consolidated financial statements of the Guarantor for the years ended 31 December 2014, 2015 and 2016;
- v. the letter of confirmation drawn up by Grant Thornton dated 29 May 2017;
- vi. the Financial Analysis Summary dated 29 May 2017 reproduced in Annex C of the Securities Note; and
- vii. the original Guarantee given by the Guarantor in respect of the Bonds, as set out in Annex A of the Securities Note.

The documents listed in (i) to (iv) above are also available for inspection in electronic form on the Issuer's website www.mihplc.com.

SECURITIES NOTE

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Mediterranean Investments Holding plc. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Dated 29 May 2017

In respect of an issue of €40,000,000 5.0% Unsecured Bonds 2022
of a nominal value of €100 per Bond issued at par by



MEDITERRANEAN INVESTMENTS HOLDING PLC

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

Guaranteed by

CORINTHIA PALACE HOTEL COMPANY LIMITED

A private limited liability company registered in Malta with company registration number C 257

ISIN: MT0000371287

Prospective investors are to refer to the Guarantee contained in Annex A of this Securities Note for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled “Risk Factors” contained in the Summary Note, the Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by Corinthia Palace Hotel Company Limited.

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

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

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

Joseph Fenech

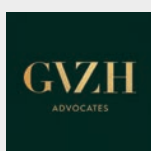
APPROVED BY THE DIRECTORS

Joseph Fenech for and on behalf of:
Alfred Pisani, Samuel D. Sidiqi, Joseph Pisani,
Faisal J. S. Alessa, Mario P. Galea, Bassem Bitar

LEGAL COUNSEL

SPONSOR

REGISTRAR & MANAGER





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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 29 MAY 2017 AND CONTAINS INFORMATION ABOUT MEDITERRANEAN INVESTMENTS HOLDING PLC IN ITS CAPACITY AS ISSUER, CORINTHIA PALACE HOTEL COMPANY LIMITED IN ITS CAPACITY AS GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE COMPANIES ACT AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS, AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE ISSUER OF €40,000,000 UNSECURED BONDS 2022 OF A NOMINAL VALUE OF €100 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 5.0% PER ANNUM PAYABLE ANNUALLY IN ARREARS ON 6 JULY OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 6 JULY 2018. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 6 JULY 2022. THE BOND ISSUE IS GUARANTEED BY CORINTHIA PALACE HOTEL COMPANY LIMITED.

IN ACCORDANCE WITH THE ALLOCATION POLICY TO BE DETERMINED AND PUBLISHED BY THE ISSUER, BONDS SHALL BE ALLOCATED IN THE FIRST INSTANCE TO HOLDERS OF 7.15% BONDS 2015 - 2017 (ISIN MT0000371238 FOR THE EUR BONDS, MT0000371246 FOR THE GBP BONDS AND MT0000371253 FOR THE USD BONDS) (THE “MATURING BONDS”) WHO, IN CONSIDERATION FOR THE BONDS APPLIED FOR PURSUANT TO THIS PROSPECTUS, ELECT TO SURRENDER MATURING BONDS IN FAVOUR OF THE ISSUER.

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

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR AND MAKES NO REPRESENTATIONS AS TO THE CONTENTS, ACCURACY OR COMPLETENESS OF THE PROSPECTUS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE



PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISERS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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

SAVE FOR THE PUBLIC OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED THE DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING (THE “**PROSPECTUS DIRECTIVE**”) OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF THE PROSPECTUS DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN THE PROSPECTUS DIRECTIVE), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

THE BONDS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE “U.S.”) OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION “S” OF THE SAID ACT). FURTHERMORE THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

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

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

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

THE ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY

AUTHORISED INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

ALL THE ADVISERS TO THE ISSUER AND GUARANTOR NAMED IN THE REGISTRATION DOCUMENT FORMING PART OF THE PROSPECTUS UNDER THE HEADING “*ADVISERS TO THE ISSUER AND GUARANTOR*” IN SUB-SECTION 4.4 THEREOF HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

1 DEFINITIONS

In this Securities Note the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

“Act” or “Companies Act”	the Companies Act, 1995 (Chapter 386 of the laws of Malta);
“Applicant/s”	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
“Application/s”	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) in accordance with the terms of this Securities Note;
“Application Form/s”	the non-transferable, pre-printed forms of application for subscription of Bonds, specimens of which are contained in Annex B of this Securities Note;
“Authorised Intermediaries”	all the licensed stockbrokers and financial intermediaries listed in Annex D of this Securities Note;
“Bond/s”	the €40,000,000 unsecured bonds 2022 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 5.0% per annum. The Bonds are guaranteed by CPHCL;
“Bondholder”	a holder of Bonds;
“Bond Issue”	the issue of the Bonds;
“Bond Issue Price”	the price of €100 per Bond;
“Business Day”	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
“CET”	Central European Time;
“Corinthia Finance”	Corinthia Finance plc, a company registered under the laws of Malta with company registration number C 25104 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;

“Corinthia Group”	CPHCL (as defined below) and the companies in which CPHCL has a controlling interest;
“CPHCL” or “Guarantor”	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta with company registration number C 257 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta. CPHCL is the parent company of the Corinthia Group and is acting as Guarantor in terms of the Guarantee;
“CSD”	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Cut-off Date”	close of business on 26 May 2017 (trading session of 24 May 2017);
“Directors” or “Board”	the directors of the Issuer whose names are set out in sub-section 4.1 of the Registration Document forming part of the Prospectus;
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Exchange” or “Malta Stock Exchange” or “MSE”	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Existing Corinthia Bonds”	collectively the Existing Corinthia Finance Bonds, the Existing IHGH Bonds, the Existing IHI Bonds and the Existing MIH Bonds (each as defined immediately below);
“Existing Corinthia Finance Bonds”	collectively (i) the 6% bonds 2019 – 2022 with ISIN code MT0000101254, due to mature on 29 March 2022 (subject to Corinthia Finance’s option, exercisable at its discretion, to redeem all or any part of the bonds in the said bond issue on the dates falling between and including 30 March 2019 and 29 March 2022), amounting as at the date of the Prospectus to €7,500,000, issued by Corinthia Finance pursuant to a prospectus dated 27 February 2012; and (ii) the 4.25% unsecured bonds 2026 with ISIN code MT0000101262, due to mature on 12 April 2026, amounting as at the date of the Prospectus to €40,000,000, issued by Corinthia Finance pursuant to a prospectus dated 18 March 2016, both of which are currently listed and traded on the Malta Stock Exchange;
“Existing IHGH Bonds”	collectively (i) the 6.5% bonds 2017 – 2019 with ISIN code MT0000481219, amounting as at the date of the Prospectus to €3,133,600, issued by IHGH pursuant to a prospectus dated 28 August 2009 and which shall be redeemed on 1 July 2017; and (ii) the 6% bonds 2024 with ISIN code MT0000481227, due to mature on 15 May 2024, amounting as at the date of the Prospectus to €35,000,000, issued by IHGH pursuant to a prospectus dated 6 May 2014, both of which are currently listed and traded on the Malta Stock Exchange;
“Existing IHI Bonds”	collectively (i) the 5.8% bonds 2021 with ISIN code MT0000111279, due to mature on 21 December 2021, amounting as at the date of the Prospectus to €20,000,000, issued by IHI pursuant to a prospectus dated 16 November 2012; (ii) the 5.8% bonds 2023 with ISIN code MT0000111287, due to mature on 14 November 2023, amounting as at the date of the Prospectus to €10,000,000, issued by IHI pursuant to a prospectus dated 21 October 2013; (iii) the 5.75% unsecured bonds 2025 with ISIN code MT0000111295, due to mature on 13 May 2025, amounting as at the date of the Prospectus to €45,000,000, issued by IHI pursuant to a prospectus dated 10 April 2015; (iv) the 4% secured bonds 2026 with ISIN code MT0000111303, due to mature on 29 July 2026, amounting as at the date of the Prospectus to €55,000,000, issued by IHI pursuant to a prospectus dated 28 June 2016; and (v) the 4% unsecured bonds 2026 with ISIN code MT0000111311, due to mature on 20 December 2026, amounting as at the date of the Prospectus to €40,000,000, issued by IHI pursuant to a prospectus dated 21 November 2016, all of which are currently listed and traded on the Malta Stock Exchange;

“Existing MIH Bonds”	collectively (i) the 6% bonds 2021 with ISIN code MT0000371261, due to mature on 22 June 2021, amounting as at the date of the Prospectus to €12,000,000, issued by the Issuer pursuant to a prospectus dated 2 June 2014; and (ii) the 5.5% unsecured bonds 2020 with ISIN code MT0000371279, due to mature on 31 July 2020, amounting as at the date of the Prospectus to €20,000,000, issued by the Issuer pursuant to a prospectus dated 1 July 2015, both of which are currently listed and traded on the Malta Stock Exchange;
“Financial Analysis Summary”	the financial analysis summary dated 29 May 2017 compiled by the Sponsor in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer, a copy of which is set out in Annex C of this Securities Note;
“GBP” or “£” or “Pound Sterling”	the lawful currency of the United Kingdom;
“GBP Rate of Exchange”	the rate of exchange for the purposes of this Prospectus between the Euro and the Pound Sterling, applicable to the GBP Bonds forming part of the Maturing Bonds, that is €1.00 : £0.86340. In determining the aforesaid exchange rate, the Issuer has been guided by the reference exchange rate as published by the European Central Bank on 24 May 2017 at 16:00 hours CET (https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html);
“Group”	the Issuer (parent company), PCL and PWL (subsidiary companies) and MTJSC (associate company);
“Guarantee”	the suretyship of the Guarantor in terms of the guarantee contained in Annex A of this Securities Note and as described in Element B.18 of the Summary Note forming part of the Prospectus;
“IHGH”	Island Hotels Group Holdings plc, a company registered under the laws of Malta with company registration number C 44855 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“IHI”	International Hotel Investments plc, a company registered under the laws of Malta with company registration number C 26136 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“Interest Payment Date”	6 July of each year between and including each of the years 2018 and the year 2022, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
“Intermediaries’ Offer”	shall have the meaning set out in sub-section 6.4 of this Securities Note;
“Issue Date”	5 July 2017;
“Issue Period”	the period between 08:30 hours CET on 1 June 2017 and 12:00 hours CET on 16 June 2017 during which the Bonds are available for subscription;
“Issuer” or “MIH”	Mediterranean Investments Holding plc, a company registered under the laws of Malta with company registration number C 37513 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“Listing Authority”	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
“Listing Rules”	the listing rules issued by the Listing Authority, as may be amended from time to time;
“Malta Stock Exchange Bye-Laws”	the MSE bye-laws issued by the authority of the board of directors of MSE, as may be amended from time to time;

“Maturing Bonds”	the 7.15% bonds 2015 - 2017 due to be redeemed by the Issuer on 6 July 2017 in a combination of EUR (€) denominated Bonds, GBP (£) denominated Bonds and USD (\$) denominated Bonds, with ISIN code MT0000371238 for the EUR Bonds, MT0000371246 for the GBP Bonds and MT0000371253 for the USD Bonds, issued by the Issuer pursuant to a prospectus dated 14 June 2010, and amounting as at the date of the Prospectus to an aggregate amount of €39,920,281 (for the purpose of ascertaining the aggregate principal amount of the Maturing Bonds, specifically the GBP Bonds and USD Bonds forming part thereof, reference is made to the GBP Rate of Exchange (against the Euro) and the USD Rate of Exchange (against the Euro) respectively);
“Maturing Bond Transfer”	the subscription for Bonds by a Maturing Bondholder settled, after submitting the pre-printed Application Form A (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Maturing Bonds held by such Maturing Bondholder as at the Cut-off Date;
“Maturing Bondholder”	a holder of Maturing Bonds as at the Cut-off Date;
“MFSA”	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);
“MTJSC”	Medina Tower Joint Stock Company for Real Estate and Development, a joint stock investment company registered under the commercial laws of Libya in accordance with Law No. 5 (1997) as amended by Law No. 7 (2004) and Law No. 9 (2010), having its registered office at Tripoli Tower, Suite 107, Tower 2, Level 10, Tripoli, Libya, and bearing privatisation and investment board number 343;
“Official List”	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
“PCL” or “Palm City Ltd”	Palm City Ltd, a company registered under the laws of Malta with company registration number C 34113 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“PWL”	Palm Waterfront Ltd, a company registered under the laws of Malta with company registration number C 57155 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana FRN 1400, Malta;
“Prospectus”	collectively the Summary Note, the Registration Document and this Securities Note, all dated 29 May 2017, as such documents may be amended, updated, replaced and supplemented from time to time;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
“Redemption Date”	6 July 2022;
“Redemption Value”	the nominal value of each Bond (€100 per Bond);
“Registrar & Manager”	Bank of Valletta plc;
“Registration Document”	the registration document issued by the Issuer dated 29 May 2017, forming part of the Prospectus;

“Regulation”	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
“Securities Note”	this securities note in its entirety issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered under the laws of Malta having its registered office at Airways House, Third Floor, High Street, Sliema SLM 1549, Malta and bearing company registration number C 13102. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised financial intermediary licensed by the MFSA and a member of the MSE;
“Summary Note”	the summary note issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Terms and Conditions”	the terms and conditions relating to the Bonds as contained in the Prospectus, particularly in section 8 of this Securities Note;
“USD” or “\$” or “US Dollar”	the lawful currency of the United States; and
“USD Rate of Exchange”	the rate of exchange for the purposes of this Prospectus between the Euro and the US Dollar, applicable to the USD Bonds forming part of the Maturing Bonds, that is €1.00 : \$1.1193. In determining the aforesaid exchange rate, the Issuer has been guided by the reference exchange rate as published by the European Central Bank on 24 May 2017 at 16:00 hours CET (https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html).

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and vice-versa;
- b) words importing the masculine gender shall include the feminine gender and vice-versa;
- c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.

2 RISK FACTORS

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

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

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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

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

2.1 Forward-looking statements

This Securities Note contains “forward-looking statements” which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These statements by their nature involve a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer’s and Guarantor’s control, and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s and/or Guarantor’s directors. Such forecasts and projections do not bind the Issuer and/or the Guarantor with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements will be achieved.

2.2 General

In so far as prospective investors seek advice from Authorised Intermediaries concerning an investment in the Bonds, Authorised Intermediaries are to determine the suitability of prospective investors’ investment in the Bonds in the light of said prospective investors’ own circumstances. The Bonds may not be a suitable investment for all investors. In particular, Authorised Intermediaries should determine whether each prospective investor:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- (ii) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency;
- (iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (iv) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks.

2.3 Risks relating to the Bonds

An investment in the Bonds involves certain risks including, but not limited to, those described below:

The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds, including the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates, generally. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.

No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under the said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference with all other present and future unsecured obligations of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. In view of the fact that the Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under the said Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor is directly linked to the financial position and solvency of the Guarantor. Furthermore, subject to the negative pledge clause set out in sub-section 6.8 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.19 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules, the Companies Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

3 PERSONS RESPONSIBLE

This Securities Note includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantor and the Bonds. Each and all of the Directors whose names appear in sub-section 4.1 of the Registration Document accept responsibility for all the information contained in the Prospectus.

To the best of the knowledge and belief of the directors of the Issuer and the Guarantor, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer and the Guarantor hereby accept responsibility accordingly.

4 CONSENT FOR USE OF THE PROSPECTUS

Consent required in connection with a possible Intermediaries' Offer in terms of sub-section 6.4 of this Securities Note:

As explained in sub-section 6.4 of this Securities Note, in the event that not all of the Bonds are subscribed to by Maturing Bondholders and/or by holders of Existing Corinthia Bonds as at the Cut-off Date, as the case may be, the remaining balance shall be made available for subscription by Authorised Intermediaries through an Intermediaries' Offer.

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

- a) in respect of Bonds subscribed for in terms of the Intermediaries' Offer by Authorised Intermediaries participating in the Intermediaries' Offer;
- b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and
- c) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

There are no other conditions attached to the consent given by the Issuer hereby which are relevant for the use of the Prospectus.

All information on the Terms and Conditions of the Bonds which is offered to any prospective investor by Authorised Intermediaries is to be provided by such Authorised Intermediaries to the prospective investor prior to such investor subscribing to any Bonds. Any interested investor has the right to request that Authorised Intermediaries provide the investor with all and any information on the Prospectus, including the Terms and Conditions of the Bonds.

