



Midi p.l.c. (a public limited company incorporated under the Laws of Malta, company registration number C 15836)

# Prospectus

Dated 5 December 2008

**Issue of an aggregate of €30,000,000 Bonds 2016 - 2018  
(Subject to an Over-allotment Option of €10 million in the event of over-subscription)**

**in any one or a combination of the following issues:**

**7% EUR Bonds 2016 - 2018 of a nominal value of €100 per Bond issued at par**

**7% GBP Bonds 2016 - 2018 of a nominal value of £100 per Bond issued at par**

Midi p.l.c. (the "Issuer") is issuing the equivalent of €30,000,000 aggregate principal amount of Bonds due 2016-2018, in either or each of two issues denominated in Euro and Pound Sterling respectively depending on the value of the applications received for the Bonds. The Bonds denominated in Euro, having a nominal value of €100 each, will be issued at par and shall bear interest at the rate of 7% per annum (the "EUR Bonds"). The Bonds denominated in Pound Sterling having a nominal value of £100 each, will be issued at par and shall bear interest at the rate of 7% per annum (the "GBP Bonds"). The EUR Bonds and the GBP Bonds are jointly referred to as the "Bonds". In the event that during the Offer Period the Issuer receives applications for Bonds in excess of the equivalent of €30,000,000, the Issuer may increase the issue of Bonds by the equivalent of an additional €10,000,000 in either or a combination of the EUR Bonds and the GBP Bonds (the "Over-allotment Option"). For the purpose of ascertaining the aggregate principal amount of the GBP Bond reference will be made to the rate of exchange of €1:£0.8695 (the "Rate of Exchange"). The Bonds will unless previously purchased and cancelled, be redeemed on 15 December 2018, subject to the Issuer's option to redeem all or any of the Bonds at any date between 15 December 2016 and 14 December 2018, as the Issuer may determine on giving not less than sixty (60) days' notice. Interest on the Bonds will be payable annually in arrears on 15 December of each year, the first such payment to be made on 15 December 2009.

**Investing in the Bonds involves risks. See "Risk Factors", Section 11, Part B of this Prospectus.**

The Bonds will be unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer.

Application has been made to the Listing Authority in its capacity as the competent authority under the Financial Markets Act (Cap. 345 of the Laws of Malta) (the "FMA") for the Bonds to be admitted to listing on a regulated market and to the board of directors of the Malta Stock Exchange for the Bonds to be admitted to the Official List. Dealings are expected to commence on the Malta Stock Exchange on 5 February 2009.

This prospectus (the "Prospectus") constitutes a prospectus issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority 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.

JOINT MANAGERS



SPONSORING STOCKBROKER



## Important Information

This Prospectus contains information about the Issuer and the Bonds in accordance with the requirements of the Listing Rules of the Listing Authority, the Companies Act, 1995 (Cap. 386 of the Laws of Malta) (the "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.

All of the directors of the Issuer, whose names appear under the heading "Directors and Company Secretary" (Part C Section 13.1 of this Prospectus) (the "Directors"), are the persons responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have all taken reasonable care to ensure such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

No person, including without limitation any broker, dealer or salesman, is authorised by the Issuer or its Directors to give any information or to make any representations other than those contained in this Prospectus and in the documents referred to herein, and if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or its Directors.

**The Listing Authority accepts no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this Prospectus.**

All the Advisors to the Issuer named in the Prospectus under the heading "Advisors to the Issuer" (Part C Section 13.2 of this Prospectus) have acted and are acting exclusively for the Issuer 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. Each person receiving this Prospectus acknowledges that such person has not relied on any of the Advisors in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own examination of the Issuer and the merits and risks involved in investing in the Bonds.

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 other than Malta.

The Bonds have not been nor will they be registered under the U.S. 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 U.S. Securities Act). Furthermore, the Issuer will not be registered under the U.S. Investment Company Act, 1940 as amended and investors will not be entitled to the benefits set out therein.

In relation to each member state of the European Economic Area (other than Malta) which has implemented Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading or which, pending such implementation, applies article 3.2 of the said Directive, the Bonds can only be offered to "qualified investors" (as defined in the said Directive) or in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to article 3 of said Directive.

This Prospectus does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for Bonds by any person in any jurisdiction (i) in which such offer or invitation is not authorised or (ii) in which the person making such offer or invitation is not qualified to do so or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for the Bonds to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Bonds should inform themselves as to the legal requirements of so applying for any Bonds and any applicable exchange control requirements and taxes in the countries of their nationality, residence or domicile.

A copy of this Prospectus has been submitted to the Listing Authority in satisfaction of the Listing Rules, the Malta Stock Exchange in satisfaction of the Malta Stock Exchange Bye-Laws and has been duly filed with the Registrar of Companies, in accordance with the Companies Act.

Statements made in this Prospectus are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

**The value of investments can rise or fall and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon redemption in the respective currency of issue. If you need advice you should consult a licensed stockbroker or an investment advisor licensed under the Investment Services Act, (Cap. 370 of the Laws of Malta).**

#### **Definitions**

Certain words and expressions used in this Prospectus shall have the meanings set out in "Definitions" on page 10 of this Prospectus.

#### **Currencies**

All amounts expressed in one currency with an equivalent amount in another currency in this document are taken, in the case of historical values, at the historical exchange rates applicable at the time of the transaction, and in all other cases at a fixed exchange rate, subject to rounding of €1:Lm0.4293. All values displayed in Maltese Lira (Lm) throughout this Prospectus have been included for information purposes only.

#### **Forward-Looking Statements**

Certain statements contained in this Prospectus, including those under the captions "Risk Factors", "Information Concerning the Issuer", "Business Overview of the Project", "Reasons for the Offer and Use of the Proceeds" and "Trend Information" constitute "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "intend", "may", "will" or "should" or in each case their negative, or other variations or comparable terminology. Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, general economic and business conditions, industry trends, competition, changes in government regulation, currency fluctuations, changes in business strategy or development, political and economic uncertainty and other risks described in "Risk Factors". There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Prospectus will, in fact, occur.

These forward-looking statements speak only as at the date of this Prospectus. The Issuer will not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Prospectus except as required by law or by any appropriate regulatory authority. Any statements made in this Prospectus with regard to the competitive position of the Group are based on the Group's own internal assessments.

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## Definitions

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

<b>Advisors to the Issuer</b>	The Advisors to the Issuer whose names and addresses are set out under the heading 'Advisors to the Issuer';
<b>Applicant</b>	A person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	The application/s to subscribe for Bonds made by an Applicant by completing an Application Form and delivering it to the Registrar or to any of the Authorised Intermediaries;
<b>Application Form</b>	The form of application for subscription of the Bonds, a specimen of which is set out in Part E Annex II of this Prospectus;
<b>Authorised Intermediaries</b>	The banks, financial institutions, stockbrokers and other persons referred to in Part E Annex III of this Prospectus;
<b>Bond(s)</b>	The EUR Bonds and the GBP Bonds collectively, for a combined aggregate principal amount of the equivalent of €30,000,000 except in the event of the exercise of the Over-allotment Option or as otherwise provided under Part D Section 27.10 "Further Issues" For the purpose of ascertaining the aggregate principal amount of the GBP Bond reference will be made to the Rate of Exchange;
<b>Bondholders</b>	The holders of the Bonds, each a "Bondholder";
<b>Bond Issue</b>	The issue of Bonds;
<b>Bond Offer Price</b>	The price of €100 for the EUR Bonds or £100 for the GBP Bond (as the case may be);
<b>Business Day</b>	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Central Securities Depository or CSD</b>	The central registration system for dematerialised financial instruments operated by the Exchange and set up in terms of the Financial Markets Act, 1990, (Cap. 345, Laws of Malta);
<b>Companies Act</b>	The Companies Act, 1995, (Cap. 386 of the Laws of Malta);
<b>Designated Optional Redemption Date</b>	Any date between 15 December 2016 and 14 December 2018 (both dates inclusive), as the Issuer may determine, on giving not less than sixty (60) days notice when the Issuer may, at its option, redeem all or any of the Bonds then outstanding;
<b>Directors or Board</b>	The Directors of the Issuer whose names and addresses are set out under the heading "Directors and Company Secretary" (Part C Section 13.1 of this Prospectus);

<b>Emphyteutical Deed</b>	The public deed in the Records of Notary Vincent Miceli of the fifteenth day of June of the year two thousand (15/6/2000) whereby the GOM, acting through the Land Department granted the Issuer the Emphyteutical Grant;
<b>Emphyteutical Grant</b>	The temporary emphyteutical concession of the Emphyteutical Land for a period of ninety nine years commencing from 15 June 2000 made by GOM to the Issuer by virtue of the Emphyteutical Deed;
<b>Emphyteutical Land</b>	The immovable property comprising Tigné Point and Manoel Island forming the subject-matter of the Emphyteutical Grant;
<b>Euro or €</b>	The single currency recognised as legal tender by the member countries of the European Monetary Union;
<b>EUR Bonds</b>	The 7% bonds due 2016-2018 denominated in Euro having a nominal value of €100 each, which will be issued at par and shall bear interest at the rate of 7%, the aggregate principal amount of which will be determined by the Issuer depending on the value of Applications received for the Bonds, provided that the combined aggregate principal amount of EUR Bonds and GBP Bonds is the equivalent of €30,000,000 except in the event of exercise of the Over-allotment Option or as otherwise provided under Part D Section 27.10 "Further Issues";
<b>GBP Bonds</b>	The 7% bonds due 2016-2018 denominated in Pound Sterling having a nominal value of £100 each, which will be issued at par and shall bear interest at the rate of 7% per annum (the "GBP Bonds"), the aggregate principal amount of which will be determined by the Issuer depending on the value of Applications received for the Bonds, provided that the combined aggregate principal amount of EUR Bonds and GBP Bonds is the equivalent of €30,000,000 except in the event of exercise of the Over-allotment Option or as otherwise provided under Part D Section 27.10 "Further Issues";
<b>GOM</b>	The Government of Malta;
<b>Group</b>	The Issuer and the subsidiary undertakings of the Issuer and the term "Group Company" shall be construed accordingly;
<b>Interest Payment Date</b>	15 December of each year, between 2009 and the year in which the Bonds are redeemed (both years included), provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the following day that is a Business Day;
<b>Issue Date</b>	Tuesday 13 January 2009;
<b>Issuer or Company or Midi</b>	Midi p.l.c., a company registered in Malta with registration number C 15836;
<b>Listing Authority or MFSA</b>	The Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Cap. 330, Laws of Malta) and appointed as Listing Authority for the purposes of the Financial Markets Act, 1990, (Cap. 345, Laws of Malta) by virtue of L.N. 1 of 2003;
<b>Listing Rules</b>	The Listing Rules of the Listing Authority;

<b>Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Cap. 345, Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1065, Malta and company registration number C 42525;
<b>Managers</b>	Bank of Valletta p.l.c. and HSBC Bank Malta p.l.c.;
<b>Manoel Island</b>	The divided portion of land at Manoel Island, limits of Gzira, comprised within the Emphyteutical Land as shown bordered in red on the plan Land Drawing letter 'L' letter 'D' one hundred and seventy four letter 'A' bar ninety nine (LD175A/99) attached to the Emphyteutical Deed;
<b>Memorandum and Articles of Association</b>	The memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
<b>Offer Period</b>	The period between 13 January 2009 and 20 January 2009 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer;
<b>Offering</b>	The invitation to subscribe for Bonds contained in this Prospectus;
<b>Over-allotment Option</b>	The option of the Issuer to increase the issue of the Bonds by the equivalent of an additional €10,000,000 in either or a combination of the EUR Bonds and the GBP Bonds up to a maximum combined aggregate principal amount of the equivalent of €40,000,000 in the event that during the Offer Period the Issuer receives applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €30,000,000;
<b>Pound Sterling of £</b>	The unit of currency of the United Kingdom;
<b>Private Placement Bonds</b>	Secured bonds, which security is detailed in Section 26.2 of Part D of this Prospectus, of €9.32 million (Lm4 million) due in 2008/2009;
<b>Project</b>	The Issuer's project for the development of Tigné Point and Manoel Island;
<b>Prospectus</b>	This document in its entirety;
<b>Rate of Exchange</b>	€1:£0.8695;
<b>Redemption Date</b>	15 December 2018 (subject to the Issuer's option to redeem all or any of the Bonds on a Designated Optional Redemption Date);
<b>Redemption Value</b>	€100 for each EUR Bond or £100 for each GBP Bond;
<b>Registrar</b>	The Malta Stock Exchange;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;

<b>Sponsor</b>	Charts Investment Management Service Limited which is authorised to conduct investment services business by the Malta Financial Services Authority;
<b>Terms and Conditions</b>	The terms and conditions of issue applicable to the Bonds set out in Section 27 of Part D of this Prospectus;
<b>Tigné Point</b>	The divided portion of land at Tigné Point, Sliema, comprised within the Emphyteutical Land as shown bordered in red on the plan Land Drawing letter 'L' letter 'D' one hundred and seventy five letter 'A' bar ninety nine (LD175A/99) attached to the Emphyteutical Deed;

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 also the feminine gender and vice-versa;
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

# Part A: Summary

## WARNING TO POTENTIAL INVESTORS

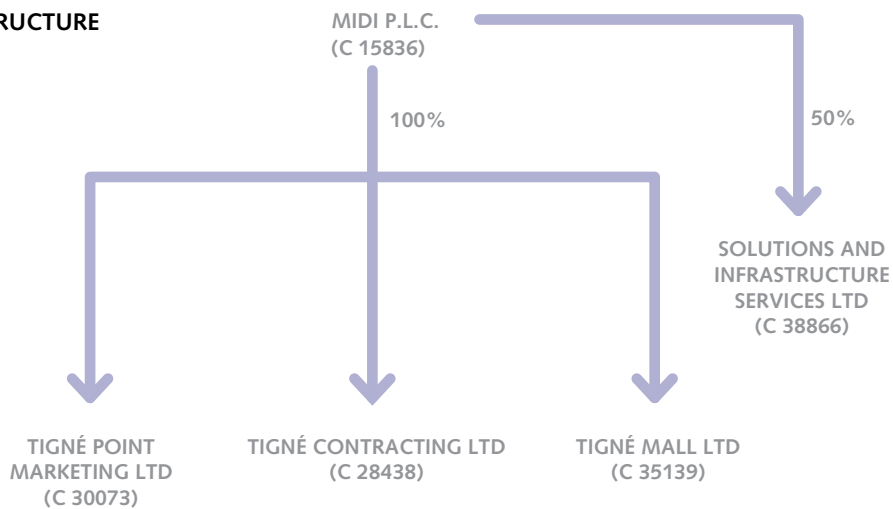
This summary forms part of the Prospectus containing information concerning the Issuer and the Bonds. This summary is intended to briefly convey the essential characteristics of, and risks associated with, the Issuer and the Bonds. You should carefully take into consideration the following criteria for evaluation of this summary:

- The summary should be read as merely an introduction to the Prospectus;
- Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole;
- Civil liability attaches to the Issuer which has tabled this summary as part of the Prospectus only if the summary is shown to be misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

## 1. INFORMATION CONCERNING THE ISSUER

### 1.1 ORGANISATIONAL STRUCTURE

#### 1.1.1 MIDI GROUP STRUCTURE



#### 1.1.2 ORGANISATION OF MIDI

Midi is a public limited company incorporated, registered, and operating in Malta under the Companies Act, with registration number C 15836 and whose registered office is at North Shore, Manoel Island, limits of Gzira, Malta.

### 1.1.3 ORGANISATION OF THE GROUP

The Group is composed of the Issuer and its wholly owned subsidiary companies, Tigné Contracting Limited, Tigné Point Marketing Limited and Tigné Mall Limited. Midi also entered into a joint venture with Siemens S.p.A. through a company known as Solutions and Infrastructure Services Limited.

The Issuer is not dependent upon other entities within the Group.

### 1.2 HISTORICAL DEVELOPMENT OF THE ISSUER

The Issuer was incorporated as a private limited liability company with the name "International Resorts Management Limited" on 31 January 1994. Pursuant to a resolution passed on 4 June 1999 and registered with the MFSA on 9 June 1999 the Company was converted into a public limited liability company, with a new memorandum and articles of association under the name it is now known as, that is, Midi p.l.c. The Issuer is domiciled in Malta with its registered address at North Shore, Manoel Island, limits of Gzira and its telephone number is 2065 5500. The origins of the Issuer can be traced back to a consortium originally formed in 1992 (although its composition has in some respects changed over the years) for the purpose of submitting a proposal in response to the request for submissions made by the GOM on the basis of the Development Brief for Manoel Island and Tigné Point.

The Issuer's principal business is the project of development of the Emphyteutical Land comprising Tigné Point and Manoel Island (the "Project") which entail a total gross development of approximately 500,000 square metres. Development operations were commenced in late 2000 after the Issuer acquired the Emphyteutical Land by virtue of a public deed in the records of Notary Dr. Vincent Miceli on the fifteenth day of June of the year two thousand (15/6/2000) (the "Emphyteutical Deed") from the Government of Malta ("GOM") by title of temporary emphyteusis for a period of ninety nine (99) years which commenced on the fifteenth day of June of the year two thousand (15/6/2000). Under the same Emphyteutical Deed, Midi also acquired from the Malta Maritime Authority, for a period of ninety nine (99) years, the right to develop and operate a yacht marina on a defined area facing the south shore of Manoel Island in Ta' Xbiex Creek, limits of Gzira.

### 1.3 BUSINESS OVERVIEW OF THE PROJECT

#### 1.3.1 TIGNÉ POINT

Tigné Point is a residential, commercial and leisure development located on the north-eastern coast of Malta, approximately one kilometre north of Malta's capital Valletta.

The development of apartments represents just over 50% of the total area. This is complemented by the office area, shopping mall and the Pjazza Tigné - the heart of the Tigné development, comprising commercial and leisure outlets. Strong emphasis has been put on the restoration of historic sites (e.g. fort, chapel, army barracks and clock tower), which are merged into the modern architecture that characterises the site.

The development will offer leisure activities such as a fitness club, squash courts, swimming pool and bars, cafés and restaurants. All traffic is routed underground, providing a car-free zone at ground floor level. The development has extensive green areas and public spaces.

#### 1.3.2 MANOEL ISLAND

Manoel Island is located on the north-eastern coast of Malta, approximately one kilometre north-west of Valletta. Manoel Island covers an area of about 340,000 square metres.

The development will be characterised by its marina village which, together with Lazzaretto and Fort Manoel, will form the major part of the development. Manoel Island is currently at design stage, with construction scheduled for 2010 – 2014.

## 2. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER

### 2.1 DIRECTORS AND COMPANY SECRETARY

<b>Mr. Albert Mizzi</b> (ID 718127 M)	– Chairman
<b>Mr. Paul Bonello</b> (ID 589858 M)	– Non-Executive Director
<b>Mr. Tonio Depasquale</b> (ID 944148 M)	– Non-Executive Director
<b>Dr. Arthur Galea Salomone</b> (ID 299662 M)	– Non-Executive Director
<b>Mr. Joseph A. Gasan</b> (ID 311050 M)	– Non-Executive Director
<b>Mr. John Mary Gatt</b> (ID 299052 M)	– Non-Executive Director
<b>Mr. Mario C. Grech</b> (ID 459849 M)	– Non-Executive Director
<b>Mr. Anthony Mamo</b> (ID 587978 M)	– Non-Executive Director
<b>Dr. Alec A. Mizzi</b> (ID 511256 M)	– Non-Executive Director
<b>Mr. Maurice F. Mizzi</b> (ID 84036 M)	– Non-Executive Director
<b>Mr. Nazzareno Vassallo</b> (ID 19452 M)	– Non-Executive Director

The Company Secretary of the Issuer is Mr. Luke Coppini. Mr. Coppini is also the Financial Controller of the Issuer.

### 2.2 ADVISORS TO THE ISSUER

#### Legal Advisors

Mamo TCV Advocates  
Palazzo Pietro Stiges,  
90, Strait Street, Valletta, VLT 1436, Malta.

#### Sponsoring Stockbroker

Charts Investment Management Service Limited  
Valletta Waterfront, Vault 17,  
Pinto Wharf, Floriana, FRN 1913, Malta.

#### Registrar

Malta Stock Exchange p.l.c.  
Garrison Chapel,  
Castille Place, Valletta, VLT 1063, Malta.

#### Joint Managers

Bank of Valletta p.l.c.  
BOV Centre, Cannon Road,  
St. Venera, SVR 9030, Malta.

HSBC Bank Malta p.l.c.  
233, Republic Street,  
Valletta, VLT 1116, Malta.

### 2.3 STATUTORY AUDITORS AND FINANCIAL ADVISORS

PricewaterhouseCoopers  
167, Merchants Street,  
Valletta, VLT 1174, Malta.

PricewaterhouseCoopers is a firm of Certified Public Accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).

### 3. KEY INFORMATION

#### 3.1 SELECTED FINANCIAL INFORMATION

The historical information about the Issuer is available for inspection as set out under the heading “Documents Available for Inspection” in Section 10 of Part A of this Prospectus.

The most recent financial statements available for inspection are the audited financial statements of the Issuer for the financial year ended 31 December 2007. The audited financial statements of the Issuer for the financial periods ended 31 December 2006 and 31 December 2005 are also available for inspection. There were no significant changes to the financial or trading position of the Issuer since the end of the financial period ended on 31 December 2007.

Interim unaudited financial statements covering the six month period to 30 June 2008, drawn up in accordance with International Accounting Standard 34, are set out in Annex V of Part E of the Prospectus.

Extracts from the audited financial statements of the Issuer for the three financial years ended 31 December 2005 to 2007 and the forecast for the financial year ending 31 December 2008 as extracted from the accountants' report (vide Part E Annex IV) are set out below. The audited financial statements have been prepared in Maltese lira (Lm) at a fixed exchange rate, subject to rounding, of €1:Lm0.4293

#### Profit and Loss Extracts

for the years ended 31 December

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>Forecast</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Turnover	51,036	36,489	-	-
Cost of sales	(42,107)	(32,049)	-	-
<b>Gross Profit</b>	<b>8,929</b>	<b>4,440</b>	-	-
Operating income	303	334	301	227
Administrative expenses	(259)	(511)	(358)	(347)
<b>Operating profit/(loss)</b>	<b>8,973</b>	<b>4,263</b>	<b>(57)</b>	<b>(120)</b>
Interest receivable	65	45	41	45
Interest payable	(12)	(75)	-	-
Other income	178	56	51	125
Share of loss of joint venture	(520)	(494)	(151)	-
<b>Profit/(loss) before tax</b>	<b>8,684</b>	<b>3,795</b>	<b>(116)</b>	<b>50</b>
Taxation	(3,246)	(1,585)	(24)	(7)
<b>Profit/(loss) after tax</b>	<b>5,438</b>	<b>2,210</b>	<b>(140)</b>	<b>43</b>

### Balance Sheet Extracts

As at 31 December

	2008 Forecast €'000	2007 Actual €'000	2006 Actual €'000	2005 Actual €'000
Property, plant and equipment	29,779	15,920	5,540	4,449
Investment in joint venture	820	355	849	-
<b>Total non-current assets</b>	<b>30,599</b>	<b>16,275</b>	<b>6,389</b>	<b>4,449</b>
Stock - development project	168,047	155,305	155,472	123,133
Trade and other receivables	4,284	5,575	3,725	3,028
Taxation recoverable	3,767	1,611	-	4
Cash at bank and in hand	21,351	2,260	14,449	8,348
<b>Total current assets</b>	<b>197,449</b>	<b>164,751</b>	<b>173,646</b>	<b>134,513</b>
<b>Total assets</b>	<b>228,048</b>	<b>181,026</b>	<b>180,035</b>	<b>138,962</b>
Deferred taxation	1,197	610	-	-
Trade and other payables	23,820	31,210	54,896	49,733
Interest bearing borrowings	101,055	25,597	11,197	-
<b>Total non-current liabilities</b>	<b>126,072</b>	<b>57,417</b>	<b>66,093</b>	<b>49,733</b>
Current taxation	-	29	8	-
Trade and other payables	64,855	91,897	79,916	63,596
Interest bearing borrowings	-	-	6,697	4,626
<b>Total current liabilities</b>	<b>64,855</b>	<b>91,926</b>	<b>86,621</b>	<b>68,222</b>
<b>Total liabilities</b>	<b>190,927</b>	<b>149,343</b>	<b>152,714</b>	<b>117,955</b>
<b>Total equity</b>	<b>37,121</b>	<b>31,683</b>	<b>27,321</b>	<b>21,007</b>
<b>Total equity and liabilities</b>	<b>228,048</b>	<b>181,026</b>	<b>180,035</b>	<b>138,962</b>

### Cash Flow Extracts

For the years ended 31 December

	2008 Forecast €'000	2007 Actual €'000	2006 Actual €'000	2005 Actual €'000
Net cash (used in)/from operating activities	(55,226)	(11,674)	(12,230)	11,065
Net cash used in investing activities	(1,140)	(164)	(1,052)	(179)
Net cash from/(used in) financing activities	75,457	10,334	8,698	(29,069)
<b>Movements in cash and cash equivalents</b>	<b>19,091</b>	<b>(1,504)</b>	<b>(4,584)</b>	<b>(18,183)</b>
Cash and cash equivalents at the beginning of the year	2,260	3,764	8,348	26,531
<b>Cash and cash equivalents at the end of the year</b>	<b>21,351</b>	<b>2,260</b>	<b>3,764</b>	<b>8,348</b>

### 3.2 CAPITALISATION AND INDEBTEDNESS

The Issuer's consolidated capitalisation and net indebtedness is summarised below:

	31 Dec 2008 Forecast <sup>2</sup> €'000	31 Dec 2007 Audited <sup>1</sup> €'000
Non-current assets	30,599	16,275
Stock – development project	168,047	155,305
Less net working capital	(16,584)	(19,481)
Less payments on account received	(14,073)	(47,855)
<b>Total capital employed, net of working capital</b>	<b>167,989</b>	<b>104,244</b>
Due to GOM with respect to acquisition of land <sup>3</sup>		
- Tigné Point	13,389	13,382
- Manoel Island	36,578	35,225
Bank borrowings <sup>4</sup>	61,735	16,284
Private Placement Bonds <sup>5</sup>	9,320	9,320
The Bonds which are the subject of this Issue	30,000	
Less cash and bank balances	(21,351)	(2,260)
<b>Net indebtedness</b>	<b>129,671</b>	<b>71,951</b>
Deferred taxation	1,197	610
Shareholders' funds	37,121	31,683
<b>Total capital employed</b>	<b>167,989</b>	<b>104,244</b>
<b>Gearing:</b>		
<b>Net indebtedness as a proportion of total capital employed</b>	<b>77%</b>	<b>69%</b>

#### NOTES:

1. Source – the Issuer's consolidated statutory financial statements for the year ended 31 December 2007.

2. Source – the Issuer's forecasts for the year ending on 31 December 2008, which are set out in Annex IV of Part E.

3. The amounts due to GOM with respect to the acquisition of land are secured by a first ranking special privilege on the emphyteutical concession with GOM through which Midi acquired its property at Tigné Point and Manoel Island. Further details on this concession are set out in Part E Annex I of this Prospectus. This debt is also secured through a general hypothec over the Company's property.

4. The Company's bank borrowings are principally secured by general hypothecs over the Company's assets and by special hypothecs and special privileges over the Company's temporary emphyteusis, ranking after prior charges in favour of prospective purchasers in respect of advance deposits affected with the Company and after the privilege in favour of GOM in respect of the amounts outstanding attributable to the purchase of land (see note 3 above).

5. During the financial year ended 31 December 2006, Midi p.l.c. affected a Private Placement for secured bonds of €9.32 million (Lm4 million), which liability was intended to be partially redeemed in 2009 from the proceeds of a public bond issue. Arrangements have been made for a roll-over of the remaining part of the liability by means of a new private placement for a total aggregate amount of €3.95 million. For more details see section 26.2 "Status" of Part D of this Prospectus. It is intended that the balance of the outstanding amount due on the said bond amounting to €5.37 million will be settled from the proceeds of the Bond Issue that is the subject of this Prospectus.

The gearing ratio illustrated above is computed by reference to the historical cost of the Company's land, based on the price negotiated with GOM in the period 1996 to 2000, before the grant of the emphyteutical concession.

A valuation of the development project in its current state has been drawn up for the purpose of this Prospectus by an appointed expert, Prof. Alex Torpiano, and is set out in Part E Annex VI. Prof. Torpiano has valued the development project at €238 million (comprising the open market value of Tigné Point in its current state at €124 million and the open market value of the Manoel Island site at €114 million).

The Company's gearing ratio is restated below on the basis of this valuation, adjusting also for development costs incurred since 31 December 2007 and estimated for the remainder of 2008:

	31 Dec 2008 Forecast €'000	31 Dec 2007 Actual €'000
<b>Adjusted value of capital employed</b>	<b>228,982</b>	<b>165,237</b>
<b>Net indebtedness</b>	<b>129,671</b>	<b>71,951</b>
<b>Gearing:</b>		
<b>Net indebtedness as a proportion of total capital employed</b>	<b>57%</b>	<b>43%</b>

### 3.3 REASONS FOR THE BOND ISSUE AND USE OF PROCEEDS

The proceeds from the Bonds, which net of commissions and expenses are expected to amount to €29.1 million, shall be used principally to contribute towards the finalisation of the construction of Tigné Point. The sum of €5.37 million out of the said net proceeds will be used by the Issuer to repay part of the outstanding amount due under the Private Placement Bonds.

In the event that the Issuer exercises the Over-allotment Option, the proceeds thereof shall be applied for the further development of Tigné Point or for the reduction of associated borrowings.

### 3.4 RISK FACTORS

**You should carefully consider the following matters, as well as the other information contained in the Prospectus, before making any investment decision with respect to the Issuer or the Bonds. This Section contains mere highlights of the Risk Factors set out in detail in Section 11 of Part B of the Prospectus, which you are strongly advised to review, if necessary with the assistance of your own financial and other professional advisors, prior to making any investment decision with respect to the Issuer or the Bonds.**

Information contained in this Prospectus contains "forward-looking statements", which are subject to the qualifications discussed below. If any of the risks described were to materialise, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to fulfill its obligations under the Bonds to be issued.

### 3.4.1 RISKS RELATING TO THE ISSUER

The Issuer is subject to a number of risks which could have an adverse affect on its business and the business of the Group, the value of its assets and results of operations. These risks include but are not limited to those risks which are discussed below.

#### Interest Rate Risk

Parts of Tigné Point will be funded through bank borrowings, therefore the Issuer will be exposed to significant interest rate risk, particularly in the immediate years ahead, until such time as bank borrowings bearing a variable interest rate are reduced.

#### Sales and Letting

The Project is expected to generate income from the sales of residential apartments and the operation of commercial facilities. While the sales experience enjoyed by the Issuer to date has been very positive, all future plans are inherently subject to the risk of adverse unexpected events which may result, for instance, in delays in the receipt of expected future cash inflows, both from the sale of apartments and commercial leases. Material delays could impact on the Issuer's ability to settle or refinance its bond obligations. Delays would also serve to prolong the Issuer's exposure to interest rate risk.

#### Funding Risk

The Issuer has to date agreed banking facilities totalling €76,169,000 and is currently in the final stages of negotiating two syndicated bank loan facilities for a total amount of €35,000,000 (together amounting to €111,169,000), which form part of the total bank facilities amounting to €148,094,000 which will be applied, together with the proceeds of the Bonds, principally for the completion of Tigné Point. If negotiations for the above-mentioned two syndicated bank loan facilities are delayed or final agreement is not reached, the Issuer may delay some of its planned development.

The Issuer expects that other bank facilities, expected to total €36,925,000, will be raised in the course of 2010 and 2011 for the same objective, in relation to buildings that would only be commenced at that time. The situation in financial markets and adverse variances on the outcome of the development, whether related to sales, or to construction costs and timescales, or to other factors, may adversely affect the Company's ability to raise the additional banking facilities noted above and would result in delays in the completion of Tigné Point.

#### Delays

Any adverse factors associated with current works in progress, such as delays experienced in finalising apartments, and with future developments, such as the risk of unreasonable delays in concluding works, would have an adverse impact on the completion of the Project.

#### General market conditions

The health of the local property market may also be affected by a number of factors such as political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, the availability of financing and yields of alternative investments. Such factors may be expected to cause property prices to fluctuate over the life-span of the development. An increase in supply and/or a reduction in demand in the upmarket property segments in which the Issuer intends to operate could impact negatively upon capital values and income streams, both on the residential and commercial elements of the development.