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

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

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

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

In the event of a resale, placement or other offering of Bonds by an Authorised Intermediary subsequent to the Intermediaries' Offer, said Authorised Intermediary shall be responsible to provide information to prospective investors on the terms and conditions of the resale, placement or other offering at the time such is made.

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

Any Authorised Intermediary using the Prospectus in connection with a resale, placement or other offering of Bonds subsequent to the Intermediaries' Offer shall, limitedly for the period of 60 days from the date of the Prospectus, publish on

its website a notice to the effect that it is using the Prospectus for such resale or placement in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

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

5 KEY INFORMATION

5.1 Reasons for the Issue and use of proceeds

The proceeds from the Bond Issue, which net of Issue expenses are expected to amount to approximately €39,500,000, will be used by the Issuer for the redemption of the outstanding amount of the Maturing Bonds remaining in issue as at 6 July 2017, being the date of redemption of the Maturing Bonds as determined by the Issuer and duly notified to Maturing Bondholders. As at the date of the Prospectus the aggregate value of Maturing Bonds in issue stands at €39,920,281 – for the purpose of ascertaining the aggregate principal amount of the Maturing Bonds, specifically the GBP Bonds and USD Bonds forming part thereof, reference is made to the GBP Rate of Exchange (against the Euro) and the USD Rate of Exchange (against the Euro), respectively.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied for the purpose set out above. The residual amount required by the Issuer for the purpose of the use specified in this sub-section 5.1 which shall not have been raised through the Bond Issue shall be financed from the Group's own funds and/or bank financing.

5.2 Estimated expenses and proceeds of the Issue

The Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €500,000 and shall be borne by the Issuer. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €39,500,000. There is no particular order of priority with respect to such expenses.

5.3 Issue statistics

"Amount":	€40,000,000;
"Application Forms 'A' and 'B' made available":	1 June 2017;
"Bond Issue Price":	at par (€100 per Bond);
"Closing date for Applications to be received from Maturing Bondholders and holders of Existing Corinthia Bonds as at the Cut-off Date":	16 June 2017 at 12:00 hours CET;
"Denomination":	Euro (€);
"Events of Default"	the events listed in sub-section 6.16 of this Securities Note;
"Form":	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
"GBP Rate of Exchange":	€1.00 : £0.86340;

“Governing law and jurisdiction”:	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
“Interest”:	the Bonds shall bear interest from and including 6 July 2017 at the rate of five per cent (5.0%) per annum payable annually in arrears on the Interest Payment Dates;
“Interest Payment Date”:	annually on the 6 July between and including each of the years 2018 and 2022, as from 6 July 2018 (the first interest payment date);
“Intermediaries’ Offer”	in the event that following the subscription of Bonds by Maturing Bondholders and/or by holders of Existing Corinthia Bonds as at the Cut-off Date, as the case may be, there remain Bonds which are unallocated, such Bonds shall form part of an Intermediaries’ Offer as set out in sub-section 6.4 of this Securities Note. In this regard, should any Bonds be made available for subscription through an Intermediaries’ Offer as aforesaid, the Issuer has reached an agreement with a third party investor for the latter to subscribe to up to a maximum of €10,000,000 worth of the resultant balance of Bonds during the Intermediaries’ Offer. Accordingly, during the Intermediaries’ Offer any previously unallocated Bonds shall be made available for subscription to such Authorised Intermediaries and to said third party investor, <i>pari passu</i> , without priority or preference between them in accordance with the allocation policy to be issued in terms of sub-section 6.6 of this Securities Note;
“ISIN”:	MT0000371287;
“Issue”:	Bonds denominated in Euro having a nominal value of €100 each, which will be issued at par and shall bear interest at the rate of 5.0% per annum;
“Issue Period”	the period between 08:30 hours CET on 1 June 2017 and 12:00 hours CET on 16 June 2017 during which the Bonds are available for subscription;
“Listing”:	application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
“Minimum amount per subscription”:	one thousand Euro (€1,000) and multiples of one hundred Euro (€100) thereafter;
“Plan of distribution”:	the Bonds are open for subscription by: Maturing Bondholders; holders of Existing Corinthia Bonds as at the Cut-off Date; and Authorised Intermediaries pursuant to the Intermediaries’ Offer in respect of any balance of the Bonds not subscribed to by Maturing Bondholders and/or by holders of Existing Corinthia Bonds as at the Cut-off Date, as the case may be, as aforesaid;

“Preferred allocations”:

- (i) Maturing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Maturing Bonds at par value, subject to a minimum Application of €1,000 in Bonds and rounded upwards to the nearest €100. Any Maturing Bondholders whose holding in Maturing Bonds is less than €1,000 shall be required to pay the difference together with the submission of their Application Form A (“Cash Top-Up”). Any Maturing Bondholders whose holding in Maturing Bonds: (A) after conversion of GBP denominated Maturing Bonds to Euro at the GBP Rate of Exchange is not in multiples of €100, or (B) after conversion of USD denominated Maturing Bonds to Euro at the USD Rate of Exchange is not in multiples of €100, shall have the option of rounding down to the nearest €100, subject to a minimum holding of €1,000 (in which case the applicable refund will be settled in the currency of original subscription on 6 July 2017), or of rounding up to the nearest €100 by paying the difference together with the submission of their Application Form A (“Cash Top-Up”).

Maturing Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Maturing Bonds held by them as at the Cut-off Date (including any top-ups necessary in terms of any of A, B or C above) (“Maturing Bond Transfer”) shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds.

A Maturing Bondholder wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-off Date (including Cash Top-Up, where applicable) may subscribe for such additional Bonds in terms of sub-section 6.2.5 below;

- (ii) the balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer, if any, shall be made available for subscription (A) to Maturing Bondholders in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date and (B) to holders of Existing Corinthia Bonds as at the Cut-off Date, without any priority of preference between them;

“Redemption Date”:	6 July 2022;
“Redemption Value”:	at par (€100 per Bond);
“Status of the Bonds”:	the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer and the Guarantor, present and future;
“Subscription”:	multiples of one hundred Euro (€100);
“Underwriting”:	the Bond Issue is not underwritten;
“USD Rate of Exchange”:	€1.00 : \$1.1193.

5.4 Interest of natural and legal persons involved in the Issue

Save for the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) and any fees payable to Rizzo, Farrugia & Co (Stockbrokers) Ltd. as Sponsor in connection with the Bond Issue, and to Bank of Valletta plc as Registrar & Manager, so far as the Issuer is aware, no person involved in the Issue has a material interest in the Bond Issue.

5.5 Expected timetable of principal events

1	Application Forms mailed to Maturing Bondholders and to holders of Existing Corinthia Bonds as at the Cut-off Date	31 May 2017
2	Closing date for Applications to be received from Maturing Bondholders and from holders of Existing Corinthia Bonds as at the Cut-off Date	16 June 2017 (by 12:00 CET)
3	Intermediaries Offer*	21 June 2017
4	Announcement of basis of acceptance	23 June 2017
5	Dispatch of allotment advices and refunds (if any)	3 July 2017
6	Expected date of admission of the Bonds to listing	5 July 2017
7	Commencement of interest	6 July 2017
8	Expected date of commencement of trading in the Bonds	6 July 2017

**In the event that the total value of Applications received from Maturing Bondholders and/or holders of Existing Corinthia Bonds as at the Cut-off Date, as the case may be, exceeds €40,000,000, the Intermediaries' Offer will not take place.*

6 INFORMATION CONCERNING THE BONDS

Each Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Bonds hereafter described and to accept and be bound by the said terms and conditions.

6.1 General

- 6.1.1 Each Bond forms part of a duly authorised issue of 5.0% unsecured bonds 2022 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €40,000,000 (except as otherwise provided under sub-section 6.18 "Further Issues" below). The Issue Date of the Bonds is 5 July 2017. The Bonds are guaranteed by CPHCL.
- 6.1.2 The currency of the Bonds is Euro (€).
- 6.1.3 The Bonds shall bear interest at the rate of 5.0% per annum payable annually in arrears on 6 July of each year, the first interest payment falling on 6 July 2018. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 6.1.4 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0000371287.
- 6.1.5 The Bonds are expected to be listed on the Official List on 5 July 2017 and dealing is expected to commence on 6 July 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.
- 6.1.6 All outstanding Bonds not previously purchased or cancelled shall be redeemed by the Issuer at par (together with accrued interest) on the Redemption Date.

- 6.1.7 For the purpose of ascertaining the aggregate principal amount of the Maturing Bonds and the value attributable to the Maturing Bond Transfers, specifically in relation to the GBP Bonds and USD Bonds forming part thereof, reference is made to the GBP Rate of Exchange (against the Euro) and the USD Rate of Exchange (against the Euro), respectively.
- 6.1.8 In the event that Maturing Bondholders applying for additional Bonds and/or holders of Existing Corinthia Bonds as at the Cut-off Date applying for Bonds and/or Authorised Intermediaries participating in an Intermediaries' Offer, as applicable, have been allocated a number of Bonds which is less than the number applied for, then such subscriber shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form or subscription agreement (as the case may be), at the subscriber's sole risk within five (5) Business Days from the date of final allocation. Neither the Issuer nor the Registrar & Manager will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.
- 6.1.9 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital (as detailed in sub-section 6.14 below) and in accordance with the ranking specified in sub-section 6.7 of this Securities Note.
- 6.1.10 Applications for subscriptions to the Bonds may be made through any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) during the Issue Period. Subscription to the Bonds must be accompanied by full price of the Bonds applied for in Euro and in cleared funds at the Bond Issue Price, as applicable. If the Application Form(s) and proof of payment of cleared funds do not reach the Authorised Intermediaries by the close of the Issue Period, the Application will be deemed to have been declined.
- 6.1.11 The minimum subscription amount of Bonds that can be subscribed for by Applicants is €1,000, and in multiples of €100 thereafter.
- 6.1.12 The Issue Period shall close on 16 June 2017 at 12:00 hours CET. The Issuer will determine and announce the allocation policy for the Bonds within five (5) Business Days of the closing of the Issue Period. The results of the offer, including the allocation policy, will be announced through a company announcement. It is expected that allotment letters will be dispatched to Bondholders within five (5) Business Days of the date of the announcement of the allocation policy.
- 6.1.13 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act and the Regulation.
- 6.1.14 The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed the Issuer will proceed with the listing of the amount of Bonds subscribed for.
- 6.2 Applications by Maturing Bondholders by surrendering their Maturing Bonds**
- 6.2.1 The consideration payable by Maturing Bondholders applying for Bonds may be settled, after submitting the appropriate Application Form A, by the transfer to the Issuer of all or part of the Maturing Bonds held by such Applicant as at the Cut-off Date, subject to a minimum application of €1,000 and rounded upwards to the nearest €100, which transfer shall be effected at the par value of the Maturing Bonds. With respect to holders of Maturing Bonds denominated in GBP and USD, the par value of each holding shall be converted to the equivalent value in Euro at the GBP Rate of Exchange and USD Rate of Exchange, as applicable. Any Maturing Bondholders whose holding in Maturing Bonds is less than €1,000 shall be required to pay the difference together with the submission of their Application Form A ("Cash Top-Up"). Any Maturing Bondholders whose holding in Maturing Bonds: (A) after conversion of GBP denominated Maturing Bonds to Euro at the GBP Rate of Exchange is not in multiples of €100, or (B) after conversion of USD denominated Maturing Bonds to Euro at the USD Rate of Exchange is not in multiples of €100, shall have the option of rounding down to the nearest €100, subject to a minimum holding of €1,000 (in which case the applicable refund will be settled in the currency of original subscription on 6 July 2017), or of rounding up to the nearest €100 by paying the difference together with the submission of their Application Form A ("Cash Top-Up").

Maturing Bondholders electing to subscribe for Bonds through Maturing Bond Transfer shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer shall be allocated prior to any other allocation of Bonds.

A Maturing Bond Transfer shall be without prejudice to the rights of Maturing Bondholders to receive interest on the Maturing Bonds up to and including 5 July 2017. The Maturing Bonds shall be redeemed on 6 July 2017 as determined by the Issuer and duly notified to Maturing Bondholders.

All Applications for the subscription of Bonds by Maturing Bondholders by means of Maturing Bond Transfer must be submitted on Application Forms A to any Authorised Intermediary (which include the Sponsor and the Registrar & Manager) by 12:00 hours CET of 16 June 2017.

- 6.2.2 Payment by Applicants of the Cash Top-Up referred to in sub-section 6.2.1 above, and the full price of the additional Bonds applied for referred to in sub-section 6.2.5 below, shall be made in Euro and in cleared funds at the Bond Issue Price, in either cash or by cheque payable to **“The Registrar – MIH plc Bond Issue 2017”**.
- 6.2.3 By submitting a signed Application Form A indicating that the Maturing Bond Transfer is being selected as consideration for the Bonds being applied for, the Applicant is thereby confirming:
- i. that all or part (as the case may be) of the Maturing Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, as and if applicable;
 - ii. that the Application Form A constitutes the Applicant’s irrevocable mandate to the Issuer to:
 - a. cause the transfer of the said Maturing Bonds in the Issuer’s name in consideration of the issue of Bonds; and
 - b. engage, at the Issuer’s cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
 - iii. that in respect of the payment of the Cash Top-Up in terms of sub-section 6.2.1 above and/or the exercise of the option to subscribe to additional Bonds set out in sub-section 6.2.5 below, the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer and the Registrar & Manager reserve the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Registrar & Manager (which acceptance shall be made in the Issuer’s absolute discretion and may be on the basis that the Applicant indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant’s remittance to be honoured on first presentation).
- 6.2.4 Where the Applicant is the holder of Maturing Bonds which as at the Cut-off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form A.
- 6.2.5 In addition to the aforesaid, Maturing Bondholders transferring all of the Maturing Bonds held by them as at the Cut-off Date pursuant to sub-section 6.2.1 above may apply for an amount of Bonds in excess of the amount of Maturing Bonds being transferred by Maturing Bond Transfer. In such case Maturing Bondholders may subscribe for additional Bonds, in multiples of €100, by completing the appropriate section of the Application Form A.

Maturing Bondholders shall have priority in the allocation of Bonds solely with respect to that number of Bonds for which payment is being made by means of a Maturing Bond Transfer, subject to a Cash Top-Up, as and if applicable. In the event that the aggregate value of the Applications received from Maturing Bondholders transferring all of the Maturing Bonds held by them as at the Cut-off Date through Maturing Bond Transfer (including Cash Top-Up, where applicable) is in excess of the amount of Bonds available for subscription, the Issuer (acting through the Registrar & Manager) shall scale down each Application received such that the

Bonds shall be made available for subscription to such Maturing Bondholders, *pari passu*, without priority or preference between them in accordance with the allocation policy to be issued in terms of sub-section 6.6 of this Securities Note.

In the event that Maturing Bondholders apply for additional Bonds other than by Maturing Bond Transfer, no guarantee of allocation shall arise with respect to the excess Bonds applied for but such excess Bonds shall, together with Applications received from holders of Existing Corinthia Bonds as at the Cut-off Date as set out in sub-section 6.3 below, be subject to such allocation policy, without priority or preference between them, as shall be determined by the Issuer in accordance with sub-section 6.6 of this Securities Note.

- 6.2.6 Holders of Maturing Bonds on the Cut-off Date who do not elect to avail themselves of the possibility to exchange their investment in terms of the procedure outlined in this sub-section 6.2 shall receive all capital and accrued interest to date on 6 July 2017 in the currency in which the Maturing Bonds held by them were issued (that is, EUR, GBP or USD, as applicable).

6.3 Applications by other preferred applicants

The balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer as contemplated in sub-section 6.2.1 above, if any, shall be made available for subscription, *pari passu* without priority or preference between them to: (A) Maturing Bondholders in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-off Date, including Cash Top-Up (where applicable), and (B) holders of Existing Corinthia Bonds as at the Cut-off Date.

Applications for the subscription of Bonds by Maturing Bondholders in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer may be made by completing the appropriate section of Application Form A.

Applications for subscription of Bonds by holders of Existing Corinthia Bonds as at the Cut-off Date shall be submitted on Application Form B.

6.4 Intermediaries' Offer

Any balance of the Bonds not subscribed to by Maturing Bondholders and/or by holders of Existing Corinthia Bonds as at the Cut-off Date, as the case may be, shall be offered for subscription to Authorised Intermediaries through an Intermediaries' Offer. Any subscription received during the Intermediaries' Offer shall be subject to the same terms and conditions as those applicable to Applications by Maturing Bondholders and/or by holders of Existing Corinthia Bonds as at the Cut-off Date, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for under Application Forms A and B, respectively.