#### Competition

The Issuer expects to face competition from a number of property developments which are currently underway or projected in the vicinity of Tigné Point, St. Julians and other areas. Competition in the residential property market may be expected to be affected by the quality of development and finishing standards, location and vehicular accessibility and the amenities and facilities on offer.

### Planning Permission

The risk of delays or refusals in obtaining the necessary planning permissions is a risk commonly associated with property development projects. The Project has been undertaken on the basis of an outline development permit which is attached to the Emphyteutical Deed contracted with GOM following a development brief issued by the Malta Environment and Planning Authority ("MEPA"). The Project is a long term development, with construction works planned to continue until 2015/2016. Applications for full development permits have been lodged in respect of blocks T14, T15, T16 and T17 (more details is included in Part C Section 14 under the heading "Business Overview of the Project"). No applications have as yet been lodged in respect of block T20 and, with the exception of restoration works, in respect of Manoel Island. Delays or refusals in the issuance of full development permits would have an adverse effect on the business, financial condition and profitability of the Issuer.

### Changes in Laws and Regulations

The Issuer is subject to various laws and regulations. As with any business, the Issuer is at risk in relation to changes in the laws and regulations and the timing and effects of changes in the laws and regulations to which the Group is subject, including changes in the interpretation thereof which cannot be predicted; and in relation to other factors over which the Issuer has no control such as catastrophic events, terrorist attacks and other acts of war or hostility all of which could have an adverse affect on the business, financial condition and profitability of the Issuer.

### Counter-party risks

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

### Foreign Exchange Rate Risk

The Issuer's operational revenues and costs are primarily denominated in Euro. The partial issue of the Bonds that will be denominated in Pound Sterling will therefore expose the Issuer to the risk of fluctuations in exchange rates between the Pound Sterling and the Euro. Upon the Issue of the Bonds, it is the intention of the Issuer to enter into currency swaps covering all future interests and capital payments due on any Bonds denominated in Pound Sterling, in order to mitigate this risk.

## 3.4.2 RISKS RELATING TO THE BONDS

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

### Trading and Liquidity

There is currently no trading record in respect of the Bonds as there has never been a public market for the Bonds prior to the offering contained in this Prospectus. There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Bond Issue price or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer's Bonds at any given time, which presence is dependent upon the individual decisions of investors 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. These factors include 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. 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.

#### Foreign Exchange Rate Risk

An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds and the investor's currency of reference if different.

#### Early Redemption

The Bonds are subject to redemption prior to their Redemption Date, at the option of the Issuer, between 15 December 2016 and 14 December 2018 upon giving advance notice to Bondholders.

#### Changes in Laws and Regulations

The Bonds are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of this Prospectus.

#### Prior Ranking Charges

The Bonds shall constitute the unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer, and accordingly in terms of priority shall rank subsequent to such security as indicated in Part D Section 26.2 of this Prospectus.

#### Amendments to the Terms and Conditions of the Bond Issue

The Terms and Conditions relating to the Bonds contain provisions in Part D Section 27.9 for calling meetings of Bondholders in the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bonds. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

## 4. TREND INFORMATION

There have been no material adverse changes to the prospects of the Issuer since the date of its last published financial statements.

At the date of publication of this Prospectus, the Directors consider that the Issuer will be subject to the normal risks associated with the development of property market in Malta and do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer and its business for at least the current financial year. The term of the proposed Bond Issue has been set by reference to these expectations to ensure that there is sufficient time for the generation of a constant income stream in line with the development phasing programme, to service the capital and interest repayments.

The following is a brief synopsis of the factors and trends expected in the key areas of operation of the Issuer in the foreseeable future, which are set out in detail in Section 16 of Part C of this Prospectus:

**Development Phasing Programme** - It is anticipated that the remaining works for the development of Tigné Point will be completed in the second half of 2012 to early 2013.

The factors and trends which are expected to have an impact on the key areas of operations of the Issuer may be analysed in two main stages:

The focus of the first stage, 2008 – 2010 will be on development. This period will be characterised, on the one hand, by substantial capital investment and on the other hand low income streams. Beyond 2012, the Group is expected to experience considerable growth, which will be characterised by substantial income streams. After 2012/13, mature income streams are expected both from the residential and commercial components of Tigné Point, adding to both the profitability and cash flow generation of the Issuer.

**Mixed-use development** – Once the development stage of Tigné Point is completed, the commercial elements will represent circa 53% of the total developable area of the site. The considerable amounts invested to date in the construction of the underground relief road, the provision of residential units, the public areas and extensive parking facilities are expected to lead to an increase in the economic activity within the zone and to act as a catalyst for the growth in commercial activities.

**Property market** - Midi offers an advantage due to its timing as the project is already well underway. A trend which is emerging in this segment of the property market is a preference for high quality accommodation, particularly highly finished apartments forming part of a complex offering lifestyle and comfort, which is what is targeted by the Tigné Point development.

**Development permit and high rise buildings** - Midi enjoys an outline development permit that covers the execution of all works at Tigné Point. The Issuer has to date applied for, and received, full development permits for circa 75% of the area encompassed by Tigné Point, dealing with buildings that have either been completed or that are currently under construction. Full development permits have also been applied for in respect of the next elements of Tigné Point (including the superstructure of the office block T14 and the adjacent residential block T17). No applications for full development permits have to date been lodged in respect of the later phases of Tigné Point, which are not due for commencement before 2010.

**Cost of land** - The emphyteutical concession under the Emphyteutical Deed is being made in consideration of a total premium of €92.2 million. The cash element totalling €59.6 million is divided into two components; the first component is €12.9 million already fully paid up and the second component is €46.7 million payable in instalments without interest starting in 2010 until 2023. The other elements of the emphyteutical concession are the infrastructural works and restoration works which will be incurred over the life of the Project.

**Project flexibility** - As with any other project, the Issuer shall be subject to the economic cycles and normal business risks associated with the industry in which it is involved. The Directors' confidence with respect to the Project's resilience in the face of cyclical swings in economic circumstances is in part based on the structure of the payments for the land acquisition outlined in the Emphyteutical Grant which are reflective of the extended timescale of the development (also refer to Section 16.6 Part C of this Prospectus). These include infrastructure and restoration obligations that are only triggered when Midi decides to commence a new phase within the development. They also include cash premia payable over an extended timescale. Given that Midi has already fulfilled the more onerous obligations associated with the initial phases of the Project, and has advanced significantly with the restoration of Fort Manoel, it is now well placed to phase future developments without any undue pressures being caused by land cost related financial burdens.

## 5. DIRECTORS AND EMPLOYEES

The Issuer is managed by a Board of Directors consisting of a minimum of six and a maximum of eleven members, which is entrusted with the administration and management of the Issuer.

The principal function of the Board is to establish policy for the Issuer and to appoint all executive officers and other key members of the Management. 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 transact all business of whatever nature of the Issuer not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.

**Remuneration of Directors** - The aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Company in General Meeting, and any notice convening the General Meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. Presently, none of the Directors receive remuneration.

**Employees** - As at the date of the Prospectus, the Issuer has 92 employees.

**Shareholders** – The current shareholders of the Issuer are Alf. Mizzi & Sons Ltd., Fortress Developments Limited, Middlesea Valletta Life Assurance Co. Ltd., Bank of Valletta p.l.c., Investors Limited, Gee Five Limited, Gatt Investments Limited, Polidano Brothers Limited, Vassallo Builders Group Limited, Pater Holding Company Limited, Lombard Bank Malta p.l.c., First Gemini p.l.c. and Pininfarina Extra s.r.l.

## 6. ADDITIONAL INFORMATION

### 6.1 SHARE CAPITAL

As at the date of this Prospectus, the Issuer has an authorised share capital of forty-eight million nine hundred and thirty thousand Euro (€48,930,000), divided into twenty one million (21,000,000) ordinary shares of two point three three Euro (€2.33) each and an issued share capital of twenty nine million three hundred and fifty eight thousand Euro (€29,358,000) divided into twelve million six hundred thousand (12,600,000) ordinary shares of a nominal value of two point three three Euro (€2.33) each, subscribed and fully paid up.

### 6.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum and Articles of Association of the Issuer (C 15836), described in Section 23.2 of Part C of this Prospectus, are registered with the Registry of Companies and are available for inspection during the lifetime of this Prospectus at the registered office of the Issuer and at the Registrar of Companies of the Malta Financial Services Authority.

## 7. DETAILS OF THE OFFER AND ADMISSION TO TRADING

### 7.1 THE BOND ISSUE

The Issuer is making an offering of the equivalent of €30,000,000 aggregate principal amount of Bonds which are being offered and made available to investors in any one or any combination of the two currencies. The actual amount of EUR Bonds and GBP Bonds will depend on the value of the applications received for the Bonds. Accordingly, the Issuer may issue up to a maximum of:

- (i) €30,000,000 EUR Bonds of a nominal value of €100 each Bond, issued at par and redeemable on the Redemption Date at €100 each EUR Bond unless the Issuer exercises its option to redeem all or any part of the Bonds on a Designated Optional Redemption Date; or
- (ii) £26,085,000 GBP Bonds of a nominal value of £100 each Bond, issued at par and redeemable on the Redemption Date at £100 each GBP Bond unless the Issuer exercises its option to redeem all or any part of the Bonds on a Designated Optional Redemption Date; or
- (iii) Any combination of the above provided that the aggregate principal amount of the Bonds issued shall not exceed the total value of €30,000,000. For the purpose of ascertaining the aggregate principal amount of the GBP Bond reference will be made to the Rate of Exchange.

Pursuant to the Over-allotment Option to meet applications for subscriptions, the Issuer may, at its option, increase the issue of the Bonds by the equivalent of an additional €10,000,000 up to a maximum combined aggregate principal amount of the equivalent of €40,000,000 in the event that during the Offer Period the Issuer receives applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €30,000,000.

The Bond Issue is not underwritten. In the event that the total aggregate principal amount of the Bonds amounting to €30,000,000 is not fully subscribed, no allotment of the Bonds shall be made, the applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly.

## **7.2 ADMISSION TO TRADING**

Application has been made to the Listing Authority for the Bonds to be admitted to listing on a regulated market. In addition, application has been made to the Board of Directors of the Malta Stock Exchange for the Bonds to be admitted to the Official List. The Bonds are expected to be admitted to the Official List of the Malta Stock Exchange with effect from 4 February 2009 and trading is expected to commence on 5 February 2009.

## **7.3 PLAN FOR DISTRIBUTION**

The Issuer is making an offering of Bonds to all categories of investors, subject to what is provided under the section titled "Important Information" at the beginning of this Prospectus. The Bonds will be available for subscription during the Offer Period commencing on 13 January 2009 up to and including 20 January 2009, subject to right of the Issuer to close subscription lists before such date in the case of over-subscription.

The Issuer may enter into conditional subscription agreements prior to the commencement of the Offer Period up to an amount not exceeding 40%, in aggregate of the Offering with a number of Authorised Intermediaries for the subscription of the Bonds whereby it will bind itself to allocate Bonds to such Authorised Intermediaries upon closing of subscription lists. These agreements will be subject, *inter alia*, to the admission to trading of the Bonds on the Official List of the Malta Stock Exchange.

The Terms and Conditions applicable to any Application for Bonds are set out in the Terms and Conditions of Application contained in Section 27 of Part D of this Prospectus.

During the Offer Period, Application for subscription to the Bonds may be made through any of the Authorised Intermediaries whose names are set out in Part E Annex III of this Prospectus.

## **7.4 EXPENSES OF THE BOND ISSUE**

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management, and registrar fees, a 1% selling commission, and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €900,000 or in the case of exercise of the Over-allotment Option €1,000,000 and shall be borne by the Issuer.

The overall amount of the placing commission payable to Authorised Intermediaries entering into conditional subscription agreements in terms of Section 24 of Part D will not exceed €120,000.

## 8. OFFER STATISTICS

<b>Issuer</b>	Midi p.l.c., a company registered in Malta with registration number C 15386;
<b>Issue</b>	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 7% per annum (the “EUR Bonds”) and Bonds denominated in Pound Sterling having a nominal value of £100 each which will be issued at par and shall bear interest at the rate of 7% per annum (the “GBP Bonds”);
<b>ISIN</b>	MT0000421207 for EUR Bonds or MT0000421215 for GBP Bonds;
<b>Amount</b>	The equivalent of €30,000,000 aggregate principal amount, in either or each of the EUR Bonds and GBP Bonds respectively depending on the value of the applications received for the Bonds, subject to the option to increase the issue of the Bonds by the equivalent of an additional €10,000,000 up to a maximum combined aggregate principal amount of the equivalent of €40,000,000 in the event that during the Offer Period the Issuer receives Applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €30,000,000;
<b>Form</b>	The Bonds will be issued in fully registered form, without interest coupons. If and for as long as the Bonds are admitted to listing on the Malta Stock Exchange, certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder’s entitlement will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository, or at such other equivalent securities depository;
<b>Denomination</b>	Euro (€) for the EUR Bonds or Pound Sterling (£) for the GBP Bonds;
<b>Minimum amount per subscription</b>	Minimum of €2,500 for EUR Bonds or £2,000 for GBP Bonds and integral multiples of €100 for EUR Bonds and £100 for GBP Bonds thereafter;
<b>Redemption Date</b>	15 December 2018 subject to redemption of all or part of the Bonds prior to their Redemption Date, at the option of the Issuer, as described herein;
<b>Bond Offer Price</b>	At par (€100 for each EUR Bond or £100 for each GBP Bond);
<b>Status of the Bonds</b>	The Bonds shall constitute the unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer;
<b>Listing</b>	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;

<b>Offer Period</b>	The period between 13 January 2009 and 20 January 2009 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which the Bonds are on offer;
<b>Interest</b>	Seven per cent (7%) per annum for the EUR Bonds or seven per cent (7%) per annum for the GBP Bonds;
<b>Yield</b>	The gross yield calculated on the basis of the Interest, the Bond Offer Price and the Redemption Value of the Bonds at maturity is seven per cent (7%) for the EUR Bonds or seven per cent (7%) for the GBP Bonds;
<b>Interest Payment Date(s)</b>	15 December of each year, between 2009 and the year in which the Bonds are redeemed (both years included), the first such payment to be made on 15 December 2009, provided that if any such day is not a Business Day, such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>Redemption Value</b>	At par (€100 for each EUR Bond or £100 for each GBP Bond);
<b>Designated Optional Redemption Dates</b>	The Issuer has the option to redeem all or any part of the Bonds at their nominal value on any day falling between 15 December 2016 and 14 December 2018 (both dates inclusive) by giving not less than sixty (60) days advance notice in writing to Bondholders;
<b>Joint Managers</b>	HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c.;
<b>Registrar</b>	Malta Stock Exchange p.l.c.;
<b>Sponsor</b>	Charts Investment Management Service Limited;
<b>Notices</b>	Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his/her registered address and posted;
<b>Governing Law</b>	The Bonds are governed by and shall be construed in accordance with Maltese law;
<b>Submission to Jurisdiction</b>	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

Your attention is drawn to Part D of this Prospectus for a more detailed explanation of the Terms and Conditions of the Offer.

## 9. EXPECTED TIMETABLE

<b>Application Forms available</b>	Thursday 18 December 2008
<b>Opening of Subscription Lists</b>	Tuesday 13 January 2009
<b>Closing of Subscription Lists</b>	Tuesday 20 January 2009
<b>Announcement of basis of acceptance</b>	Tuesday 27 January 2009
<b>Commencement of interest on the Bonds</b>	Tuesday 27 January 2009
<b>Expected dispatch of allotment advices and refund of unallocated monies</b>	Tuesday 3 February 2009

The Issuer reserves the right to close the Offering before Tuesday 20 January 2009 in the event of over-subscription, in which case, the subsequent events set out in the 'Expected Timetable' shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of the Prospectus the following documents shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association;
- (b) Audited Financial Statements of the Issuer for the financial year ended 31 December 2007;
- (c) Audited Financial Statements of the Issuer for the financial year ended 31 December 2006;
- (d) Audited Financial Statements of the Issuer for the financial year ended 31 December 2005;
- (e) The Emphyteutical Deed; and
- (f) All reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request which are included or referred to in this Prospectus.

## Part B: Risk Factors

### 11. RISK FACTORS

An investment in the Bonds involves certain risks. In addition to the other information contained in this Prospectus prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in this Prospectus before deciding to make an investment in the Bonds. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

#### 11.1 RISKS RELATING TO THE ISSUER

The Issuer is subject to a number of risks which could have an adverse affect on its business and the business of the Group, the value of its assets and results of operations. These risks include but are not limited to those risks which are discussed below.

The Project involves a large property development, targeted in the main at the commercial and residential markets, and in part at the tourism sector.

All development projects are subject to a number of specific risks – the risk of delays in the construction schedule; the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of sales transactions not materialising at the prices and the tempo envisaged; and the risk of sales delays resulting in liquidity strain, higher interest costs and the erosion of profitability. Any of these potential circumstances would have an adverse impact on the Project's profitability and cash flows.

The success of the Project as a whole may also be impacted by the Issuer's relationship with GOM, in terms of obligations falling upon both parties in terms of the Emphyteutical Deed.

#### Interest Rate Risk

The Bonds are being issued principally to contribute towards the finalisation of the construction of Tigné Point. Parts of Tigné Point will be funded through bank borrowings which are expected to total circa €148,094,000 (including existing bank facilities referred to below). The Issuer will therefore be exposed to significant interest rate risk, particularly in the immediate years ahead, until such time as bank borrowings bearing a variable interest rate are reduced.

#### Sales and Letting

The Project is expected to generate income from the sales of residential apartments and the operation of commercial facilities. While the sales experience enjoyed by the Issuer to date has been very positive, all future plans are inherently subject to the risk of adverse unexpected events which may result, for instance, in delays in the receipt of expected future cash inflows, both from the sale of apartments and commercial leases. Material delays could impact on the Issuer's ability to settle or refinance its Bond obligations. Delays would also serve to prolong the Issuer's exposure to interest rate risk.

#### Funding Risk

The Issuer has to date agreed banking facilities totalling €76,169,000 and is currently in the final stages of negotiating two syndicated bank loan facilities for a total amount of €35,000,000 (together amounting to €111,169,000), which form part of the total bank facilities amounting to €148,094,000 which will be applied, together with the proceeds of the Bonds, principally for the completion of Tigné Point. If negotiations for the above-mentioned two syndicated bank loan facilities are delayed or final agreement is not reached, the Issuer may delay some of its planned development.

The Issuer expects that other bank facilities, expected to total €36,925,000, will be raised in the course of 2010 and 2011 for the same objective, in relation to buildings that would only be commenced at that time. The situation in financial markets and adverse variances on the outcome of the development, whether related to sales, or to construction costs and timescales, or to other factors, may adversely affect the Company's ability to raise the additional banking facilities noted above and would result in delays in the completion of Tigné Point.

#### Delays

Any adverse factors associated with current works in progress, such as delays experienced in finalising apartments, and with future developments, such as the risk of unreasonable delays in concluding works, would have an adverse impact on the completion of the Project.

#### Business Liquidity and Economic Conditions

Overseas buyers currently account for circa 25% of residential apartments sold or committed to date. The office developments planned for Tigné Point are expected to benefit, *inter alia*, from the continued development of Malta as a financial services centre. The Issuer is accordingly affected across the span of its components by business liquidity and economic conditions both locally and overseas.

#### General Market Conditions

The health of the local property market may also be affected by a number of factors such as political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, the availability of financing and yields of alternative investments. Such factors may be expected to cause property prices to fluctuate over the life-span of the development.

Confidence in the local property market may be expected to have a beneficial effect on the value of the Issuer's assets and income streams. Conversely, an increase in supply and/or a reduction in demand in the upmarket property segments in which the Issuer intends to operate could impact negatively upon capital values and income streams, both on the residential and commercial elements of the development.

#### Competition

The Issuer expects to face competition from a number of property developments which are currently underway or projected in the vicinity of Tigné Point, St. Julians and other areas. Competition in the residential property market may be expected to be affected by the quality of development and finishing standards, location and vehicular accessibility and the amenities and facilities on offer.

#### Planning Permission

The risk of delays or refusals in obtaining the necessary planning permissions is a risk commonly associated with property development projects. The Project has been undertaken on the basis of an outline development permit which is attached to the Emphyteutical Deed contracted with GOM following a development brief issued by MEPA. It represents a long term development, divided into various phases, that is not expected to be completed before 2015/2016. Applications for full development permits have been lodged in respect of blocks T14, T15, T16 and T17 (more details is included in Part C Section 14 under the heading "Business Overview of the Project"). No applications have as yet been lodged in respect of block T20 and, with the exception of restoration works, in respect of Manoel Island. Even though there is no distinction under the Development Planning Act, (Cap. 356, Laws of Malta) between the binding validity of an "outline" and a "full development" permit in that neither type of permit can be revoked (other than on exceptional grounds such as in the case of fraud or public safety), recent events show that there may be a potential risk of re-assessment, as highlighted in Section 16.4 of Part C of this Prospectus. Delays or refusals in the issuance of full development permits would have an adverse effect on the business, financial condition and profitability of the Issuer.

### Changes in Laws and Regulations

The Issuer is subject to taxation, planning, environmental, health and safety laws and regulations, including regulations relating to planning permissions. As with any business, the Issuer is at risk in relation to changes in the laws and regulations and the timing and effects of changes in the laws and regulations to which the Group is subject, including changes in the interpretation thereof which cannot be predicted; and in relation to other factors over which the Issuer has no control such as catastrophic events, terrorist attacks and other acts of war or hostility all of which could have an adverse affect on the business, financial condition and profitability of the Issuer.

### Counter-Party Risks

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

### Foreign Exchange Rate Risk

The Issuer's operational revenues and costs are primarily denominated in Euro. The issue of the GBP Bonds will therefore expose the Issuer to the risk of fluctuations in exchange rates between the Pound Sterling and the Euro.

Upon the Issue of the Bonds, it is the intention of the Issuer to enter into currency swaps covering all future interests and capital payments due on any GBP Bonds in order to mitigate this risk.

## 11.2 RISKS RELATING TO THE BONDS

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

### Trading and Liquidity

There is currently no trading record in respect of the Bonds as there has never been a public market for the Bonds prior to the offering contained in this Prospectus. 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. There can be no assurance, however, that an active secondary market for the Bonds will develop or, if it develops, that it will continue nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Bond Offer Price or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer's Bonds at any given time, which presence is dependent upon the individual decisions of investors 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. These factors include 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. 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.

### Foreign Exchange Rate Risk

An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds and the investor's currency of reference if different.

### Early Redemption

The Bonds are subject to redemption prior to their Redemption Date, at the option of the Issuer, between 15 December 2016 and 14 December 2018 upon giving advance notice to Bondholders.

### Changes in Laws and Regulations

The Bonds are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of this Prospectus.

### Prior Ranking Charges

The Bonds shall constitute unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer, and accordingly in terms of priority shall rank subsequent to such security as indicated in Section 26.2 of Part D of this Prospectus.

Furthermore, third party interests which have or will be registered, will rank in priority to or with Bondholders against the assets of the Group for so long as such security interests remain in effect.

### Amendments to the Terms and Conditions of the Bond Issue

The Terms and Conditions relating to the Bonds contain provisions in Section 27.9 of Part D for calling meetings of Bondholders in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

### Credit Rating

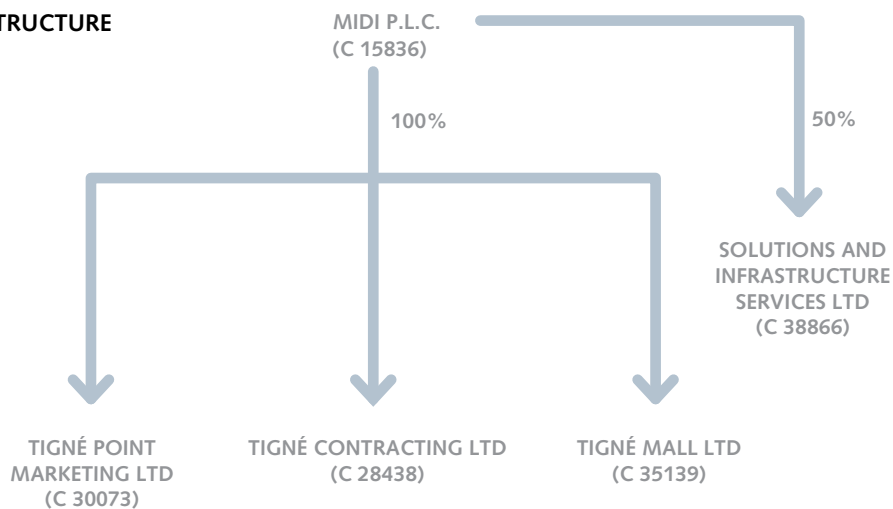
The Issuer has not sought the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

# Part C: Information Concerning The Issuer

## 12. ORGANISATIONAL STRUCTURE AND HISTORICAL DEVELOPMENT OF THE ISSUE AND THE EMPHYTEUTICAL GRANT

### 12.1 ORGANISATIONAL STRUCTURE

#### 12.1.1 MIDI GROUP STRUCTURE



#### 12.1.2 ORGANISATION OF MIDI

The Issuer is a public limited liability company incorporated under the Companies Act with an authorised share capital of forty-eight million nine hundred and thirty thousand Euro (€48,930,000), divided into twenty one million (21,000,000) ordinary shares of two point three three Euro (€2.33) each and an issued share capital of twenty nine million three hundred and fifty eight thousand Euro (€29,358,000) divided into twelve million six hundred thousand (12,600,000) ordinary shares of a nominal value of two point three three Euro (€2.33) each, subscribed and fully paid up.

#### 12.1.3 ORGANISATION OF THE GROUP

The Issuer has a number of subsidiary companies (which together with the Issuer constitute a group of companies) through which it carries on some aspects of its operations. The Group is composed of the Issuer and its wholly owned subsidiary companies: Tigné Contracting Limited, Tigné Point Marketing Limited and Tigné Mall Limited. Midi also entered into a joint venture with Siemens S.p.A. through a company known as Solutions and Infrastructure Services Limited. The Issuer's principal business is the project of development of the Emphyteutical Land comprising Tigné Point and Manoel Island.

The Issuer is not dependent upon other entities within the Group.

### **Tigné Contracting Limited**

Tigné Contracting Limited (C 28438) ("TCL") was established on 10 July 2001. It has an authorised share capital of €116,468.67 divided into 50,000 ordinary shares of €2.329373 each and an issued share capital of €23,293.73 divided into 10,000 ordinary shares of €2.329373, 20% paid up. TCL serves as the Midi's turnkey company through which almost all construction and related costs except for selling and marketing are accounted for. Most contracts with contractors are signed by this company.

### **Tigné Point Marketing Limited**

Tigné Point Marketing Limited (C 30073) ("TPML") was established on 7 August 2002. It has an authorised share capital of €116,468.67 divided into 50,000 ordinary shares of €2.329373 each and an issued share capital of €23,293.73 divided into 10,000 ordinary shares of €2.329373 each, 20% paid up. The company handles all marketing (including advertising and PR campaigns) and sales activities of Midi. It represents Midi's main point of contact with customers and is likely in future to handle all estate management activities. This company was set up in order for Midi to have its own specialised selling and marketing team.

### **Tigné Mall Limited**

Tigné Mall Limited (C 35139) ("TML") was established on 1 December 2004. It has an authorised share capital of €23,293,733.98 divided into 10,000,000 ordinary shares of €2.329373 each and an issued share capital of €23,293.73 divided into 10,000 ordinary shares of €2.329373 each, 20% paid up. TML was set up to build and operate a retail mall complex, and ancillary facilities, which are being constructed at Tigné Point.

The retail mall site and airspace currently still belong to Midi. Midi intends to grant the retail mall to TML by title of sub-emphyteusis, as permitted in the Emphyteutical Deed.

### **Solutions and Infrastructure Services Limited**

Solutions and Infrastructure Services Limited (C 38866) ("SIS") was established on 5 June 2006 and is regulated by its memorandum and articles of association and a joint venture agreement between Midi and Siemens S.p.A., each having a 50% stake. The purpose of the joint venture, inter alia, is that of supplying, installing and operating technological products, systems, solutions, plants and services related to the Project.

The authorised and issued share capital of SIS is four million Euro (€4,000,000) divided into two million (2,000,000) ordinary "A" shares of one Euro each (€1) and two million (2,000,000) ordinary "B" shares of one Euro each (€1).

## 12.2 HISTORICAL DEVELOPMENT OF THE ISSUER

### 12.2.1 GENERAL

The origins of the Issuer can be traced back to a consortium originally formed in 1992 (although its composition has in some respects changed over the years) for the purpose of submitting a proposal in response to the request for submissions made by the GOM on the basis of the Development Brief for Manoel Island and Tigné Point.

The Issuer was incorporated as a private limited liability company with the name "International Resorts Management Limited" on 31 January 1994. Pursuant to a resolution passed on 4 June 1999 and registered with the MFSA on 9 June 1999 the Company was converted into a public limited liability company, with a new memorandum and articles of association under the name it is now known as, that is, Midi p.l.c. Midi is domiciled in Malta with its registered address at North Shore, Manoel Island, limits of Gzira. The telephone number of the registered office is 2065 5500.

By virtue of a public deed in the records of Notary Dr. Vincent Miceli of the fifteenth day of June of the year two thousand (15/6/2000) (the "Emphyteutical Deed"), the Issuer acquired the Emphyteutical Land from the Government of Malta ("GOM") by title of temporary emphyteusis for a period of ninety nine (99) years which commenced on the fifteenth day of June of the year two thousand (15/6/2000). Under the same Emphyteutical Deed, Midi also acquired from the Malta Maritime Authority, for a period of ninety nine (99) years, the right to develop and operate a yacht marina on a defined area facing the south shore of Manoel Island in Ta' Xbiex Creek, limits of Gzira. The Emphyteutical Grant is central to the Company's operations and is amplified upon below.

The large scale of the Project was from the outset recognised as constituting a unique challenge. Tigné Point and Manoel Island combined will entail a total gross development of approximately 500,000 square metres, making it by far the largest development within the Maltese Islands since the building of Valletta. The composition of the Midi consortium reflects the needs of a project of this scale, and includes a number of Malta's leading business enterprises and institutions:

Alf. Mizzi & Sons Ltd.  
Fortress Developments Limited  
Middlesea Valletta Life Assurance Co. Ltd.  
Bank of Valletta p.l.c.  
Investors Limited  
Gee Five Limited  
Gatt Investments Limited  
Polidano Brothers Limited  
Vassallo Builders Group Limited  
Pater Holding Company Limited  
Lombard Bank Malta p.l.c.  
First Gemini p.l.c.  
Pininfarina Extra s.r.l.

Development operations were commenced in late 2000 following the signing of the Emphyteutical Deed.

### 12.2.2 PRINCIPAL OBJECTS OF THE ISSUER

The Issuer's principal objects are that of developing the Emphyteutical Land and to establish, promote and invest in the Project and in any other enterprise or undertaking connected thereto.

## 12.3 THE EMPHYTEUTICAL GRANT

### General

A summary of the Emphyteutical Deed, with particular reference to the legal title, obligations and charges concerning Tigné Point is contained in Annex I of Part E. Points of particular commercial significance are further elaborated upon below.

All large scale projects entail particular commercial risks not encountered in smaller scale projects. These factors were recognised both by GOM and by the Issuer when the Emphyteutical Grant was negotiated, and various measures were agreed to limit and mitigate risk while ensuring an arms' length and adequately valued transaction.

### Payment Terms

The consideration payable by the Issuer for the Emphyteutical Grant is the payment of a premium of €91,707,431 and an annual ground rent which amounts to €1,118,100 until 31 March 2025, increasing to €1,956,673 per annum from 1 April 2025 until 31 March 2050 and increasing to €2,236,198 per annum from 1 April 2050 onwards.

It was recognised during contract negotiations that the first phases of both Tigné Point and Manoel Island entail high infrastructural elements and that the scale of the two sites which comprise the Emphyteutical Land is such that the development thereof will necessitate an extended timescale. The cash elements of the premium are accordingly to be settled over a period extending to 2023, while the payment of ground rent was abated in the early years of the Project.