In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds to such investors during the Intermediaries' Offer.

In terms of each subscription agreement entered into with an Authorised Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List. The subscription agreements will become binding on each of the Issuer and the respective Authorised Intermediaries upon delivery, provided that these intermediaries would have paid to the Registrar & Manager all subscription proceeds in cleared funds on delivery of the subscription agreement.

Furthermore, should any Bonds be made available for subscription through an Intermediaries' Offer as aforesaid the Issuer notifies that it has reached an agreement with a third party investor for the latter to subscribe to up to a maximum of €10,000,000 worth of the resultant balance of Bonds.

Accordingly, during the Intermediaries' Offer any previously unallocated Bonds shall be made available for subscription to Authorised Intermediaries and to said third party investor, *pari passu*, without priority or preference between them in accordance with the allocation policy to be issued in terms of sub-section 6.6 of this Securities Note

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

6.5 Plan of distribution and allotment

Applications for subscription to the Bonds may be made through any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager). The Bonds are open for subscription by:

- i. Maturing Bondholders up to the amount of Maturing Bonds held as at the Cut-off Date and subject to any Cash Top-Up as and if applicable;
- ii. Maturing Bondholders in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-off Date (including Cash Top-Up, as and if applicable), as well as holders of Existing Corinthia Bonds as at the Cut-off Date, without priority or preference between them; and
- iii. Authorised Intermediaries through an Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Maturing Bondholders and/or by holders of Existing Corinthia Bonds as at the Cut-off Date, as the case may be, as aforesaid, in terms of sub-section 6.4 above.

It is expected that an allotment advice will be dispatched to Applicants within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

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

6.6 Allocation Policy

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

- i. first to Maturing Bondholders up to the extent of their holdings of Maturing Bonds on the Cut-off Date to be utilised for the purposes of the payment of consideration of Bonds, rounded upwards to the nearest €100 and subject to the minimum holding of €1,000;
- ii. the balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer, if any, shall be made available for subscription (A) to Maturing Bondholders in respect of any additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-off Date and (B) to holders of Existing Corinthia Bonds as at the Cut-off Date, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer. Accordingly, in the event that a Maturing Bondholder applies for additional Bonds other than by Maturing Bond Transfer as specified in (i) above, no guarantee shall be given with respect to the excess Bonds applied for; and
- iii. in the event that following the allocations made pursuant to paragraphs (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Intermediaries and to a third party investor through an Intermediaries' Offer as detailed in sub-section 6.4 above. Applications received from Authorised Intermediaries through an Intermediaries' Offer, if any, shall be allocated without priority or preference and in accordance with the allocation policy as determined by the Issuer.

Within five (5) Business Days from closing of the Issue Period, the Issuer shall announce the result of the Bond Issue and shall determine and announce the basis of acceptance of Applications and allocation policy to be adopted through a company announcement.

6.7 Status and ranking of the Bonds

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest and the principal amount due under said Bonds by the Guarantor in terms of the Guarantee, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer and Guarantor, present and future. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following sets out a summary of the Group's indebtedness which as at 31 December 2016 amounted in aggregate to €105 million (€102 million at 31 December 2015), and includes bank loans, corporate bonds and shareholders' loans. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with the other issued bonds, ranks after all bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

Mediterranean Investments Holding plc	2014	2015	2016
<i>Group borrowings and bonds</i>	€'000	€'000	€'000
Bank Borrowings	33,475	16,619	13,475
Bonds	69,565	83,011	83,292
Shareholders' Loans	2,655	2,655	8,275
Total borrowings and bonds	105,695	102,285	105,042

Further details on the aforesaid indebtedness, particularly the secured bank borrowings, including, *inter alia*, respective term, security and repayment schedule, are found in the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2016, which have been published on the Issuer's website (www.mihplc.com) and are available for inspection at its registered office during office hours for the term of the Bonds.

6.8 Negative pledge

The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

"Financial Indebtedness" means any indebtedness in respect of: (A) monies borrowed; (B) any debenture, bond, note, loan, stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

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

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

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 105% of the aggregate principal amount of the Bonds still outstanding;

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

6.9 Rights attaching to the Bonds

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

- i. the payment of interest;
- ii. the payment of capital;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 6.7 above;
- iv. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

6.10 Interest

6.10.1 The Bonds shall bear interest from and including 6 July 2017 at the rate of 5.0% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 6 July 2018 (covering the period 6 July 2017 to 5 July 2018). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

6.11 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 5.0%.

6.12 Registration, form, denomination and title

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

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

6.12.3 Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

6.12.4 The Bonds will be issued in fully registered form in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €1,000 per individual Bondholder. Authorised Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €1,000 to each underlying client.

- 6.12.5 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading “Transferability of the Bonds” in sub-section 6.17 of this Securities Note.

6.13 Pricing

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

6.14 Payments

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

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

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

- 6.14.3 All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) and to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

- 6.14.4 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.14. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.15 Redemption and purchase

- 6.15.1 Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest) on 6 July 2022. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

- 6.15.2 Subject to the provisions of this sub-section 6.15, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

6.16 Events of Default

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

- i. the Issuer and/or the Guarantor, as the case may be, shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer and/or the Guarantor, as the case may be, by any Bondholder; or
- ii. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- v. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- vi. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- vii. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in sub-section 6.8 above) of the Issuer in excess of five million Euro (€5,000,000) or its equivalent at any time.

6.17 Transferability of the Bonds

- 6.17.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.
- 6.17.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph 6.17.2, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.
- 6.17.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 6.17.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer / transmission has been made.
- 6.17.5 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

6.18 Further Issues

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

6.19 Meetings of Bondholders

6.19.1 The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders arising under the Prospectus; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Prospectus require the approval of a Bondholders' meeting in accordance with sub-section 6.19.3 below.

6.19.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this sub-section 6.19 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

6.19.3 The amendment or waiver of any of the Terms and Conditions of the Bonds may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

6.19.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.

6.19.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

6.19.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

6.19.7 The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer.

6.19.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

6.19.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

6.20 Authorisations and approvals

The Directors authorised the Bond Issue and the publication of the Prospectus pursuant to a board of directors' resolution passed on 22 May 2017. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 19 May 2017.

6.21 Admission to trading

6.21.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 29 May 2017.

6.21.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.

6.21.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 5 July 2017 and trading is expected to commence on 6 July 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.22 Representations and warranties

6.22.1 The Issuer represents and warrants to Bondholders, that shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions of the Prospectus.

6.22.2 The Prospectus contains all relevant material information with respect to the Issuer and the Guarantor and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantor, their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

6.23 Bonds held jointly

In respect of any Bonds held jointly by several persons (including husband and wife), the joint holders shall nominate one (1) of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or the first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

6.24 Bonds held subject to usufruct

In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-a-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the existence of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).

6.25 Governing law and jurisdiction

6.25.1 The Bonds are governed by and shall be construed in accordance with Maltese law.

6.25.2 Any legal action, suit or proceedings against the Issuer and/or the Guarantor arising out of or in connection with the Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts.

6.26 Notices

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

7 TAXATION

7.1 General

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

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

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

7.2 Malta tax on interest

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

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return if paid net of tax. No person shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient’s tax liability or available as a refund.

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

paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

7.3 Exchange of information

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Revenue. The Commissioner for Revenue may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Please note that this does not constitute tax advice and Applicants are to consult their own independent tax advisers in case of doubt.

7.4 Maltese taxation on capital gains on transfer of the Bonds

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

7.5 Duty on documents and transfers

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

8 TERMS AND CONDITIONS OF THE BOND ISSUE

- 8.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List. In the event that the Bonds are not admitted to the Official List, no Maturing Bond Transfers (see section 6.2.1 above) shall take effect, and any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant’s bank account indicated by the Applicant on the relative Application Form.
- 8.2 In view of the fact that the proceeds of the Bond Issue are intended to be applied to the redemption of the outstanding amount of the Maturing Bonds, the Issuer has not established an aggregate minimum subscription level for the Bond Issue.
- 8.3 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.4 The contract created by the Issuer’s acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- 8.5 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 8.6 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.

- 8.7 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 8.8 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.9 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any regulation or other legal requirements.
- 8.10 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.11 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several.
- 8.12 Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the Annexes and in any other document issued pursuant to the Prospectus.
- 8.13 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 8.14 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 8.15 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €1,000.
- 8.16 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2008, as amended from time to time, all appointed Authorised Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Intermediaries are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Chapter 440 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.

8.17 By completing and delivering an Application Form, the Applicant:

- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;
- ii. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- iii. authorises the Registrar and the Directors to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Chapter 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the CSD. The requests must further be signed by the Applicant to whom the personal data relates;
- iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- vi. agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- x. agrees that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;
- xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;

- xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Registrar (which acceptance shall be made in the absolute discretion of the Issuer and/or the Registrar and may be on the basis that the Issuer and/or the Registrar is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Registrar of such late payment in respect of such Bonds, the Issuer and/or the Registrar may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- xv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- xvi. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian of the minor;
- xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- xix. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any charges, loss or delay in transmission. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such refund will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

9 ADDITIONAL INFORMATION

The Financial Analysis Summary dated 29 May 2017 has been included in Annex C of this Securities Note in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co. (Stockbrokers) Ltd. of Airways House, Third Floor, High Street, Sliema SLM 1549, Malta, which has given, and has not withdrawn, its consent to the inclusion of said report herein. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. does not have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the Financial Analysis Summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

ANNEX A | GUARANTEE

CORINTHIA PALACE HOTEL COMPANY LIMITED – C 257 (THE “GUARANTOR”)



To All Bondholders:

Reference is made to the issue of €40,000,000 5.0% unsecured bonds due 2022 (the “**Bonds**”) by MEDITERRANEAN INVESTMENTS HOLDING PLC [C 37513] (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in a prospectus to be dated 29 May 2017 (the “**Prospectus**”).

Now, therefore, by virtue of this Guarantee, Corinthia Palace Hotel Company Limited hereby stands surety with the Issuer and irrevocably and unconditionally undertakes to affect the due and punctual performance of all the payment obligations undertaken by the Issuer under the Bonds if the Issuer fails to do so and, without prejudice to the generality of the foregoing, undertakes to pay on an on-going basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds.

All words and expressions used in this Guarantee in their capitalised form shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

Signed and executed on this 19 May 2017, after approval of the board of directors of Corinthia Palace Hotel Company Limited.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. Nature of the Guarantee

The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of this corporate guarantee.

2. Scope of the Guarantee

The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Prospectus.

3. Information about the Guarantor

All relevant information about the Guarantor as required in terms of applicable law may be found in the Registration Document.

4. Terms of the Guarantee

4.1 *Guarantee*

For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally undertakes to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms of the Bonds detailed in the Securities Note as and when the same shall become due, the Guarantor will pay to such Bondholder on demand the amount payable by the Issuer to such Bondholder. Such payment shall be made in the currency in force in Malta at the time the payment falls due.

4.2 *Continuing obligations*

The obligations under this Guarantee being given by the Guarantor are continuing obligations and will remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

Corinthia Palace Hotel Company Limited

22 Europa Centre, Floriana FRN 1400, Malta ~ T: +356 2123 3141 ~ F: +356 2123 4219 ~ E: group@corinthia.com ~ W: corinthiagroup.com

Company registration number C 257

ANNEX A | GUARANTEE

CORINTHIA PALACE HOTEL COMPANY LIMITED – C 257 (THE “GUARANTOR”)



4.3 *Repayment to the Issuer*

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

4.4 *Indemnity*

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer pursuant to the terms of the Bonds but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

4.5 *Status of Guarantee*

The obligations of the Guarantor under this Guarantee constitute a general, direct, unconditional and unsecured obligation of the Guarantor and rank equally with all other existing and future unsecured obligations of the Guarantor, if any, except for any debts for the time being preferred by law.

4.6 *Power to execute*

The Guarantor hereby warrants and represents to each Bondholder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes the legal, valid and binding obligations of the Guarantor.

4.7 *Deposit and production of the Guarantee*

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address. Until such time as all obligations of the Guarantor hereunder have been discharged in full, every Bondholder shall have the right to obtain a copy thereof.

4.8 *Subrogation*

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

4.9 *Governing law and jurisdiction*

This Guarantee is governed by and shall be construed in accordance with Maltese law, and any disputes which may arise out of or in connection with this Guarantee are to be settled exclusively by the Courts of Malta.

Signed:



Alfred Pisani
Chairman



Joseph Pisani
Director



ANNEX B | APPLICATION FORM A – EUR



Mediterranean Investments Holding p.l.c.

MEDITERRANEAN INVESTMENTS HOLDING P.L.C. €40,000,000 5.0% UNSECURED BONDS 2022 APPLICATION FORM 'A' EUR MATURING BOND

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

A	APPLICANT (See note 4)										
<div style="text-align: right; margin-bottom: 10px;"> <input type="checkbox"/> Please register me for e-Portfolio </div> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">MSE NO.</td> <td style="width: 50%; padding: 5px;">I.D. CARD NO./CO REG NO.</td> </tr> <tr> <td style="padding: 5px;">TEL. NO.</td> <td style="padding: 5px;">MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small></td> </tr> </table>				MSE NO.	I.D. CARD NO./CO REG NO.	TEL. NO.	MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small>				
MSE NO.	I.D. CARD NO./CO REG NO.										
TEL. NO.	MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small>										
<p>This Application Form is not transferable and entitles you to a preferential treatment as holder of the 7.15% Mediterranean Investments Holding p.l.c. 2015/2017 (the "Maturing Bonds") and is to be submitted as a method of payment where the Applicant selects to apply for the 5.0% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2022 (the "Bond/s") so as to transfer to the Issuer all or part of the holding in the Maturing Bond held by the Applicant as at the Cut-off Date, the nominal value of which is set out in Box 1 of Panel B hereunder. By submitting this signed Application Form, Maturing Bondholders shall be deemed to:</p> <p>i. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and</p> <p>ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.</p>											
B	I/WE APPLY TO PURCHASE AND/OR ACQUIRE (See notes 2 & 6)										
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>BOX 1 - Nominal Value of EUR Maturing Bonds</p> <p>BOX 2 - I/We wish to purchase and acquire the amount set out in Box 2 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 29 May 2017 (minimum €1,000 and in multiples of €100 thereafter).</p> <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div> <p style="margin-top: 5px;">AMOUNT IN WORDS</p> </div> <div style="width: 35%;"> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> AMOUNT IN FIGURES Box 1 € </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> AMOUNT IN FIGURES Box 2 € </div> <div style="border: 1px solid black; padding: 5px;"> AMOUNT IN FIGURES Box 3 Difference payable on Application Box 2 - Box 1 € </div> </div> </div> <p>BOX 3 - Amount of Bonds applied for less the nominal holding in EUR Maturing Bonds payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.</p>											
C	RESIDENT - WITHHOLDING TAX DECLARATION (See notes 7 & 8a) (to be completed ONLY if the Applicant is a Resident of Malta)										
<p><input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.</p> <p><input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).</p>											
D	NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See notes 3, 8 & 8a) (to be completed ONLY if the Applicant is a Non-Resident)										
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">TAX COUNTRY</td> <td style="width: 60%;">CITY OF BIRTH</td> </tr> <tr> <td>T.I.N. (Tax Identification Number)</td> <td>COUNTRY OF BIRTH</td> </tr> <tr> <td>PASSPORT/NATIONAL I.D. CARD NUMBER</td> <td>COUNTRY OF ISSUE</td> </tr> <tr> <td></td> <td>ISSUE DATE</td> </tr> </table> <p><input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.</p> <p><input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.</p>				TAX COUNTRY	CITY OF BIRTH	T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE		ISSUE DATE
TAX COUNTRY	CITY OF BIRTH										
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH										
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE										
	ISSUE DATE										
E	INTEREST, REFUND & REDEMPTION MANDATE (See note 9) Completion of this Panel is MANDATORY										
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">BANK</td> <td style="width: 70%;">IBAN</td> </tr> </table> <p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.</p> <div style="border: 1px solid black; height: 100px; margin-top: 10px;"></div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 60%;"> Signature/s of Applicant/s <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of EUR Maturing Bonds that are subject to usufruct)</small> </div> <div style="width: 35%;"> Date </div> </div>				BANK	IBAN						
BANK	IBAN										
<div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; width: 30%;">AUTHORISED INTERMEDIARY'S STAMP</div> <div style="border: 1px solid black; padding: 5px; width: 30%;">AUTHORISED INTERMEDIARY'S CODE</div> <div style="border: 1px solid black; padding: 5px; width: 30%;">APPLICATION NUMBER</div> </div>											

ANNEX B | APPLICATION FORM A – EUR

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 29 May 2017 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 8 of the Securities Note dated 29 May 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.