The GOM holds a special privilege, in terms of law, over the whole Emphyteutical Land, in respect of the outstanding balance of premium and the performance of related obligations. The payment of groundrent and the performance of the other obligations arising under the Emphyteutical Deed are also secured by the said special privilege in terms of law over the Emphyteutical Land as well as a general hypothec over the Issuer's property present and future.

The Emphyteutical Deed also provides in certain circumstances for the postponement of the special privilege which secures the outstanding premium as well as the release of the emphyteutical property from the effects of the privilege under certain terms and conditions. The Emphyteutical Deed (clause 4.3 and Schedule 10) binds GOM to reduce the value of the privilege and release parts of the Emphyteutical Land from effects of the privilege (in so far as it secures the payment of premium) upon payment of premium in cash or by carrying out of works or upon the provision by Midi of first class bank guarantees or first ranking hypothecs on property.

The payment terms (gradual payment of land) with the GOM form a key competitive strength for Midi since it may adjust the pace of development to maximise market conditions, however it must always stay within the maximum time frame for completion of the various phase areas as stipulated in the Emphyteutical Deed.

### Completion of Project and Phasing

The Emphyteutical Grant provides that the overall Project should be completed by 31 March 2023.

The two sites namely Tigné Point and Manoel Island are each divided into various phase areas. Each phase area constitutes a fairly sizeable development designed to ensure an adequate critical mass of adjacent development when completed. The Emphyteutical Deed sets out maximum construction duration periods for each phase but, with two exceptions, which are now at an advanced stage, it leaves it up to the Issuer to determine when a particular phase should be commenced. This permits the Issuer to phase the development in line with changes in market demand from time to time.

Each phase area is moreover assigned with specific premium obligations, in cash or in kind (by the carrying out of works related to that phase area), which when fulfilled enables the Issuer to release the phase area from the effects of the special privilege held by GOM in respect of the premium. It is possible for the Issuer to complete a phase area before the cash premium relating thereto has been settled. In such cases, alternative security must be provided to GOM to permit the release of the related privilege.

## **Outline Development Permit**

The Project entails the regeneration of two key, central sites, including large scale restoration and infrastructure works, and was initiated on the initiative of GOM through a Development Brief that was drawn up and issued by the Planning Authority in 1992. The defining principles set out in the Brief were amplified upon in subsequent negotiations and the results were embodied in an outline development permit issued by the Malta Environment and Planning Authority (“MEPA”) in 1999 and attached to the Emphyteutical Deed. This served to ensure that the Emphyteutical Deed clearly defined the type and volume of development that the Issuer was entitled to erect, and which it is required to complete by 2023.

The development is of a long term nature which is expected to continue, in subsequent phases, until 2015/2016. Full development permits are applied for in respect of each phase, or in respect of particular components of a phase, as the Project progresses.

The Issuer has to date applied for, and received, full development permits for circa 75% of the area encompassed by Tigné Point, dealing with buildings that have either been completed or that are currently under construction. Full development permits have also been applied for in respect of the next elements of Tigné Point (including the superstructure of the office block T14 and the adjacent residential blocks T17, together with commercial blocks T15 and T16). No applications for full development permits have to date been lodged in respect of the last phase of Tigné Point, residential block T20, which is not due for commencement before 2010.

Where Manoel Island is concerned, full development permits have been applied for, and received, in respect of the restoration of Fort Manoel. Applications have also been lodged in respect of the restoration of the Lazzaretto Buildings and the construction of a breakwater.

Full details of the status of the planning process are set out in the Architect’s Valuation Report in Part E Annex VI.

## **Transfers to Subsidiaries**

The Emphyteutical Deed contains restrictions on the transfer of undeveloped land yet it allows the Issuer, without the need of obtaining GOM consent, to transfer undeveloped land to a Subsidiary. A “Subsidiary” is defined as “a company or commercial partnership in which at least sixty per cent (60%) of the ordinary share capital and of the voting rights are held by the Issuer”. This provision, amongst other things, allows the Issuer to involve third parties as “partners” in the development of the Project. The Issuer may utilise this right particularly in the development of Manoel Island. In such an eventuality, although the land would not remain part of the assets of the Issuer, the price of the land would become an asset in the form of, for instance, equity in the Subsidiary, a right to the outstanding balance of price or cash depending on the nature and form of the transaction.

## **Simplicity vis-à-vis the Client**

To facilitate sales, and reassure buyers with respect to their legal rights in the context of a complex transaction, the Emphyteutical Deed provides pre-defined and simple formulae for calculating the ground rent due in respect of a unit within the Emphyteutical Land and the release of the special privilege for the premium in respect of any such unit.

## **Residential Accommodation**

The Emphyteutical Grant is a temporary concession with a duration of 99 years. Residential buyers are however entitled to convert the title of their property into that of perpetual emphyteusis upon payment of a sum equivalent to one year’s ground rent.

### **Phase Re-designation**

The original Phase boundaries indicated in the Emphyteutical Deed were based on the plans forming the subject-matter of the outline development permit issued by MEPA in 1999. Subsequently, Midi applied for full development permits for a number of buildings at Tigné Point. The phasing boundaries have significance in the Emphyteutical Deed e.g. in relation to the release of privileges and in defining completion time limits.

The phase boundaries defined in the Emphyteutical Deed need to be adjourned to reflect current designs as approved by MEPA. Following discussions held between Midi and the Ministry for Urban Development and Roads a draft has been produced amending the Emphyteutical Deed to deal with the matter. This draft will require Parliamentary approval in terms of the Disposal of Government Land Act (Cap. 268 of the Laws of Malta).

### **Public Infrastructure**

In terms of the Emphyteutical Deed, the Issuer is, inter alia, responsible for the construction and installation of the public infrastructure including the drainage, water, electricity and telecommunications distribution systems (referred to as "the Public Infrastructure"). On completion of each phase, the responsibility and control of the Public Infrastructure and the Public Areas comprised in that phase shall *ipso facto* pass to GOM (or to any authority, corporation, company or person designated by GOM), following which the Issuer is obliged, at the request of GOM, to appear on and sign a public deed for the purposes of vesting title in the said Public Areas and Public Infrastructure in favour of the GOM or any authority, corporation, company or person (as the case may be). There is disagreement between the Issuer and GOM regarding the "telecommunications" Public Infrastructure and what it consists of. GOM is insisting that the Issuer should deliver the physical infrastructure and the cables. There is no litigation as yet but correspondence on the matter has been exchanged.

### **Commission for Fair Trading**

By virtue of a decision dated 6 October 2008, the Commission for Fair Trading ("the Commission") confirmed the decision of the director of the Office for Fair Competition dated 20 March 2007 rejecting a complaint filed by S & D Yachts Limited alleging, inter alia, that the grant of the yacht marina concession by the Malta Maritime Authority ("MMA") to the Issuer together with the Emphyteutical Land granted by the Government to the Issuer in terms of the Emphyteutical Deed was in breach of article 5 of the Competition Act (Cap. 379 of the Laws of Malta). The original complaint dated 21 February 2006 was made by S & D Yachts Limited and alleged that their business was affected when in terms of the Emphyteutical Deed, the Issuer was given the concession of the marina and following the concession the Issuer granted the operation of the marina to a company which is involved in the yacht agency business. The Commission found that there was nothing to be censured in the operations of the company running the Manoel Island marina, and that there was no breach of the Competition Act since the structure of the company running the marina does not appear in any way to have had the object or effect of preventing, restricting or distorting the operations of S & D Yachts Ltd in an anti-competitive manner. The Commission, however, commented negatively on the right of first refusal (following the expiry of the 99 year concession) granted by virtue of article 6.4 of the Emphyteutical Deed describing it as anti-competitive.

## **13. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER**

This document includes information given in compliance with the Listing Rules of the Listing Authority for the purpose of giving information with regards to the Issuer. All of the directors, listed hereunder ("the Directors"), accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

### 13.1 DIRECTORS AND COMPANY SECRETARY

#### Directors

The current Directors of Midi are:

NAME, FUNCTION AND ID NO. OF DIRECTOR	INTEREST HELD IN THE COMPANY'S SHARES
Mr. Albert Mizzi – ID 718127M Chairman	Holds a beneficiary interest in Alf. Mizzi & Sons Ltd.
Mr. Paul Bonello – ID 589858M Non-Executive Director	Holds a beneficiary interest in Fortress Developments Limited
Mr. Tonio Depasquale – ID 944148M Non-Executive Director	Chief Executive Officer of Bank of Valletta p.l.c.
Dr. Arthur Galea Salomone – ID 299662M Non-Executive Director	Holds a beneficiary interest in Fortress Developments Limited
Mr. Joseph A. Gasan – ID 311050M Non-Executive Director	Holds a beneficiary interest in Gee Five Limited
Mr. John Mary Gatt – ID 299052M Non-Executive Director	Holds a beneficiary interest in Gatt Investments Limited
Mr. Mario C. Grech – ID 459849M Non-Executive Director	Director of Middlesea Valletta Life Assurance Co. Ltd.
Mr. Anthony Mamo – ID 587978M Non-Executive Director	Holds a beneficiary interest in Pater Holding Company Limited
Dr. Alec A. Mizzi – ID 511256M Non-Executive Director	Holds a beneficiary interest in Alf. Mizzi & Sons Ltd.
Mr. Maurice F. Mizzi – ID 84036M Non-Executive Director	Holds a beneficiary interest in Investors Limited
Mr. Nazzareno Vassallo – ID 19452M Non-Executive Director	Holds a beneficiary interest in Vassallo Builders Group Limited

The address of the Directors is the same as that of the Issuer.

#### Company Secretary

The company secretary of the Issuer is Mr. Luke Coppini, with ID 10764M of 'Agadez' 17, Triq Ic-Cirasa, Naxxar, NXR 3339. Mr. Coppini is also the Financial Controller of the Issuer.

## 13.2 ADVISORS TO THE ISSUER

### Legal Advisors

Mamo TCV Advocates  
Palazzo Pietro Stiges,  
90, Strait Street, Valletta, VLT 1436, Malta.

### Sponsoring Stockbroker

Charts Investment Management Service Limited  
Valletta Waterfront, Vault 17,  
Pinto Wharf, Floriana, FRN 1913, Malta.

### Registrar

Malta Stock Exchange p.l.c.  
Garrison Chapel, Castille Place,  
Valletta, VLT 1063, Malta.

### Joint Managers

Bank of Valletta p.l.c.  
BOV Centre, Cannon Road,  
St. Venera, SVR 9030, Malta.

HSBC Bank Malta p.l.c.  
233, Republic Street,  
Valletta, VLT 1116, Malta.

## 13.3 STATUTORY AUDITORS AND FINANCIAL ADVISORS

PricewaterhouseCoopers  
167, Merchants Street,  
Valletta, VLT 1174, Malta.

PricewaterhouseCoopers is a firm of Certified Public Accountants holding a practicing certificate to act as auditors in terms of the Accountancy Professions Act, 1979 (Cap. 281, Laws of Malta).

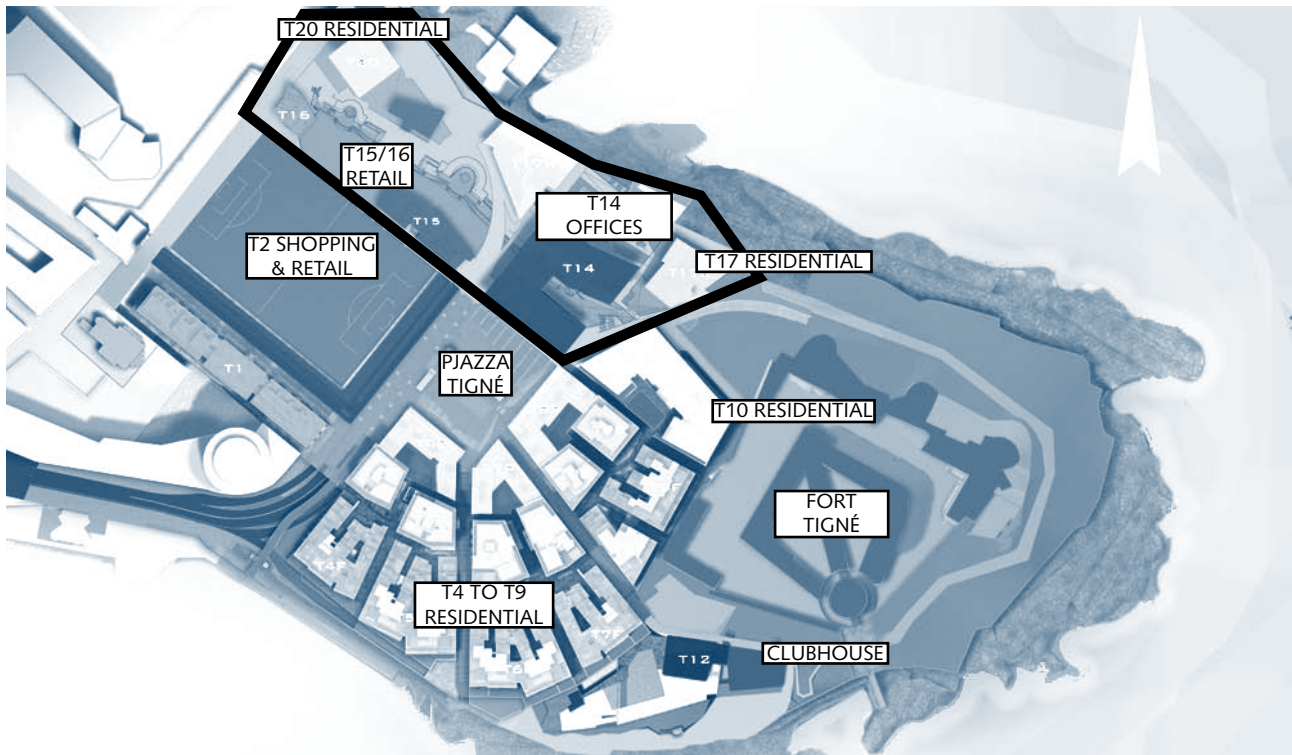
## 14. BUSINESS OVERVIEW OF THE PROJECT

### 14.1 TIGNÉ POINT

Tigné Point is a residential, commercial and leisure development located on the north-eastern coast of Malta, approximately one kilometre north of Malta's capital Valletta.

Development of Tigné Point commenced in December 2000. The development of apartments represents just over 50% of the total area. This is complemented by the office area, shopping mall, and the Pjazza Tigné - the heart of the Tigné development, comprising commercial and leisure outlets. Strong emphasis has been put on the restoration of historic sites (e.g. fort, chapel, army barracks and clock tower), which are merged into the modern architecture that characterises the site.

## SITE PLAN 1



The development will offer leisure activities such as the fitness club, squash courts, swimming pool and bars, café and restaurant. All traffic is routed underground, providing a car-free zone at ground floor level. The development has extensive green areas and public spaces.

### 14.1.1 TIGNÉ POINT PROJECT PROGRESS

Project phases currently underway are:

- mechanical, electrical works and finishes for south facing residential blocks T4 to T9, which are virtually complete, and which have been fully sold;
- construction of T10, an adjacent residential block that was launched for sale in early July 2008;
- phase two of the underground relief road, which has recently been completed;
- construction of the Clubhouse;
- restoration of Fort Tigné, which is practically complete;
- construction of the multi-storey public car park and the residential units adjacent to the Piazza;
- construction of a large shopping and retail mall referred to as T2, facing the Piazza, the civil works of which are anticipated to be completed before the end of 2009.

Developments within the zone delineated in black in the plan above are set to commence shortly. Contracts have recently been issued for the substructure of T17, a set of two residential blocks, and preparatory works are currently underway. This will be followed by the superstructure works for the T17 east and west blocks, which are expected to be fully completed by 2011. Works in relation to the office block T14 will be carried out simultaneously with the construction of T17. The tower residential block (T20), and retail blocks T15 and T16 are expected to commence construction in 2010, to be completed by 2012/2013.

### 14.1.2 TIGNÉ POINT RESIDENTIAL

Tigné Point will, when completed, contain around 420 residential apartments with a wide selection of layouts, including penthouses, duplexes and split levels.

A large portion of Tigné Point apartments are stationed on the south shore, most of which offer a seaview facing Valletta. Midi has marketed 200 apartments in blocks T4-T9, which were sold on plan, before commencement of construction, within a very short period from their launch:

- 140 apartments in blocks T4-T7, Autumn 2002. Units sold in a 3-month period at an average price of €534,000.
- 60 apartments in blocks T8-T9, Summer 2003. Units sold in a 6-month period, at rates 20-30% higher than those pertaining to the earlier blocks, at an average price of €615,000.

Total revenues derived from the apartments in blocks T4 to T9 amounted to €108.4 million. Initially, 74% of the apartments were purchased by Maltese buyers, with the remaining 26% bought by overseas clients from the UK, Norway, the US, Ireland and other countries. However, the effect of the resale market has shifted the proportion of overseas tenants further towards 35%.

After an interval of over five years focused on construction activities, the next marketing phase encompassed the 59 apartments located in block T10, which were launched in early July 2008 when their construction in shell form was at an advanced stage.

Construction of T10 is expected to be completed by 2010. T10 includes a selection of 59 one, two and three bedroom apartments, as well as luxury penthouses, with views over Valletta and the open sea, partial sea, garden and Pjazza views. These apartments will enjoy superior standards of finish as part of the basic price, reflecting market expectations.

Up to the date of this Prospectus, 36 apartments within block T10 were subject to a promise of sale agreement for a total sales value of €28.1 million. The apartments in this block have to date realised average selling prices of €780,000, ranging from €2,253 to €6,029 per square metre of internal space (excluding verandahs).

Residential units are also currently under construction overlooking the central Pjazza that will constitute the heart of Tigné Point. The units will constitute city-style loft apartments planned to accommodate one, two or three bedrooms. These units will predominantly be open plan and of double height, complementing an urban lifestyle and enhancing their views over the Pjazza.

To the north shore of Tigné Point, will lie the east and west blocks of T17. Each block is planned to be 11 floors high and to have an additional 4 floors beneath ground level for parking facilities. The units in the two buildings range from compact one bedroom seaview units in T17 west, to luxury four-bedroom penthouses in both blocks.

A full development application for T17, based on a project statement report dated January 2006, has been submitted to the Malta Environment and Planning Authority and is pending approval. Excavation works relating to Tigné North are complete and a letter of intent for the construction of the parking facilities has also been issued. Many apartments are designed with built-in flexibility giving them an option of one or two bedroom layout.

The last phase in the development of Tigné Point, which is expected to commence in 2010, will encompass a residential tower, the T20 block. T20 is currently earmarked to accommodate around 54 modestly sized apartments, ranging in area from circa 70 square metres to 185 square metres, with the exception of four large apartments comprising a net area of 200 square metres to 320 square metres each. Complementing this property are 2 car spaces per unit which will be reserved for residents within the underground parking facilities.

In total, but excluding blocks T4 to T9, which are today largely completed and paid for by buyers, the residential stock still to be completed on Tigné Point will represent a total volume of 35,938 square metres of internal saleable space finished to high quality standards, to be marketed over a period extending to circa 2015. If this stock achieves the average sales prices attained in recent weeks on block T10, excluding the impact of future price inflation, Midi would generate from its realisation total sales revenues of €156 million, which are reduced to €140 million after deducting sales commissions and provisional tax at 7%. This calculation is an approximate one, but is useful nevertheless for placing in context the Company's expectations from the Tigné Point project.

#### 14.1.3 TIGNÉ POINT COMMERCIAL

The project includes the development of a total commercial gross area of 98,594 square metres. As illustrated in the table below, 79% of the total commercial offering is located in the Pjazza retail and public car park, T2 The Point commercial centre and T14 the office block. The Clubhouse health and leisure centre, retail units in T15 and T16, the Fort and the rest of the commercial units located within the development will account for 21% of the commercial area at Tigné Point.

##### Tigné Point Commercial Areas

	Gross Area in square metres	%
T2 - The Point	33,604	34%
Pjazza - retail and public car park	19,917	20%
T14 - office block	24,602	25%
Clubhouse - health and leisure centre	6,383	7%
T15 & T16 - retail	7,327	7%
Fort - commercial	940	1%
Other commercial areas	5,821	6%
<b>Total gross commercial area</b>	<b>98,594</b>	<b>100%</b>

Construction works for The Point commenced in May 2007 and the opening is scheduled for September 2009. The Point shopping centre, zone T2, will trade over three levels and will offer commercial outlets including a department store, a supermarket and individual boutiques and specialty stores. The shopping centre will be directly accessible from the Pjazza, as well as via designated parking bays and walkways. A large proportion (62%) of the retail space available is in the final stage of negotiations.

United Department Stores Limited, which is the Maltese Islands' franchisee for the Debenhams brand, was the first retailer to sign a promise to lease agreement for the shopping centre, taking 2,800 square metres (circa 20% of net floor area) of space under a 15-year lease. This will be the first Debenhams store in Malta.

At the heart of Tigné Point will lie Pjazza Tigné, the commercial heart of Tigné Point. Pjazza Tigné will comprise approximately 11 commercial units, which will include shops, cafés and bars. Above the shops and restaurants, apartments will overlook the Pjazza and underneath the Pjazza will be an extensive public car park offering approximately 400 car spaces. To the north, the Pjazza will be bordered by an office complex. To the south and east will be low rise office buildings, to provide a visual contrast against the office block to the north. Works on the public square are well underway, with over 50% of work completed up to the Pjazza level. The Pjazza will consist of a 2,225 square metres open square bordered by boutiques, banks, offices and cafes.

The Pjazza will not only be complemented by The Point shopping mall, but also by other retail and catering units that will be spread around the apartments located on the north shore. Approximately 25 commercial units are planned for buildings T17, T20, T15 and T14.

Located on the north shore with views on the sea and the Pjazza, T14 the office block has been designed to provide clients with access via various locations at different levels and is also easily accessible from the underground car park.

The office block will be divided into two blocks encompassing 13 floors in the north wing and 9 floors in the south wing. These will in turn be connected by an atrium bridge. Offices will be located from the first floor upwards. The ground floor and an additional amount of storage space located at basement level is to be reserved for retail and/or catering. 100 car parking spaces will be reserved for the use of the office tenants on a 24/7 basis. Adjacent, underneath the Piazza are a further 500 public car spaces which will be made available for use by tenants during office hours. The full development application for the construction of the office block was submitted to the Malta Environment and Planning Authority for approval in December 2005.

#### **14.1.4 COMMUNAL FACILITIES FOR TIGNÉ POINT**

The communal facilities area is projected to span over 6,383 square metres (gross). Only 35% of this area is expected to generate revenue, while the rest will provide services to complement the residential offering at Tigné Point. The Clubhouse will provide premium health and leisure facilities including:

- a health and fitness centre of 2,035 square metres (gross);
- a restaurant and lounge bar facilities, comprising a total gross area of 1,425 square metres;
- squash courts;
- residents' outdoor and indoor swimming pools.

The Board is in the process of evaluating offers from overseas for the operation of the health and fitness centre. The operator for the catering facilities has been appointed. The leisure centre is expected to be fully operational from 2009 onwards with the completion of the clubhouse. A training ground and football nursery will be created on the roof of the shopping centre.

#### **14.1.5 TIGNÉ POINT INFRASTRUCTURE AND ONGOING MANAGEMENT**

Tigné Point is designated as an above-ground car-free zone with an extensive underground traffic distribution system at various levels. The Tigné Point car parking facilities are expected to accommodate approximately 2,300 car spaces, of which circa 1,280 will be available to the public (55%) and 1,045 for Tigné Point residents (45%). The majority of parking facilities will lie within the central and northern parts of Tigné Point. These public parking facilities are expected to have high occupancy rates due to limited availability of parking spaces in the Sliema area. Midi has contracted SIS Ltd for the provision of parking management facilities such as access control, the management of electronic notice boards and continuous monitoring.

Provision is also being made for the ongoing management of the various condominiums and for the management of the estate as a whole. Public spaces within the Project will revert to GOM following the completion of each phase, and GOM will be responsible for their subsequent maintenance, for street lighting, etc. This ensures, inter alia, that residents within the Project will be encumbered solely with the cost of maintaining areas that are restricted for their enjoyment, and all sales contracts make full provision for this.

#### **14.1.6 TIGNÉ POINT RESTORATION WORKS**

One of the key features of the Tigné Point project is the combination of modern style living alongside a restored prestigious historical setting. The main buildings that require or required restoration are:

- Fort Tigné that is almost completely restored;
- St. Luke's Garrison Chapel was restored in 2002 and is now used by Midi as a sales and marketing office;
- the Clock Tower and Barrack Blocks now fully restored;
- the Tigné Point Garden Battery was restored, despite being excluded from the obligations laid down in the Emphyteutical Deed.

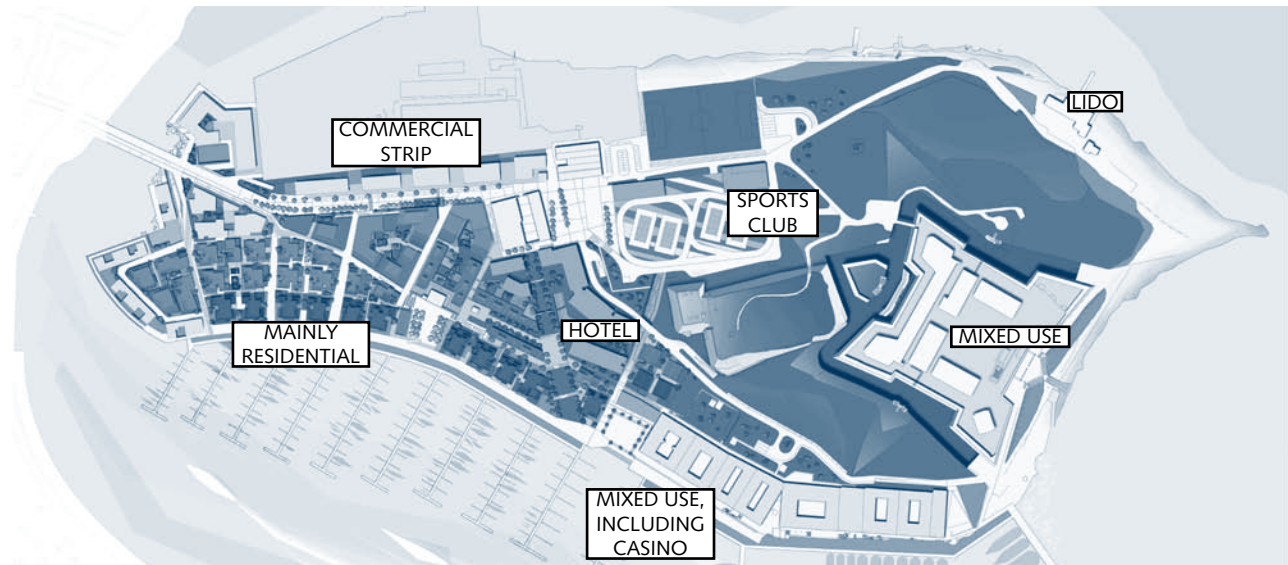
## 14.2 BRIEF OVERVIEW OF THE MANOEL ISLAND DEVELOPMENT

Manoel Island is located on the north-eastern coast of Malta, approximately one kilometre north-west of Valletta. Manoel Island covers an area of about 340,000 square metres. The island flanks one side of the Valletta peninsula and creates Sliema creek to the North and Lazzaretto creek to the South.

The island's main feature is Fort Manoel, an 18th century fortification built by the Knights of St. John. The restoration of Fort Manoel is one of the Issuer's obligations as laid down in the Emphyteutical Deed. Restoration works at Fort Manoel commenced in 2004 and are now very close to completion.

The development will be characterised by its marina village which, together with Lazzaretto and Fort Manoel, will form the major part of the development. Manoel Island is currently at design stage, with construction scheduled for 2010 – 2014.

### SITE PLAN 2



The development will have a wide variety of commercial developments and will include a casino, hotel facilities, a marina, a variety of restaurants, retail outlets, sporting facilities and parking, as summarised below:

#### Manoel Island Area Analysis

	Gross area in square metres
Residential	79,628
Commercial: Casino	4,010
Commercial: retail/catering	16,402
Commercial: ancillary	7,807
Hotel	16,229
Car parking - public	66,882
Car parking - residential	37,754
Underground - plant space	1,200
<b>Total</b>	<b>229,912</b>
No. of apartments	442
No. of parking spaces - public	1,632
No. of parking spaces - residential	787

### 14.3 PRINCIPAL MARKETS

The Issuer operates exclusively in and from Malta.

## 15. KEY INFORMATION

### 15.1 SELECTED FINANCIAL INFORMATION

Extracts from the audited financial statements of the Issuer for the three financial years ended 31 December 2005 to 2007 and the forecast for the financial year ending 31 December 2008 as extracted from the accountants' report, included in Part E Annex IV of this Prospectus, are set out below. The audited financial statements have been prepared in Maltese lira (Lm) at a fixed exchange rate, subject to rounding, of €1:Lm0.4293

#### Profit and Loss Extracts

for the years ended 31 December

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>Forecast</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Turnover	51,036	36,489	-	-
Cost of sales	(42,107)	(32,049)	-	-
<b>Gross Profit</b>	<b>8,929</b>	<b>4,440</b>	-	-
Operating income	303	334	301	227
Administrative expenses	(259)	(511)	(358)	(347)
<b>Operating profit/(loss)</b>	<b>8,973</b>	<b>4,263</b>	<b>(57)</b>	<b>(120)</b>
Interest receivable	65	45	41	45
Interest payable	(12)	(75)	-	-
Other income	178	56	51	125
Share of loss of joint venture	(520)	(494)	(151)	-
<b>Profit/(loss) before tax</b>	<b>8,684</b>	<b>3,795</b>	<b>(116)</b>	<b>50</b>
Taxation	(3,246)	(1,585)	(24)	(7)
<b>Profit/(loss) after tax</b>	<b>5,438</b>	<b>2,210</b>	<b>(140)</b>	<b>43</b>

### Balance Sheet Extracts

As at 31 December

	2008 Forecast €'000	2007 Actual €'000	2006 Actual €'000	2005 Actual €'000
Property, plant and equipment	29,779	15,920	5,540	4,449
Investment in joint venture	820	355	849	-
<b>Total non-current assets</b>	<b>30,599</b>	<b>16,275</b>	<b>6,389</b>	<b>4,449</b>
Stock - development project	168,047	155,305	155,472	123,133
Trade and other receivables	4,284	5,575	3,725	3,028
Taxation recoverable	3,767	1,611	-	4
Cash at bank and in hand	21,351	2,260	14,449	8,348
<b>Total current assets</b>	<b>197,449</b>	<b>164,751</b>	<b>173,646</b>	<b>134,513</b>
<b>Total assets</b>	<b>228,048</b>	<b>181,026</b>	<b>180,035</b>	<b>138,962</b>
Deferred taxation	1,197	610	-	-
Trade and other payables	23,820	31,210	54,896	49,733
Interest bearing borrowings	101,055	25,597	11,197	-
<b>Total non-current liabilities</b>	<b>126,072</b>	<b>57,417</b>	<b>66,093</b>	<b>49,733</b>
Current taxation	-	29	8	-
Trade and other payables	64,855	91,897	79,916	63,596
Interest bearing borrowings	-	-	6,697	4,626
<b>Total current liabilities</b>	<b>64,855</b>	<b>91,926</b>	<b>86,621</b>	<b>68,222</b>
<b>Total liabilities</b>	<b>190,927</b>	<b>149,343</b>	<b>152,714</b>	<b>117,955</b>
<b>Total equity</b>	<b>37,121</b>	<b>31,683</b>	<b>27,321</b>	<b>21,007</b>
<b>Total equity and liabilities</b>	<b>228,048</b>	<b>181,026</b>	<b>180,035</b>	<b>138,962</b>

### Cash Flow Extracts

For the years ended 31 December

	2008 Forecast €'000	2007 Actual €'000	2006 Actual €'000	2005 Actual €'000
Net cash (used in)/from operating activities	(55,226)	(11,674)	(12,230)	11,065
Net cash used in investing activities	(1,140)	(164)	(1,052)	(179)
Net cash from/(used in) financing activities	75,457	10,334	8,698	(29,069)
<b>Movements in cash and cash equivalents</b>	<b>19,091</b>	<b>(1,504)</b>	<b>(4,584)</b>	<b>(18,183)</b>
Cash and cash equivalents at the beginning of the year	2,260	3,764	8,348	26,531
<b>Cash and cash equivalents at the end of the year</b>	<b>21,351</b>	<b>2,260</b>	<b>3,764</b>	<b>8,348</b>

## 15.2 CAPITALISATION AND INDEBTEDNESS

The Issuer's consolidated capitalisation and net indebtedness is summarised below:

	31 Dec 2008 Forecast <sup>2</sup> €'000	31 Dec 2007 Audited <sup>1</sup> €'000
Non-current assets	30,599	16,275
Stock – development project	168,047	155,305
Less net working capital	(16,584)	(19,481)
Less payments on account received	(14,073)	(47,855)
<b>Total capital employed, net of working capital</b>	<b>167,989</b>	<b>104,244</b>
Due to GOM with respect to acquisition of land <sup>3</sup>		
- Tigné Point	13,389	13,382
- Manoel Island	36,578	35,225
Bank borrowings <sup>4</sup>	61,735	16,284
Private Placement Bonds <sup>5</sup>	9,320	9,320
The Bonds which are the subject of this Issue	30,000	
Less cash and bank balances	(21,351)	(2,260)
<b>Net indebtedness</b>	<b>129,671</b>	<b>71,951</b>
Deferred taxation	1,197	610
Shareholders' funds	37,121	31,683
<b>Total capital employed</b>	<b>167,989</b>	<b>104,244</b>
<b>Gearing:</b>		
<b>Net indebtedness as a proportion of total capital employed</b>	<b>77%</b>	<b>69%</b>

### NOTES:

1. Source – the Issuer's consolidated statutory financial statements for the year ended 31 December 2007.

2. Source – the Issuer's forecasts for the year ending on 31 December 2008, which are set out in Annex IV of Part E.

3. The amounts due to GOM with respect to the acquisition of land are secured by a first ranking special privilege on the emphyteutical concession with GOM through which Midi acquired its property at Tigné Point and Manoel Island. Further details on this concession are set out in Part E Annex I of this Prospectus. This debt is also secured through a general hypothec over the Company's property.

4. The Company's bank borrowings are principally secured by general hypothecs over the Company's assets and by special hypothecs and special privileges over the Company's temporary emphyteusis, ranking after prior charges in favour of prospective purchasers in respect of advance deposits affected with the Company and after the privilege in favour of GOM in respect of the amounts outstanding attributable to the purchase of land (see note 3 above).

5. During the financial year ended 31 December 2006, Midi p.l.c. affected a Private Placement for secured bonds of €9.32 million (Lm4 million), which liability was intended to be partially redeemed in 2009 from the proceeds of a public bond issue. Arrangements have been made for a roll-over of the remaining part of the liability by means of a new placement for a total aggregate amount of €3.95 million. For more details see section 26.2 "Status" of Part D of this Prospectus. It is intended that the balance of the outstanding amount due on the said bond amounting to €5.37 million will be settled from the proceeds of the Bond Issue that is the subject of this Prospectus.

The gearing ratio illustrated above is computed by reference to the historical cost of the Company's land, based on the price negotiated with GOM in the period 1996 to 2000, before the grant of the emphyteutical concession.

A valuation of the development project in its current state has been drawn up for the purpose of this Prospectus by an appointed expert, Prof. Alex Torpiano, and is set out in Part E Annex VI. Prof. Torpiano has valued the development project at €238 million (comprising the open market value of Tigné Point in its current state at €124 million and the open market value of the Manoel Island site at €114 million).

The Company's gearing ratio is restated below on the basis of this valuation, adjusting also for development costs incurred since 31 December 2007 and estimated for the remainder of 2008:

	31 Dec 2008 Forecast €'000	31 Dec 2007 Actual €'000
<b>Adjusted value of capital employed</b>	<b>228,982</b>	<b>165,237</b>
<b>Net indebtedness</b>	<b>129,671</b>	<b>71,951</b>
<b>Gearing:</b>		
<b>Net indebtedness as a proportion of total capital employed</b>	<b>57%</b>	<b>43%</b>

### 15.3 REASONS FOR THE OFFER AND USE OF PROCEEDS

The proceeds from the Bonds, which net of commissions and expenses are expected to amount to €29.1 million shall be used principally to contribute towards the finalisation of the construction of Tigné Point. The sum of €5.37 million out of the said net proceeds will be used by the Issuer to repay part of the outstanding amount due under the Private Placement Bonds.

In the event that the Issuer exercises the Over-allotment Option, the proceeds thereof shall be applied for the further development of Tigné Point or for the reduction of associated borrowings.

### 15.4 COMPLETION OF TIGNÉ POINT

The finalisation of construction works at Tigné Point is expected to entail a program of development works that will extend over a five year period to 2012/13.

As explained in the valuation report drawn up by Prof. Alex Torpiano, which is set out in Part E Annex VI, this further development is expected to result in an investment in the region of €207 million. This estimate includes all direct construction costs, making due allowance for inflation and contingencies, together with all indirect costs and overheads that are necessarily expected to be incurred to bring to fruition a large project of this nature. Excluding selling commissions that are settled from sales proceeds once these are realised, the total planned development expenditure amounts to €199.6 million.

On the basis of existing arrangements, Midi expects that this development expenditure will be funded as follows:

	€'000
From internal sources, including own funds and from proceeds from sales on plan	53,640
From loan capital to be made available by shareholders	10,000
From the proceeds of the Bond Issue, net of issue expenses and part repayment of the Private Placement Bond	23,733
From bank sources - secured for committed phases (refer analysis below)	75,323
From bank sources – projected for phases commencing in 2010	36,925
	<b>199,621</b>

At the date of approval of this Prospectus, Midi has agreed banking facilities with local commercial banks, all on a secured basis, for the following amounts and objectives:

	€'000
Construction of apartment block T10, underground relief road and other infrastructure at Tigné Point	24,458
Construction of the residential units and commercial area surrounding the Pjazza Tigné	17,703
Construction of Tigné Retail and Leisure Mall	34,008
Construction of the next phases of the Tigné Point development, including commercial offices (T14) and residential accommodation (T17) - Facilities currently in the course of finalisation	35,000
<b>Total approved facilities</b>	<b>111,169</b>
Amounts utilised at date of approving this Prospectus	35,846
<b>Bank funding currently available for the completion of works (see note below)</b>	<b>75,323</b>

**NOTE:**

In addition to the principal banking facilities noted above, the Company is currently utilising a temporary banking facility of €9.5 million which will be settled in early 2009 from the proceeds on residential blocks T8 and T9, which blocks are in their final stages of completion and of delivery to their contracted buyers.

The above facilities are intended to ensure the completion of all phases currently under construction, together with the completion of the phases intended for commencement in the foreseeable future. Terms of repayment are structured as follows:

- Loans to be settled primarily from the proceeds of the sales of residential property, account for 69% of the above facilities (€77 million). Substantial surpluses are expected to arise from the proceeds of such sales, after settling the capital and interests on the related bank loans, and the associated income tax liabilities. These surpluses will be utilised, in part, to secure the repayment of the capital and interests on the Bonds.

- Loans on commercial and retail developments are generally payable over 10 years after an initial moratorium period of circa 2 to 3 years. During the term of the Bonds, cash inflows generated from The Point are expected to be utilised, in the main, for the settlement of capital and interests on bank loans relating thereto. Cash inflows from other commercial developments including the T14 office block, the retail and catering units surrounding the Pjazza, the commercial units at the ground floor of T17 and the public car park (T11) beneath the Pjazza will be available to secure the repayment of the capital and interests on the Bonds.

Additional shareholders' funds of €10 million will also be made available to the Project by virtue of a shareholders' agreement dated 3 December 2008 ("the Shareholders' Agreement"). The Issuer's shareholders have committed themselves to make available funds (pro rata to their shareholding in the Company) up to an aggregate amount of €10 million.

The Issuer expects that other bank facilities, expected to total circa €36,925,000, will need to be put in place in the course of 2010 and 2011 in relation to the final stages of Tigné Point (blocks T15, T16 and T20 – see Part C Section 14.1.1 above), that are planned to be commenced in 2010, for completion in 2012/13.

The term of the Bonds has been set in the light of these plans, and has been designed to accommodate a margin of safety to cater for potential delays, whether these result from a slower sales take-up, from the construction schedule and/or from other factors, including the risk factors set out in Part B of this Prospectus.

## 16. TREND INFORMATION

There have been no material adverse changes to the prospects of the Issuer since the date of its last published financial statements.

At the date of publication of this Prospectus, the Directors consider that the Issuer will be subject to the normal risks associated with the development of the property market in Malta and do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer and its business for at least the current financial year. The term of the Bond Issue has been set by reference to these expectations to ensure that there is sufficient time for the generation of a constant income stream in line with the development phasing program, to service the interest payments and capital repayment.

### 16.1 DEVELOPMENT PHASING PROGRAMME

It is anticipated that the remaining works for the development of Tigné Point will span over a period of approximately 5 years. To date a significant proportion of the construction works, more specifically the preparatory works, demolition, excavation, restoration and the construction of more than 200 apartment units has been completed. On this basis, the Directors expect the Tigné Point development to be completed in the second half of 2012 to early 2013.

The factors and trends which are expected to have an impact on the key areas of operations of the Issuer may be analysed in two main stages.

The focus of the first stage, 2008 – 2010 will be on development. This period will be characterised, on the one hand, by substantial capital investment and on the other hand low income streams. Following this initial stage, beyond 2012, the Group is expected to experience considerable growth, which will be characterised by substantial income streams. After 2012/13, following practical completion of the Tigné Point development, mature income streams are expected both from the residential and commercial components of Tigné Point, adding to both the profitability and cash flow generation of the Issuer.

## 16.2 MIXED-USE DEVELOPMENT

Once the development stage of Tigné Point is completed, the commercial elements - more specifically the offices, retail and other related commercial activities - will represent circa 53% of the total developable area of the site. The Directors consider that this mix is justified as they anticipate scope for growth in commercial activities, particularly so for the office rental market. The considerable amounts invested to date in the construction of the underground relief road, the provision of residential units, the public areas and extensive parking facilities are expected to lead to an increase in the economic activity within the zone and to act as a catalyst for the growth in commercial activities.

## 16.3 PROPERTY MARKET

The Tigné Point development faces competition from other qualitative, mixed use projects which are currently underway in Malta and that will eventually offer residential units, offices and retail space. Despite the level of supply on the market, the Directors believe that there remains significant scope for growth in the high-end market segment and believe that Midi offers an advantage due to its timing as the project is already well underway. The Directors are also of the view that a trend which is emerging in this segment of the property market is a preference for high quality accommodation, particularly highly finished apartments forming part of a complex offering lifestyle and comfort. The Tigné Point development is targeted to buyers with such preferences.

## 16.4 DEVELOPMENT PERMIT AND HIGH RISE BUILDINGS

Midi enjoys an outline development permit that covers the execution of all works at Tigné Point. The Issuer has to date applied for, and received, full development permits for circa 75% of the area encompassed by Tigné Point, dealing with buildings that have either been completed or that are currently under construction. Full development permits have also been applied for in respect of the next elements of Tigné Point (including the superstructure of the office block T14 and the adjacent residential block T17). No applications for full development permits have to date been lodged in respect of the later phases of Tigné Point, which are not due for commencement before 2010.

As stated above in Section 11.1 of Part B, the Development Act (Cap. 356 of the Laws of Malta) makes no distinction between the binding validity of an "outline" and a "full development" permit in that neither type of permit may be revoked (other than on exceptional grounds such as in the case of fraud or public safety). Notwithstanding, recent events indicate a potential risk whereby an outline development permit for a project with 23 floors was subsequently re-assessed. In this particular case, MEPA suggested that the developer would present a new proposal for a building with a reduced number of floors, albeit without reducing the overall volume of the project. Similar risks may attach to other parts of the development, however these are immaterial to the overall volume of the project and are anticipated to have a minimum consequence on its commercial outcome.

MEPA's "Planning Policy on the Use and Applicability of the Floor Area Ratio" has paved the way for high-rise developments in predetermined designated areas in Malta. The Directors believe that an overview of current planning guidance and development trends in European cities in the last decade evidences the potential high-rise building developments as catalyst for investment and the regeneration of inner city areas.

## 16.5 COST OF LAND

The emphyteutical concession under the Emphyteutical Deed is being made in consideration of a total premium of €92.2 million. The cash element totalling €59.6 million is divided into two components; the first component is €12.9 million already fully paid up and the second component is €46.7 million payable in instalments without interest starting in 2010 until 2023. The other elements of the emphyteutical concession are the infrastructural works and restoration works which will be incurred over the life of the Project.

The cost of land reflects the market value of the Issuer's property as determined by the GOM and also on the basis of expert advice at the time that negotiations were being held between 1996 and 2000. The value of the Issuer's property has increased considerably since that time and the market value of Midi's properties has been assessed by independent valuers at €238 million, comprising the open market values of Tigné Point in its current state at €124 million and the open market value of the Manoel Island site at €114 million (see Part E Annex VI), compared to a current carrying amount, including construction costs to date, of €177 million.

## 16.6 PROJECT FLEXIBILITY

As with any other project, the Issuer shall be subject to the economic cycles and normal business risks associated with the industry in which it is involved. The Directors do not anticipate that these trends, uncertainties, demand commitments or events would have a material effect on the long term prospects of Midi's business.

The Directors' confidence with respect to the Project's resilience in the face of cyclical swings in economic circumstances is principally based on the structure of the payments for the land acquisition outlined in the Emphyteutical Grant which are reflective of the extended timescale of the development (also refer to Part C Section 16.5 above). These include infrastructure and restoration obligations that are only triggered when Midi decides to commence a new phase within the development. They also include cash premia payable over an extended timescale. Given that Midi has already fulfilled the more onerous obligations associated with the initial phases of the Project and has advanced significantly with the restoration of Fort Manoel, it is now well placed to phase future developments without any undue pressures being caused by land cost related financial burdens.

The Directors believe that this factor constitutes a material advantage, enhancing the flexibility with which the Project can be managed and phased to dampen the effects, if any, of economic cyclical swings.

## 17. DIRECTORS AND EMPLOYEES

### 17.1 THE BOARD OF DIRECTORS OF THE ISSUER

The Issuer is managed by a Board of Directors consisting of a minimum of six and a maximum of eleven members, which is entrusted with the administration and management of the Issuer.

The principal function of the Board is to establish policy for the Issuer and to appoint all executive officers and other key members of the management. The powers of the Directors emanate directly from the Memorandum and Articles of Association of the Issuer 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 transact all business of whatever nature of the Issuer not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.

Meetings of the Directors usually take place in Malta but may with the consent of all the Directors be held elsewhere.

#### 17.1.1 CURRICULUM VITAE OF THE DIRECTORS OF THE ISSUER

Hereunder is a brief curriculum vitae of each of the current Directors:

**i. Mr. Albert Mizzi** joined the family business Alf. Mizzi & Sons Ltd. in 1946 and was Chairman for several years. In the 1960s he was appointed Director of Medport Ltd. Albert Mizzi was instrumental in establishing some of Malta's most important parastatal companies amongst which: Air Malta, Sea Malta, Medserv, Mediterranean Insurance Brokers and Middlesea Insurance. During his business life, Albert Mizzi has built up extensive interests in trade, tourism, real estate development (both local and overseas), and industry, with involvement in diverse industrial ventures. At present he occupies the post of Chairman of Plaza Centres p.l.c., Mizzi Associated Enterprises Ltd., Kemmuna Ltd., Mellieha Bay Hotel Ltd., Consolidated Biscuit Company Ltd., Supermarkets (1960) Ltd., Joseph Arrigo Ltd. and Premium Realty Ltd. Albert Mizzi's greatest and longest-standing achievement to-date is undoubtedly Air Malta – an airline which he spearheaded in April 1973. He served as Executive Chairman of Air Malta for 19 years. In 1992 Albert Mizzi was given the task of chairing the Malta Council for Economic Development (a consultative body including employer, union and GOM representatives). Mr. Mizzi has served as non-executive Chairman of HSBC Bank Malta p.l.c. since June 1999. In 1992 he was elected Fellow of the Chartered Institute of Transport (U.K.) and in 1993 he was decorated Member of the National Order of Merit by the GOM. In 2005 he was decorated by Her Majesty the Queen and awarded the OBE, Order of the British Empire.

**ii. Mr. Paul Bonello** joined Barclays Bank International in 1974. Having successfully passed the Banking Diploma examinations, he was elected Associate of the London Institute of Bankers in 1976. He pursued the study of Accountancy and completed the UK Certified Accountants exams in 1983, of which Association he is now a Fellow. He holds the Certified Public Accountant warrant. After ten (10) years in banking, he worked for a time as Financial Controller of a group of companies with varied interests. Since 1988, he has been involved on a full-time basis in personal and corporate financial and investment consultancy. He is Managing Director of the Finco Trust Group of Companies which is a multi-disciplinary professional services organisation. He has acted as Director of Mid-Med Bank for six (6) years from 1992 to 1997 and acted as Chairman of various sub-Committees of the said bank, including a Computer Project Steering Committee, the Risk Management Committee and the Audit Committee. He has occupied the position of Director of Air Malta p.l.c. since 1999 where he also acts as Chairman of the Audit Committee. He is also a director of Marsh Management Malta Ltd., a subsidiary of Marsh & McLennan.

**iii. Mr. Tonio Depasquale** was appointed Chief Executive Officer of Bank of Valletta p.l.c. in July 2004 with overall responsibility for the conduct of the operations of the Bank and its management. He had joined the Bank in 1969 and has since held a series of senior management positions within the Group. In 1995 he was appointed General Manager of Valletta Investment Bank, which was then the corporate finance subsidiary of Bank of Valletta. He was responsible for the introduction of investment

banking and other relative services within the Group, and also spearheaded the setting up of BOV Stockbrokers Ltd in 2000. He also has considerable experience in fund management and sits on the board of Valletta Fund Management Limited, as well as two main SICAVS of the Group. He is also a Director on the Boards of Middlesea Insurance and Middlesea Valletta Life Assurance and represents the banking sector on the Board of Governors of Finance Malta. On 19 June 2007, Mr. Depasquale was re-appointed Chief Executive Officer of the BOV Group for a further period through to November 2009.

**iv. Dr. Arthur Galea Salomone LL.M., (Toronto) LL.D** is a lawyer by profession and practices commercial law at Galea Salomone & Associates with a focus on Corporate and Commercial Law, Financial Services Law, Maritime Law, Real Estate Law, Foreign Investment. He is a partner and director of the Finco Trust Group, which comprises a number of companies including licencees in terms of the Investment Services Act. Arthur Galea Salomone is Deputy Chairman of the Malta Stock Exchange, Deputy Chairman of the Malta Arbitration Centre and Director at APS Bank Ltd., where he also chairs the Risk Management Committee of the Bank. He sits on the Board of Directors of a number of companies in the insurance and affiliated insurance field including Multi Risk Benefits Limited, Propgen Insurance Limited, Central Life Limited and Rhenas Insurance Company Limited. Arthur Galea Salomone is also a lecturer and examiner in the Commercial Law department of the Faculty of Laws at the University of Malta. He has lectured widely on various aspects of Commercial and Corporate Law, including Mergers and Acquisitions, Capital Markets Regulation, Insolvency Law and Financial Services.

**v. Mr. Joseph A. Gasan** started running the family business in 1971. In the mid-1970s he initiated and directed an expansion and diversification programme which resulted in the evolvement of the Gasan Group to its present level of development. Joe Gasan is the Chairman and Chief Executive of the Gasan Group of Companies. Under his Chairmanship, the group successfully expanded its portfolio of activities; established leadership of the automotive business; captured a significant share of the Insurance market; secured a strong presence in the development of residential and commercial property and maximised business opportunities in the engineering and information and communications technology sectors. The result has been the creation of a dynamic enterprise with the necessary human and financial resources to continue to seek fresh opportunities at home and abroad. He is also the Chairman of GasanMamo Insurance Limited and Melita Cable p.l.c.

**vi. Mr. John Mary Gatt** is the Chairman of Gatt Brothers (Mosta) Limited which was formed in 1966 and is mainly engaged in the construction industry. He is also the Chairman of Gatt Investments Ltd. which is one of the shareholders in Midi p.l.c. He serves as a Director in various other companies which are presently undertaking major residential and commercial developments in Malta.

**vii. Mr. Mario C. Grech** who was formerly the Managing Director of the Mediterranean Insurance Brokers Group, Director on the Board of Mediterranean Survey Bureau, Governor of the Malta International Business Authority, Chairman of the Malta Green Card Bureau, Governor on the Board of the Malta Financial Services Centre, member of the Protection & Compensation Fund Board, Director of Plaza Centres p.l.c., Deputy President – Insurance Trade Section of the Chamber of Commerce, President – Malta Insurance Association, Executive Chairman of the Malta International Training Centre, Governor on the Board of the Malta College of Arts, Science & Technology. At present he occupies the post of Executive Chairman of Middlesea Insurance p.l.c., President of Progress Assicurazioni S.p.A., Deputy Chairman of Middlesea Valletta Life Assurance Co. Ltd., Chairman of Growth Investments Ltd., Executive Chairman of International Insurance Management Services Ltd. and Euroglobe Ltd., Director of Euromed Risk Solutions Ltd., Chairman of the Middlesea Group Investment Committee and the Group Executive Committee, Governor on the Board of the Malta Arbitration Centre, Director of Midi, Director of Tigné Mall Ltd., and of Premium Realty Ltd., Life Vice President – Chartered Insurance Institute U.K. and Council Member (as past President) of the Malta Insurance Association.

**viii. Mr. Anthony Mamo** graduated in Management and Public Policy at the University of Malta. He has been a Director with Pater Holding Company Limited and formerly held the post of Director also with TFA Auto Garage Tripoli, Libya a subsidiary company of Pater Holding Company Limited, concerned with the importation, distribution, and servicing of motor vehicles in Libya (2000 – 2002) and TFAuto S.p. Z.o.o. Czetochowa, Poland.

**ix. Dr. Alec A. Mizzi** graduated as Doctor of Laws from the University of Malta in 1979 and Master of Laws from the University of London in 1980, in which year he joined Alf. Mizzi & Sons Group. He has been Managing Director of Alf. Mizzi & Sons (Marketing) Ltd. since 1986 and became CEO of Alf. Mizzi & Sons Group in 1993. He is non-executive Director of a number of Alf. Mizzi & Sons subsidiary and associated companies, including Intercomp Ltd., Consolidated Biscuit Co Ltd., Macpherson Mediterranean Ltd., Homemate Ltd. and Aplan Ltd. Apart from being a Director in Midi p.l.c. he holds the post of Chairman in Tigné Mall Ltd and in Solutions and Infrastructure Services Ltd. Dr. Mizzi has also been appointed by the Government of Malta as non-executive Chairman of Malta Enterprise Corporation (2006-2008) and Malta Industrial Parks Ltd (2005-2008), as well as Director of Water Services Corp, Malta External Trade Corp (METCO), Malta Venture Capital p.l.c. and Grand Harbour Rehabilitation Project. He has also served as Director of HSBC Fund Management Ltd.

**x. Mr. Maurice F. Mizzi** obtained the diploma of Legal Procurator at the University of Malta. He joined the family business in 1957 and was appointed Director of a number of the Mizzi Organisation companies. Maurice held a number of chairmanships over the years including Mediterranean Film Studios (1984 - 1990) and Malta Development Corporation (1997 - 1998). He has been the Honorary Consul of Iceland since 1978. He is currently managing director of Continental Cars Ltd. and Titan International Ltd. He currently also holds the post of Director of *inter alia* Datatrak Holdings p.l.c., Datatrak Systems Limited, Datatrak Mena Ltd., Banif Bank Malta p.l.c., Sky Telecom Ltd., Mizzi Associated Enterprises Ltd., Mellieha Bay Hotel, MM2 Ltd. and Premium Realty Ltd.

**xi. Mr. Nazzareno Vassallo** is the Chairman of one of Malta's leading construction companies Vassallo Builders Group, which is made up of twenty six (26) subsidiary companies with business activities also in hotel operations, outside catering and elderly care. He was also Chairman of NOVITA Ltd. and more recently NOVITA Construction Co. Ltd., which were the two largest building consortia ever formed in Malta entrusted to build the Malta International Airport and the Malta Freeport. Nazzareno Vassallo was instrumental in the Group's new venture into elderly care through the development and operation of Malta's first purposely built home for the elderly in Mosta namely Casa Arkati. Nazzareno Vassallo was also the first Mayor of Mosta.

#### 17.1.2 REMUNERATION OF DIRECTORS

The aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Company in General Meeting, and any notice convening the General Meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

Presently, none of the Directors receive remuneration.

### **17.1.3 LOANS TO DIRECTORS**

At the date of the Prospectus, there are no loans outstanding by the Issuer to any of its Directors, or any guarantees issued for their benefit by the Issuer.

### **17.1.4 REMOVAL OF DIRECTORS**

The Company may by ordinary resolution, of which special notice has been given in accordance with the provisions of the Companies Act, remove any Director before the expiration of his period of office. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any agreement between him and the Company.

### **17.1.5 POWERS OF DIRECTORS**

By virtue of the Memorandum and Articles of Association of the Issuer, the Directors are empowered to transact all business of the Issuer which is not expressly reserved by the Memorandum and Articles of Association or by any provision contained in any law for the time being in force to be exercised by the Company in general meeting. The powers of the Directors of the Issuer are further elaborated in Section 23.2.4 of Part C below.

### **17.2 EMPLOYEES**

As at the date of the Prospectus, the Issuer has 92 employees.

## **18. MANAGEMENT STRUCTURE AND SHAREHOLDING**

### **18.1 MANAGEMENT STRUCTURE OF THE ISSUER**

The overall management of the Issuer is vested in a Board of Directors consisting of a minimum of six and a maximum of eleven Directors. In terms of the Memorandum and Articles of Association they may transact all business of whatever nature of the Company not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.

The Directors may from time to time appoint any person to the office of Chief Executive of the Company for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment. The Chief Executive may be asked to attend Board meetings or General Meetings of the Company provided that he shall have no right to vote thereat. If the person appointed to the office of Chief Executive is a director of the Company he shall be designated as Managing Director. In such case, such person shall have the right to attend and vote at Board Meetings qua director of the Company. The Directors may entrust to and confer upon a Chief Executive or Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

The Directors have appointed Albert Mizzi as Chairman and Benjamin Muscat as CEO of the Issuer. As indicated in Section 19.1 of Part C, the CEO of the Issuer, being a Director of other members of the Group, may be subject to conflicts between the potentially divergent interests of the Issuer and such members of the Group. The Issuer is not aware of any private interests or duties unrelated to the Group which may or are likely to place the CEO in conflict with any interests in, or duties towards the Issuer.

## 18.2 SHAREHOLDERS OF THE ISSUER

As at the date of this Prospectus, the following are the shareholders of the Issuer:

Names and Addresses of Shareholders	Number of Shares taken up by each Shareholder and amount paid up of such shares	Shareholder Percentage
<b>Alf. Mizzi &amp; Sons Ltd</b> C 203 Zachary House Marsa Industrial Estate Marsa	Two million two hundred sixty eight thousand (2,268,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	<b>18%</b>
<b>Fortress Developments Limited</b> C 22994 Level 5, The Mall Complex Floriana	One million eight hundred and ninety thousand (1,890,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	<b>15%</b>
<b>Middlesea Valletta Life Assurance Co. Ltd.</b> C 15722 Middle Sea House Floriana	One million six hundred and thirty eight thousand (1,638,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	<b>13%</b>
<b>Bank of Valletta p.l.c.</b> C 2833 58 Zachary Street Valletta	One million two hundred thousand (1,200,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	<b>9.52%</b>
<b>Investors Limited</b> C 26602 Ras Rihana, Triq tal-Milord Bidnija, L/O Mosta	One million and eight thousand (1,008,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	<b>8%</b>
<b>Gee Five Limited</b> C 5958 Gasan Centre Mriehel By-Pass, B-Kara	Seven hundred and ninety two thousand (792,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	<b>6.29%</b>
<b>Gatt Investments Limited</b> C 24122 Josmar House Triq id-Difiza Civili Mosta	Seven hundred and fifty six thousand (756,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	<b>6%</b>

Names and Addresses of Shareholders	Number of Shares taken up by each Shareholder and amount paid up of such shares	Shareholder Percentage
<b>Polidano Brothers Limited</b> C 8884 Hal Farrug Road Luqa	Seven hundred and fifty six thousand (756,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	6%
<b>Vassallo Builders Group Limited</b> C 2448 The Three Arches Valletta Road Mosta	Seven hundred and fifty six thousand (756,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	6%
<b>Pater Holding Company Limited</b> C 3334 U.C.I.M. Co. Buildings Birkirkara Road Birkirkara	Six hundred and thirty thousand (630,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	5%
<b>Lombard Bank Malta p.l.c.</b> C 1607 67, Republic Street Valletta	Six hundred and thirty thousand (630,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	5%
<b>First Gemini p.l.c.</b> C 368 2, Airways House High Street Sliema	One hundred and fifty thousand (150,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	1.19%
<b>Pininfarina Extra s.r.l.</b> Via Nazionale 30 10020 Cambiano Turin, Italy	One hundred twenty six thousand (126,000) ordinary shares of two point three three Euro (€2.33) each fully paid up	1%

In terms of the Memorandum and Articles of Association, the Board shall consist of a minimum of six and a maximum of eleven directors, who are appointed as follows:

(i) Any shareholder holding shares conferring not less than 9% of the total voting rights shall be entitled by letter to appoint one Director for each and every 9% of the total voting rights held by him.

(ii) Any voting rights remaining unused in the appointment procedure set out in paragraph (i) above may be aggregated by agreement between shareholders to form the required percentage.

(iii) The other Director or Directors (being not more than such number as would together with the Directors appointed by letter make more than eleven Directors) shall be elected at the Annual General Meeting. For the purposes of such election, only those voting rights remaining unused in the appointment of Directors by letter shall be used; voting shall take place on the basis that one share entitles the holder to vote for only one candidate for election; and the Chairman of the Meeting shall declare elected that candidate or candidates who obtain the greater number of votes on that basis.

(iv) If and so long as there is a shareholder who holds shares conferring more than fifty per cent (50%) but less than fifty four per cent (54%) of the total voting rights in the Company, then notwithstanding the provisions contained in the preceding paragraphs, such shareholder shall be entitled by letter to appoint six Directors but if the said shareholder exercises his right under this paragraph, the shares held by him may only be used to appoint the said six Directors in terms of this paragraph and may not be used to appoint or elect Directors as contemplated in paragraphs (i), (ii) and (iii) above.

### 18.3 SENIOR MANAGEMENT OF THE ISSUER

The Senior Management team of the Issuer consists of:

1. Mr. Ben Muscat (CEO) – joined Midi in February 2000 immediately after the Emphyteutical Deed was signed. He is a warranted accountant (FCCA) by profession and has thirty years working experience in positions covering finance, management and business development. He has occupied senior management and group director positions in companies and groups as varied as switchgear manufacturing, food processing and production, beer and soft drink production to construction, property development and hospitality based business groups. He is responsible for building the Midi organisation and for the Project's ongoing development.
2. Mr. James Vassallo (Sales and Marketing Manager) – joined in June 2002 and his main responsibilities include sales, marketing, PR functions and all launch, pricing and sales strategies. He is also involved in design planning support, client, media & estate agency relationship management and the supervision of Tigné Point Marketing Ltd. Mr. Vassallo has fifteen years of management experience in the real estate, hospitality and leisure fields. He has established a wide network of industry and media contacts both locally and overseas.
3. Mr. Luke Coppini (Financial Controller) – is the most recent addition to the management team. He holds an accountancy warrant having graduated with the Association of Chartered Certified Accountants in 1991 and appointed as Fellow in 1997. Mr. Coppini is responsible for the Finance and Administration functions at Midi. He comes with 25 years working experience having held a number of key management positions within the local automotive, beverage and building industries.
4. Mr. Edwin Borg (Business Development Manager) - joined Midi as Business Development Manager in September 2006. Prior to joining Midi, Mr. Borg worked for both state-owned and private enterprises and acquired extensive experience in varied sectors including office furniture, enterprise promotion, beverage production and even the postal service. At Midi, he is actively involved in the commercial phases of the development and is currently focusing on the retail centre and the office block at Tigné Point. He is also secretary of the Company's Advisory Board and Management Committee.

## 19. CORPORATE GOVERNANCE

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

The Board shall take such measures as are necessary in order for the Issuer to comply with the requirements of the Code to the extent that this is considered appropriate and complementary to the size, nature and operations of the Issuer.