4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 26 May 2017 (trading session of the 24 May 2017). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-Portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-Portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-Portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-Portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

5. In the case where a Maturing Bondholder is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by Maturing Bondholders up to their full amount held as at the Cut-off Date, subject to a minimum application of €1,000.

Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of Maturing Bonds set out in Box 1 of Panel B, the Applicant may do so by including such higher amount in Box 2 in Panel B. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of Maturing Bonds being transferred. Payment of the amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, **must be made in Euro in cleared funds to "The Registrar - MIH p.l.c. Bond Issue 2017"**. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.

In terms of Section 7.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Commissioner for Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
- 8a. The contents of Notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
9. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
10. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex D of the Securities Note during normal office hours by not later than 12:00hrs on 16 June 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions as contained in the Prospectus. Any Applications received by the Registrar after 12:00hrs on 16 June 2017 will not be accepted.
11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
 - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange, which request must be signed by yourself, as the Applicant to whom the personal data relates.

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



ANNEX B | APPLICATION FORM A – GBP



Mediterranean Investments Holding p.l.c.

MEDITERRANEAN INVESTMENTS HOLDING P.L.C. €40,000,000 5.0% UNSECURED BONDS 2022 APPLICATION FORM 'A' GBP MATURING BONDS

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

A APPLICANT (See note 4)									
<div style="text-align: right; margin-bottom: 10px;"> <input type="checkbox"/> Please register me for e-Portfolio </div> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">MSE NO.</td> <td style="width: 50%; padding: 5px;">I.D. CARD NO./CO REG NO.</td> </tr> <tr> <td style="padding: 5px;">TEL. NO.</td> <td style="padding: 5px;">MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small></td> </tr> </table>		MSE NO.	I.D. CARD NO./CO REG NO.	TEL. NO.	MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small>				
MSE NO.	I.D. CARD NO./CO REG NO.								
TEL. NO.	MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small>								
<p>This Application Form is not transferable and entitles you to a preferential treatment as holder of the 7.15% Mediterranean Investments Holding p.l.c. 2015/2017 (the "Maturing Bonds") and is to be submitted as a method of payment where the Applicant selects to apply for the 5.0% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2022 (the "Bonds") so as to transfer to the Issuer all or part of the holding in the Maturing Bond held by the Applicant as at the Cut-off Date, the nominal value of which is set out in Box 1 of Panel B hereunder. For such purposes, the par value of each holding in the GBP Maturing Bond is being converted to the equivalent value in Euro at the pre-determined exchange rate of €1 : £0.86340 set out in Box 2. By submitting this signed Application Form, Maturing Bondholders shall be deemed to:</p> <ol style="list-style-type: none"> cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant. 									
B I/WE APPLY TO PURCHASE AND/OR ACQUIRE (See notes 2 & 6)									
BOX 1 - Nominal Value of the GBP Maturing Bonds BOX 2 - Nominal Value of GBP Maturing Bonds converted to the equivalent value in Euro at the pre-determined exchange rate of €1 : £0.86340.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> AMOUNT IN FIGURES Box 1 <div style="border: 1px solid black; height: 20px; width: 100%;"></div> </td> <td style="width: 50%; padding: 5px;"> AMOUNT IN FIGURES Box 2 <div style="border: 1px solid black; height: 20px; width: 100%;"></div> </td> </tr> <tr> <td style="padding: 5px;"> AMOUNT IN WORDS <div style="border: 1px solid black; height: 20px; width: 100%;"></div> </td> <td style="padding: 5px;"> AMOUNT IN FIGURES Box 3 <div style="border: 1px solid black; height: 20px; width: 100%;"></div> </td> </tr> <tr> <td colspan="2" style="padding: 5px;"> BOX 3 - I/We wish to purchase and acquire the amount set out in Box 3 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 29 May 2017 (minimum €1,000 and in multiples of €100 thereafter). </td> </tr> <tr> <td colspan="2" style="padding: 5px;"> BOX 4 - Amount of Bonds applied for less the nominal holding in GBP Maturing Bond as converted to Euro payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus. </td> </tr> </table>	AMOUNT IN FIGURES Box 1 <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	AMOUNT IN FIGURES Box 2 <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	AMOUNT IN WORDS <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	AMOUNT IN FIGURES Box 3 <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	BOX 3 - I/We wish to purchase and acquire the amount set out in Box 3 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 29 May 2017 (minimum €1,000 and in multiples of €100 thereafter).		BOX 4 - Amount of Bonds applied for less the nominal holding in GBP Maturing Bond as converted to Euro payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.	
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C RESIDENT - WITHHOLDING TAX DECLARATION (See notes 7 & 8a) (to be completed ONLY if the Applicant is a Resident of Malta)									
<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).									
D NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See notes 3, 8 & 8a) (to be completed ONLY if the Applicant is a Non-Resident)									
TAX COUNTRY	CITY OF BIRTH								
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH								
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE								
ISSUE DATE									
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.									
E INTEREST, REFUND & REDEMPTION MANDATE (See note 9) Completion of this Panel is MANDATORY									
BANK	IBAN								
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.									
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> Signature/s of Applicant/s <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of GBP Maturing Bonds that are subject to usufruct)</small> </div> <div style="width: 35%;"> Date </div> </div>									
AUTHORISED INTERMEDIARY'S STAMP	AUTHORISED INTERMEDIARY'S CODE	APPLICATION NUMBER							

ANNEX B | APPLICATION FORM A – GBP

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 29 May 2017 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 8 of the Securities Note dated 29 May 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.

4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 26 May 2017 (trading session of the 24 May 2017). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-Portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-Portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-Portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-Portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

5. In the case where a Maturing Bondholder is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. The amount set out in Box 3 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by GBP Maturing Bondholders up to their full amount held as at the Cut-off Date, converted to the equivalent value in Euro at the exchange rate of €1 : £0.86340 rounded up to the nearest €100, subject to a minimum application of €1,000.

Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of GBP Maturing Bonds as converted to Euro set out in Box 2 of Panel B, the Applicant may do so by including such higher amount in Box 3 in Panel B. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the Euro equivalent nominal value of GBP Maturing Bonds being transferred. Payment of the amount representing such difference, which is to be inserted in Box 4 of Panel B overleaf, **must be made in Euro in cleared funds to "The Registrar - MIH p.l.c. Bond Issue 2017"**. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.

In terms of Section 7.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Commissioner for Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
- 8a. The contents of Notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
9. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
10. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex D of the Securities Note during normal office hours by not later than 12:00hrs on 16 June 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus. Any Applications received by the Registrar after 12:00hrs on 16 June 2017 will not be accepted.
11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
 - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange, which request must be signed by yourself, as the Applicant to whom the personal data relates.

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



ANNEX B | APPLICATION FORM A – USD



Mediterranean Investments Holding p.l.c.

MEDITERRANEAN INVESTMENTS HOLDING P.L.C. €40,000,000 5.0% UNSECURED BONDS 2022 APPLICATION FORM 'A' USD MATURING BONDS

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

A APPLICANT (See note 4)							
<div style="text-align: right; margin-bottom: 10px;"> <input type="checkbox"/> Please register me for e-Portfolio </div> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">MSE NO.</td> <td style="width: 50%; padding: 5px;">I.D. CARD NO./CO REG NO.</td> </tr> <tr> <td style="padding: 5px;">TEL. NO.</td> <td style="padding: 5px;">MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small></td> </tr> </table>				MSE NO.	I.D. CARD NO./CO REG NO.	TEL. NO.	MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small>
MSE NO.	I.D. CARD NO./CO REG NO.						
TEL. NO.	MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small>						
<p>This Application Form is not transferable and entitles you to a preferential treatment as holder of the 7.15% Mediterranean Investments Holding p.l.c. 2015/2017 (the "Maturing Bonds") and is to be submitted as a method of payment where the Applicant selects to apply for the 5.0% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2022 (the "Bond/s") so as to transfer to the Issuer all or part of the holding in the Maturing Bond held by the Applicant as at the Cut-off Date, the nominal value of which is set out in Box 1 of Panel B hereunder. For such purposes, the par value of each holding in the Maturing Bond USD is being converted to the equivalent value in Euro at the pre-determined exchange rate of €1 : \$1.1193 set out in Box 2. By submitting this signed Application Form, Maturing Bondholders shall be deemed to:</p> <ol style="list-style-type: none"> cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant. 							
B I/WE APPLY TO PURCHASE AND/OR ACQUIRE (See notes 2 & 6)							
BOX 1 - Nominal Value of the USD Maturing Bonds BOX 2 - Nominal Value of USD Maturing Bonds converted to the equivalent value in Euro at the pre-determined exchange rate of €1: \$1.1193.		AMOUNT IN FIGURES Box 1 <div style="border: 1px solid black; height: 30px; width: 100%; text-align: center; font-size: 24px;">\$</div>	AMOUNT IN FIGURES Box 2 <div style="border: 1px solid black; height: 30px; width: 100%; text-align: center; font-size: 24px;">€</div>				
AMOUNT IN WORDS <div style="border: 1px solid black; height: 30px; width: 100%;"></div>		AMOUNT IN FIGURES Box 3 <div style="border: 1px solid black; height: 30px; width: 100%; text-align: center; font-size: 24px;">€</div>					
BOX 3 - I/We wish to purchase and acquire the amount set out in Box 3 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 29 May 2017 (minimum €1,000 and in multiples of €100 thereafter).		AMOUNT IN FIGURES Box 4 Difference payable on Application Box 3 - Box 2 <div style="border: 1px solid black; height: 30px; width: 100%; text-align: center; font-size: 24px;">€</div>					
BOX 4 - Amount of Bonds applied for less the nominal holding in USD Maturing Bond as converted to Euro payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.							
C RESIDENT - WITHHOLDING TAX DECLARATION (See notes 7 & 8a) (to be completed ONLY if the Applicant is a Resident of Malta)							
<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).							
D NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See notes 3, 8 & 8a) (to be completed ONLY if the Applicant is a Non-Resident)							
TAX COUNTRY		CITY OF BIRTH					
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH					
PASSPORT/NATIONAL I.D. CARD NUMBER		COUNTRY OF ISSUE	ISSUE DATE				
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.							
E INTEREST, REFUND & REDEMPTION MANDATE (See note 9) Completion of this Panel is MANDATORY							
BANK		IBAN					
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.							
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> Signature/s of Applicant/s <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of USD Maturing Bonds that are subject to usufruct)</small> </div> <div style="width: 35%;"> Date </div> </div>							
AUTHORISED INTERMEDIARY'S STAMP		AUTHORISED INTERMEDIARY'S CODE					
		APPLICATION NUMBER					

ANNEX B | APPLICATION FORM A – USD

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 29 May 2017 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of Application contained in Section 8 of the Securities Note dated 29 May 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 26 May 2017 (trading session of the 24 May 2017). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-Portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-Portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-Portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-Portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

5. In the case where a Maturing Bondholder is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. The amount set out in Box 3 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by USD Maturing Bondholders up to their full amount held as at the Cut-off Date, converted to the equivalent value in Euro at the exchange rate of €1 : \$1.1193 rounded up to the nearest €100, subject to a minimum application of €1,000.

Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of USD Maturing Bonds as converted to Euro set out in Box 2 of Panel B, the Applicant may do so by including such higher amount in Box 3 in Panel B. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the Euro equivalent nominal value of USD Maturing Bonds being transferred. Payment of the amount representing such difference, which is to be inserted in Box 4 of Panel B overleaf, **must be made in Euro in cleared funds to "The Registrar - MIH p.l.c. Bond Issue 2017"**. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.

In terms of Section 7.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Commissioner for Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
- 8a. The contents of Notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
9. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
10. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex D of the Securities Note during normal office hours by not later than 12:00hrs on 16 June 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus. Any Applications received by the Registrar after 12:00hrs on 16 June 2017 will not be accepted.
11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
 - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange, which request must be signed by yourself, as the Applicant to whom the personal data relates.

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



ANNEX B | APPLICATION FORM B



Mediterranean Investments Holding p.l.c.

MEDITERRANEAN INVESTMENTS HOLDING P.L.C.
€40,000,000 5.0% UNSECURED BONDS 2022
APPLICATION FORM 'B'
EXISTING CORINTHIA BONDS

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

A APPLICANT (See note 4)

☐ Please register me for e-Portfolio

MSE NO.	I.D. CARD NO./CO REG NO.
TEL. NO.	MOBILE NO. (Mandatory for e-Portfolio registration)

This Application Form is not transferable and entitles you to subscribe for 5.0% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2022 as holder of Existing Corinthia Bonds as at the Cut-off Date.

B I/WE APPLY TO PURCHASE AND/OR ACQUIRE (See notes 6 & 7)

AMOUNT IN FIGURES
€

AMOUNT IN WORDS

Mediterranean Investments Holding p.l.c. 5.0% Unsecured Bonds 2022 (minimum €1,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 29 May 2017, (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.

C RESIDENT - WITHHOLDING TAX DECLARATION (See notes 8 & 9a) (to be completed ONLY if the Applicant is a Resident of Malta)

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

D NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See notes 3, 9 & 9a) (to be completed ONLY if the Applicant is a Non-Resident)

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

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

E INTEREST, REFUND & REDEMPTION MANDATE (See note 10) Completion of this Panel is MANDATORY

BANK	IBAN
------	------

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

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

Date

AUTHORISED INTERMEDIARY'S STAMP

AUTHORISED INTERMEDIARY'S CODE

APPLICATION NUMBER

ANNEX B | APPLICATION FORM B

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 29 May 2017 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 8 of the Securities Note dated 29 May 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 26 May 2017 (trading session of the 24 May 2017). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-Portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-Portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-Portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-Portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

5. In the case of a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. Applications must be for a minimum of €1,000 and thereafter in multiples of €100.
7. Payment in Euro must be made in cleared funds to 'The Registrar - MIH p.l.c. - Bond Issue 2017'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
8. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.

In terms of Section 7.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

9. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Commissioner for Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
- 9a. The contents of Notes 8 and 9 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
10. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
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12. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
 - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange, which request must be signed by yourself, as the Applicant to whom the personal data relates.

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



ANNEX C | FINANCIAL ANALYSIS SUMMARY



MEDITERRANEAN INVESTMENTS HOLDING P.L.C.

FINANCIAL ANALYSIS SUMMARY

NB: Information about the Guarantor of the Bonds is available from a Financial Analysis Summary dated 18 March 2016 (<http://corinthiagroup.com/analysis-report/>) and which is expected to be updated by no later than 30 June 2017.

29 May 2017



RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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

29 May 2017

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 “Issuer”). 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 2014 to 2016 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 financial year ending 31 December 2017 and projections for the financial year ending 31 December 2018 have 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 Analysis.
- (e) Relevant financial data in respect of competitors as analysed in Section 10 has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors by summarising the more important financial data of the Issuer. 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 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 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

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LIST OF ABBREVIATIONS

AUCC	Arab Union Contracting Company (Libya)
AUR	Average unit rate
BOT	Build, Operate and Transfer agreement dated 2 October 2007 and entered between Corinthia and PCL
bpd	Barrels per day
CPHCL	Corinthia Palace Hotel Company Limited
CPI	Consumer Price Index
DSCR	Debt service cover ratio
EBITDA	Earnings before interest, tax, depreciation and amortisation
F&B	Food and beverages
FV	Fair value
FYxxxx	The financial year ended 31 December xxxx
GDP	Gross Domestic Product
IHI	International Hotel Investments plc
KPI	Key performance indicator
LFICO	Libyan Foreign Investment Company, a Libyan sovereign wealth fund
LPTACC	Libya Projects and General Trading and Contracting Co.
MFSA	Malta Financial Services Authority
MGS	Malta Government Stocks
NCI	Non-Controlling Interest
NGO	Non-Government Organisation
NREC	National Real Estate Company
MTJSC	Medina Tower Joint Stock Company for Real Estate Investment and Development, a company incorporated in Libya on 20 May 2010.
PCL	Palm City Ltd
PPE	Property, plant and equipment
PWL	Palm Waterfront Ltd
Rev PAU	Revenue per available unit
UN	United Nations
YTM	Yield to maturity

PART 1

1 KEY ACTIVITIES AND PRINCIPAL MARKETS

The principal activities of Mediterranean Investments Holding p.l.c. (hereinafter, “MIH” or the “Issuer”) relate to the acquisition and development of immovable property outside Malta, particularly in North Africa. The types of properties of interest to the Issuer 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 in view of the prevailing situation in the country.

2 DIRECTORS AND KEY EMPLOYEES

2.1 The Board of Directors and Key Employees

The 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 currently composed of the following Directors:

Alfred Pisani	Executive Director and Chairman
Samuel D. Sidiqi	Non-Executive Director and Deputy Chairman
Joseph Fenech	Executive Director
Joseph Pisani	Non-Executive Director
Faisal J. S. Alessa	Non-Executive Director
Bassem Bitar (<i>appointed 1st January 2017</i>)	Independent, Non-Executive Director
Mario P. Galea	Independent, Non-Executive Director

The company secretary of the Issuer is Stephen Bajada.

2.2 Executive Management of the Issuer and Group Employees

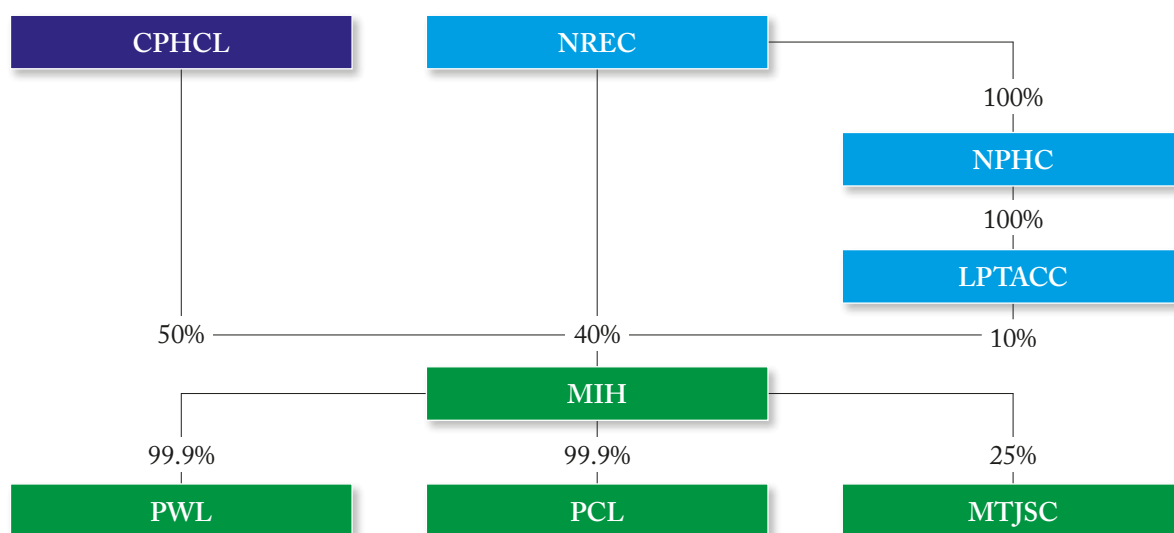
The Issuer does not have any employees of its own. MIH is reliant on resources made available by CPHCL pursuant to a management and support services agreement (“MSS Agreement”) which is described further in section 4.1 of this document. Through the MSS Agreement, Reuben Xuereb provides his services as the CEO of the Issuer, Rachel Stilon as the CFO and Stephen Bajada as the Company Secretary.

The average number of employees engaged by the MIH group during FY2016 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 NREC and CPHCL, directly or indirectly, as shown 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 policy.

MIH is the 99.9% shareholder of both PCL and of 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 International Hotel Investments plc, Corinthia Finance plc and Island Hotels Group Holdings plc.

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 Issuer.

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 Issuer.

MTJSC

The Issuer holds a 25% equity participation in Medina Tower Joint Stock Company, a company registered in Libya. The remaining 75% is held by IHI, AUCC and Alinmaa (the latter being two Libyan investment companies) in equal proportions.

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 is acting as a guarantor in terms of the bonds to which this FAS relates to (information about the Guarantor can be found in the FAS on CPHCL dated 18 March 2016; an update to this report is expected to be issued by no later than 30 June 2017). 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 – 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 in new and established markets across the Middle East and North Africa (MENA) region.

3.2 Key Historical Events of the Group

- 2005 Issuer 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. 276 out of 413 units have been leased at Palm City and 109 units are subject to negotiations. 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 met 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 funds were applied to part finance the development of Palm City Residences.

3.3 Material Developments in the Past 3 Years

3.3.1 Palm City Residences

The first half of FY2014 was a record year for Palm City Residences. The Group registered a 4% increase in performance when compared to the FY2013 corresponding period. However, during the second half of FY2014, PCL's occupancy levels were hampered by the political conflicts that developed in Libya, as a number of maturing tenancies were not renewed, while some other tenants applied the *force majeure* clause and requested a cancellation of their lease agreements. The lower than usual occupancy levels at Palm City Residences persisted throughout FY2015 and FY2016. Interest in Palm City Residences started to trickle back in towards the end of 2016 and during the first months of 2017, PCL secured a number of lease agreements with embassies, NGO's and other institutions, increasing occupancy levels from a low 8% in December 2016 to 14% by March 2017.

Throughout this period of turmoil, Palm City Residences has remained operational at all times. PCL has invested in additional security features in an effort to maintain the entire village as secure as possible. Even though most of the residences have been vacated, a number of tenants, particularly those who are heavily invested in Libya, have kept their leases running with a view to physically returning at the first possible opportunity.

3.3.2 Bond Issues

In June 2015, MIH issued unsecured bonds amounting to €20 million, which were guaranteed by CPHCL. The issue proceeds were used to re-finance the €20 million 7.5% bonds that matured on 4 August 2015. Furthermore, MIH issued €11 million unsecured and unlisted bonds to partly replace a bank facility which funds were originally applied to part-finance the development of Palm City Residences.

The outstanding bonds of MIH as at the date of this Analysis are listed hereunder. The proceeds from this bond issue will be used to finance the redemption of the €40 million bonds which MIH issued in 2010 and which are due for redemption in July.

ISIN	Bond Amount	Coupon	Prospectus Date	Maturity Date	Outstanding Bonds
MT0000371238	€30 million +	7.15%	14-Jun-10	23-Jul-17	€ 28,519,400
MT0000371246	€10 million over-				£4,351,100
MT0000371253	allotment option				\$7,120,300
MT0000371261	€12 million	6.00%	02-Jun-14	22-Jun-21	€ 12,000,000
MT0000371279	€20 million	5.50%	01-Jul-15	31-Jul-20	€ 20,000,000
Unlisted Bond	€11 million	6.00%	18-Sep-15	03-Oct-20	€ 11,000,000

4 MATERIAL CONTRACTS

4.1 MSS Agreement

MIH is party to a 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 5.0% 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 15 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 and managing properties planned and built to exacting standards with equally high standards demanded on maintenance, resulting in high quality, well-maintained assets; 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 sections 5.1.1 and 5.2.1 below.

5 OVERVIEW OF THE MAJOR ASSETS OF THE ISSUER

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

	Valuation Basis	FY2014 €'000	FY2015 €'000	FY2016 €'000
Palm City Residences (65-year BOT agreement expiring 2071)	Discounted Cash Flows	250,000	250,043	250,212
Palm Waterfront (80-year BOT agreement expiring in 2093)	Cost + Capitalised expenses	8,307	8,307	8,309
Medina Tower (25% shareholding in MTJSC)	Equity contribution	12,701	14,314	13,705

Source: MIH plc financial statements for the years 2014, 2015 and 2016

5.1 Operational Asset – Palm City Residences

The following is an overview of the major operating asset of the Issuer – Palm City Residences.

5.1.1 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 2105¹.

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
Palm City Residence				
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%
Bungalows	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, catering outlets, cafeterias, pools, fitness centre and sports facilities, amongst others.

¹The 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.

5.1.2 Occupancy Levels at Palm City Residences

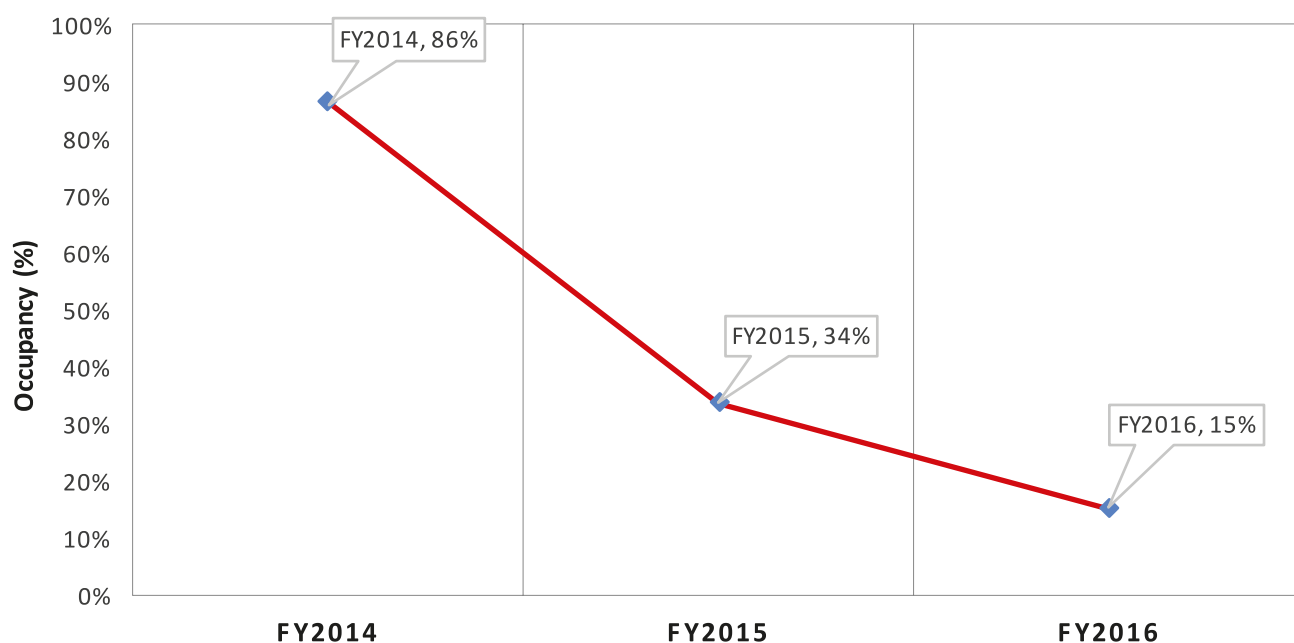
The development of the Palm City Residences (or “Residences”) was completed in late 2009 and by 2010 all the Residences were operational. By the end of the first year, the complex reached occupancy levels above 70%. Meanwhile, in February 2011, civil unrest in Libya commenced and this disrupted the occupancy levels of Palm City Residences. Notwithstanding, PCL remained committed to its project and adequate staff levels were maintained to keep the complex fully operational during the period of unrest in 2011.

Following the end of hostilities in October 2011, leasing of units at Palm City Residences increased steadily again and by the end of April 2012, the complex was already operating at 79% occupancy levels. By the end of the year, the Residences occupancy was in excess of 90% as foreign investment resumed in Libya. During FY2012, PCL reduced some of the commercial space to provide additional office space to meet the increasing demand as some tenants preferred the complex over other areas within Libya to set up office.

FY2013 was equally positive, with 390 units of the 413 available being leased out, resulting in 94% occupancy levels by the end of the year. The demand for leases shifted from the shorter-term towards the more stable longer-term leases during that year, adding future income visibility to the Group. A dip between the third and fourth quarter of 2013 was the result of the expiry of a significant lease contract of the UN, which occupied 76 units. These were re-let shortly after and occupancy returned to record levels.

The aforesaid positive trend continued during the first half of FY2014. However, thereafter, operating activity was adversely affected by the political conflict that developed in Libya. By year end, occupancy declined substantially as some of the leases that expired during the year were not renewed, and some other clients applied the *force majeure* clause to cancel their lease contracts. MIH however remained committed to its investment and retained sufficient human resources to keep the complex fully operational. The instability in Libya significantly disrupted operations in FY2015 as the Residences recorded a very low average occupancy level of 34%. The situation of lower than usual occupancy levels persisted in FY2016 where occupancy levels reduced to an average of 15% for the said financial year.

Average Occupancy Levels



Source: Management Information

5.1.3 Performance of Palm City Residences

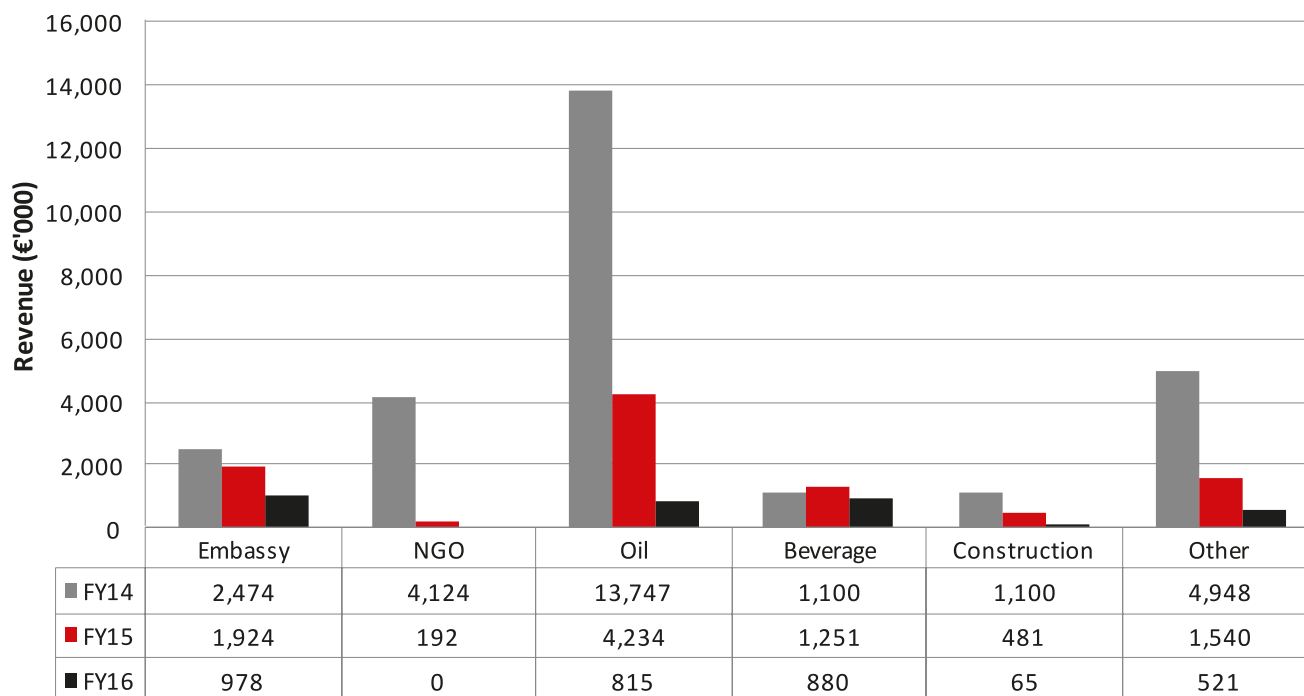
In each of the past three years (2014 to 2016), PCL (being the only operational asset of MIH to date) generated in excess of 99% of the Group's annual revenues as per below table:

<u>Revenue Breakdown – PCL</u> <u>for the year ended 31 December</u>	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
Residential leases	27,493	9,622	3,259
Commercial leases	585	252	85
F&B	314	41	43
Other income	1,631	1,356	241
Total PCL revenue	30,023	11,270	3,627
MIH plc - Group Revenue	30,091	11,340	3,627
PCL revenue contribution	99.8%	99.4%	100%

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% of total residential revenue respectively as can be seen from the distribution graph below. However, in FY2016 residential revenues from oil and gas industry decreased by 81% due to the civil unrest in Libya which resulted in consequence of the shutdown of oil production and exports, as well as a decline in oil prices.