### 19.1 CONFLICTS OF INTERESTS

Some of the Directors of the Issuer are also directors of other members of the Group. Also, the Chief Executive Officer sits, as a director, on the board of some of the subsidiary companies of the Issuer.

Given the current shareholding of Midi, and in line with expectations upon the commencement of the Company, conflicts of interest affecting board members have arisen/will arise with regards to:

1. Contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works which have been/may be entered into between Midi and the companies that its board members may represent (or

otherwise have an interest in). Material contracts under this category have been entered into by Mr. Joseph A. Gasan, Mr. Maurice F. Mizzi, Mr. John Mary Gatt, Mr. Nazzareno Vassallo and Mr. Charles Polidano;

2. Financing and insurance services which have been/may be provided to Midi by the companies that its board members may represent (or otherwise have an interest in). This category affects particularly Mr. Albert Mizzi, Mr. Tonio Depasquale and Mr. Mario C. Grech;

3. Activities, including retail projects, carried on by Midi which may compete with similar activities carried on, in the close proximity of the Project by companies which its board members may represent (or otherwise have an interest in). This category affects particularly Mr. Albert Mizzi, Dr. Alec A. Mizzi, Mr. Maurice F. Mizzi, Mr. Joseph A. Gasan and Mr. Mario C. Grech;

4. Purchases of apartments by Directors or by companies that its board members may represent (or otherwise have an interest in). All Directors or companies that they may represent (or otherwise have an interest in), excluding Mr. Tonio Depasquale and Mr. Joseph A. Gasan, have had an interest in the acquisition of 32 apartments, out of the 259 apartments which as at the date of this Prospectus were put on the market at Tigné Point, at a cost of €20.7 million as follows:

(i) Between December 2007 and May 2008, 9 sales contracts were concluded for a total consideration of €5.3 million;

(ii) Promise of sale agreements were entered into for a further 16 apartments for a total consideration of €13.5 million between December 2002 and December 2004;

(iii) Further promise of sale agreements for 7 apartments for a total consideration of €1.9 million were entered in July and August 2008.

Mr. Paul Bonello is a Managing Director of Finco Treasury Management Limited, a company that is a Category 2 Investment Services Act licence holder. In this respect, Mr. Bonello declares that neither he nor Finco Treasury Management Limited will provide any investment advice in respect of the Bonds. Mr. Paul Bonello further declares that Finco Treasury Management Limited will not trade in the Bonds except on an execution-only basis.

## **19.2 HOW THE ISSUER MANAGES CONFLICTS OF INTERESTS**

### **19.2.1 TENDERING PROCESS**

All contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works, and any other purchases are based upon the principle of competitive bidding.

The CEO negotiates with suppliers in order to ensure that the best quality goods and services are procured by Midi at the least possible price.

The Advisory Board is responsible to supervise such tendering process. In particular it is responsible for assisting and directing the CEO in negotiations with contractors, suppliers and service providers and is ultimately responsible for the award of such tenders.

### **19.2.2 DISCLOSURE OF INTEREST BY DIRECTORS**

By virtue of Article 80(1) of the Memorandum and Articles of Association, the Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of the Company. 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 material interest (Article 80(2) of the Memorandum and Articles of Association).

Article 80(6) of the Memorandum and Articles of Association states that if any question arises at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, then such question shall be referred to the Auditors and their ruling shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

Furthermore, the Issuer operates according to certain broad principles in terms of the Board of Directors' Charter, including but not limited to the following:

(i) In all cases, when participating as a Director on Midi's Board, individuals should bear in mind their statutory duties towards the Company and conduct themselves accordingly. In some instances, depending on the immediacy and extent of a conflict, it may be appropriate for them to abstain from participating in certain discussions. In many cases, it would be appropriate for the Directors not to request, or remove from the Company's premises, papers or reports which comment at a detailed level on a competing activity;

(ii) Management, in conjunction with the Advisory Board, should assist the Board in managing potential conflicts by ensuring that Board papers or reports provide all the material necessary to direct the business, while abstaining from irrelevant detail;

(iii) It will be appropriate from time to time to enter into other arrangements to govern particular situations. An example of this was the Issuer's decision to form a separate subsidiary, with its own Board, to handle the development of the retail mall.

### 19.2.3 THE AUDIT COMMITTEE

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Group.

## 20. AUDIT PRACTICES

### Audit Committee

The Audit Committee's primary purpose is to:

- (a) protect the interests of the Company's shareholders; and
- (b) assist the Directors in conducting their role effectively so that the Company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Board has set formal terms of reference of the Audit Committee that establish its composition, role and function. The Audit Committee is a committee appointed by 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.

The main role and responsibilities of the Audit Committee are:

- (a) to review procedures and assess the effectiveness of the internal control systems, including financial reporting;
- (b) to assist the Board of Directors in monitoring the integrity of the financial statements, the internal control structures, the financial reporting processes and financial policies of the Company;
- (c) to maintain communications on such matters between the Board, management, the independent auditors and (where applicable) the internal auditors;
- (d) to review the Company's internal financial control system and, unless addressed by a separate risk committee or the Board itself, risk management systems;
- (e) to monitor and review the effectiveness of the Company's internal audit function (if and when established) on a regular basis;
- (f) to make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in general meeting;

- (g)** to monitor and review the external audit functions, including the external auditor's independence, objectivity and effectiveness;
- (h)** to develop and implement policy on the engagement of the external auditor to supply non-audit services;
- (i)** to establish internal procedures and to monitor these on a regular basis;
- (j)** to establish and maintain access between the internal and external auditors of the Company and to ensure that this is open and constructive;
- (k)** to review and challenge where necessary, the actions and judgements of management, in relation to the interim (if applicable) and annual financial statements before submission to the Board, focusing particularly on:
  - (i)** critical accounting policies and practices and any changes in them;
  - (ii)** decisions requiring a major element of judgement;
  - (iii)** the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
  - (iv)** the clarity of disclosures and compliance with International Financial Reporting Standards;
  - (v)** significant adjustments resulting from the audit;
  - (vi)** compliance with stock exchange (if applicable) and other legal requirements;
  - (vii)** reviewing the Company's statement on Corporate Governance prior to endorsement by the Board;
- (l)** to gain an understanding of whether significant internal control recommendations made by internal and external auditors have been implemented by management;
- (m)** reviewing the internal audit function of the Company (if any), including its plans, activities, staffing and organisational structure;
- (n)** monitoring the statutory audit of the annual and consolidated accounts;
- (o)** discuss Company policies with respect to risk assessment and risk management, review contingent liabilities and risks that may be material to the Company; and
- (p)** to consider other matters that are within the general scope of the Committee that are referred to it by the Board of Directors.

When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements.

The Audit Committee consists of Mr. Paul Bonello, who is independent and competent in accounting and Mr. Anthony Mamo, and is chaired by Mr. Tonio Depasquale. They are all non-executive Directors.

Mr. Bonello is considered to be independent because he is free from any business, family or other relationship with the Company, the shareholder appointing him as Director, any other shareholder or the management of either, that creates a conflict of interest such as to jeopardise exercise of his judgement.

## 21. FINANCIAL INFORMATION

This document makes reference to the financial statements of the Issuer for the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007. The financial statements referred to have been audited by PricewaterhouseCoopers and copies thereof are available for inspection as set out in Section 23.5 of Part C below.

There is no significant change in the financial or trading position of the Issuer which occurred since the end of the financial period to which the audited financial statements for the year ended 31 December 2007 relate.

Interim unaudited financial statements covering the six month period to 30 June 2008, drawn up in accordance with International Accounting Standard 34, are set out in Annex V of Part E.

## 22. LITIGATION

Save for what is stated below, neither the Issuer nor any member of the Group is or has been engaged in nor, so far as the Issuer or any member of the Group is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Issuer's or the Group's financial position or profitability.

- Dr. Josette Grech noe vs. Int Med Plastering Limited and Mediterranean Building Finishes Limited (Case No. 895/2007RCP). The plaintiff in this case represents the family of Marwan Mohamed Mossa Abdelaati who lost his life while working on the Tigné Point site for Int Med Plastering Limited. The case is an employers' liability claim whereby the deceased's family are claiming damages from Int Med Plastering Limited, the deceased's employer. The employers' liability insurers of Int Med Plastering Limited have repudiated liability on the basis that the deceased was not regularly employed. Int Med Plastering Limited on their part are alleging that in terms of the relative contract of works, the Issuer was obliged to provide insurance cover for third party liability and that this would include the claim in question. Int Med Plastering Limited sent correspondence to the Issuer in this regard. The claim of Int Med Plastering Limited contained in the said correspondence is being contested by the Issuer. The Issuer is not a party to the above-mentioned court case and the amount of damages is, in any case to be liquidated by the Court.

- The Issuer has received a few legal and judicial letters from property buyers mainly relating to damages allegedly incurred by them due to alleged delays. To date, none of the pending claims were pursued in Court.

- The Issuer has received invoices and letters from the Malta Environment and Planning Authority ("MEPA") requesting payment of €4,557,206.40 as a fee for disposal of excavated material at sea. By means of a letter dated 23 October 2008 MEPA's legal advisor requested payment of the above-mentioned fee and threatened legal action in the event of failure to pay. Responses rebutting the claim were sent by the Issuer's legal advisors on 4 and 5 November 2008. The Issuer is contesting the invoices and the claim, *inter alia*, on the basis that it is time-barred and that it was not the person who disposed of the material. The Issuer, without prejudice to its contestation of the claim, also contends that any charges should ultimately be paid by the contractors who were engaged to carry out the excavation works in terms of the relative contracts of works.

## 23. ADDITIONAL INFORMATION

### 23.1 SHARE CAPITAL

As at the date of this Prospectus, the Issuer has an authorised share capital of forty eight million nine hundred and thirty thousand Euro (€48,930,000), divided into twenty one million (21,000,000) ordinary shares of two point three three Euro (€2.33) each and an issued share capital of twenty nine million three hundred and fifty eight thousand Euro (€29,358,000) divided into twelve million six hundred thousand (12,600,000) ordinary shares of a nominal value of two point three three Euro (€2.33) each, subscribed and fully paid up.

Since incorporation, the Issuer has allotted shares as detailed in the following table:

<b>Date of Allotment</b>	<b>Number of Shares<sup>1</sup></b>	<b>Shareholder</b>
Initial Share Capital, issued on 31 January 1996	400 Ordinary "A" Shares	Alf. Mizzi & Sons Ltd.
Initial Share Capital, issued on 31 January 1996	400 Ordinary "B" Shares	Gee Five Limited
Initial Share Capital, issued on 31 January 1996	400 Ordinary "C" Shares	Carmelo Caruana Co. Limited
22 February 1999	597,385 Ordinary "A" Shares	Alf. Mizzi & Sons Ltd.
22 February 1999	597,385 Ordinary "B" Shares	Gee Five Limited
22 February 1999	597,385 Ordinary "C" Shares	Hili Developments Limited <sup>4</sup>
22 February 1999	292,134 Ordinary "D" Shares	Vassallo Builders Group Limited
22 February 1999	292,134 Ordinary "E" Shares	Gatt Investments Limited
22 February 1999	292,134 Ordinary "F" Shares	Polidano Brothers Limited
22 February 1999	444,189 Ordinary "A" Shares	Alf. Mizzi & Sons Ltd.
22 February 1999	444,189 Ordinary "B" Shares	Gee Five Limited
22 February 1999	444,189 Ordinary "C" Shares	Hili Developments Limited <sup>4</sup>
22 February 1999	187,866 Ordinary "D" Shares	Vassallo Builders Group Limited
22 February 1999	187,866 Ordinary "E" Shares	Gatt Investments Limited
22 February 1999	187,866 Ordinary "F" Shares	Polidano Brothers Limited
7 October 1999	114,815 Ordinary Shares	Alf. Mizzi & Sons Ltd.
7 October 1999	114,815 Ordinary Shares	Gee Five Limited
7 October 1999	114,815 Ordinary Shares	Hili Developments Limited <sup>4</sup>
7 October 1999	480,000 Ordinary Shares	Devilhena Limited <sup>2</sup>
7 October 1999	800,000 Ordinary Shares	Valetta Investment Bank Limited <sup>3</sup>

<b>Date of Allotment</b>	<b>Number of Shares<sup>1</sup></b>	<b>Shareholder</b>
7 October 1999	800,000 Ordinary Shares	Middlesea Valletta Life Assurance Co. Ltd
7 October 1999	800,000 Ordinary Shares	Pater Holding Company Limited
7 October 1999	80,000 Ordinary Shares	Pininfarina Extra s.r.l.
16 December 1999	43,211 Ordinary Shares	Alf. Mizzi & Sons Ltd.
16 December 1999	43,211 Ordinary Shares	Gee Five Limited
16 December 1999	43,211 Ordinary Shares	Hili Developments Limited <sup>4</sup>
2 November 2000	600,000 Ordinary Shares	Alf. Mizzi & Sons Ltd.
2 November 2000	600,000 Ordinary Shares	Gee Five Limited
2 November 2000	600,000 Ordinary Shares	Hili Developments Limited <sup>4</sup>
2 November 2000	240,000 Ordinary Shares	Vassallo Builders Group Limited
2 November 2000	240,000 Ordinary Shares	Gatt Investments Limited
2 November 2000	240,000 Ordinary Shares	Polidano Brothers Limited
2 November 2000	240,000 Ordinary Shares	Devilhena Limited <sup>2</sup>
2 November 2000	400,000 Ordinary Shares	Valletta Investment Bank Limited <sup>3</sup>
2 November 2000	400,000 Ordinary Shares	Middlesea Valletta Life Assurance Co. Ltd
2 November 2000	400,000 Ordinary Shares	Pater Holding Company Limited
2 November 2000	40,000 Ordinary Shares	Pininfarina Extra s.r.l.
2 May 2002	90,000 Ordinary Shares	Alf. Mizzi & Sons Ltd.
2 May 2002	90,000 Ordinary Shares	Fortress Developments Limited
2 May 2002	150,000 Ordinary Shares	First Gemini p.l.c.
2 May 2002	60,000 Ordinary Shares	Middlesea Valletta Life Assurance Co. Ltd.
2 May 2002	60,000 Ordinary Shares	Pater Holding Company Limited
2 May 2002	36,000 Ordinary Shares	Vassallo Builders Group Limited
2 May 2002	36,000 Ordinary Shares	Polidano Brothers Limited
2 May 2002	36,000 Ordinary Shares	Devilhena Limited <sup>2</sup>
2 May 2002	36,000 Ordinary Shares	Gatt Investments Limited
2 May 2002	6,000 Ordinary Shares	Pininfarina Extra s.r.l.

<sup>1</sup> Designations given from 1996 to 1999 have now been done away with and there are no classes of shares.

<sup>2</sup> The shares are now held by Investors Limited following a division of Devilhena Limited on 8 April 2007.

<sup>3</sup> The shares are now held by Bank of Valletta p.l.c. as a result of Valletta Investment Bank Limited's merger with Bank of Valletta p.l.c. on 6 January 2001.

<sup>4</sup> Hili Developments Limited changed its name to Fortress Developments Limited on 29 March 2001.

Since incorporation, transfers of shares in Midi have taken place in the following manner:

<b>Date of Transfer</b>	<b>Number of Shares</b>	<b>Transferor</b>	<b>Transferee</b>
22 February 1999	400 Ordinary "C" Shares	Greenfoods Company Limited	Hili Developments Limited
21 January 2004	378,000 Ordinary Shares	Gee Five Limited	Alf. Mizzi & Sons Ltd.
21 January 2004	252,000 Ordinary Shares	Gee Five Limited	Devilhena Limited
21 January 2004	378,000 Ordinary Shares	Gee Five Limited	Middlesea Valletta Life Assurance Co. Ltd.
6 November 2008	630,000 Ordinary Shares	Pater Holding Company Limited	Lombard Bank Malta p.l.c.

In terms of the Memorandum and Articles of Association of the Issuer, any increase in the issued share capital of the Company may be made by ordinary resolution.

By virtue of a resolution passed at a general meeting of the Company held on 3 March 2008, the Board of Directors is authorised in terms of Article 85(2) of the Companies Act, for a period commencing from the date of the resolution and ending on 15 May 2009, to issue and allot such number of ordinary shares in the Company the nominal value of which would not, following such issue, amount to more than forty per cent (40%) of the total issued share capital of the Company.

By virtue of another resolution taken at the aforementioned meeting, the shareholders of the Company unanimously waived their respective rights of pre-emption, conferred on them by the Memorandum and Articles of Association of the Company (in particular the rights granted under articles 6 and 7 of the Articles of Association) and/or conferred on them by law (in particular the rights granted under article 88 of the Companies Act), over any new shares to be issued and allotted by the Board of Directors pursuant to the aforementioned authority granted to the Board.

## **23.2 MEMORANDUM AND ARTICLES OF ASSOCIATION**

### **23.2.1 OBJECTS**

The Issuer is registered under the Companies Act with registration number C 15836.

The principal object and purpose of the Issuer, in terms of Clause 3 of its Memorandum of Association, is that of acquiring, developing and disposing of the immovable property or rights over such immovable property consisting of land and buildings at Manoel Island and Tigné Point in Malta; and to establish, promote and invest in the Project and in any other enterprise or undertaking connected thereto. The other objects in the Objects clause (clause 3) of the Memorandum of Association are limited by reference to the Project as defined above. A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Prospectus at the registered office of the Issuer and at the Registrar of Companies of the Malta Financial Services Authority.

### **23.2.2 VOTING RIGHTS AND RESTRICTIONS**

Each ordinary share is entitled to one vote.

### 23.2.3 APPOINTMENT OF DIRECTORS

In terms of the Memorandum and Articles of Association, the Board shall consist of a minimum of six and a maximum of eleven directors, who are appointed as follows:

(i) Any shareholder holding shares conferring not less than 9% of the total voting rights shall be entitled by letter to appoint one Director for each and every 9% of the total voting rights held by him;

(ii) Any voting rights remaining unused in the appointment procedure referred to in paragraph (i) above may be aggregated by agreement between shareholders to form the required percentage;

(iii) The other Director or Directors (being not more than such number as would together with the Directors appointed by letter make more than eleven Directors) shall be elected at the Annual General Meeting. For the purposes of such election, only those voting rights remaining unused in the appointment of Directors by letter shall be used; voting shall take place on the basis that one share entitles the holder to vote for only one candidate for election; and the Chairman of the Meeting shall declare elected that candidate or candidates who obtain the greater number of votes on that basis;

(iv) If and so long as there is a shareholder who holds shares conferring more than fifty per cent (50%) but less than fifty four per cent (54%) of the total voting rights in the Company, then notwithstanding the provisions contained in the preceding paragraphs, such shareholder shall be entitled by letter to appoint six Directors but if the said shareholder exercises his right under this paragraph, the shares held by him may only be used to appoint the said six Directors in terms of this paragraph and may not be used to appoint or elect Directors as contemplated in paragraphs (i), (ii) and (iii) above.

### 23.2.4 POWERS OF DIRECTORS

In terms of Article 76 of the Memorandum and Articles of Association, the business of the Issuer shall be managed by the Directors, who may exercise all such powers of the Company as are not, by the Companies Act or by the Articles, required to be exercised by the Company in General Meeting, subject, nevertheless, to the provisions of the Articles and of the Companies Act and to such directions, being not inconsistent with any provisions of the Articles and of the Companies Act, as may be given by the Company in General Meeting: provided that no direction given by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if such direction had not been given. The general powers conferred upon the Directors by this Article shall not be deemed to be abridged or restricted by any specific power conferred upon the Directors by any other Article.

All the powers of the Issuer to borrow money are exercised by the Directors as provided for under Article 84 of the Issuer's Articles of Association – "Subject to the provisions of these Articles, the Board of Directors may exercise all the powers of the Company to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party."

A Director who is in any way, whether directly or indirectly, interested (even if such direct or indirect interest relates to the shareholder(s) who appointed him to office) in any contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors. Except in respect of certain specified matters, a Director shall not vote in respect of any contract, arrangement, transaction or any other proposal whatsoever in which he has any material interest (even if such interest relates to the shareholder(s) who appointed him to office), whether direct or indirect, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. The Company may at any time with the unanimous consent of all the shareholder(s) suspend or relax these provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

### **23.2.5 RETIREMENT OF DIRECTORS**

At each Annual General Meeting of the Company all the Directors shall retire from office. A Director retiring from office shall retain office until the dissolution of such Meeting. A retiring Director shall be eligible for re-election or re-appointment.

### **23.3 MATERIAL CONTRACTS**

Save for the Emphyteutical Deed, a summary of which is contained in Annex I of this Prospectus, the Issuer has not entered into any other material contract which is not in the ordinary course of its business.

### **23.4 STATEMENT BY EXPERTS**

Save for the Accountants' Report – Forecast for the current financial year ending 31 December 2008 (which is annexed to this Prospectus as Part E Annex IV and which may be read together with the audited financial statements of the Issuer as laid out under the heading "Documents on Display" below), and the Architect's Valuation Report set out as Part E Annex VI, this Prospectus does not contain any statement or report attributed to any person as an expert.

The Accountants' Report – Forecast for the current financial year ending 31 December 2008 and the Architect's Valuation Report dated 17 November 2008 and 20 October 2008 respectively have been included in the form and context in which they appear with the authorisation of Mr. John Zarb, partner of PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta and Prof. Alex Torpiano, of aoM Partnership of Fort Manoel Street, Manoel Island, Gzira, Malta respectively who have given and have not withdrawn their consent to its inclusion herein.

None of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that the Accountants' Report dated 17 November 2008 and the Architect's Valuation Report dated 20 October 2008 respectively have been accurately reproduced in this 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.

### **23.5 DOCUMENTS ON DISPLAY**

For the duration period of this Prospectus the following documents shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association;
- (b) Audited Financial Statements of the Issuer for the financial year ended 31 December 2007;
- (c) Audited Financial Statements of the Issuer for the financial year ended 31 December 2006;
- (d) Audited Financial Statements of the Issuer for the financial year ended 31 December 2005;
- (e) The Emphyteutical Deed; and
- (f) All reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request which are included or referred to in this Prospectus.

# Part D: Information about the Bonds

## 24. DETAILS OF THE OFFER AND ADMISSION TO TRADING

### 24.1 THE BOND ISSUE

The Issuer is making an offering of the equivalent of €30,000,000 aggregate principal amount of Bonds which are being offered and made available to investors in any one or any combination of two currencies. The actual amount of EUR Bonds and GBP Bonds will depend on the value of the applications received for the Bonds. Accordingly, the Issuer may issue up to a maximum of:

- (i) €30,000,000 EUR Bonds of a nominal value of €100 each Bond, issued at par and redeemable on the Redemption Date at €100 each EUR Bond unless the Issuer exercises its option to redeem all or any part of the Bonds on a Designated Optional Redemption Date; or
- (ii) £26,085,000 GBP Bonds of a nominal value of £100 each Bond, issued at par and redeemable on the Redemption Date at £100 each GBP Bond unless the Issuer exercises its option to redeem all or any part of the Bonds on a Designated Optional Redemption Date; or
- (iii) Any combination of the above provided that the aggregate principal amount of the Bonds issued shall not exceed the total value of €30,000,000. For the purpose of ascertaining the aggregate principal amount of the GBP Bond reference will be made to the Rate of Exchange.

Pursuant to the Over-allotment Option to meet applications for subscriptions, the Issuer may, at its option, increase the issue of the Bonds by the equivalent of an additional €10,000,000 up to a maximum combined aggregate principal amount of the equivalent of €40,000,000 in the event that during the Offer Period the Issuer receives applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €30,000,000.

The Bond issue is not underwritten. In the event that the total aggregate principal amount of the Bonds amounting to €30,000,000 is not fully subscribed, no allotment of the Bonds shall be made, the applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly.

### 24.2 DISTRIBUTION OF THE BONDS

The Bonds are open for subscription to all categories of investors, subject to what is provided under the section titled "Important Information" at the beginning of this Prospectus.

The Issuer may enter into conditional subscription agreements prior to the commencement of the Offer Period up to an amount not exceeding 40%, in aggregate of the Offering with a number of Authorised Intermediaries for the subscription of the Bonds whereby it will bind itself to allocate Bonds to such Authorised Intermediaries upon closing of subscription lists. In terms of each subscription agreement the Issuer will be conditionally bound to issue, and each Authorised Intermediary will bind itself to subscribe for, a number of Bonds, subject to the Bonds being admitted to trading on the Official List of the Malta Stock Exchange. The subscription agreements will become binding on each of the Issuer and the Authorised Intermediaries upon delivery, provided that the Authorised Intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

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.

### **24.3 ALLOCATION POLICY**

The Issuer will determine and announce the allocation policy for the allotment of the Bonds within five Business Days of the closing of subscriptions in, at least, one newspaper. It is expected that an allotment advice to Applicants will be dispatched within five Business Days of the announcement of the allocation policy.

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

### **24.4 OFFER PERIOD**

The Bonds will be available for subscription during the Offer Period commencing on 13 January 2009 up to and including 20 January 2009, subject to the right of the Issuer to close subscription lists before such date in the event of over-subscription.

The Terms and Conditions applicable to any Application for Bonds are set out in Section 28 of Part D of this Prospectus.

### **24.5 REFUNDS**

If any Application is not accepted, or is accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by the Issuer without interest by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. The Issuer will not be responsible for any loss or delay in transmission.

### **24.6 ADMISSION TO TRADING**

The Bonds are expected to be admitted to the Official List of the Malta Stock Exchange with effect from 4 February 2009 and trading is expected to commence on 5 February 2009.

### **24.7 EXPENSES OF THE ISSUE**

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management and registrar fees, a 1% selling commission, and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €900,000 or in the case of exercise of the Over-allotment Option €1,000,000, and shall be borne by the Issuer.

The overall amount of the placing commission payable to Authorised Intermediaries entering into conditional subscription agreements in terms of Section 24 of Part D will not exceed €120,000.

## 25. OFFER STATISTICS AND EXPECTED TIMETABLE

### 25.1 OFFER STATISTICS

<b>Issuer</b>	Midi p.l.c., a company registered in Malta with registration number C 15386;
<b>Issue</b>	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 7% per annum (the “EUR Bonds”) and Bonds denominated in Pound Sterling having a nominal value of £100 each which will be issued at par and shall bear interest at the rate of 7% per annum (the “GBP Bonds”);
<b>ISIN</b>	MT0000421207 for EUR Bonds or MT0000421215 for GBP Bonds;
<b>Amount</b>	The equivalent of €30,000,000 aggregate principal amount, in either or each of the EUR Bonds and GBP Bonds respectively depending on the value of the applications received for the Bonds, subject to the option to increase the issue of the Bonds by the equivalent of an additional €10,000,000 up to a maximum combined aggregate principal amount of the equivalent of €40,000,000 in the event that during the Offer Period the Issuer receives Applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €30,000,000;
<b>Form</b>	The Bonds will be issued in fully registered form, without interest coupons. If and for as long as the Bonds are admitted to listing on the Malta Stock Exchange, certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder’s entitlement will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository, or at such other equivalent securities depository;
<b>Denomination</b>	Euro (€) for the EUR Bonds or Pound Sterling (£) for the GBP Bonds;
<b>Minimum amount per subscription</b>	Minimum of €2,500 for EUR Bonds or £2,000 for GBP Bonds and integral multiples of €100 for EUR Bonds and £100 for GBP Bonds thereafter;
<b>Redemption Date</b>	15 December 2018 subject to redemption of all or part of the Bonds prior to their Redemption Date, at the option of the Issuer, as described herein;
<b>Bond Offer Price</b>	At par (€100 for each EUR Bond or £100 for each GBP Bond);
<b>Status of the Bonds</b>	The Bonds shall constitute the unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer;
<b>Listing</b>	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;

<b>Offer Period</b>	The period between 13 January 2009 and 20 January 2009 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which the Bonds are on offer;
<b>Interest</b>	Seven per cent (7%) per annum for the EUR Bonds or seven per cent (7%) per annum for the GBP Bonds;
<b>Yield</b>	The gross yield calculated on the basis of the Interest, the Bond Offer Price and the Redemption Value of the Bonds at maturity is seven per cent (7%) for the EUR Bonds or seven per cent (7%) for the GBP Bonds;
<b>Interest Payment Date(s)</b>	15 December of each year, between 2009 and the year in which the Bonds are redeemed (both years included), the first such payment to be made on 15 December 2009, provided that if any such day is not a Business Day, such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>Redemption Value</b>	At par (€100 for each EUR Bond or £100 for each GBP Bond);
<b>Designated Optional Redemption Dates</b>	The Issuer has the option to redeem all or any part of the Bonds at their nominal value on any day falling between 15 December 2016 and 14 December 2018 (both dates inclusive) by giving not less than sixty (60) days advance notice in writing to Bondholders;
<b>Joint Managers</b>	HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c.;
<b>Registrar</b>	Malta Stock Exchange p.l.c.;
<b>Sponsor</b>	Charts Investment Management Service Limited;
<b>Notices</b>	Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service, it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his/her registered address and posted;
<b>Governing Law</b>	The Bonds are governed by and shall be construed in accordance with Maltese law;
<b>Submission to Jurisdiction</b>	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

## 25.2 EXPECTED TIME-TABLE OF PRINCIPAL EVENTS

<b>Application Forms available</b>	Thursday 18 December 2008
<b>Opening of Subscription Lists</b>	Tuesday 13 January 2009
<b>Closing of Subscription Lists</b>	Tuesday 20 January 2009
<b>Announcement of basis of acceptance</b>	Tuesday 27 January 2009
<b>Commencement of interest on the Bonds</b>	Tuesday 27 January 2009
<b>Expected dispatch of allotment advices and refund of unallocated monies</b>	Tuesday 3 February 2009

The Issuer reserves the right to close the Offering before Tuesday 20 January 2009 in the event of over-subscription, in which case, the remaining events set out in the "Expected Time-table of Principal Events" shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said principal events.

## 26. INFORMATION CONCERNING THE SECURITIES

### 26.1 DESCRIPTION AND TYPE OF SECURITIES

Once issued, the Bonds shall constitute the debt obligations of the Issuer that bind the Issuer to pay to Bondholders interest on each Interest Payment Date and the nominal value of the Bonds on the Redemption Date or a Designated Optional Redemption Date, as the case may be. The Bonds shall be issued at a nominal value of €100 for each EUR Bond or £100 for each GBP Bond.

The Bonds have been created in terms of the Companies Act. The Bonds will be issued in dematerialised form, and following admission of the Bonds to the Official List of the Malta Stock Exchange, the Bonds shall be held in book-entry form by the Central Securities Depository of the Malta Stock Exchange.

Subject to the admission to listing of the Bonds to the Official List of the Malta Stock Exchange, the Bonds are expected to be assigned the following ISIN code: MT0000421207 for the EUR Bonds and MT0000421215 for the GBP Bonds.

### 26.2 STATUS

The Bonds shall constitute the unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer, and accordingly rank after the securities listed hereunder.

In terms of article 1995 of the Civil Code (Chapter 16 of the Laws of Malta), the property of a debtor is the common guarantee of his creditors, all of whom have an equal right over such property, unless there exist between them lawful causes of preference. Privileges and hypothecs are lawful causes of preference. Accordingly, any debts which are secured by privileges and hypothecs, whether existing now or which may come to existence in the future would rank prior to indebtedness arising under the Bonds.

The following sets out:

- i) a summary of the registered privileges and hypothecs in respect of which the Issuer is the debtor which resulted from searches which were carried out up to 19 October 2008; and
- ii) a description of the causes of preference/security which will be granted by the Issuer in the near future in respect of indebtedness which is currently being negotiated.

The indebtedness being created by the Bonds ranks after all these debts and, in addition, would also rank after any future debts which may be secured by a cause of preference such as a privilege and a hypothec.