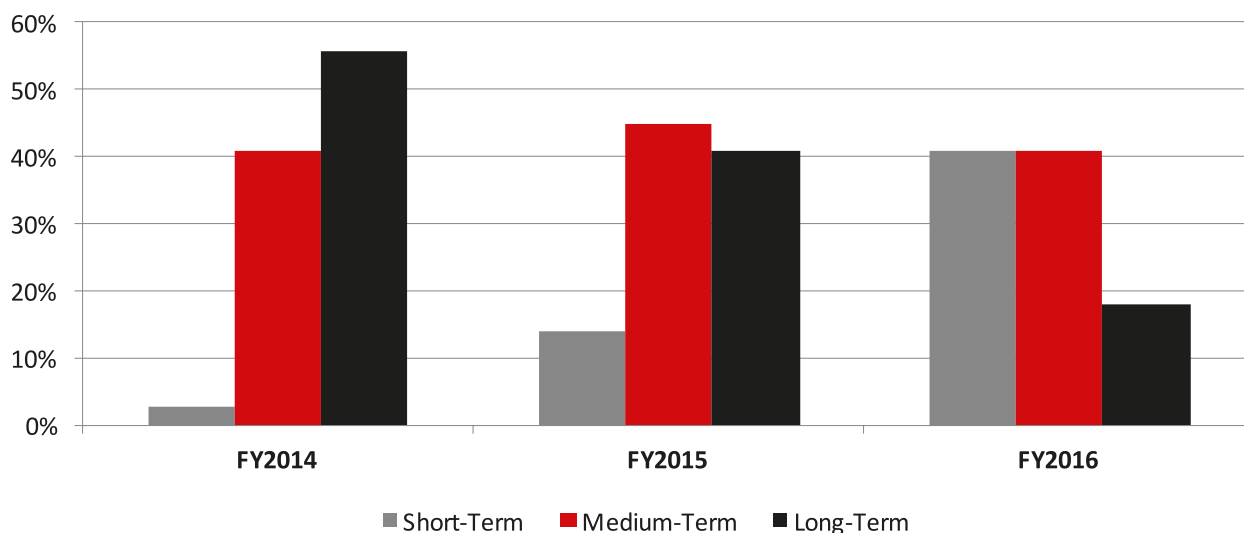
Residential revenue breakdown by industry sector



Source: Management information

During the years, the trend in tenancy shifted from the longer-term to the medium and shorter-term. In fact, in FY2016 41% (FY2015 : 14%; FY2014 : 3%) of the tenants had a binding lease agreement for the short-term (one year or less), 41% (FY2015 : 45%; FY2014 : 41%) of the tenants had a binding lease agreement for medium-term (one year) whilst, only 18% (FY2015 : 41%; FY2014 : 56%) opted to go for a longer-term (two to five-year lease agreement).

Distribution of Lease Terms



Source: Management information

During the years under review, the revenue per available unit per month (RevPAU) has decreased significantly in line with the very low average occupancy levels achieved. Furthermore, since the type of units that remained subject to a lease agreement were not necessarily the high-end detached villas, the rest pushed further down the average revenue per unit generated.

KPIs	FY2014	FY2015	FY2016
Average Occupancy	86.0%	34.0%	15.0%
RevPAU (revenue in € per unit per month)	5,548	1,941	658

Source: Management information

The competitive edge that Palm City Residences had over other similar residential compounds has always been its location, being located in an area close to Tripoli but secluded in terms of security features. Other competing complexes located in the vicinity of Palm City Residences, such as the Regatta Complex, were subject to attacks and have since then 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. According to management, whilst 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, the Group enjoys a dominant market position and although Palm City Residences suffered from a significant decline in occupancy levels, it remained operational to date, maintained in pristine condition and closely monitored by its management at all times.

5.1.4 Outlook for PCL

For the Group, FY2015 and FY2016 were extremely challenging years. Operating activity was adversely affected by the continued political instability in Libya which emerged in July 2014 and continued throughout 2015 and 2016. This has manifested itself in foreign companies operating in Libya downsizing further their presence in the country by decreasing the number of foreign personnel in Libya and therefore reducing the need for accommodation. As a result, during FY2015 and FY2016, the Group recorded a very low average occupancy level within Palm City Residences.

Management advised that interest in Palm City started to gather momentum towards the end of FY2016 given the high standard of accommodation and security procedures not available elsewhere in Libya. Meanwhile, management has continued reaching out to several Libyan oil and gas companies, state entities and other organisations such as international schools, aiming to entice potential clients seeking to lease units, to relocate to Palm City. A number of visits and enquiries have been received from a number of companies, embassies and NGO's and, according to management, the re-opening of the Italian embassy in Tripoli earlier this year indicates that the international community is forward leaning in its attempts to engage with Libya, commercially and diplomatically, throughout the difficulties of the post-revolutionary period. In fact, management advised that in the first quarter of 2017, the Group concluded lease agreements with embassies, NGO's, international security service providers and other entities paying rates that are the highest rates charged to date by Palm City. Given the recent contractual discussions, occupancy levels are expected to increase to 21% by July 2017. Beyond the occupancy, another important development is the rates at which the residential units are being leased which has been subject to a pick-up in view of the fact of the quasi-monopolistic position that Palm City Residences currently enjoys.

While there are signs that stability may be returning to Libya, the outcome remains very uncertain and particularly fluid. However, management appears confident that a fast-track recovery in occupancy levels and income can be achieved once the political instability in Libya is resolved. Management indicated its confidence that the turnaround achieved at Palm City Residences in 2012 will be repeated when conditions improve particularly since the quality of the complex and its features are unmatched elsewhere in the country. Furthermore, the Group continued to implement its strategic development plan to respond to the reality of the downturn in the Libyan market.

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).

5.2.1 *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, and is expected to incorporate 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 devising the concept behind the Palm Waterfront project, MIH has taken into consideration feedback received from tenants at the 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 as necessary and will, therefore, align its strategies and offerings in accordance with such trends and market developments. With respect to the planned 164-room 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 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.

5.2.2 *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 to the extent of 25% by IHI, 25% by AUCC and 25% by Al Enmaa (AUCC and Al Enmaa were formerly known as EDREICO). Medina Tower is expected to be a mixed used development, set to be developed over a site measuring circa 11,000 square metres and is situated on Tripoli's main high street.

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 works. This project is also on hold until prospects improve and stability in Libya resumes.

The project has full development permits and the development of the Medina Tower will consist of a 199,000-square metre 42-storey structure, 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.

6 COUNTRY AND MARKET OVERVIEW²

Libya is a country rich in oil and gas resources, but shaken by its political tensions and a decline in security. The civil war and the chaotic political transition weigh heavily on its economic development. Despite continued challenges to stabilize the political situation and achieve one central government, the interim Libyan Government of National Accord (“GNA”) which was formed in 2016 has not as yet been recognised as the official government and the deep fragmentation of the conflict will see insecurity remain an enduring feature of the country’s operating environment.

Libya’s territory has the largest oil reserves in Africa and one of the largest in the world. As a result, Libya’s economy is highly dependent on oil production which accounts for 94% of government revenues and accounts for approximately 70% of Libya’s GDP. Before the civil war in 2011, the country was the fourth largest oil producer in Africa, holding more than 40% of African reserves and 3% of world reserves. Until 2011, the country was the second largest exporter of oil in Africa; however, its production has since continued to decline with output falling from the post-revolution peak of 1.6 million bpd in July 2012 to less than 300,000 bpd during 2016. In January 2016, it was estimated that the country lost out on USD68 billion in oil revenues since 2013, when the rise of instability brought the oil industry to a near standstill.

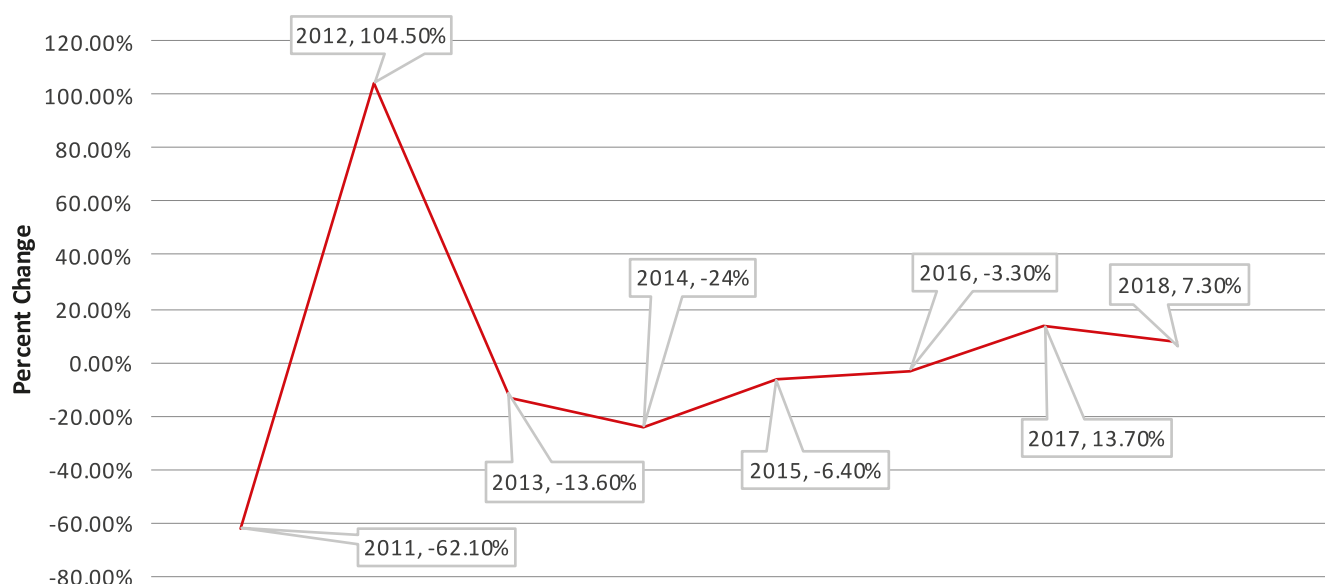
The collapse in Libya’s oil revenues has led to a major depletion of the country’s foreign currency reserves which have shrunk from USD107.6 billion in 2013 to USD43 billion by the end of 2016, and resulted in a devaluation of the Libyan dinar. Inflation rate has also accelerated due to the ramifications from violent unrest - labour strikes, lost or damaged inventories, import shutouts, and the destruction of infrastructure. Inflation rate averaged 6.61% from 2004 until 2016, reaching an all-time high of 31.10% in July 2016 and a record low of -4.20% in December 2004. The inflationary pressures are further eroding Libya’s real incomes. In fact, in the first seven months of 2016, Libya’s state income of 3.2 billion dinars (approximately USD2.28 billion) was just a tenth of what it was worth during the same period in 2015.

The Libyan economy has remained mired in recession since 2013 due to the heavy dependence on the oil and gas industry owing to the impact of extremely low oil production. Accordingly, the GDP has contracted to 3.30% in 2016 against a contraction of 6.40% in 2015. According to the International Monetary Fund, Libya’s economy is projected to grow by 13.7% in 2017.

²Information for this section was obtained from a number of third-party sources, as listed hereunder:

- <http://www.reuters.com/article/us-libya-security-politics-idUSKBN14M13A>
- <http://libyaprospect.com/index.php/2016/07/25/libyas-progression-opportunities-and-obstacles/>
- https://www.nordeatrade.com/en/explore-new-market/libya/economical-context?vider_sticky=oui&accepter_cookies=oui&
- <http://www.ihsglobalinsight.com/SDA/SDADetail22587.htm>
- <http://oilprice.com/Latest-Energy-News/World-News/Libyan-Oil-Production-Exceeds-550000-Bpd.html>
- <http://www.nbsmun.nyc/sites/default/files/UNPBC.pdf>
- <http://www.tradingeconomics.com/libya/inflation-cpi>
- <https://www.rt.com/business/364945-world-bank-libya-economic-collapse/>
- International Monetary Fund
- <https://www.nordeatrade.com/no/explore-new-market/libya/economical-context>
- <https://www.imf.org>

Libya GDP Annual Growth Rate



Source: International Monetary Fund

The big challenges remain the country's political unity and its economic diversification, the fight against corruption, the development of the banking sector and the strengthening of its institutions. The lack of security makes the country's living conditions difficult, and many people have in fact left the country. Much of the already deficient infrastructure has been destroyed, further complicating the ready supply of drinking water and electricity. A third of the population is living below the poverty line and the unemployment rate is very high. External factors will also prove challenging, including uncertainties in the global economy and Europe, which will further constrain capital flows into Libya.

The following table highlights some of Libya's key macroeconomic indicators (actual and forecast) as presented by the International Monetary Fund.

	2014	2015(e)	2016(e)	2017(p)	2018(p)
Real GDP Growth	(24.0)	(6.4)e	(3.3)e	13.7e	7.3e
GDP per Capita (USD)	7,097	6,277e	6,169e	7,972e	9,327e
General Government Gross Debt (in % of GDP)	36.4	73.8e	101.8e	100.2e	115.6e
Inflation Rate (%)	2.8	14.1e	14.2e	12.5e	11.5e
Current Account (billions USD)	(12.35)	(16.70)e	(18.66)e	(18.99)e	(19.79)e
Current Account (in % of GDP)	(27.80)	(42.10)e	(47.4)e	(36.9)e	(32.6)e

Source: International Monetary Fund (<https://www.imf.org>)

(e) indicates estimates; (p) indicates projections

In 2017, the GNA albeit slowly is expected to make steady progress in re-uniting and re-building the Libyan army and police. Progress is also expected in building the new "Presidential Guard" ("PG") force of some five thousand professional highly trained soldiers that can secure government and other vital state institutions and installations. The PG will be an essential factor in order to end the leverage, and even blackmail, exerted by the unaccountable militias, which have been recently controlling most of these institutions and installations. The construction industry is being regarded as the most important non-oil sector to contribute to any eventual economic recovery in the country. In fact, the industry could benefit from the reconstruction efforts stemming from the civil unrest. Other prospective industries of the country which could further contribute to the economic recovery are food processing, textiles, handicrafts and cement.

PART 2

7 ISSUER'S HISTORIC FINANCIAL PERFORMANCE

NB: The MFSA Listing Policies require a 3-year historical analysis of financial information of the Issuer. The commentary that follows the table below focuses on the financial years from FY2014 to FY2016, both years included.

All figures referred to in this section of the report have been extracted from the audited financial statements of the Issuer 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 Statement of Comprehensive Income

<i>for the year ended 31 December</i>	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
Revenue	30,091	11,340	3,627
Operating expenses	(5,138)	(2,610)	(2,475)
Gross Profit	24,953	8,730	1,152
Administrative expenses	(2,707)	(2,858)	(1,618)
Marketing costs	(327)	(180)	(316)
EBITDA	21,918	5,692	(782)
Other income	30	931	121
Depreciation	(191)	(143)	(124)
Results from operating activities	21,757	6,481	(785)
Decrease in FV of investment property	(60,867)	–	–
Share of profit from equity accounted investments	5	–	–
Finance income	97	279	1,118
Finance costs	(9,065)	(7,849)	(6,955)
Net finance costs	(8,967)	(7,569)	(5,837)
Net fair value gain/(loss) on interest rate swaps	85	245	239
(Loss) before tax	(47,988)	(844)	(6,383)
Tax (expense) income	(1,391)	(237)	84
Deferred tax	21,287	699	(143)
(Loss) for the year	(28,092)	(383)	(6,443)
Normalised Net Profit / (Loss) for the Year <i>for the year ended 31 December</i>	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
(Loss) after tax (as per Income Statement)	(28,092)	(383)	(6,443)
Revaluation of IP	60,867	–	–
Deferred Tax re revaluation of IP	(20,751)	–	241
Other Deferred Tax	(536)	(699)	(98)
Adjusted Net Profit / (Loss) for the year	11,488	(1,082)	(6,299)

FY2014 was a year of mixed fortunes, with the first half proving to be a record performing period for MIH through its operations of Palm City Residences, whilst the second half of the year was overshadowed by the political conflict that developed in Libya. Occupancy levels at Palm City Residences reduced to 66% by year's end from 94% in July 2014. Although most of the tenants had evacuated their staff, paying occupancy remained fairly strong, which at the time signified a level of commitment by tenants to return to the complex in the short to medium term. Management once

again demonstrated its abilities to operate under strenuous conditions by continuing to offer its services to its existing clientele whilst also taking bold decisions to cut down on operating costs. As occupancy levels started to decline, management implemented a number of cost-cutting measures primarily by reducing personnel headcount.

The lower than usual leases at Palm City Residences persisted throughout FY2015 and FY2016 due to the continued political instability in Libya as well as the fall in the price of oil, which instigated foreign companies operating in Libya to reduce further their presence in the country. In fact, in FY2015 and FY2016 the complex recorded a very low average occupancy level of 34% and 15% respectively.