**i) Summary of existing registered privileges and hypothecs resulting from searches carried out up to 19 October 2008:**

<b>CREDITOR</b>	GOM
<b>CAUSE OF PREFERENCE</b>	Special Privilege over the whole of Tigné Point and Manoel Island and a General Hypothec (only for the groundrent).
<b>OBLIGATION</b>	<p>Balance of premium €91,707,431 (Lm39,370,000) and groundrent per annum of €1,118,100 (Lm480,000) until 30 March 2025; €1,956,673 (Lm840,000) from 1 April 2025 until 30 March 2050; and €2,236,198 (Lm960,000) onwards.</p> <p>By virtue of a deed in the Records of Notary Vincent Miceli of 22 December 2006 the GOM has agreed that the premium has been reduced and the outstanding balance is of €78,732,821 (Lm33,800,000) and GOM has waived its hypothecary rights arising from the above note in relation to the residential blocks known as Blocks T4 and T5 (Vol.r.472/07).</p> <p>By virtue of another deed in the Records of Notary Vincent Miceli of 24 October 2007 the GOM has agreed that the premium has been reduced and the outstanding balance is of €75,331,936 (Lm32,340,000) and GOM has waived its hypothecary rights arising from the above note in relation to the residential blocks known as Blocks T6 and T7 (Vol.r. 9144/07).</p>
<b>REGISTRATION</b>	9973/2000 of 10 July 2000.

<b>CREDITOR</b>	Bank of Valletta p.l.c.
<b>CAUSE OF PREFERENCE</b>	Special Hypothec over the whole of Tigné Point and Manoel Island and General Hypothec - by a deed dated 20 June 2005 (R4683/2005) creditor waived its privileged and hypothecary rights arising from the above note in relation to all the property except in respect of the residential blocks known as T8 and T9 and by virtue of another deed dated 27 November 2007 (R10484/2007) the creditor also waived its hypothecary rights on Blocks T6F, T6B, T7F and T7B already incorporated in note R.4683/05.
<b>OBLIGATION</b>	Overdraft of €232,937 (Lm100,000).
<b>REGISTRATION</b>	4254/2001 of 22 March 2001.

<b>CREDITOR</b>	Bank of Valletta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec and Special Hypothec (excluding the blocks of apartments referred to as Blocks T4, T5, T6, T7, T8, T9, and T10 at Tigné Point, Sliema) over Pjazza Tigné (T11) with its underlying garage spaces and the peripheral apartment blocks commonly referred to as T4P, T7P and T9P for €1,863,499 (Lm800,000).
<b>OBLIGATION</b>	Extension of overdraft amounting to €1,863,499 (Lm800,000). Total facility of €2,096,436.06 (Lm900,000). This note ranks <i>pari passu</i> with note no.21888/06.
<b>REGISTRATION</b>	20642/2006 of 8 November 2006.

<b>CREDITOR</b>	Bank of Valletta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec (excluding the blocks of apartments referred to as Blocks T4, T5, T6, T7, T8, T9, and T10 at Tigné Point, Sliema) and Special Hypothec and Special Privilege over Pjazza Tigné (T11) with its underlying garage spaces and the peripheral apartment blocks commonly referred to as T4P, T7P and T9P for €17,703,238 (Lm7,600,000).
<b>OBLIGATION</b>	Loan of €17,703,238 (Lm7,600,000). This note ranks <i>pari passu</i> with note no. 21888/06.
<b>REGISTRATION</b>	20643/2006 of 8 November 2006.

<b>CREDITOR</b>	HSBC Bank Malta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec (excluding the blocks of apartments referred to as Blocks T4, T5, T6, T7, T8 and T9, Pjazza Tigné (T11) and its underground parking and peripheral apartments k/a T4P, T7P and T9P and underlying car park of Block T1, Retail Mall [T2] and Block T17 at Tigné Sliema) and Special Hypothec and Special Privilege over Block T10. The General Hypothec and Special Hypothec for €24,458,421 (Lm10,500,000) and the Special Privilege for €16,305,614 (Lm7,000,000). Also, a Special Hypothec for €24,458,421 (Lm10,500,000) over Block T17W and T17E by a deed dated 24 September 2007 (R9391/2007) the creditor postponed its privileged and hypothecary rights arising from the above note in relation to Block T17W and T17E in favour of the privileged and hypothecary rights arising from note of hypothec number 18674/2007 as corrected by note 18709/2007 registered in favour of Bank of Valletta p.l.c., which rights were postponed limitedly to the amount of €34,008,851.61 (Lm14,600,000).
<b>OBLIGATION</b>	Loan of €24,458,421 (Lm10,500,000). This note ranks <i>pari passu</i> with notes no.20642/06 and 20643/06.
<b>REGISTRATION</b>	21888/2006 of 23 November 2006.

<b>CREDITOR</b>	Various purchasers on promise of sale agreements in respect of apartments in the residential blocks known as T4, T5, T6, T7, T8 and T9 or their lending banks.
<b>CAUSE OF PREFERENCE</b>	Special Hypothecs on the various apartments and garages which are the subject of the particular promise of sale agreement – HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c. waived their hypothecary and privileged rights (above outlined) in favour of the said Special Hypothecs.
<b>OBLIGATION</b>	The progress payments which are paid on account of the purchase price and which are refundable if the final deed of sale is not signed.
<b>REGISTRATION</b>	Various.

<b>CREDITOR</b>	HSBC Bank Malta p.l.c. as Security Trustee
<b>CAUSE OF PREFERENCE</b>	<p>General Hypothec over all of Midi's property present and future (excluding the blocks of apartments referred to as Blocks T4, T5, T6, T7, T8 and T9, the areas consisting of underground parking underlying Block T1, and the sites which are as yet undeveloped or in the process of development which are commonly referred to as the Pjazza Tigné (Block T11) including the space underlying it to consist of underground parking as well as the blocks of apartments to be constructed on its periphery known as Blocks T4P, T7P and T9P, the Retail Mall (Block T2) and Block T17 which blocks and sites are contiguous to each other situate at Tigné Point, Sliema and are without an official number or name) and Special Hypothec over the immovable property consisting of the temporary <i>utile dominium</i> for a period of ninety nine (99) years reckoned from the fifteenth day of June of the year two thousand (15/6/2000) granted by the Emphyteutical Deed of (a) a portion of land at Manoel Island, limits of Gzira, partly occupied by land and having an area of approximately forty eight thousand two hundred and ninety five square metres (48,295m<sup>2</sup>) including the structures thereon and any improvements to be erected thereon, without number, and bounded on the North by the foreshore, and on the South-East and North-East by other property granted by title of temporary emphyteusis to the Issuer by virtue of the Emphyteutical Deed and partly occupied by the sea having an area of approximately sixty seven thousand four hundred and sixty two square metres (67,462m<sup>2</sup>) and bounded on the North-East by the foreshore, and on the South-East and South-West by the sea, and is shown edged in yellow on the plan Land Drawing LD174C/99 marked Schedule Fifteen (15) attached to the Emphyteutical Deed, which site is referred to in the Emphyteutical Deed as "the Marina South Phase Area"; (b) a portion of land at Manoel Island, limits of Gzira, having an area of approximately twenty three thousand and twenty square metres (23,020m<sup>2</sup>) including the structures thereon and any other improvements to be erected thereon, without number, and all together bounded on all</p>

<b>CAUSE OF PREFERENCE</b> (cont.)	sides by other property granted by title of temporary emphyteusis to the Issuer by virtue of the Emphyteutical Deed and is shown edged in yellow on the said attached plan Land Drawing LD174C/99 marked Schedule Fifteen (15) attached to the Emphyteutical Deed which portion of land is referred to in the Emphyteutical Deed as “the Marina Central Phase Area”; and (c) part of a portion of land at Manoel Island, limits of Gzira, having an area of approximately twenty seven thousand four hundred and eighty square metres (27,480m <sup>2</sup> ), including the structures thereon and any other improvements to be erected thereon, without number, and all together bounded on all sides by other property granted by title of temporary emphyteusis to the Issuer by virtue of the Emphyteutical Deed and is shown edged in yellow on the said attached plan Land Drawing LD174C/99 marked Schedule Fifteen (15) attached to the Emphyteutical Deed which portion of land is situated within the area referred to in the Emphyteutical Deed as “The Manoel Sports Club Phase Area” for €9,317,494 (Lm4,000,000). <sup>1</sup>
<b>OBLIGATION</b>	Bond of €9,317,494 (Lm4,000,000).
<b>REGISTRATION</b>	1208/2007 of 19 January 2007 (Property Title number 00000008).

<b>CREDITOR</b>	Bank of Valletta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec and Special Hypothec - joint and several suretyship of Midi with Tigné Mall Ltd (who is the principal debtor) over the T2 site and T17W and T17E.
<b>OBLIGATION</b>	Joint and several liability of Midi p.l.c. with Tigné Mall Limited of €9,783,368.27 (Lm4,200,000).
<b>REGISTRATION</b>	18674/2007 of 15 September 2007 (as corrected by note 18709/2007 regarding the ownership of the property hypothecated).

<b>CREDITOR</b>	Bank of Valletta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec and Special Hypothec - joint and several suretyship of Midi with Tigné Mall Ltd (who is the principal debtor) over the T2 site and T17W and T17E.
<b>OBLIGATION</b>	Joint and several liability of Midi p.l.c. with Tigné Mall Limited of €24,225,000 (Lm10,399,793).
<b>REGISTRATION</b>	5705/2008 of 15 April 2008.

<sup>1</sup>The security described above will be reduced by the property described under “Private Placement Bond” below.



Since the Emphyteutical Land over which the Project is being developed belongs to the GOM, when the Emphyteutical Grant was transferred in favour of Midi, this transaction was registered at the Land Registry in terms of the Land Registry Act 1981 (Cap. 296 of the Laws of Malta) by virtue of Title Number 59000695. All charges encumbering the said Emphyteutical Land have been duly registered at the Public Registry in terms of law.

On each final deed of sale Midi gives a general hypothec on all its property in favour of the purchaser in warranty of peaceful possession and the purchaser specifically renounces to his right under section 2016 of the Civil Code to cause to be registered, as a further security, a special hypothec over Midi's property.

Furthermore, the Issuer is also subject to other security interests of third parties created by operation of law, which may or may not be subject to registration in terms of law.

## **ii) Indebtedness which is currently being finalised and which will be secured:**

### **SYNDICATED LOAN**

The Issuer is currently in the final stages of negotiating two syndicated bank loan facilities for a total amount of €35,000,000 for the construction of T14 commercial offices and T17 residential accommodation.

The new facilities which will be made available by HSBC Bank Malta p.l.c. and by Bank of Valletta p.l.c. will be secured on the T14 and T17 Blocks.

### **SHAREHOLDERS' AGREEMENT**

By virtue of a Shareholders' Agreement referred to in Part C Section 15.4 of this Prospectus, the Issuer's shareholders have committed themselves to make available funds (pro rata to their shareholding in the Company) up to an aggregate amount of €10,000,000.

### **PRIVATE PLACEMENT BOND**

The Issuer is also currently in the final stages of negotiating a partial roll-forward of the secured bond of €9.32 million (Lm4 million) issued on 22 December 2006 by way of a private placement to HSBC Bank Malta p.l.c. as trustee. The security is listed in the above table numbered 1208/2007 of 19 January 2007 (Property Title number 00000008). The Private Placement Bonds are variable interest rate secured bonds due 2012/2013. The aggregate principal amount of the bond issue will be €3.95 million. The bonds will, unless previously purchased and cancelled, be redeemed at 100% of their principal amount (together with interest accrued to the date fixed for redemption) at any date between 27 December 2012 and 27 December 2013, as the Issuer may determine, on giving not less than thirty (30) days' notice to the relative holders of bonds subject to the Issuer's option to redeem earlier in certain specified circumstances.

The bonds will be represented by a single global bond in fully registered form without coupons ("the Global Bond") deposited with and registered in the name of HSBC Bank Malta p.l.c. as trustee (the "Trustee"). Beneficial interests in the Global Bond will be shown on records maintained by the Trustee. Except as described herein, definitive bonds will not be issued in exchange for beneficial interests in the Global Bond. Certain restrictions on transfer will apply to the beneficial interests represented by the Global Bond.

The bonds will constitute direct, unconditional and unsubordinated obligations of the Issuer which will be secured by: (a)(1) a Special Hypothec over: (i) the commercial units at ground floor level surrounding the Pjazza at Tigné Point (ii) the public underground car parking spaces beneath the Pjazza and beneath Block T1 (c.537 car spaces) at Tigné Point, and (iii) Tigné Fort and the Clubhouse; (2) an undertaking that all proceeds from the sale of the residential components of the blocks surrounding the Pjazza are utilised to settle the secured loan in favour of Bank of Valletta p.l.c. of €17,703,238 (Lm7,600,000), registered on 8 November 2006 (20643/2006) ("the BOV Loan"). This should be cancelled upon full settlement of the BOV loan; and (b) Special Hypothec over (i) the Marina South Phase Area (edged in yellow in schedule 15 of the land drawing LD174C/99

attached to the Emphyteutical Deed) – the land area measures approximately 48,295 square metres (ii) the Marina Central Phase Area (per above) measuring approximately 23,020 square metres (iii) the Marina Sports Club Phase Area (per above) measuring approximately 27,480 square metres, subject to the condition that the Special Hypothec over the Manoel Island properties will be cancelled upon full settlement of the BOV loan. The Special Hypothecs outlined above will be constituted for the amount of €3.95 million and interest thereon and the security for the amount of €9.32 million (Lm4 million) described in the above-mentioned table numbered 1208/2007 of 19 January 2007 (Property Title number 00000008) will be cancelled and replaced with the said Special Hypothecs outlined above.

It is possible that this bond issue of €3.95 million will be replaced by an addition to the syndicated bank loan facilities noted above.

### **26.3 TERMS AND CONDITIONS OF ISSUE**

The full terms and conditions of the issue of the Bonds are contained in Section 27 of Part D of this Prospectus

### **26.4 INTEREST**

The Bonds shall accrue interest at the rate of 7% per annum in the case of EUR Bonds or 7% per annum in the case of GBP Bonds payable annually on 15 December of each year. Interest shall accrue as from 27 January 2009. The first Interest Payment Date shall be 15 December 2009.

### **26.5 MATURITY AND REDEMPTION**

The Bonds shall become due for final redemption on 15 December 2018. The Issuer reserves the right to redeem the Bonds or any part thereof at any date between 15 December 2016 and 14 December 2018, as the Issuer may determine, on giving not less than sixty (60) days notice to Bondholders. Redemption of the Bonds shall be made at the nominal value of the Bonds. In addition, the Issuer reserves the right to purchase Bonds from the market at any time after issue.

### **26.6 PUBLIC OFFER**

The Bonds shall be issued and offered to the general public in Malta as well as to Authorised Intermediaries either for their own account or on behalf of investors represented by such Intermediaries. The Issuer shall not, unless due notice in writing is given to it, verify the relations existing between an Intermediary and its client and shall only and at all times recognise as a Bondholder the person registered as such in the register of bonds held for this purpose.

### **26.7 AUTHORISATIONS**

The issue of the Bonds was authorised by the Issuer's Board of Directors by resolution dated 29 August 2008. The Listing Authority authorised the Bonds as admissible to listing on the Official List of the Malta Stock Exchange pursuant to the Listing Rules by virtue of a letter dated 17 November 2008. The Bonds are being created as debt instruments of the Issuer under the Companies Act.

### **26.8 EXPECTED DATE OF ISSUE OF THE BONDS**

The expected date of issue of the Bonds is 13 January 2009.

## 26.9 RESERVE ACCOUNT

The Issuer will, with effect from the end of the financial year ending 31 December 2010, over the period up to the Redemption Date, build a reserve equivalent at least to 50% of the aggregate outstanding principal amount of the issued Bonds at the relevant time thus creating a cash reserve from its annual surpluses with a view to funding in part the repayment of capital on the Bonds on the Redemption Date.

The Issuer shall set aside such monies for the purposes of building this reserve in a segregated account (the "Reserve Account") which shall be held in the name of an authorised trustee for the benefit of Bondholders. The authorised trustee may, at the request of the Issuer, utilise such funds standing to the credit of the Reserve Account for any one or more of the following purposes:

- (i) any interest bearing deposit with a credit institution licensed under the Banking Act, 1994 or authorised in a EU Member State or EEA State or with such other credit institution agreed to between the Company and the authorised trustee; or
- (ii) investment or re-investment in any EU Government debt securities or other debt securities issued or guaranteed by an OECD sovereign state and without any currency exchange risk, or in such other instruments as the authorised trustee may approve in its absolute discretion; or
- (iii) redemption of the Bonds on any of the Designated Optional Redemption Dates; or
- (iv) re-purchase of the Bonds in terms of Section 27.6 below;

and any interest or investment income in relation to such monies standing to the credit of the Reserve Account or the investment or re-investment of such monies as aforesaid shall accrue in favour of and for the benefit of the Issuer.

Provided that the authorised trustee may, but shall not be required or bound, to ensure, monitor or otherwise procure the creation and funding of the said Reserve Account by the Issuer.

## 26.10 TAXATION

### General

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

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

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

### **Malta tax on interest**

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

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

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

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

### **European Union Savings Directive**

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Malta Commissioner of Inland Revenue who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the EU Savings Directive 2003/48/EC.

### **Malta capital gains on transfer of the Bonds**

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

### **Duty on documents and transfers**

In terms of article 50(2) of the Financial Markets Act, (Cap 345, Laws of Malta) as the Bonds constitute financial instruments of a Company quoted on a Recognised Investment Exchange, as is the MSE, redemptions and transfers of the Bonds is exempt from Maltese duty.

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

## 27. TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions, which will be applicable to the Bonds (the “Terms and Conditions”). Each Bondholder and any person claiming through or under a Bondholder is deemed to have notice and knowledge of, and is bound by, these Terms and Conditions.

### 27.1 GENERAL

(1) Each Bond forms part of a duly authorised issue of €30,000,000 aggregate principal amount of Bonds due 2016-2018, in either or each of two issues denominated in Euro and Pound Sterling respectively namely 7% Bonds due 2016-2018 denominated in Euro having a nominal value of €100 each (the “EUR Bonds”) and /or 7% Bonds due 2016-2018 denominated in Pound Sterling having a nominal value of £100 each (the “GBP Bonds”) (collectively, the “Bonds”). The aggregate principal amount of each of the EUR Bonds and the GBP Bonds will be determined by the Issuer upon allocation at its option depending on the value of the Applications received for the Bonds, provided that their combined aggregate principal amount is the equivalent of €30,000,000 except in the event of the exercise of the Over-allotment Option (as provided and defined herein) or as otherwise provided under Section 27.10 “Further Issues”.

(2) In the event that during the Offer Period the Issuer receives applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €30,000,000, the Issuer, at its option, may increase the issue of the Bonds by the equivalent of an additional €10,000,000 in either or a combination of the EUR Bonds and the GBP Bonds up to an aggregate principal amount of the equivalent of €40,000,000 (the “Over-allotment Option”).

(3) For the purpose of ascertaining the aggregate principal amount of the GBP Bond, reference will be made to the Rate of Exchange.

### 27.2 FORM, DENOMINATION AND TITLE

The Bonds will be issued, without interest coupons. EUR Bonds will be issued in denominations of integral multiple of one hundred Euro (€100) provided that on subscription they will be issued for a minimum €2,500. GBP Bonds will be issued in denominations of integral multiple of one hundred Pounds Sterling (£100) provided that on subscription they will be issued for a minimum of £2,000. The Bonds will be issued in dematerialised form and shall accordingly be evidenced by a book-entry in the register of Bondholders held by the Central Securities Depository of the Malta Stock Exchange or as may be stipulated by the Malta Stock Exchange Bye-Laws from time to time. The nominal value of each Bond is being established to facilitate trading therein. The Bonds, and transfer thereof, shall be registered as provided under “Registration, replacement, transfer and exchange” below. A person in whose name a Bond shall be registered shall (to the fullest extent permitted by law) be treated at all times and for all purposes as the absolute owner of such Bond regardless of any notice of ownership or trust.

### 27.3 STATUS AND NEGATIVE PLEDGE

(1) The Bonds constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer.

(2) 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 respective present or future assets or revenues to secure any Relevant Indebtedness (as defined below) of the Issuer unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Bonds are secured by a Security Interest equally and rateably with the Relevant Indebtedness in question being so secured; or

(ii) such other Security Interest is approved by a resolution duly passed by the Bondholders.

**(3)** For the purpose of this Section 27.3 and of Section 27.7 entitled "Events of Default":

"Relevant Indebtedness" means any indebtedness in respect of:

**(A)** monies borrowed;

**(B)** any debenture, bond, note, loan stock or other security creating or acknowledging indebtedness;

**(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 or financing the acquisition of that asset;

**(E)** leases entered into primarily as a method of raising finance or financing 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 in respect of any such indebtedness;

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

"Permitted Security Interest" means:

**(A)** any Security Interest arising by operation of law;

**(B)** any Security Interest arising out of or created pursuant to the Emphyteutical Deed (as defined in the Prospectus to which these Terms and Conditions are attached);

**(C)** any Security Interest securing payment refund obligations under promise of sale agreements relating to immovable property forming part of the Project;

**(D)** any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all the Bonds;

**(E)** any Security Interest securing any Relevant Indebtedness, including bank loans or overdrafts, in the ordinary course of business;

**(F)** any other Security Interest (in addition to those referred to in (A), (B), (C), (D) and (E) above) securing Relevant Indebtedness of the Issuer in an aggregate outstanding amount, from time to time, not exceeding eighty five percent (85%) of the amount resulting after taking the Relevant Value and subtracting therefrom (i) the aggregate value of the liabilities of the Issuer secured by Security Interests referred to in (A), (B) (C), (D) and (E) above and (ii) the aggregate principal amount of the Bonds still outstanding at the time.

Provided that the aggregate Security Interests referred to in (E) and (F) above do not result in the amount arrived at after taking the Relevant Value and subtracting therefrom the aggregate value of the liabilities of the Issuer secured by Security Interests referred to in (A), (B), (C) and (D) above being less than one hundred and seven per cent (107%) of the aggregate principal amount of the Bonds still outstanding;

“Relevant Value” means the value of the assets of the Issuer calculated on the basis of their book value (as reflected in the accounts of the Issuer) adjusted by reference to the open market value of the immovable property of the Issuer as determined by the Directors on the basis of independent professional advice/valuation procured by them.

#### **27.4 INTEREST**

(1) The Bonds bear interest from and including the Issue Date, in case of the EUR Bonds at the rate of 7% and in case of the GBP Bonds at the rate of 7% per annum on the nominal value thereof, payable annually in arrears on 15 December of each year (the “Interest Payment Date”): provided that 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. The first Interest Payment Date shall be on 15 December 2009. The period commencing on and including one Interest Payment Date (or in the case of the first such period, commencing on and including the Issue Date) and ending on but excluding the immediately following Interest Payment Date is referred to in these Terms and Conditions as an “Interest Period”.

(2) 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 herein above or at the rate of two per cent (2%) per annum above the European Central Bank’s Refinancing Rate in respect of the Bonds denominated in Euro, or above, the official Bank Rate determined by the Bank of England in respect of the GBP Bonds, on the first day of such Interest Period, whichever is the greater.

(3) When interest is required to be calculated for any period of less than a full Interest Period, it shall be calculated on the basis of the actual number of days elapsed from and including the most recent Interest Payment Date, or as appropriate, the Issue Date divided by the actual number of days (365 or 366 as the case may be) in the respective year.

#### **27.5 PAYMENTS**

(1) Payment of the principal amount (with interest accrued to the due date for redemption) as well as payment of any instalment of interest of a EUR Bond will be made in Euro to the person in whose name such Bond is registered as at the close of business fifteen (15) days prior to the due date for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be) by direct credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the Bondholder. The Issuer shall not be responsible for any loss or delay in transmission. Such payment shall be effected within seven (7) days of the due date for redemption or the Interest Payment Date (as the case may be).

(2) Payment of the principal amount (with interest accrued to the due date for redemption) as well as payment of any instalment of interest of a GBP Bond will be made in Pound Sterling to the person in whose name such Bond is registered as at the close of business fifteen (15) days prior to the due date for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be) by direct credit or transfer to a Pound Sterling account (or any other account to which Pound Sterling may be credited or transferred) specified by the Bondholder. The Issuer shall not be responsible for any loss or delay in transmission. Such payment shall be effected within seven (7) days of the due date for redemption or the Interest Payment Date (as the case may be).

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

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

## 27.6 REDEMPTION AND PURCHASE

(1) The Bonds will be redeemed at their nominal value (together with interest accrued to the due date for redemption) on 15 December 2018 (the "Redemption Date"). The Issuer reserves the right to redeem all or any of the Bonds on any date between 15 December 2016 and 14 December 2018 (both dates inclusive), as the Issuer may determine, on giving not less than sixty (60) days' notice (a "Designated Optional Redemption Date"). Any notice of a Designated Optional Redemption Date shall specify the number of Bonds that the Issuer has opted to redeem on the Designated Optional Redemption Date and, if not all the Bonds are to be redeemed, the manner in which the Issuer will select the Bonds for redemption on such Designated Optional Redemption Date.

(2) All Bonds so redeemed will be cancelled forthwith and may not be reissued or resold.

(3) The Issuer and any Group Company 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 purchased by the Issuer will be cancelled forthwith and may not be re-issued or re-sold. All Bonds so purchased by any Group Company may be cancelled or held, reissued or resold at the discretion of the relevant purchaser. The Bonds so purchased, while held by or on behalf of any Group Company, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of these Terms and Conditions including, without limitation, for the purposes of Sections 27.3 and 27.7.

## 27.7 EVENTS OF DEFAULT

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

(1) the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

(2) the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in these Terms and Conditions and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

(3) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or

(4) the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or

(5) the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or

(6) there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of one million two hundred fifty thousand Euro (€1,250,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

(7) any default occurs and continues for ninety (90) days under any contract or document relating to any Relevant Indebtedness (as defined above) of the Issuer in excess of one million two hundred fifty thousand Euro (€1,250,000) or its equivalent at any time.

## **27.8 REGISTRATION, REPLACEMENT, TRANSFER AND EXCHANGE**

(1) A register of the Bonds will be kept by the Issuer at the Central Securities Depository of the Malta Stock Exchange or as may be stipulated by the Malta Stock Exchange Bye-Laws, wherein there will be entered the names and addresses of the Bondholders and particulars of the Bonds held by them respectively and a copy of such register will, at all reasonable times, during business hours be open to inspection at the registered office of the Issuer. The said Central Securities Depository will issue on a twelve-monthly basis or at such other intervals as the Malta Stock Exchange Bye-Laws shall from time to time determine, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the said Central Securities Depository.

(2) A Bond may be transferred or transmitted only in whole in accordance with the rules and procedures applicable from time to time at the Malta Stock Exchange. If Bonds are transferred or transmitted in part, the transferee thereof will not be registered as a Bondholder.

(3) Any person becoming entitled to a Bond in consequence of the death, bankruptcy or winding-up of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the MSE, elect either to be registered himself as Bondholder or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Issuer a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by executing to that person a transfer of the Bond.

(4) All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

(5) The cost and expenses of effecting any exchange or registration of transfer or transmission except for the expenses of delivery by regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.

(6) 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.

## **27.9 RESOLUTIONS AND MEETINGS OF BONDHOLDERS**

(1) Bondholders have the following powers exercisable by a resolution voted for, at a meeting of the Bondholders convened and held in accordance with the provisions of this Section 27.9, by a majority of Bondholders holding not less than seventy-five per cent (75%) of the outstanding principal amount for the time being of the Bonds:

(i) power to approve any release, modification, waiver or compromise of any of the rights of the Bondholders (however arising) against the Issuer, except that they do not have powers to affect rights in respect of payments of interest payable on the Bonds or the payment of the principal amount upon redemption;

(ii) power to authorise the Issuer to modify, alter, amend or add to the provisions contained in the Terms and Conditions and power to ratify and adopt any such modification, alteration, amendment or addition;

(iii) power to approve any scheme of reconstruction of the Issuer or for the amalgamation of Issuer with any other company or corporation;

(iv) power to approve the creation of a Security Interest in terms of Section 27.3(2)(ii) above.

(2) The Issuer may, at any time, convene a meeting of the Bondholders and if it receives a written request by Bondholders holding ten per cent (10%) of the outstanding principal amount for the time being of the Bonds and is indemnified to its

satisfaction against all costs, losses and expenses, the Issuer must convene a meeting of Bondholders. Meetings shall be convened and requested only for the purpose of considering a resolution specified in the immediately preceding paragraph. The time and place of the meeting must be specified by the Issuer.

(3) 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 a quorum shall be considered present if there are Bondholders present, in person or by proxy, accounting for at least fifty per cent (50%) of the outstanding principal amount for the time being of the Bonds.

(4) Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the memorandum and articles of the Issuer would chair a general meeting of shareholders) the meeting may then proceed to business and the Directors of the Issuer or the Bondholder(s) who requested the meeting (as the case may be) or their representatives shall present to the Bondholders the reasons for proposing the resolution. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the resolution to a vote of the Bondholders present.

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

(6) Save for the above, the rules generally applicable to the Issuer during general meetings of shareholders shall apply.

(7) In the event that the Bonds are listed, and for so long as the Bonds remain listed, any resolution which may be proposed shall be subject to any laws, regulations, rules or bye-laws which may be applicable from time to time.

#### **27.10 FURTHER ISSUES**

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further bonds, debentures or any other debt securities either having the same terms and conditions as the Bonds in all respects (except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds or otherwise upon such terms and conditions as the Issuer may determine. Any further debt securities so issued may rank *pari passu* in all respects with the Bonds but shall not rank ahead of the Bonds.

#### **27.11 BONDS HELD JOINTLY**

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

#### **27.12 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 continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner.

### **27.13 GOVERNING LAW AND JURISDICTION**

(1) The Bonds are governed by and shall be construed in accordance with Maltese law.

(2) Any legal action, suit or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholders shall, upon and by submitting an Application, acknowledge that they are submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

### **27.14 NOTICES**

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

### **27.15 LISTING**

The Bonds, upon issue and subscription, shall be admitted to the Official List of the Malta Stock Exchange, accordingly all these Terms and Conditions shall be read in conjunction with the Listing Rules of the Listing Authority and with the Bye-Laws of the Malta Stock Exchange applicable from time to time.

## 28. TERMS AND CONDITIONS OF APPLICATION

The following are the terms and conditions which are applicable to Applications. Any Applicant is deemed to have notice of, and is bound by, these terms and conditions.

1. Subject to all other terms and conditions of Application, 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.

2. If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, then the Applicant shall receive a refund of the price of the Bonds applied for but not allocated. The Application monies or the balance of the amount paid on Application will be returned by direct credit into the Applicant's bank account as indicated in the Application Form within five (5) Business Days from the date of final allocation. No interest shall be due on refunds and any risk of loss or gain that may emerge on exchange of refunds from the currency of denomination of the Bonds applied for into the base currency of the Applicant shall be at the charge or for the benefit of the Applicant.

3. In the case of joint Applications, reference to the Applicant in these Terms and Conditions of Application is a reference to each Applicant, and liability therefor is joint and several. Furthermore, as joint Applicants, each Applicant warrants that he/she has only submitted one Application Form in his/her name.

4. Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign on behalf of, and bind, such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.

5. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by 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 payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interests shall be payable 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.

6. All Applications must be submitted on Application Forms within the time limits established herein (refer to Expected Timetable of Principal Events set out Part D Section 25.2 of this Prospectus). The minimum subscription of the EUR Bonds is €2,500 in value and the minimum subscription of the GBP Bonds is £2,000 in value. Applications in excess of the said minimum thresholds must be in multiples of €100 or £100, as the case may be. The completed Application Forms are to be lodged with any of the Authorised Intermediaries mentioned in this Prospectus. Unless other arrangements are concluded with the Registrar or the Issuer, all Application Forms must be accompanied by the full price of the Bonds applied for in the currency of designation of the Bonds applied for. Payment may be made either in cash or by cheque payable, to "The Registrar – Midi Bond Issue". In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application Form.

7. By completing and delivering an Application Form you (as the Applicant(s)):

(a) irrevocably offer to purchase the number of Bonds specified in your Application Form (or any smaller number for which the Application is accepted) at the Bond Offer Price subject to the Prospectus, the Terms and Conditions and the Memorandum and Articles of Association of the Issuer;

- (b)** authorise the Registrar and the Directors of the Issuer to include your 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 you;
- (c)** warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you 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 you make payment in cleared funds for such Bonds and such payment is accepted by the Issuer (which acceptance shall be made in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer of such late delivery of consideration in respect of such Bonds, the Issuer 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 you will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- (d)** agree that the registration advice and other documents and any monies returnable to you may be retained pending clearance of your remittance and any verification of identity as required by the Prevention of Money Laundering Act 1994 (and regulations made thereunder) and that such monies will not bear interest;
- (e)** agree that all Applications, acceptances of Applications and contracts resulting therefrom will be governed by, and construed in accordance with Maltese law and that you submit to the jurisdiction of the Maltese Courts and agree 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;
- (f)** warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have 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 of Application and undertake to submit your power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar;
- (g)** agree that all documents in connection with the Issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first-named Applicant) as set out in the Application Form;
- (h)** agree that, having had the opportunity to read the Prospectus, you have and shall be deemed to have had, notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- (i)** confirm that in making such Application you are not relying on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in the Prospectus and you accordingly agree 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;
- (j)** confirm that you have reviewed and you will comply with the restriction contained in paragraph 8 below and the warning in this Section 28;
- (k)** warrant that you are not under the age of eighteen (18) years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor;
- (l)** agree that such Application Form is addressed to the Issuer and that in respect of those Bonds for which your Application has been accepted, you shall receive a registration advice confirming such acceptance;
- (m)** confirm that in the case of a joint Application the first-named Applicant shall be deemed the holder of the Bonds;
- (n)** agree to provide the Registrar and/or Issuer as the case may be, with any information which it may request in connection with your Application(s);

**(o)** agree that Charts Investment Management Service Limited will not, in its capacity of Sponsoring Stockbroker, treat you as its customer by virtue of your making an Application for the Bonds and that Charts Investment Management Service Limited will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you;

**(p)** warrant that, in connection with your Application, you 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 your Application in any territory and that you have 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 Bond Issue or your Application;

**(q)** warrant that all applicable exchange control or other regulations (including those relating to external transactions) have been duly and fully complied with;

**(r)** represent that you are not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")) and that you are not accepting the invitation comprised in the Prospectus from within the United States of America, its territories or its possessions, any State of the United States of America 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, unless you indicate otherwise on the Application Form in accordance with the instructions of the Application Form.

**8.** The Bonds have not been and will not be registered under the Securities Act 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.

**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 him nor should he in any event use such Application Form, unless, in the relevant territory, such an invitation or Offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself 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 issues, transfer or other taxes required to be paid in such territory.

**10.** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 as subsequently amended, all Authorised Intermediaries are under a duty to communicate, upon request, all information they hold about clients, pursuant to Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the 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 (Cap. 440, Laws of Malta) for the purposes, and within the terms of, the Malta Stock Exchange's Data Protection Policy as published from time to time.

**11.** Within five (5) Business Days from the closing of the subscription lists, the Issuer shall determine, and either directly or through the Registrar, announce by way of press release, the basis of acceptance of applications and allocation policy to be adopted.

**12.** Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these terms and conditions of Application, in the Application Form and in any other document issued pursuant to the Prospectus.

**13.** Application has been made to the Listing Authority in its capacity as the competent authority under the Financial Markets Act (Chapter 345 of the laws of Malta) for the Bonds to be admitted to listing on a regulated market and to the board of directors of the Malta Stock Exchange for the Bonds to be admitted to the Official List. Dealing shall commence upon admission to trading of the Bonds by the MSE, and following notification of the applicants as aforesaid.

**14.** The Application lists for the Bonds will open at 8.30 hours on 13 January 2009 and will close as soon thereafter as may be determined by the Issuer but not later than 12.00 hours on 20 January 2009.

# Part E: Annexes

## ANNEX I

### SUMMARY OF EMPHYTEUTICAL DEED ENTERED INTO BETWEEN MIDI P.L.C. AND THE GOVERNMENT OF MALTA AND ISSUES ARISING THEREUNDER

#### INTRODUCTION

As explained above the Issuer holds the land at Tigné Point Sliema and Manoel Island by title of temporary emphyteusis granted to it by GOM for a period of 99 years which commenced on 15 June 2000.

The Emphyteutical Deed imposes a number of obligations and restrictions on Midi in favour of GOM, the most salient of which can be generally grouped under the following headings:

- (I) Payment of the annual groundrent (Article 3 of the Emphyteutical Deed);
- (II) Payment of the premium (price) for the Emphyteutical Grant (Article 4);
- (III) Obligations relating to the development of the Emphyteutical Land (Article 8);
- (IV) Obligations relating to the restoration of historic sites and buildings on the Emphyteutical Land (Article 9);
- (V) Relocation Obligations (Article 10);
- (VI) Restrictions on the transfer of the Emphyteutical Land or parts thereof (Article 11).

Some of these obligations are secured by charges over the Emphyteutical Land.

For certain specific purposes such as the allocation of the premium, development of the Emphyteutical Land and the release of charges, the Emphyteutical Deed divides the Emphyteutical Land into a number of "Phase Areas" (Schedule 15).

#### **Tigné Point is divided into 7 Phase Areas:**

Tigné Sports Phase Area  
Tigné South Phase Area  
Piazza Tigné Phase Area  
Tigné North 3 and Fort Phase Area  
Tigné North 2 Phase Area  
Tigné North 1 Phase Area  
Tigné Tower Phase Area

#### **Manoel Island is divided into 8 Phase Areas:**

Marina South Phase Area  
Marina Central Phase Area  
Lazzaretto Phase Area  
Fort Manoel Phase Area  
Manoel Sports Club Phase Area  
Marina Lido Phase Area  
Marina Mall Phase Area  
Marina North Phase Area

**The following is a summary of the most salient parts of the Emphyteutical Deed. It may not be deemed to be exhaustive.**

## **TITLE**

The contract of emphyteusis is contemplated in the Maltese Civil Code (Chapter 16 of the Laws of Malta) and is regulated by articles 1494 to 1524 of the Civil Code.

Article 1494 defines emphyteusis as “a contract whereby one of the contracting parties grants to the other, in perpetuity or for a time, a tenement for a stated yearly rent or ground-rent which the latter binds himself to pay to the former, either in money or in kind, as an acknowledgment of the tenure.” The grantor is sometimes referred to as “the direct owner” and the grantee as “the emphyteuta”. Some of the relevant articles of the Civil Code are mandatory provisions while others are not and can be contracted out of.

The rights of the emphyteuta over the tenement, sometimes referred to as the *dominium utile*, and the rights of the direct owner, sometimes referred to as the *dominium directum*, are real rights/immovable property in terms of the Civil Code (article 310).

Therefore, subject to any restrictions contained in the Emphyteutical Deed, Midi can develop the Land, sell its emphyteutical rights over the Land and secure any obligation it enters into by creating a charge on the *dominium utile*. Midi can also transfer the Land or parts thereof by title of sub-emphyteusis or for instance by title of lease. In simple terms, a temporary emphyteusis can be described as a “half-way house” between ownership and lease.

The Land is held under temporary emphyteusis which means that when the 99 year period expires, the Land with any buildings, constructions and other improvements reverts back to GOM as the direct owner (article 20). However, the Emphyteutical Deed grants any person who acquires a residential unit the right to convert the temporary emphyteusis into a perpetual emphyteusis in consideration of a nominal payment (article 2). This right is not available in respect of non-residential units.

## **GROUNDRENT**

The total annual groundrent which is payable in terms of the Emphyteutical Deed (article 3) amounts to €1,118,100 (Lm480,000) until 31 March 2025, €1,956,673 (Lm840,000) from 1 April 2025 until 31 March 2050 and €2,236,198 (Lm960,000) from 1 April 2050 onwards.

However, a so-called “administrative abatement” is applicable in terms of the Emphyteutical Deed (Schedule 6) whereby the groundrent payable by Midi during the initial period is reduced. The abatement is not applicable in respect of any property transferred to third parties except if the transfer is made to a Midi Subsidiary (as defined in the Emphyteutical Deed – Schedule 21) and in a restricted list of other transfers.

The annual groundrent is in respect of the entire Emphyteutical Land. In case of transfers of Phase Areas or other parts of the Emphyteutical Land including units or blocks of buildings built on the Emphyteutical Land, the groundrent is to be divided as stated in Schedule 21. The division of groundrent as provided in the Emphyteutical Deed is necessary for the purposes of recognition of the transferee by GOM and of defining the liability of the transferee for groundrent.

In the case of the Transfer (see Restrictions on Transfers below) of an entire Phase Area, the groundrent for each Phase Area is specified (paragraph (a) of clause 5 of Schedule 21).

The amounts relate to the groundrent for the first 25 years (i.e. out of the total of €1,118,100 (Lm480,000)) and are subject to the abatement and increases mentioned above.

Schedule 21 (clause 5 paragraph (b)) also provides for the division of groundrent in respect of other Transfers, such as transfers of units or blocks of buildings, by reference to the area of Floorspace (defined in article 3.3 of the Emphyteutical Deed essentially as the utilisable internal floorspace) as follows:

1. €4.31 (Lm1.85) per 1 square metre of Floorspace for the period commencing on the date of the Emphyteutical Deed and ending on 31 March 2025;
2. €7.55 (Lm3.24) per 1 square metre of Floorspace for the period commencing on 1 April 2025 and ending on 31 March 2050;
3. €8.62 (Lm3.70) per 1 square metre of Floorspace for the period commencing on 1 April 2050 and ending on the date of expiration of the duration of the Emphyteutical Deed.

Midi has already utilised these provisions to apportion the groundrent with respect to the apartments, garages and store-rooms ("Units") in Blocks T4, T5, T6 and T7 by virtue of two deeds dated 22 December 2006 (T4 and T5) and 24 October 2007 (T6 and T7) between the GOM and Midi, both deeds in the Records of Notary Vincent Miceli. In terms of the said deeds, the GOM agreed that when a Unit is transferred to a Transferee (as defined in Clause Eight (8) of Schedule Twenty One (21) of the Emphyteutical Deed) the Special Privilege registered in favour of GOM pursuant to the Emphyteutical Deed, to the extent only that the Special Privilege was registered to secure the payment of the groundrent, shall continue to attach to such Unit only for the apportioned groundrent as agreed by the GOM and Midi on the said deed, it being understood that the effects thereof for each Unit shall be suspended until such time when the Transfer of a Unit is made to a Transferee and shall come into effect immediately and without the need of any further formality in relation to a Unit when such Unit is Transferred.

#### **PREMIUM**

The total premium payable by Midi to GOM in terms of the Emphyteutical Deed (article 4) amounted to €91,707,431 (Lm39,570,000) made up of 4 components:

- (I) €12,974,610 (Lm5,570,000) payable in instalments (up to the year 2006) without interest as stated in Schedule 7 (article 4.1.1). This has been paid;
- (II) €46,587,468 (Lm20,000,000) payable in instalments (from the year 2010 up to 2023) without interest as stated in Schedule 7. GOM was given an option, exercisable up to 31 March 2006, to subscribe for 10,000,000 Preference Shares "A" in Midi in full and final settlement of such premium (article 4.1.2). This option was not exercised, and therefore this component remains payable;
- (III) €20,964,361 (Lm9,000,000) payable by the carrying out of (a) the infrastructural works in terms of article 8 of the Emphyteutical Deed which include the drainage, water, electricity and telecommunications distribution systems (it is not clear whether "infrastructural works" in clause 4.3 of Emphyteutical Deed includes also the Public Areas as defined in clause 8.2); and (b) the reclamation works at Manoel Island specified in article 10.1 of the Emphyteutical Deed (article 4.1.3);
- (IV) €11,646,867 (Lm5,000,000) payable by carrying out of the restoration works in terms of article 9 except those mentioned in article 13.4 (the restoration works on the external fortifications of Fort Manoel) the costs of which shall be set-off against the €1,164,686 (Lm500,000) casino concession fee;

Schedule 9 attributes the premium to each separate Phase Area. This attribution has been made principally for the purposes of enforcement and the progressive release of the privilege by GOM.

## DEVELOPMENT OBLIGATIONS

Midi is to develop the Emphyteutical Land in accordance with the outline development permit attached as Schedule 14 to the Emphyteutical Deed or such other planning permits which may be issued, but no part of the Emphyteutical Land can be used for industrial purposes except for light industries in connection with yachting services and industrial art, crafts and handicrafts (article 7).

The phasing of the development is also specified in the Emphyteutical Deed (article 8). The time limits generally depend on and start to run from the issue of full and final development permits. With respect to the first phase, there are time limits for the filing of applications for permits, for commencement of works following the issue of permits and for substantial completion of the phase. The first phase was a choice between (i) a combination of the Tigné South and Tigné Sports Phases including the Qui-Si-Sana to Tigné Front Trunk Road and (ii) the Marina South Phase, including the new bridge, dredging works and breakwater at Manoel Island. Midi chose the former.

There is more flexibility with respect to the other phases - the Emphyteutical Deed (article 8.1.3) simply obliges Midi to substantially complete the phase within a specified time period (Schedule 17) from the commencement of development (but it is up to Midi to decide when to commence development). Excavations, site preparations and construction up to planned surface street level are not deemed to be commencement of development (and thus the time-limits in Schedule 17 do not start to run) except where part of the Emphyteutical Land is transferred to third parties.

### **The time periods for substantial completion of the Tigné Point Phase Areas are the following:**

Tigné Sports Phase Area	3 years
Tigné South Phase Area	5 years
Piazza Tigné Phase Area	3 years
Tigné North 3 and Fort Phase Area	3 years
Tigné North 2 Phase Area	3 years
Tigné North 1 Phase Area	3 years
Tigné Tower Phase Area	5 years

### **The time periods for substantial completion of the Manoel Island Phase Areas are the following:**

Marina South Phase Area	6 years
Marina Central Phase Area	6 years
Lazzaretto Phase Area	6 years
Manoel Sports Club Phase Area	4 years
Marina Lido Phase Area	4 years
Marina Mall Phase Area	3 years
Marina North Phase Area	3 years

The entire development must be completed by the 31 March 2023 (article 8.1.4).

In terms of article 8.1.2, Midi was obliged to substantially complete, by not later than four (4) years from the date of issue of the relative Full Development Permit for the entire phase/s (not being one subject to appeal or reconsideration) and any other necessary permits and authorisations, any one (at Midi's option) of the following two (2) phases:

(I) The Tigné South and Tigné Sports Phases which include the Qui-Si-Sana to Tigné Front trunk road; or

(II) The Marina South Phase which includes the new Manoel Island bridge, the dredging works between Manoel Island and Gzira and the Manoel Island breakwater.

Midi had to apply for the relative Full Development Permit and all necessary permits and authorisations referred to above by not later than twelve (12) months from the date of signing of the Emphyteutical Deed.

Midi opted for the Tigné South and Tigné Sports Phase Areas (including the Qui-si-Sana to Tigné Front trunk road) (as the first Phase). Under Schedule 17, the Tigné Sports Phase Area, once commenced (other than through excavations, site preparations or construction up to planned surface street level), must be substantially completed within 3 years. Since Schedule 17 set out the time limits applicable generally while article 8.1.2 sets out the time limit specifically in respect of the first phase, it is submitted that the specific 4 year time limit for the combined Tigné South and Tigné Sports Phases is applicable rather than the general time limit for the Tigné Sports Phase. Reference is made to Completion of First Phase referred to below which sets out the relevant facts relating to the time-limit for completion of this first Phase.

Midi is responsible (see article 8.2) for the construction and installation of the public infrastructure on the Emphyteutical Land including the drainage, water, electricity and telecommunications distribution systems (referred to as "the Public Infrastructure") and for the construction on the Emphyteutical Land of the areas destined for public use including roads, squares, and parks (referred to as "the Public Areas"). The Public Areas are defined in the Emphyteutical Deed by means of Schedule 18 and plans attached, which are based on the Outline Development Permit attached to the Emphyteutical Deed but it is specified that the exact measurement and location of the Public Areas are to be ultimately determined after taking into account changes to the plans. The Public Infrastructure and Public Areas once completed are to be transferred to GOM (article 12). Upon completion of such Public Areas and Public Infrastructure (and even before the transfer thereof to GOM by means of a public deed) the responsibility and control of the same shall *ipso facto* pass to the GOM (or any authority, corporation, company or person designated by GOM) who shall thereafter be responsible for the maintenance, upkeep, repair, replacement and cleanliness thereof in accordance with normal standards.

Midi is required to dredge an area of the Emphyteutical Land of 4,521 square metres (as specified in the Emphyteutical Deed), and this area will revert to GOM. Midi is also required to reclaim an area of 5,250 square metres (as specified in the Emphyteutical Deed), and this will be added to the Emphyteutical Land granted to Midi. The ground rent due to GOM for the reclaimed Emphyteutical Land will be equal to the ground rent that will be deducted for the dredged Emphyteutical Land, and so there will be no net change to the total amount of ground rent due to GOM.

In case of breach of the time-limits in respect of any Phase Area, GOM is entitled to a penalty of €350 (Lm150) per day for delay in first 6 months, a penalty of €1,165 (Lm500) per day for any subsequent period of delay, and if the delay goes beyond 3 years to rescission of the Emphyteutical Grant for that Phase Area. With respect to the first phase, which is the combined Tigné South and Tigné Sports Phases, GOM has the right to rescind the entire emphyteutical concession if the time limits for the first phase are not complied with (article 21). The Emphyteutical Deed contemplates a 6-month cure period in such case (see Dissolution below).

For the above-mentioned purposes "substantial completion" means (a) as regards Public Infrastructure and Public Areas, when 85% of works involved are completed and (b) as regards Buildings and Units, when 85% thereof are completed in shell form together with the external finishes and apertures. Any Public Infrastructure and Public Areas are to be actually completed within 18 months from the date on which substantial completion was agreed to take place.

For the duration of the Emphyteutical Grant, Midi is also granted the exclusive right to develop and operate a yachting centre on the sea facing the south shore of Manoel Island (article 6).

For the duration of the Emphyteutical Grant, Midi is also granted the right to open and operate a casino.

## **RESTORATION OBLIGATIONS**

Article 9 provides for the phasing and the performance of the obligations to restore the heritage sites and buildings.

Restoration works of sites listed in article 2.3, excluding Fort Manoel in respect of which specific time-limits are prescribed in the Emphyteutical Deed, are to be substantially completed (i.e. completion of 85% of the relevant restoration works) together with the relative Phase Area: provided that works necessary to prevent further deterioration of such sites shall commence 6 months and shall be completed within 2 years from signing of the Emphyteutical Deed. The restoration works are to be actually completed within 1 year from the date on which substantial completion was agreed to take place. It seems that in respect of restoration works listed in the Heritage Studies Report (attached to Schedule 14 of the Emphyteutical Deed) which do not relate to sites listed in clause 2.3, the time-limit applicable thereto would be the general one under clause 8.1.4 (i.e. 31 March 2023).

The main restoration site at Manoel Island is Fort Manoel. The Emphyteutical Deed applies the following time periods in respect of the restoration of Fort Manoel:

(I) Cleaning of ditch / restoration of parade ground and the structures within the fort must commence not later than 1 year from the date of the relative Full Development Permit, and shall be substantially completed by 5 years from that date.

(II) All other restoration works must commence not later than 6 years from the date of the relative Full Development Permit, and shall be substantially completed by 10 years from that date.

Midi had to apply for the relative Full Development Permit and all necessary permits and authorisations referred to above by not later than one (1) year from the date of signing of the Emphyteutical Deed.

Other principal buildings include the Lazzaretto Buildings, Cemetery Chapel, Customs House and Quarantine Cattle-Sheds.

The restoration sites at Tigné Point are Fort Tigné and Tigné Chapel (already completed).

## **RELOCATION OBLIGATIONS**

The Emphyteutical Deed (article 10) also imposes on Midi other obligations consisting of the construction, finishing and transfer to GOM, within specified time limits, of certain premises and facilities which will be used by persons and organisations which prior to the signing of the Emphyteutical Deed used certain buildings and facilities on the Emphyteutical Land. Midi is to be compensated for the performance of some of these obligations, which compensation is to be set off against the premium due by Midi to GOM.

In the Manoel Island Phase Areas, these obligations relate to the football pitch and ancillary facilities, the 'bocci' pitch and the Clubhouse.

In the Tigné Point Phase Areas, these obligations relate to 12 residential units and 24 car parking spaces, and specified sports facilities which are all situated in Block T1 and were transferred to GOM in 2005, and a football training pitch and ancillary facilities which are to be located on the uppermost levels of the Block T2 building and are, therefore closely tied to the development of this block.

## **CERTIFICATE OF COMPLETION OF WORKS**

Article 25 of the Emphyteutical Deed provides that Midi and GOM may give notice in writing to each other informing one another of completion, substantial completion, actual completion or finishing of any works, including infrastructural and restoration works or to the carrying out of any such works up to a certain stage. Midi and GOM shall inform their respective architects to issue a joint certificate in this respect.

Should there be a case of disagreement in connection with the above-mentioned or if the certificate is not issued within 14 days from the date of service of the notice in writing mentioned in clause 25 above then the matter shall be settled by arbitration (Schedule 28 of the Emphyteutical Deed).

## **RESTRICTIONS ON TRANSFERS**

In terms of the Emphyteutical Deed (article 11.1), any Transfer (as defined in Schedule 21) of the Emphyteutical Land or any part thereof or any improvement thereon other than as provided in Clauses 1 to 4 of the said Schedule requires the consent of GOM.

Therefore, while Midi has the right to grant by title of emphyteusis or sub-emphyteusis (which are included in the definition of the word "Transfer" contained in the Emphyteutical Deed) the Emphyteutical Land or any part of it as contemplated in clause 1 to 4 of Schedule 21, it would however require the consent of the GOM in circumstances which are not so contemplated in those clauses.

Clauses 1 to 4 of Schedule 21 of the Emphyteutical Deed allow Midi to transfer any building or unit in a building which is constructed in shell form without the consent of the GOM. Midi can, however, only Transfer undeveloped Emphyteutical Land without the consent of GOM if (a) the Transfer is a transfer of a whole Phase Area to a Midi Subsidiary as envisaged in clause 2 of Schedule 21 (where Subsidiary is defined as a company or commercial partnership in which at least 60% of the ordinary share capital and voting rights are held by Midi) or (b) the Transfer is a transfer of the Tigné Tower Phase Area to a Midi Simple Majority Subsidiary as envisaged in clauses 3 of Schedule 21 (where Simple Majority Subsidiary is defined as a company or commercial partnership in which the majority of the ordinary share capital and voting rights are held by Midi) or (c) the proposed Transfer is made "consequent to a judicial sale" as contemplated in clause 4 of the Schedule.

The apparent purpose of these provisions is that of preventing pure speculation on undeveloped Emphyteutical Land since Midi was selected and the Emphyteutical Deed contemplates that Midi is to develop the Emphyteutical Land. The exception in respect of Midi subsidiaries allows some flexibility in case where Midi still retains indirect control of the Emphyteutical Land.

The Emphyteutical Deed (paragraph 6 of Schedule 21) also provides that in case of a Transfer of a Phase Area to a Subsidiary or Simple Majority Subsidiary in terms of clause 2 or 3 of Schedule 21, the said subsidiary shall be responsible with Midi (implying joint and several liability) for the performance and observance of the Development obligations (referred to in article 8) and the Restoration obligations (referred to in article 9) which relate to the particular Phase Area. The Relocation obligations are specifically mentioned in article 10 but they may be said to be indirectly included in article 8 which imposes an obligation to substantially complete the Phase Areas within a specific time limit.

Under article 11.5, transfers of shares in Midi to third parties without the written consent of GOM are prohibited, until substantial completion of the Tigné South and Tigné Sports Phases which include the Qui-Si-Sana to Tigné Front trunk road (the first phase opted for by Midi in terms of article 8.1.2).

However, transfers of shares amongst the existing shareholders and/or consequent to a pledge of shares to a Bank or Financial Institution are not caught within this prohibition.

## SECURITY

Some of the obligations outlined above are secured by privileges and hypothecs. Privileges and hypothecs confer upon the secured creditor a right of preference over property of the debtor (article 1996 Civil Code) which, in essence, gives the holder of a privilege or a hypothec prior ranking over unsecured or lower ranking creditors when property of the debtor is forcibly sold for non-payment of debts.

A "privilege is a right of preference which the nature of a debt confers upon a creditor over the other creditors, including hypothecary creditors" (article 1999 Civil Code). "Special privileges over immovables continue to attach to such immovables whatever transfers to other persons take place" (article 2002(2) Civil Code).

A "hypothec is a right created over the property of a debtor or of a third party, for the benefit of the creditor, as security for the fulfillment of an obligation" (article 2011(1) Civil Code). A hypothec is general or special: it is general when it affects all the property present and future of the debtor; it is special when it affects only one or more particular immovables of the following kind: ... (c) the dominium directum over the said immovables given on emphyteusis, and the dominium utile over such immovables."

"A special hypothec continues to attach to any immovable charged therewith into whosoever's possession such immovable may pass" (article 2013(1) Civil Code) while "A general hypothec attaches to the property affected thereby only so long as such property does not pass into the hands of a third party" (article 2013(2) Civil Code).

The payment of groundrent is secured by a general hypothec over Midi's property as well as by a special privilege (article 3.4 of the Emphyteutical Deed) in terms of article 2010(a) of the Civil Code which gives the GOM as the direct owner a privilege "over the dominium utile of the emphyteutical tenement, for the debt due to him by the emphyteuta in respect of ground-rent and for the performance of the other obligations arising from the emphyteutical contract."

The payment of the outstanding balance of premium is secured by a special privilege (article 4.3 of the Emphyteutical Deed) in terms of article 2010(c) which gives GOM, as the alienor, a special privilege "over the immovable sold or alienated by means of a public Emphyteutical Deed, for the whole or the residue of the price, or for the performance of the covenants stipulated in the Emphyteutical Deed of sale or alienation."

The Emphyteutical Deed, however, also provides in certain circumstances for the postponement of the special privilege which secures the outstanding premium as well as the release of the emphyteutical property from the effects of the privilege under certain terms and conditions (article 4.3 and schedule 10 of the Emphyteutical Deed).

The Emphyteutical Deed (clause 4.3 and Schedule 10) binds GOM to reduce the value of the privilege and release parts of the Emphyteutical Land from effects of the Privilege upon payment of premium in cash or by carrying out of works or upon the provision by Midi of first class bank guarantees or first ranking hypothecs on property. In more detail, in terms of Schedule 10, GOM has agreed to release Floorspace (defined as utilisable (whether for residential, commercial or other purposes) internal floorspace, excluding common parts, outside areas, verandahs, gardens and yards and includes Floorspace which may be developed and approved in future in accordance with future planning permits or changes thereto) in the Phase Areas from the effects of the privilege on the basis of rates per square meter that are specified in the Emphyteutical Deed. Payments of premium in cash which can be credited to secure the reduction of the privilege on any Phase Area and the release of such Phase Area from the effects thereof are limited in respect of each Phase Area to a maximum amount, thus leaving a balance of the total amount of premium attributed to such Phase Area to be repaid necessarily by the completion of works related to such Phase Area as specified in Schedule 10 (in such a way that the obligation to complete such works remains at all times secured by the privilege without the possibility for Midi of redeeming a Phase Area in full from the effects of the privilege before completing the respective works).

Midi has already utilised these provisions to obtain the release from the privilege of Blocks T4, T5, T6 and T7 in order to sell the apartments in these blocks. By virtue of a deed in the records of Notary Dr. Vincent Miceli dated 22 December 2006 GOM waived the special privilege to the extent only that the special privilege was registered to secure the payment of the

outstanding balance of the premium (leaving its effect unimpaired to the extent that it secured payment of groundrent), in so far only as this special privilege affects the site at Tigné Point, Sliema occupied by the complex referred to as "Complex A" or "Caravaggio Court" comprising four (4) blocks of apartments referred to as Blocks T4F, T4B, T5F and T5B and reduced the credit secured by the privilege in so far as it refers to the outstanding balance of the premium mentioned therein by €12,974,609.83 (Lm5,570,000). By virtue of another deed in the records of Notary Dr. Vincent Miceli dated 24 October 2007 (9144/2007), GOM waived the privilege mentioned to the extent only that the special privilege was registered to secure the payment of the outstanding balance of the premium and in so far only as this special privilege affects the site at Tigné Point, Sliema occupied by the complex referred to as "Complex B" or "Favray Court" comprising four (4) blocks of apartments referred to as Blocks T6F, T6B, T7F and T7B and reduced the credit secured by the privilege in so far as it refers to the outstanding balance of the premium mentioned therein by a total of €3,400,885 (Lm1,460,000).

The following are a few general rules contained in the Emphyteutical Deed which regulate releases of the privilege. With respect to payments of premium in cash, Midi has the option to credit these to any Phase Area subject to maximum amount of cash premiums relative to that Phase Area specified in Schedule 10. Midi can provide first class bank guarantees or first ranking hypothecs on immovable property in lieu of cash payments of premium (but not in respect of premium payable in kind). Although Schedule 10 refers to release of Floorspace, it is expressly stated that upon full payment of premium attributable to a Phase Area, whether by cash payments or works or guarantees etc., the entire Phase Area in question shall be released from the effects of the privilege (including those parts which do not qualify as Floorspace).

By virtue of a deed dated 22 December 2006 and another deed dated 24 October 2007 between the GOM and Midi, both deeds in the Records of Notary Dr. Vincent Miceli, the parties have agreed to apportion the groundrent with respect to the apartments, garages and store-rooms (hereinafter referred to as "the Units") accordingly as set out in the said deeds.

In the above-mentioned deeds, the GOM has given its consent to reduce the Note of Hypothec and Privilege number 9973/2000 and to the reduction to the relative charge registered in the Land Registry as charge number cc1473/2000 registered in its favour and against Midi arising from the Emphyteutical Deed.

By virtue of the deed dated 22 December 2006 the GOM has agreed that the credit mentioned in the said Note of Hypothec and Privilege and Land Registry charge in so far as it refers to the outstanding balance of the premium mentioned therein is reduced by €12,974,609.83 (Lm5,570,000) and the said Note of Hypothec and Privilege and Land Registry charge in so far as they refer to the outstanding balance of the premium remains valid and effective up to the sum of €78,732,821 (Lm33,800,000).

The GOM has waived the special privilege mentioned in the said Note of Hypothec and Privilege and Land Registry charge, to the extent only that the special privilege was registered to secure the payment of the outstanding balance of the premium, in so far only as this special privilege affects the site at Tigné Point, Sliema on which part of the development known as the Tigné South Development is situate having a superficial area measuring approximately 5,200 square metres and which site is occupied by a complex referred to as "Complex A" or "Caravaggio Court" comprising four (4) blocks of apartments as yet officially without number but which are referred to as Blocks T4F, T4B, T5F and T5B and underlying basements consisting of lock up garages, garage spaces and store rooms and the relative common parts of the blocks, the basements and the entire complex as well as the airspace thereof thus also releasing the said Units in the complex from the effects thereof.

The GOM has also agreed that when a Unit is transferred to a Transferee (as defined in Clause Eight (8) of Schedule Twenty One (21) of the Emphyteutical Deed) the special privilege mentioned in the said Note of Hypothec and Privilege and Land Registry charge, to the extent only that the special privilege was registered to secure the payment of the groundrent, shall continue to attach to such Unit only for the apportioned groundrent as agreed by the GOM and Midi on the said deed, it being understood that the effects thereof for each Unit shall be suspended until such time when the Transfer of a Unit is made to a Transferee and shall come into effect immediately and without the need of any further formality in relation to a Unit when such Unit is Transferred. The said Note of Hypothec and Privilege and Land Registry charge otherwise remain firm, valid and unimpaired on all the other property mentioned therein.

By virtue of the deed dated 24 October 2007 (9144/2007) the GOM has agreed that the credit mentioned in the said Note of Hypothec and Privilege and Land Registry charge in so far as it refers to the outstanding balance of the premium mentioned therein shall be reduced by a total of €3,400,885 (Lm1,460,000) made up of the sum of €88,516 (Lm38,000) which Midi is considered to have paid to the GOM by the completion of restoration works on the Tigné Point Chapel and the sum of €3,312,369 (Lm1,422,000) which Midi is considered to have paid to the GOM by the substantial completion the public infrastructural works in respect of the joint Tigné South and Tigné Sports Phase Areas on Tigné Point and the said Note of Hypothec and Privilege and Land Registry charge in so far as they refer to the outstanding balance of the premium shall remain valid and effective up to the sum of €75,331,936 (Lm32,340,000).

The GOM has waived the special privilege mentioned in the said Note of Hypothec and Privilege and Land Registry charge, to the extent only that the special privilege was registered to secure the payment of the outstanding balance of the premium and in so far only as this special privilege affects the site at Tigné Point, Sliema on which part of the development known as the Tigné South Development is situate having a superficial area measuring approximately 5,400 square metres and which site is occupied by a complex referred to as "Complex B" or "Favray Court" comprising four (4) blocks of apartments as yet officially without number but which are referred to as Blocks T6F, T6B, T7F and T7B and underlying basements consisting of lock up garages, garage spaces and store rooms and the relative common parts of the blocks, the basements and the entire complex as well as the airspace thereof thus also releasing the said Units in the complex from the effects thereof.