During FY2016, MIH continued to face difficult market conditions and the continued instability in Libya has negatively impacted the Group's performance. As a result, MIH registered a 68% drop in revenue to €3.6 million (FY2015: €11.3 million) reflecting the low level of occupancy at Palm City Residences.

Operating expenses reduced to €2.5 million, albeit at a slower pace than revenue. Management's efforts in aggressively pursuing all possible leasing opportunities and the strict control of operational costs, yielded enough revenue to register a positive result from operating activities. Accordingly, gross profit for FY2016 was of €1.2 million representing an 87% drop from the level of FY2015. Administrative expenses, in line with the slowdown in performance have been reduced by 43% to €1.6 million when compared to FY2015, while marketing costs increased by 76% as management continued to retain constant communications with tenants to secure their return to Palm City. As a result of the continuing operational difficulties and the significant drop in occupancy, the Group recorded a negative EBITDA of €0.78 million for FY2016 when compared to the positive €5.7 million registered in FY2015.

The Group registered a significant reduction in bank interest payable attributable to a decrease in bank loans. In FY2015 the company decreased its bank borrowing levels to €16.6 million from €33.5 million reported in FY2014. As a result of repayments made in FY2016, the bank loans decreased further to €13.5 million. An increase in finance income received during FY2016 was a result of favourable movements in foreign exchange differences on the Group's foreign currency loan and bond exposures. In this respect, net finance costs decreased by 23% to €5.8 million.

After deducting a depreciation charge of €0.12 million and net finance costs of €5.8 million, the loss before tax amounted to €6.4 million, as opposed to the loss of €0.84 million registered in FY2015.

The below are the key profitability ratios of the Issuer:

	Actual FY2014	Actual FY2015	Actual FY2016
for the year ended 31 December			
Gross Profit margin <i>(Gross Profit / Revenue)</i>	82.93%	76.99%	31.76%
EBITDA margin <i>(EBITDA / Revenue)</i>	72.84%	50.20%	—
Operating Profit margin <i>(Operating Profit / Revenue)</i>	72.31%	57.15%	—
Adjusted Net Profit margin <i>(Adjusted Net Profit for the period / Revenue)</i>	—	—	—
Return on Equity <i>(Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)</i>	—	—	—
Return on Capital Employed <i>(Profit for the period / Average Capital Employed)</i>	—	—	—
Return on Assets <i>(Profit for the period / Average Assets)</i>	—	—	—
Interest Coverage Ratio <i>(EBITDA / Net Finance Costs)</i>	2.44x	0.75x	—

The Group's interest cover ratio was positive in FY2014, as EBITDA substantially covered the servicing of the debt obligations of the Group. EBITDA of FY2015 covered only 75% of the interest payments of the year, while in FY2016, due to the sustained low level of occupancy, EBITDA was negative, thereby failing to cover the debt servicing requirements of the Group.

Notwithstanding this, the support from CPHCL and NREC was evident in the past year through the provision of shareholders' loans to MIH to be able to meet its debt servicing obligations as and when they became due.

7.2 Cash Flow Statement

<i>for the year ended 31 December</i>	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
Net cash from operating activities	20,761	5,287	(711)
Net cash used in investing activities	(437)	(217)	347
Net cash (used in)/from financing activities	(20,347)	(9,912)	(3,554)
Net (decrease)/increase in cash and cash equivalents	(23)	(4,842)	(3,918)
Cash and cash equivalents b/fwd	10,289	10,277	5,435
Cash and cash equivalents c/fwd before the effect of foreign exchange rate changes	10,266	5,435	1,517
Effect of foreign exchange rate changes	11	–	(20)
Cash and cash equivalents c/fwd	10,277	5,435	1,497

Group cash flows in each of FY2014, FY2015 and FY2016 have been largely affected by the slowdown of activity experienced by PCL in each of the respective years. Cash flows from operating activities decreased by €21.5 million (from €20.8 million in FY2014 to a negative €0.7 million in FY2016) largely reflecting the downturn in the Group's business activity.

The cash used by the Group in investing activities in FY2014 consisted primarily of payments of €0.4 million and €0.2 million made by the Group to acquire additional PPE and investment property respectively in relation to the Palm Waterfront investment which the Group was been gearing up for when the situation in Libya improves.

In terms of cash flows used by the Group in its financing activities, during FY2014, the Group repaid an amount of bank loans and €4.7 million of outstanding bonds, €3 million of which related to the bond issued in 2007 whereby the Issuer rolled over a lower amount during FY2014. Furthermore, €10.5 million of bank loans were repaid in FY2015, financed primarily through the issue of the €11 million unlisted bond. In total, during the periods under review, the Group reduced bank borrowings substantially. During FY2016, the Group received an unsecured loan from its shareholders of €5.6 million which bears an interest rate of 5.0% per annum and is repayable between two and five years.

<i>for the year ended 31 December</i>	Actual FY2014	Actual FY2015	Actual FY2016
Current Ratio <i>(Current Assets / Current Liabilities)</i>	0.41x	0.63x	0.08x
Cash Ratio <i>(Cash & cash equivalents / Current Liabilities)</i>	0.22x	0.33x	0.03x

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 Issuer's current liabilities includes bank borrowings and outstanding bonds, in particular the €40.3 million outstanding in FY2017. The bonds are being redeemed through a new bond issue of €40 million specifically for this purpose. Should these amounts be excluded from the calculation, the ratio approximates that of FY2014, which nonetheless, is not optimal. It should also be noted that under current liabilities there is a substantial amount shown as trade and other payables which experienced a drop of 23.7% in FY2015 and a further drop of 15.1% in FY2016. The main factors contributing to this significant change is the fact that trade payables decreased as a result of a management initiative to decrease costs in view of the curtailed operations of PCL. Furthermore, security deposits decreased by approximately €1 million year-on-year during FY2015 and FY2016 as some tenants decided to terminate or not renew the lease agreements.

During the years under review, the Group, through a combination of scheduled and accelerated bank borrowing repayments, reduced the level of cash balances and thus impacted the cash ratio accordingly.

7.3 Statement of Financial Position

<i>for the year ended 31 December</i>	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
Non-current assets			
Intangible assets	2	2	2
Investment property	250,000	250,043	250,212
Property, plant and equipment	8,751	8,649	8,542
Investments accounted for using the equity method	12,701	14,314	13,705
Lease prepayment	423	415	407
Total non-current assets	271,876	273,423	272,869
Current assets			
Inventories	647	446	441
Trade and other receivables	7,392	4,175	2,330
Cash and cash equivalents	10,286	5,460	1,539
Taxation recoverable	611	312	–
Total current assets	18,936	10,393	4,309
Total assets	290,813	283,816	277,178
Equity			
Share capital	48,002	48,002	48,002
Other components of equity	–	831	456
Retained earnings	90,046	89,663	83,220
Total equity	138,048	138,496	131,679
Non-current liabilities			
Bank borrowings	23,567	13,433	10,780
Bonds	49,915	83,011	43,000
Shareholders' loan	2,655	2,655	8,275
Deferred tax liability	29,469	29,218	29,127
Derivative financial instruments	659	414	175
Total non-current liabilities	106,265	128,731	91,358
Current liabilities			
Bank borrowings	9,917	3,212	2,736
Bonds	19,650	–	40,292
Trade and other payables	15,044	11,488	9,753
Current taxation	1,890	1,890	1,360
Total current liabilities	46,500	16,589	54,141
Total liabilities	152,765	145,320	145,499
Total equity and liabilities	290,813	283,816	277,178

The total asset base of the Group amounted to €290.8 million in FY2014, €283.8 million in FY2015 and €277.2 million in FY2016. The largest asset that MIH has on its balance sheet is the Palm City Residences, operated by its 100% subsidiary, PCL. The investment property has inherently made up the majority of the Group's asset base. The value attributable to the investment property is based on the projected revenue streams which are discounted at a series of rates depending on the risk associated with particular identified criteria. Due to the uncertainty and civil strife in Libya, the value of the group's investment property (the Palm City Residences) was reduced from €311 million in FY2013 to €250 million in FY2014. Subsequent to a fair value assessment of the investment property in FY2016, management of the Issuer is of the opinion that the fair value of the investment property is justified.

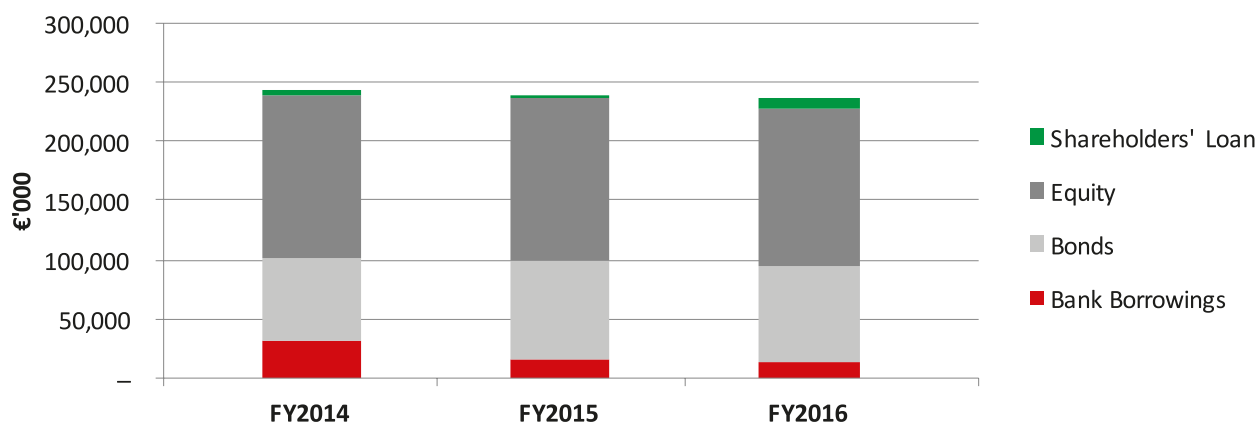
During the period under review, the called-up share capital of MIH stands at €48 million while the authorised share capital of the company stands at €100 million. Retained earnings decreased to €83.2 million in FY2016 from the €90 million in FY2014 in view of the losses suffered by the Group in both FY2015 and FY2016.

The increase in non-current borrowings from €49.9 million in FY2014 to €83 million in FY2015 is mainly attributable to the issue of a €20 million unsecured bond principally used by MIH to finance the redemption of the €20 million bond which MIH issued in 2008 and an €11 million unsecured and unlisted bond issued by MIH to repay bank borrowings. On the other hand, the decrease in non-current borrowings from €83 million in FY2015 to €43 million in FY2016 is mainly attributable to the reclassification to current liabilities of the €40.2 million bonds which will mature in FY2017.

The amount of trade and other receivables of the Group is in the main made up of trade receivables, which makes up between 30% and 40% of total receivables. The decline in receivables is consistent with the decrease in revenues.

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 €33.4 million in FY2014 to €16.6 million in FY2015 and to €13.5 million in FY2016. The amount of bonds outstanding has increased from €69.6 million in FY2014 to €83.3 million in FY2016. On the other hand, total equity went down from €138.5 million in FY2015 to €131.7 million by the end of FY2016, reflecting the losses incurred during these years, due to a reduction in occupancies and revenues.

Base Funding



Source: MIH financial statements for the years 2014, 2015 and 2016

BORROWINGS <i>for the year ended 31 December</i>	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
Bank Borrowings (current and non-current)	33,475	16,619	13,475
Bonds (current and non-current)	69,565	83,011	83,292
Shareholders' Loan	2,655	2,655	8,275
Total Borrowings	105,695	102,285	105,042
Cash at bank and in hand	10,286	5,434	1,497
Net Debt	95,409	96,851	103,544

This mix of funding sources has enabled MIH to keep the Group's level of gearing at very acceptable levels. However, the decrease in revenue, resulting in lower EBITDA during FY2015 and FY2016 has resulted in a weaker interest coverage ratio from 2.44 times in FY2014 to 0.75 times in FY2015. The weaker net debt to EBITDA signifies that, based on the EBITDA of FY2015, the Group will require 17 years of EBITDA to pay back its net debt.

<i>for the year ended 31 December</i>	Actual FY2014	Actual FY2015	Actual FY2016
Gearing Ratio (1) <i>(Net debt / Total Equity)</i>	0.69x	0.70x	0.79x
Gearing Ratio (2) <i>[Total debt / (Total Debt plus Total Equity)]</i>	43.36%	42.49%	44.38%
Interest Coverage ratio <i>(EBITDA / Net finance costs)</i>	2.44x	0.75x	—
Net Debt to EBITDA <i>(Net Debt / EBITDA)</i>	4.35x	17.01x	—

7.4 Working Capital

During the period under review, working capital shortfalls were on the increase despite the significant decreases in both the Group's current assets and current liabilities. In FY2014, the Group had a working capital deficiency of €27.6 million. This deficiency decreased to €6.2 million in FY2015 but increased again to €49.8 million in FY2016 particularly in view of capital market borrowings amounting to €40.2 million becoming current liabilities in view of their maturity in 2017.

PART 3

8 FORECASTS OF THE ISSUER

In terms of the Listing Policies issued by the MFSA, the Issuer is required to prepare forecasts for the current year. Furthermore, the Issuer is presenting the FY2018 projections in addition to the forecasts of FY2017.

8.1 Key Assumptions

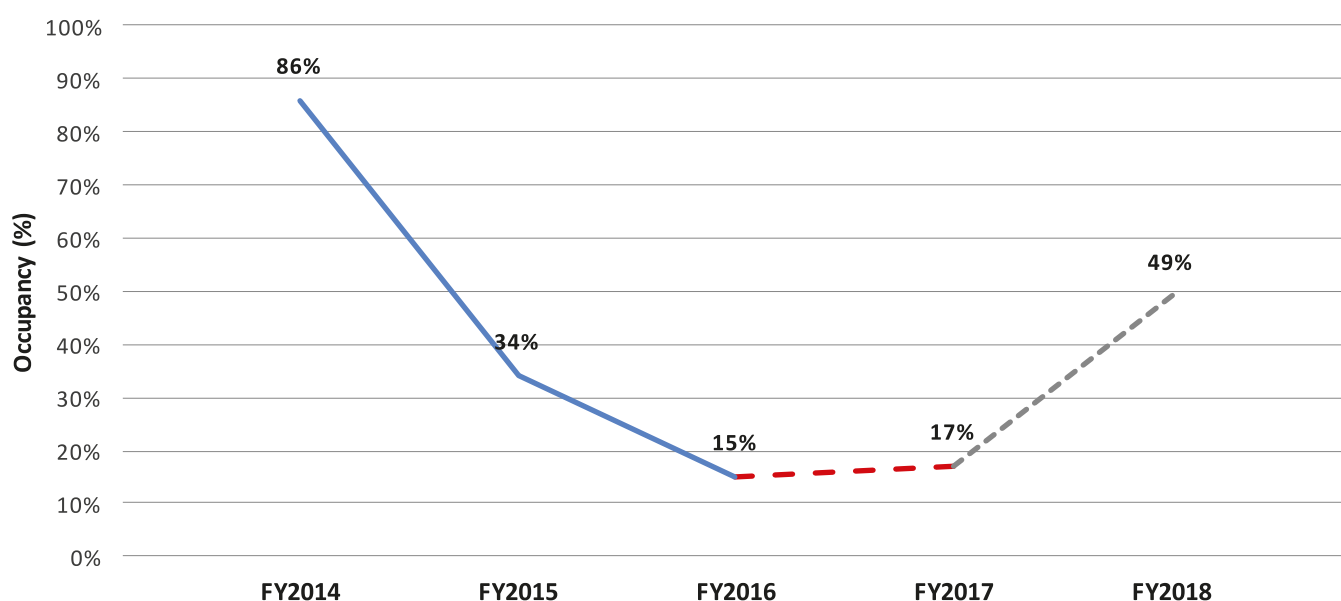
The key assumptions approved by the Directors of the Issuer in compiling the forecasts and projections below are the following:

- The economic and political situation in Libya will start stabilizing in FY2017, with further recovery in FY2018.
- The Group will not significantly change the manner in which it conducts its business.
- Taxation rates in the jurisdictions that MIH operate in will not change materially.
- There will be no significant foreign exchange fluctuations.
- The rate of inflation for Euro is assumed at 2% per annum.

Further to discussions with management, it transpired that while the situation in Libya remains volatile, management is experiencing an interesting increase in enquiries 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 the first quarter of 2017, PCL leased out a total of 32 residential units and ancillary facilities which are expected to generate over €4.5 million in revenues over a one-year term. The majority of these contracts are for periods between two to five years, with an option to extend. Management has indicated that by the end of July 2017, PCL would have leased out a total of 70 residential units and ancillary facilities. This is expected to push the average occupancy rate to 17% for FY2017.

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 contractual discussions, management appears confident that the demand for accommodation at PCL will improve in the foreseeable future. To this effect, management has forecasted effective occupancy levels to increase to 21% by the end of FY2017 and to an average occupancy level of 49% in FY2018.

Projected Average Occupancy Levels



Source: Management Information

8.2 Income Statement

STATEMENT OF COMPREHENSIVE INCOME *for the year ended 31 December*

	Actual FY2016 €'000	Forecast FY2017 €'000	Projection FY2018 €'000
Revenue	3,627	6,783	20,047
Operating, Admin & Marketing expenses	(4,409)	(3,555)	(6,407)
EBIDTA	(782)	3,228	13,640
Other income	121	-	-
Depreciation	(124)	(54)	(177)
Results from operating activities	(785)	3,174	13,463
Finance income	1,118	-	-
Finance costs	(6,955)	(6,633)	(6,024)
Net finance costs	(5,837)	(6,633)	(6,024)
Net fair value gain on interest rate swaps	239	329	-
Profit / (Loss) before tax	(6,383)	(3,130)	7,439
Tax income	84	-	-
Deferred tax	(143)	-	(256)
Net Profit / (Loss) for the year	(6,443)	(3,130)	7,183

Source: Management information

Management has prepared and approved the forecasts for FY2017 and projections for FY2018 after carefully considering the economic and political situation in Libya as well as the feedback being 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 Group assumes that during FY2017 and FY2018 conditions in Libya will start to improve gradually and that its clients and indeed other interested investors and operators will re-establish their presence in the country. This is reflected in forecasted occupancy levels which are expected to increase, generating revenue growth over the revenue registered in FY2016 of 47% and 82% for FY2017 and FY2018 respectively on account of improved occupancies and increased unit rates.

The table below provides a breakdown of revenue for FY2017 and FY2018 compared to that generated in year FY2016.

REVENUE AND OTHER INCOME ANALYSIS BY BUSINESS ACTIVITY *for the year ended 31 December*

	Actual FY2016 €'000	Forecast FY2017 €'000	Projection FY2018 €'000
Residential rental revenue	3,259	6,519	19,136
Commercial revenue	85	191	558
Food and Beverage	43	45	292
Other Income Departments	240	28	60
Total Revenue	3,627	6,783	20,047

Source: Management information (rounding differences may apply)

During FY2017, operating expenses are forecasted at a level of €3.6 million (FY2016: €4.4 million) as management will be maintaining strict control of such costs and it will not be incurring one-time costs paid in FY2016. However, during FY2018 these are expected to increase to €6.4 million in line with the envisaged growth in revenue.

EBIDTA for FY2017 and FY2018 is expected to improve to €3.2 million and €13.6 million respectively when compared to the negative EBIDTA of €0.78 million registered in FY2016. The forecasted increase in revenues will impact the level of profitability of the Group, which is expected to record a lower loss for FY2017 of €3.1 million (which is 51% lower than the loss incurred in FY2016) and a net profit of €7.2 million in FY2018.

8.3 Cash Flow Statement

	Actual FY2016	Forecast FY2017	Projection FY2018
<i>for the year ended 31 December</i>			
Net cash from operating activities	(711)	1,286	12,313
Net cash used in investing activities	347	(20)	(765)
Net cash (used in)/from financing activities	(3,554)	(1,192)	(8,475)
Net (decrease)/increase in cash and cash equivalents	(3,918)	74	3,073
Cash and cash equivalents b/fwd	5,435	1,497	1,571
Cash and cash equivalents c/fwd before the effect of foreign exchange rate changes	1,517	–	–
Effect of foreign exchange rate changes	(20)	–	–
Cash and cash equivalents c/fwd	1,497	1,571	4,644

Source: Management information

In FY2017 and FY2018, the Group is expected to improve its cash position. The Group's operations are expected to generate a net cash inflow from operations of €1.3 million and €12.3 million by the end of FY2017 and FY2018 respectively. No further material investment is being envisaged during the forecasted two years and the €0.02 million and €0.77 million are earmarked as payments to acquire PPE in relation to general capital expenditure undertaken on an annual basis. After servicing its debt obligations, the Group's cash balance at the end of FY2017 and FY2018 is expected to be €1.6 million and €4.6 million respectively.

8.4 Statement of Financial Position

for the year ended 31 December

	Actual FY2016 €'000	Forecast FY2017 €'000	Projection FY2018 €'000
Non-current assets			
Intangible assets	2	2	2
Investment property	250,212	250,231	250,231
Property, plant and equipment	8,542	8,490	9,079
Investments accounted for using the equity method	13,705	13,705	13,705
Lease prepayment	407	400	392
Total non-current assets	272,869	272,828	273,409
Current assets			
Inventories	441	447	461
Trade and other receivables	2,330	2,628	4,368
Cash and cash equivalents	1,539	1,571	4,644
Total current assets	4,309	4,647	9,473
Total assets	277,178	277,475	282,881
Equity			
Share capital	48,002	48,002	48,002
Other components of equity	456	–	–
Retained earnings	83,220	80,551	87,733
Total equity	131,679	128,553	135,735
Non-current liabilities			
Bank and other borrowings	10,780	13,034	5,742
Bonds	43,000	83,000	83,000
Shareholders' loans	8,275	11,703	11,703
Deferred tax liability	29,127	29,127	29,127
Taxation	–	–	256
Derivative financial instruments	175	176	176
Total non-current liabilities	91,358	137,040	130,004
Current liabilities			
Bank borrowings	2,736	2,670	6,641
Bonds	40,292	–	–
Trade and other payables	9,753	8,446	10,442
Current taxation	1,360	766	59
Total current liabilities	54,141	11,883	17,142
Total liabilities	145,499	148,922	147,146
Total equity and liabilities	277,178	277,475	282,881

Source: Management information

In FY2017 and FY2018, the Group's asset base is expected to remain relatively unchanged compared to FY2016. While trade debtors will remain stable in FY2017, these are expected to increase in FY2018 when occupancy levels at Palm City Residences start increasing and generating an increased level of revenue.

The composition of the funding side is expected to be marginally different as the Group will receive additional financing support from its shareholders to enable the Group to finance its debt service obligations (including interest) when they fall due.

The financial ratios of the Issuer are expected to remain unchanged in FY2017 and forecasted to improve significantly during FY2018. In fact, the gross profit and EBITDA margins are expected to improve when compared to FY2016 attributable to an anticipated higher level of occupancy levels.

The Group's interest cover ratio for FY2017 is estimated to be better than FY2016 as EBITDA is expected to cover 49% of the interest payments of the year. The further increase in revenue envisaged during FY2018 (resulting in higher EBITDA), is expected to result in an interest coverage ratio of 2.26 times. On the other hand, MIH's gearing level is anticipated to remain at the same levels of FY2016.

9 RELATED PARTY LISTED SECURITIES

MIH is 50% owned by CPHCL which is the parent company of three locally-listed public companies – MIH plc (the Issuer), IHI plc and Corinthia Finance plc. Below is a list of all outstanding debts listed on the local capital market of each of these three public limited liability companies:

<u>Mediterranean Investments Holding plc</u>	EUR Equivalent	
MT0000371238	28,519,400	7.15% MIH plc 2015-2017 (EUR)
MT0000371246	5,107,321	7.15% MIH plc 2015-2017 (GBP4,351,100) *
MT0000371253	6,770,693	7.15% MIH plc 2015-2017 (USD7,120,300) *
MT0000371279	20,000,000	5.50% MIH plc 2020
MT0000371261	12,000,000	6.00% MIH plc 2021
	<u>72,397,415</u>	

* The EUR equivalent of the GBP and USD bonds are approximate rounded values based on exchange rates as at 31 December 2016 (closing)

NB: (i) *The first three bonds are being replaced by the €40 million bond issue pursuant to which this Financial Analysis Summary relates to.*
 (ii) *The above list excludes the €11 million 6.00% UNLISTED bond which matures in 2020.*

Corinthia Finance plc

MT0000101254	7,500,000	6.00% Corinthia Finance plc 2019-2022
MT0000101262	40,000,000	4.25% Corinthia Finance plc 2026
	<u>47,500,000</u>	

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
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
	<u>170,000,000</u>	

Island Hotels Group Holdings plc

MT0000481219	3,133,600	6.50% IHGH plc 2017-2019
MT0000481227	35,000,000	6.00% IHGH plc 2024
	<u>38,133,600</u>	

Total outstanding debt listed on the local capital market currently amounts to *circa* €328 million.

10 COMPARISON TO OTHER ISSUERS

The table below compares the Issuer and its proposed bond issue to other listed debt on the local market 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 Issuer 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 (%)	Interest Cover (times)	YTM (as at 16.05.2017) %
5.50% Med. Inv. Holding p.l.c. 2020	20,000,000	277,178	131,679	44.38	n/a	4.80
5.50% Pendergardens Developments p.l.c. 2020	15,000,000	63,273	11,488	78.30	0.17	4.21
6.00% Med. Inv. Holding p.l.c. 2021	12,000,000	277,178	131,679	44.38	n/a	6.00
5.00% GlobalCapital p.l.c. 2021	10,000,000	113,143	15,120	n/a	1.77	5.00
5.8% IHI p.l.c. 2021	20,000,000	1,220,254	646,822	38.53	6.18	4.21
5.75% Central Business Centre p.l.c. 2021	3,000,000	16,141	10,270	36.35	0.42	4.56
5.00% Med. Inv. Holding p.l.c. 2022	40,000,000	277,178	131,679	44.38	n/a	5.00
6.00% Corinthia Finance p.l.c. 2019-2022	7,500,000	1,389,627	665,357	44.12	2.39	5.63
6.00% Pendergardens Developments p.l.c. 2022	27,000,000	63,273	11,488	78.30	0.17	4.15
6.00% Medserv p.l.c. 2020-2023	20,000,000	121,453	26,408	66.81	2.24	4.89
4.25% GAP Group p.l.c. 2023	40,000,000	57,086	6,004	87.45	2.48	3.89
5.80% IHI p.l.c. 2023	10,000,000	1,220,254	646,822	38.53	6.18	4.51

*Gearing Ratio: $\text{Total Debt} / (\text{Total Debt} + \text{Equity})$

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 16 May 2017. Ratio workings and financial information quoted have been based on the issuer's published financial data, including:

PenderGardens Development plc FY2016 annual report;

GlobalCapital plc FY2016 annual report;

IHI plc FY2016 annual report;

Central Business Centre plc FY2016 annual report;

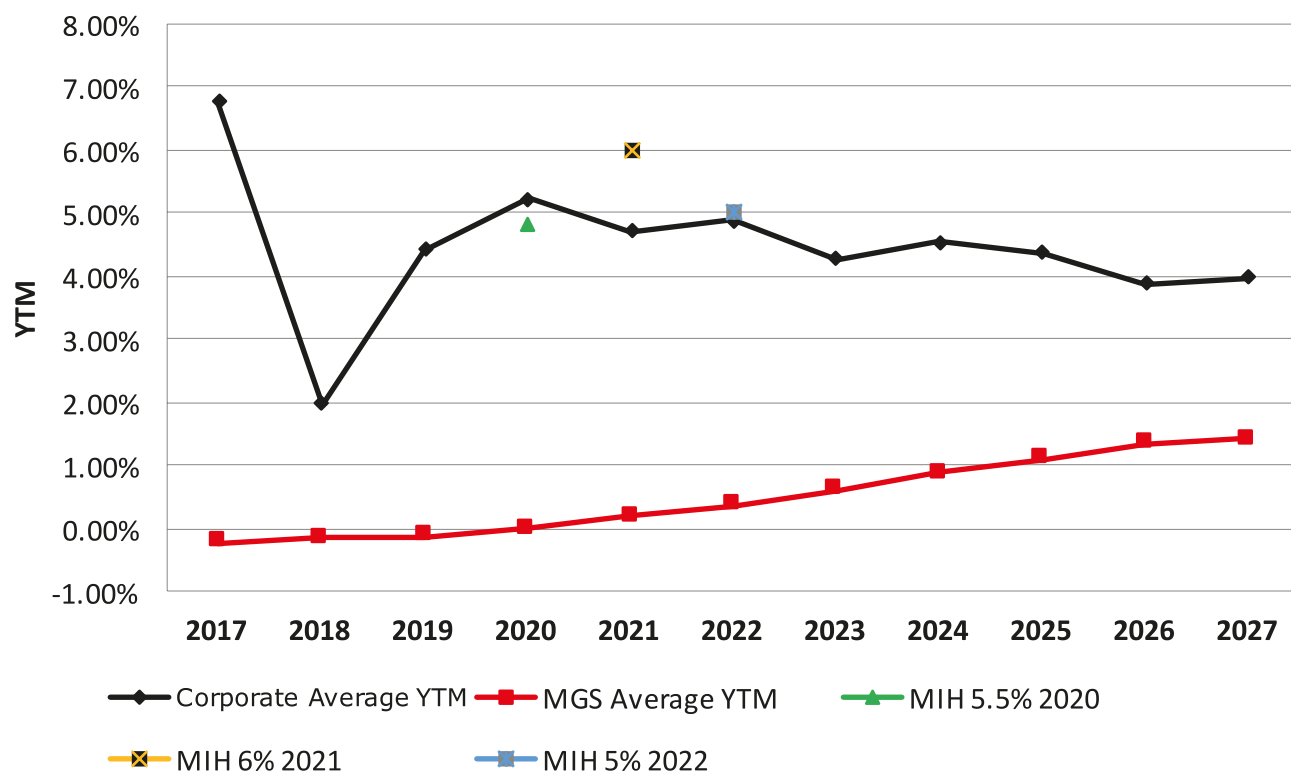
Corinthia Finance plc - figures based on the Guarantor (Corinthia Palace Hotel Company Limited) FY2016 annual report;

Medserv plc FY2016 annual report; and

GAP Group plc FY2016 annual report.

The chart below shows the average yield to maturity of the new MIH Bond 2022 compared to other corporate bonds listed on the Malta Stock Exchange (including two of the Issuer's debt securities: MIH 5.5% 2020 and MIH 6% 2021) and benchmarked against the Malta Government Stock yield curve as at 16 May 2017.

MIH Bonds vs Corporate Bonds & MGS YTM – as at 16.05.2017



At a coupon of 5%, the MIH Bond 2022 is priced at a premium of just over 464 basis points over MGS maturing in 2022.

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 Issuer or Guarantor
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.



ANNEX D | AUTHORISED INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	2560 3000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	2275 1732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	2568 8130
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	2122 4106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	2134 7331
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	2134 4244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	2122 0002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta' Xbiex XBX 1403	2134 2342
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	2132 2872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	2326 5696
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	2558 1806
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	2557 4860
Mercieca Financial Investment Services Ltd.	'Mercieca' John F. Kennedy Square, Victoria, Gozo	2155 3892
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	2133 2200
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550	2155 4492
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	2145 3739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	2258 3000

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ISSUER	MEDITERRANEAN INVESTMENTS HOLDING P.L.C. 22, EUROPA CENTRE, JOHN LOPEZ STREET, FLORIANA FRN 1400, MALTA
GUARANTOR	CORINTHIA PALACE HOTEL COMPANY LIMITED 22, EUROPA CENTRE, JOHN LOPEZ STREET, FLORIANA FRN 1400, MALTA
REGISTRAR & MANAGER	BANK OF VALLETTA P.L.C. BOV CENTRE, CANNON ROAD, SANTA VENERA SVR 9030, MALTA
LEGAL COUNSEL TO THE ISSUER	GVZH ADVOCATES 192, OLD BAKERY STREET, VALLETTA VLT 1455, MALTA
SPONSOR	RIZZO, FARRUGIA & CO. (STOCKBROKERS) LTD. AIRWAYS HOUSE, THIRD FLOOR, HIGH STREET, SLIEMA SLM 1549, MALTA
AUDITORS	GRANT THORNTON TOWER BUSINESS CENTRE, SUITE 3, TOWER STREET, SWATAR, B'KARA BKR 4031, MALTA