The GOM has agreed that when a Unit is transferred to a Transferee (as defined in Clause Eight (8) of Schedule Twenty One (21) of the Emphyteutical Deed) the special privilege mentioned in the said Note of Hypothec and Privilege and Land Registry charge, to the extent only that the special privilege was registered to secure the payment of the groundrent, shall continue to attach to such Unit only for the apportioned groundrent as agreed by the GOM and Midi on the said deed, it being understood that the effects thereof for each Unit shall be suspended until such time when the Transfer of a Unit is made to a Transferee and shall come into effect immediately and without the need of any further formality in relation to a Unit when such Unit is Transferred. The said Note of Hypothec and Privilege and Land Registry charge remain otherwise firm, valid and unimpaired on all the other property mentioned therein.

The above-mentioned waivers may be seen in the summary of privileges and hypothecs in Part D above.

## **FINANCING**

There are a few provisions in the Emphyteutical Deed which can be utilised by a bank or financial institution which provides finance in respect of the project.

Under clause 4.3 of the Emphyteutical Deed if financing in respect of a Phase Area has been obtained from one or more Banks or Financial institutions, GOM has agreed that it will only execute and exercise its rights under the privilege in respect of that Phase Area up to the value attributed (in Schedule 10) to that Phase Area and not the entire balance of premium (that may be due for all the Phase Areas in the development), and, furthermore, GOM has agreed to postpone (in terms of ranking), in respect of the relevant Phase Area, such amount of the privilege which exceeds the said value attributed to that Phase Area after the privilege or hypothec registered or to be registered by such Bank and/or Financial Institution on such Phase Area (in such a way that the GOM's privilege remains first ranking on the Relevant Phase Area only up to the amount of premium attributed to such Phase Area).

If the said bank or financial institution acquires the Emphyteutical Land as a result of the enforcement of their security rights pursuant to the financing of the development of the Emphyteutical Land, such bank or financial institution will continue to benefit from the abatement of groundrent provision, even though the Emphyteutical Land is transferred. (article 3.2 of the Emphyteutical Deed).

If the emphyteutical concession is dissolved and GOM disposes of the Emphyteutical Land, within ten (10) years from such dissolution then, out of the proceeds of such disposal, any such bank or financial institution is to be paid the cost of any Public Infrastructure and Public Areas constructed on the Emphyteutical Land in connection with the Tigné South and Sports Phase, and the Marina South Phase but, in any case, not more than fifty per cent (50%) of such proceeds or fifty per cent (50%) of the cost of such Public Infrastructure and Public Areas (article 21.2 of the Emphyteutical Deed), whichever is the lower.

Such bank or financial institution which enjoys a duly registered hypothec or duly registered privilege over the Emphyteutical Land or any part of it may notify GOM and if such notice has been given GOM cannot proceed to dissolve the emphyteutical concession before the period of 6 months from the date that such bank or financial institution is served with a copy of the judicial letter sent to Midi for purposes of dissolution. At any time prior to dissolution, such bank or financial institution may notify GOM by judicial letter that it is willing to take over the outstanding obligations with respect to the Emphyteutical Land or any part of it. In such an event the bank or financial institution and the GOM shall, within three (3) months from the date of service of the judicial letter sent by the bank or financial institution, agree on a reasonable period of time for the carrying out of such outstanding obligations, which in any case shall be an extension not longer than the period of time originally granted, failing which the period will be fixed by arbitration.

## DISSOLUTION

GOM may dissolve the (entire) emphyteutical concession in the case of certain stipulated defaults by Midi (Article 21). These are:

- (I) failure to pay 3 annual amounts of ground rent or ground rent of an equivalent aggregate amount;
- (II) failure to commence the first development phase (Tigné South and Tigné Sports Phase Areas) within a certain time (this obligation has been fulfilled), and to substantially complete it within 4 years from the issue of the final Full Development Permit;
- (III) failure to carry out restoration works at Fort Manoel in the way and within the periods stated in the Emphyteutical Deed.

Before proceeding to dissolve the concession, GOM is obliged to serve notice to Midi, and to allow Midi a period of 6 months within which to rectify the default.

In the event of dissolution of the emphyteutical concession, the Emphyteutical Land and all improvements thereon will revert to GOM without compensation, except for the instances stated in Article 21.

The dissolution of the emphyteutical concession shall be without prejudice to and shall not in any way affect any real rights in respect of the Emphyteutical Land, any part of it or any buildings, works or structures thereon, already acquired by any third party who is acknowledged or entitled to be acknowledged by the GOM. In the event of a dissolution of the emphyteutical concession any groundrents, sub-groundrents, rents or other fees falling due after dissolution which are payable by such third parties to Midi shall become the property of the GOM and shall become payable to the GOM.

Should the emphyteutical concession be dissolved, the Yachting Centre concession shall also be dissolved (Article 21.3). However, in this event, any berthing rights which any third party may have acquired shall not be affected.

ANNEX II  
SPECIMEN APPLICATION FORMS



**MIDI p.l.c. 7% EUR Bonds 2016-2018**



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

Application Number

**APPLICANT** (see notes 2 to 6)

A  Non-Resident  CIS-Prescribed Fund  Minor (under 18)  Body Corporate / Body of Persons

B TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME / REGISTERED NAME	
ADDRESS			
MSE A/C NO.	ID CARD / PASSPORT / COMPANY REG. NO	TEL. NO.	MOBILE NO.

**C ADDITIONAL (JOINT) APPLICANTS** (see note 2) (please use additional Application Forms if space is not sufficient)

TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	ID CARD/PASSPORT NO.	ID CARD/PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	ID CARD/PASSPORT NO.	ID CARD/PASSPORT NO.

**D MINOR'S PARENTS / LEGAL GUARDIAN/S** (see note 4) (to be completed ONLY if the Applicant is a minor)

I TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	ID CARD/PASSPORT NO.	ID CARD/PASSPORT NO.
II TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	ID CARD/PASSPORT NO.	ID CARD/PASSPORT NO.

**E I/WE APPLY TO PURCHASE AND ACQUIRE** (see notes 7 & 8)

AMOUNT IN FIGURES  
€

AMOUNT IN WORDS

MIDI p.l.c. 7% EUR Bonds 2016-2018 (minimum €2,500 and in multiples of €100 thereafter) or any smaller number of Bonds for which this Application may be accepted at the Bond Offer Price as defined in the Prospectus dated 5 December 2008 payable in full upon application under the terms and conditions as defined in the said Prospectus.

**F WITHHOLDING TAX ON INTEREST** (see note 9) (to be completed ONLY if the Applicant is a resident)

- 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).

**G NON-RESIDENT – DECLARATION FOR TAX PURPOSES** (see note 3) (to be completed ONLY if the Applicant is a non-resident)

TAX COUNTRY	TOWN OF BIRTH		
TAX IDENTIFICATION NUMBER	COUNTRY OF BIRTH		
	PASSPORT / ID 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

**H INTEREST PAYMENTS/REFUNDS (IF ANY)** (see note 10 & 11)

BANK	BRANCH	ACCOUNT NUMBER
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I 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 which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.

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

Date

Authorised Distributor's Stamp

Authorised Distributor's Code

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

The following notes are to be read in conjunction with the Prospectus dated 5 December 2008

1. The Application Form is to be completed in BLOCK LETTERS.
2. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bond. Interest and redemption proceeds will be issued in the name of such Bondholder.
3. Non-Resident applicants must indicate their passport number in Panel B, complete Panel G and the relative box in Panel A must also be marked appropriately. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. European Council Directive 2003/48/EC on the Taxation of Savings Income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
4. In the case of an Applicant who is a minor, the word 'minor' must be indicated in Panel B next to the Applicant's name and the relative box in Panel A must also be marked. A Public Registry birth certificate must be attached to the Application Form. (The birth certificate is not required if the minor already holds securities which are listed on the Malta Stock Exchange (MSE)). The Application Form must be signed by both parents or by the legal guardian/s. In the latter case documentary evidence of the legal guardian's appointment should be provided. (Interest and redemption proceeds will be made payable to the parent/legal guardian named in Panel DI until such time as the Issuer is notified that the minor named in Panel B has attained the age of 18). The address to be inserted in Panel B is to be that of the parents / legal guardian.
5. In the case of body corporate, the name of the entity, exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. Applicants must indicate their MSE account number in Panel B. Applicants who do not have a Malta Stock Exchange account number may open an account through an Authorised Distributor. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFERS FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.
7. Application must be for a minimum of €2,500 and thereafter in multiples of €100.
8. Payment may be made by cheque drawn on a local bank payable to 'The Registrar – MIDI Bond Issue'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer reserves the right to invalidate the relative Application.
9. 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 he/she will be obliged to declare interest so received on his/her 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 (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. Applicants will receive their interest directly in a bank account held locally and such choice is to be indicated in Panel H.
11. If any Application is not accepted, or is accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the Applicant's bank account as indicated in Panel H.
12. Subscription lists will open at 8.30am on 13 January 2009 and will close at 12.00pm on 20 January 2009. The Issuer reserves the right, however, to close the Bond Issue before 20 January 2009 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected.
13. Completed Application Forms are to be delivered to any Authorised Distributor listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing of the subscription lists.
14. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus.
15. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
16. The Issuer may process the personal data that the Applicant provides in the Application Form, for all purposes necessary for and related to the issue of the Bonds applied for, in accordance with the Data Protection Act, 2001. The Applicant, has the right to request access to and rectification of the personal data relating to him/her, as processed by the Issuer. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates.

**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 in the respective currency of issue. An investor should consult an independent investment advisor, licensed under the Investment Services Act (Cap.370 of the Laws of Malta), for advice.**


**MIDI p.l.c. 7% GBP Bonds 2016-2018**


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

Application Number

**APPLICANT** (see notes 2 to 6)

**A**  Non-Resident  CIS-Prescribed Fund  Minor (under 18)  Body Corporate / Body of Persons

**B**

TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME / REGISTERED NAME		
ADDRESS			
MSE A/C NO.	ID CARD / PASSPORT / COMPANY REG. NO	TEL. NO.	MOBILE NO.

**C ADDITIONAL (JOINT) APPLICANTS** (see note 2) (please use additional Application Forms if space is not sufficient)

TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	ID CARD/PASSPORT NO.	ID CARD/PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	ID CARD/PASSPORT NO.	ID CARD/PASSPORT NO.

**D MINOR'S PARENTS / LEGAL GUARDIAN/S** (see note 4) (to be completed ONLY if the Applicant is a minor)

**I**

TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	ID CARD/PASSPORT NO.	ID CARD/PASSPORT NO.
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**II**

TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	ID CARD/PASSPORT NO.	ID CARD/PASSPORT NO.
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**E I/WE APPLY TO PURCHASE AND ACQUIRE** (see notes 7 & 8)

AMOUNT IN FIGURES £	AMOUNT IN WORDS
------------------------	-----------------

MIDI p.l.c. 7% GBP Bonds 2016-2018 (minimum £2,000 and in multiples of £100 thereafter) or any smaller number of Bonds for which this Application may be accepted at the Bond Offer Price as defined in the Prospectus dated 5 December 2008 payable in full upon application under the terms and conditions as defined in the said Prospectus.

**F WITHHOLDING TAX ON INTEREST** (see note 9) (to be completed ONLY if the Applicant is a resident)

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).

**G NON-RESIDENT – DECLARATION FOR TAX PURPOSES** (see note 3) (to be completed ONLY if the Applicant is a non-resident)

TAX COUNTRY	TOWN OF BIRTH		
TAX IDENTIFICATION NUMBER	COUNTRY OF BIRTH		
	PASSPORT / ID 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

**H INTEREST PAYMENTS/REFUNDS (IF ANY)** (see note 10 & 11)

BANK	BRANCH	ACCOUNT NUMBER
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**I** 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 which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.

Signature/s of Applicant/s

(both parents or legal guardian are/is to sign if Applicant is a minor) (all parties are to sign in the case of a joint Application)

Date

Authorised Distributor's Stamp

Authorised Distributor's Code

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

The following notes are to be read in conjunction with the Prospectus dated 5 December 2008

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3. Non-Resident applicants must indicate their passport number in Panel B, complete Panel G and the relative box in Panel A must also be marked appropriately. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. European Council Directive 2003/48/EC on the Taxation of Savings Income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
4. In the case of an Applicant who is a minor, the word 'minor' must be indicated in Panel B next to the Applicant's name and the relative box in Panel A must also be marked. A Public Registry birth certificate must be attached to the Application Form. (The birth certificate is not required if the minor already holds securities which are listed on the Malta Stock Exchange (MSE)). The Application Form must be signed by both parents or by the legal guardian/s. In the latter case documentary evidence of the legal guardian's appointment should be provided. (Interest and redemption proceeds will be made payable to the parent/legal guardian named in Panel DI until such time as the Issuer is notified that the minor named in Panel B has attained the age of 18). The address to be inserted in Panel B is to be that of the parents / legal guardian.
5. In the case of body corporate, the name of the entity, exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. Applicants must indicate their MSE account number in Panel B. Applicants who do not have a Malta Stock Exchange account number may open an account through an Authorised Distributor. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFERS FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.
7. Application must be for a minimum of £2,000 and thereafter in multiples of £100.
8. Payment may be made by cheque drawn on a local bank payable to 'The Registrar – MIDI Bond Issue'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer reserves the right to invalidate the relative Application.
9. 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 he/she will be obliged to declare interest so received on his/her 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 (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. Applicants will receive their interest directly in a bank account held locally and such choice is to be indicated in Panel H.
11. If any Application is not accepted, or is accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the Applicant's bank account as indicated in Panel H.
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13. Completed Application Forms are to be delivered to any Authorised Distributor listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing of the subscription lists.
14. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus.
15. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
16. The Issuer may process the personal data that the Applicant provides in the Application Form, for all purposes necessary for and related to the issue of the Bonds applied for, in accordance with the Data Protection Act, 2001. The Applicant, has the right to request access to and rectification of the personal data relating to him/her, as processed by the Issuer. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates.

**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 in the respective currency of issue. An investor should consult an independent investment advisor, licensed under the Investment Services Act (Cap.370 of the Laws of Malta), for advice.**

## ANNEX III

### AUTHORISED DISTRIBUTORS

#### *Members of the Malta Stock Exchange*

<b>Atlas Investment Services Ltd.</b> Abate Rigord Street Ta' Xbiex XBX 1121	Tel: 23265690	Fax: 23265691
<b>Bank of Valletta p.l.c.</b> BOV Centre Cannon Road St Venera SVR 9030	Tel: 22751732	Fax: 22751733
<b>Calamatta Cuschieri &amp; Co. Ltd.</b> 5th Floor, Valletta Buildings South Street Valletta VLT 1103	Tel: 25688688	Fax: 25688256
<b>Charts Investment Management Service Ltd.</b> Valletta Waterfront Vault 17, Pinto Wharf Floriana FRN 1913	Tel: 21224106	Fax: 21241101
<b>Curmi &amp; Partners Ltd.</b> Finance House Princess Elizabeth Street Ta'Xbiex XBX 1102	Tel: 21347331	Fax: 21347333
<b>Financial Planning Services Ltd.</b> 4, Marina Court G Cali Street Ta' Xbiex XBX 1421	Tel: 21344243	Fax: 21341202
<b>FINCO Treasury Management Ltd.</b> Level 5, The Mall Complex The Mall Floriana FRN 1470	Tel: 21220002	Fax: 21243280
<b>GlobalCapital Financial Management Ltd.</b> 120, The Strand Gzira GZR 1027	Tel: 21310088	Fax: 23282207
<b>Hogg Capital Investments Ltd.</b> Regent House Level 3, Suite 33 Bisazza Street Sliema SLM 1641	Tel: 21322872	Fax: 21342760

**HSBC Stockbrokers (Malta) Ltd.**

233, Republic Street  
Valletta VLT 1116

Tel: 25972241 Fax: 25972494

**Rizzo, Farrugia & Co (Stockbrokers) Ltd.**

Airways House, Third Floor  
High Street  
Sliema SLM 1549

Tel: 22583000 Fax: 22583001

***Investment Services Providers*****All Invest Co. Ltd.**

Rosewall Bldg, Level 2, Villabate Street  
M'Scala By-Pass, Zabbar ZBR 9045

Tel: 21800919 Fax: 21821933

**APS Bank Ltd.**

APS House  
24, St. Anne Square  
Floriana FRN 9020

Tel: 25671177 Fax: 25671167

**Crystal Finance Investments Ltd.**

6, Freedom Square  
Valletta VLT 1011

Tel: 21226190 Fax: 21226188

**Epic Financial Services Ltd.**

Burmarrad Road  
Burmarrad SPB 9064

Tel: 21572010 Fax: 21571998

**Growth Investments Ltd.**

Middlesea House  
Floriana FRN 1442

Tel: 21226411 Fax: 21249811

**HSBC Bank Malta p.l.c.**

241/2, Republic Street  
Valletta VLT 1116

Tel: 25972209 Fax: 25972475

**Island Financial Services Ltd.**

Insurance House  
Psaila Street  
B'Kara BKR 9078

Tel: 23855555 Fax: 23855238

**Jesmond Mizzi Financial Services Ltd.**

67, Flat 3  
South Street  
Valletta VLT 1105

Tel: 21224410 Fax: 21223810

**Joseph Scicluna Investment Services Ltd.**

Level 3, Bella Vista Court  
Gorg Borg Olivier Street  
Victoria  
Gozo VCT 2517

Tel: 21565707 Fax: 21565706

**Lombard Bank Malta p.l.c.**

Lombard House  
67, Republic Street  
Valletta VLT 1117

Tel: 21248411 Fax: 25581150

**Mercieca Financial Investment Services Ltd**

'Mercieca', John F. Kennedy Square  
Victoria Gozo VCT 2580

Tel: 21553892 Fax: 21553892

**MFSP Financial Management Ltd.**

220, Immaculate Conception Street  
Msida MSD 1838

Tel: 21322200 Fax: 21332190

**Michael Grech Financial Investment Services Ltd.**

1, Mican Court  
JF Kennedy Square  
Victoria  
Gozo VCT 2580

Tel: 21554492 Fax: 21559199

**MZ Investment Services Ltd.**

11, St. Rita Street  
Rabat RBT 1523

Tel: 21453739 Fax: 21453407

## ANNEX IV (A)

### SUMMARY OF SIGNIFICANT ASSUMPTIONS AND ACCOUNTING POLICIES

#### 1. INTRODUCTION

The consolidated forecast financial statements of Midi p.l.c. ("the Company") for the financial year ending 31 December 2008 have been prepared to provide financial information for the purposes of inclusion in the Prospectus of Midi p.l.c. to be dated 5 December 2008. These consolidated forecast financial statements, set out on pages 116 to 118, and the assumptions below are the sole responsibility of the Directors of the Company.

The consolidated forecast financial statements for the year ending 31 December 2008 have been based on the following unaudited financial information:

- (a) the consolidated management accounts of the Company and its group undertakings for the nine months ended 30 September 2008;
- (b) the forecast financial information of the Company and its subsidiaries covering the period 1 October 2008 to 31 December 2008.

The prospective financial information is intended to show a possible outcome based on assumptions as to future events, which the Directors expect to take place, and on actions the Directors expect to take. Events and circumstances frequently do not occur as expected and therefore actual results may differ materially from those included in the prospective financial information. Attention is drawn, in particular, to the risk factors set out in the Prospectus which describe the primary risks associated with the business to which the prospective financial information relates.

The Directors have exercised due care and diligence in adopting these assumptions. The consolidated forecast financial information was formerly approved on 17 November 2008 and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are set out in section 3 below.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of Midi p.l.c. are set out in the audited financial statements of the Group for the financial year ended 31 December 2007. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of the consolidated forecast financial statements.

#### 3. BASIS OF PREPARATION AND PRINCIPAL ASSUMPTIONS

The principal assumptions relating to the environment in which Midi p.l.c. operates, and the factors which are exclusively outside the influence of the Directors and which underlie the consolidated forecast financial statements are the following:

- there will be no material adverse events originating from market and economic conditions including spending levels, exchange rate movements, employment and job growth;
- the Company through its subsidiary will continue to enjoy the confidence of its suppliers and its bankers;
- there will be no material cost overruns on budgeted capital expenditure;

- interest rates will not change materially throughout the period covered by the forecast;
- there will be no material adverse events such as delays in the completion of the Project;
- the basis and rates of taxation will not change materially throughout the period covered by the forecast; and
- the rate of inflation will not exceed that experienced in the last few years.

The principal assumptions relating to the environment in which Midi p.l.c. operates, and the factors which the Directors can influence and which underlie the consolidated forecast financial information, are the following:

### 3.1 REVENUES

**3.1.1** The Company's forecast turnover relates to the sale of a number of residential units constructed on Tigné South, which have been or will be handed over to the purchasers during 2008. Revenue earned from these long-term contracts is recognised upon the delivery of the contracted items net of sales taxes and discounts and is included in the financial statements as turnover. Total revenue for 2008 is forecast at €51 million as follows:

#### Tigné South Blocks T4 - T9

	€
T4 & T5	7,969,550
T6 & T7	25,841,124
T8 & T9	17,225,386
	<b>51,036,060</b>

**3.1.2** The revenue forecast in 2008 comprises the following:

- Actual revenues generated from the sale of apartments and garages during the nine months ended 30 September 2008;
- Projected revenues estimated on the basis of the date of completion of apartments as estimated by the project management team.

**3.1.3** The sales value of apartments that are the subject of preliminary sales agreements on Blocks T4 to T9, and that are expected to be delivered to customers in 2009, amounts to €19,610,037, representing 33 apartments. These sales will be reflected in the Company's profit and loss account in 2009. Advance deposits on these contracts, amounting to €11,259,435, are included within current liabilities in the Company's balance sheet and form part of total customers' advance deposits of €14,073,020 forecast at 31 December 2008.

### 3.2 COST OF SALES

**3.2.1** Gross profit represents the profit earned after deducting the direct costs incurred and the indirect cost allocations during the year.

**3.2.2** Direct costs incurred in relation to the development are accounted for as part of the development costs until project completion and classified in the financial statements as stock. Direct costs incurred in developing the residential apartments and related car parking spaces are transferred from stock to the profit and loss account on sale.

**3.2.3** Direct costs comprise the purchase cost of acquiring the land together with other costs incurred during its subsequent development including:

- the costs incurred on development works, demolition, site clearance, excavation, construction and finishing works;
- the cost of various design and other studies conducted in connection with the Project together with architect fees, project management costs, legal expenses and marketing costs; and
- any borrowing costs, net of any interest receivable attributable to the development phases of the Project.

**3.2.4** Indirect costs include inter alia pre-project costs, depreciation, administrative and finance overheads. The amount transferred to cost of sales is based on the direct costs incurred in that year.

**3.2.5** Total cost of sales for 2008 is forecast at €42.1million and is analysed as follows:

**Tigné South Blocks T4 - T9**

	€
T4 & T5	7,038,937
T6 & T7	22,354,453
T8 & T9	12,713,628
	<b>42,107,018</b>

**3.3 ADMINISTRATIVE EXPENSES**

**3.3.1** Administrative expenses consist primarily of payroll, advertising, professional fees, depreciation and other general expenses.

**3.3.2** Depreciation is calculated on the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives. The depreciation charge is based on the Group's fixed asset base adjusted for forecast additions and disposals during the year and on the following depreciation rates:

<b>Buildings</b>	<b>1%</b>
<b>Office equipment, furniture and fittings</b>	<b>10% – 33%</b>

**3.4 FINANCIAL EXPENSES**

**3.4.1** Interest on borrowings outstanding in the period covered by the forecast are capitalised within stocks. Bank borrowings are subject to floating rates of interest and as at 31 December 2008 the weighted average effective interest rate is projected at 6.75%.

**3.4.2** Interest payments originating from the Bond Issue, which are forecast to be subject to a fixed interest rate of 7%, will also be accounted for as part of the development cost within stocks.

### 3.5 TAXATION

**3.5.1** Tax is provided at 35% of the chargeable income for the year.

**3.5.2** Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

### 3.6 EARNINGS PER SHARE

Earnings per share are based on the profit after taxation attributable to the ordinary shareholders of the Group divided by the weighted average number of ordinary shares in issue during the year.

	Forecast year ending 31 December 2008
<b>Net profit attributable to ordinary shareholders (€)</b>	<b>5,437,662</b>
<b>Weighted average number of ordinary shares in issue</b>	<b>29,350,105</b>
<b>Earnings per share (cents)</b>	<b>18c5</b>

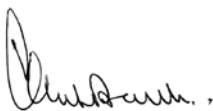
### 4. CONCLUSION

The Directors believe that the assumptions on which the projections are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be sufficient for the carrying out of its business.

Approved by the Board of Directors on 17 November 2008 and signed on its behalf by:



**Albert Mizzi**  
Chairman



**Paul Bonello**  
Director

## FORECAST PROFIT AND LOSS ACCOUNT

Year ending 31 December 2008

	€
<b>Turnover</b>	<b>51,036,060</b>
Cost of sales	(42,107,018)
<b>Gross profit</b>	<b>8,929,042</b>
Operating income	303,595
Administrative expenses	(259,086)
<b>Operating profit</b>	<b>8,973,551</b>
Interest receivable	65,041
Interest payable	(12,248)
Other income	177,915
Share of loss of joint venture	(520,304)
<b>Profit before tax</b>	<b>8,683,955</b>
Taxation	(3,246,293)
<b>Profit for the year</b>	<b>5,437,662</b>
Earnings per share (cents)	18c5

**FORECAST BALANCE SHEET**

As at 31 December 2008

€

<b>ASSETS</b>	
<b>Fixed assets</b>	
Property plant and equipment	29,779,057
Investment in joint venture	819,492
<b>Total fixed assets</b>	<b>30,598,549</b>
<b>Current assets</b>	
Stock – Development Project	168,046,700
Debtors	4,284,106
Current taxation	3,767,084
Cash at bank and in hand	21,351,371
<b>Total current assets</b>	<b>197,449,261</b>
<b>Total assets</b>	<b>228,047,810</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Capital and reserves</b>	
Called up issued share capital	29,350,105
Profit and loss account	7,770,555
<b>Total equity</b>	<b>37,120,660</b>
<b>Provisions for liabilities and charges</b>	
Deferred taxation	1,197,279
<b>Creditors: amounts falling due after more than one year</b>	
Trade and other creditors	23,819,944
Interest bearing borrowings	101,054,893
	124,874,837
Total non-current liabilities	126,072,116
<b>Creditors: amounts falling due within one year</b>	
Trade and other creditors	50,782,014
Deposits received on promise of sales agreements	14,073,020
<b>Total liabilities</b>	<b>190,927,150</b>
<b>Total equity and liabilities</b>	<b>228,047,810</b>

## FORECAST CASH FLOW STATEMENT

Year ending 31 December 2008

€

<b>Operating activities</b>	
Investment in development project, after application of prior year funding	(26,558,122)
Working capital movement related thereto	2,836,183
Cash outflow on development project	(23,721,939)
Movement in promise of sale agreements	(35,977,151)
Net operating expenditure	9,085,708
Interest received	52,793
Other income	177,915
Tax paid	(4,843,807)
<b>Net cash used in operating activities</b>	<b>(55,226,481)</b>
<b>Investing activities</b>	
Acquisition of property, plant and equipment	(139,902)
Acquisition of shares in a joint venture	(1,000,000)
<b>Net cash used in investing activities</b>	<b>(1,139,902)</b>
<b>Financing activities</b>	
Movement in bank borrowings	45,457,442
Cash inflow from Bond Issue	30,000,000
<b>Net cash from financing activities</b>	<b>75,457,442</b>
<b>Movement in cash and cash equivalents</b>	<b>19,091,059</b>
Cash and cash equivalents at beginning of year	2,260,312
<b>Cash and cash equivalents at end of year</b>	<b>21,351,371</b>

## FORECAST STATEMENT OF CHANGES IN EQUITY

	Called up issued share capital €	Profit and loss account €	Total €
Balance at 1 January 2008	29,350,105	2,332,893	31,682,998
Profit for the financial year	-	5,437,662	5,437,662
<b>Balance at 31 December 2008</b>	<b>29,350,105</b>	<b>7,770,555</b>	<b>37,120,660</b>

## ANNEX IV (B)

REPORT BY PRICEWATERHOUSECOOPERS ON THE FORECAST FOR THE YEAR ENDING 31 DECEMBER 2008



**PricewaterhouseCoopers**  
PO Box 61 VLT 1000  
167 Merchants Street  
Valletta VLT 1174  
Malta  
Telephone +356 21 247 000  
Facsimile +356 21 244 768  
[www.pwc.com](http://www.pwc.com)

**The Directors**  
**Midi p.l.c.**  
**North Shore**  
**Manoel Island**  
**Malta**

17 November 2008

**Dear Sirs,**

### **Accountants' Report on the consolidated forecast financial statements of Midi p.l.c.**

We report on the consolidated forecast financial statements for the financial year ending 31 December 2008. The consolidated forecast financial statements is set out under Annex IV(a) of Midi p.l.c.'s ("the Company") Prospectus to be dated 5 December 2008.

We have examined the basis of compilation and the accounting policies of the accompanying consolidated forecast financial statements of the Group for the year ended 31 December 2008 in accordance with the International Standard on Assurance Engagements 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This report is required in terms of rule 9.17 of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and is given for the purpose of complying with that regulation and for no other purpose.

### **Directors' responsibility for the consolidated forecast financial statements**

The Directors are responsible for the preparation of the consolidated forecast financial statements together with the material assumptions on which they are based in accordance with the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC 809/2004.

### Accountants' responsibility

Our responsibility is to form an opinion as to whether the consolidated forecast financial statements, so far as the application of the underlying accounting policies and accuracy of calculations are concerned, have been properly compiled on the basis adopted by the Directors of the Company. It is our responsibility to provide the opinion required by Listing Rule 9.19 and by Annex IV item 9.2 of EU Regulation EC 809/2004.

The consolidated forecast financial statements and the assumptions on which they are based relate to the future and may be affected by unforeseen events. The variation between forecast and actual results may be material. Consequently, we express no opinion on the validity of the assumptions on which the consolidated forecast financial information is based nor how closely the results actually achieved will compare with the consolidated forecast financial information.

### Work performed

Our work included an evaluation of the procedures undertaken by the Directors in compiling the consolidated forecast financial statements and the consistency of the forecast financial statements with the accounting policies adopted by the Group.

We have planned and performed our work so as to obtain all the information and the explanations which we considered necessary in order to provide us with reasonable assurance that the consolidated forecast financial information so far as the accounting policies and calculations are concerned, has been properly compiled on the basis stated. We conducted our work in accordance with the requirements of the Malta Financial Services Authority Listing Rules in respect of the accountants' report and the Companies Act 1995.

### Opinion

In our opinion:

- (a) the consolidated forecast financial statements have been properly compiled on the basis stated; and
- (b) this basis is consistent with the accounting policies normally adopted by the Group.

Further, we emphasise that the consolidated forecast financial statements are not intended to, and do not, provide all the information and disclosures necessary to give a fair presentation of the results of the operations of the Group in accordance with International Financial Reporting Standards.

The opinion is solely intended for the purposes of this Prospectus to be dated 5 December 2008. Readers are cautioned that the consolidated forecast financial statements may not be appropriate for any other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our works.

Yours faithfully



**John B. Zarb** (Partner)  
for and on behalf of

**PRICEWATERHOUSECOOPERS** 

167, Merchants Street  
Valletta, Malta

## ANNEX V

### UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

#### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	six months ended 30 June	
	2008 €	2007 €
Turnover	26,533,962	10,662,822
<b>Gross profit</b>	<b>4,429,237</b>	<b>820,695</b>
<b>Operating profit/(loss)</b>	<b>3,073,583</b>	<b>(782,459)</b>
Net interest receivable and other income	63,275	94,253
Share of loss of joint venture	(316,807)	(173,684)
<b>Profit/(loss) before tax</b>	<b>2,820,051</b>	<b>(861,890)</b>
Tax expense	(987,018)	-
<b>Profit/(loss) for the period</b>	<b>1,833,033</b>	<b>(861,890)</b>
Earnings per share (cents)	15c0	(7c0)

#### CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2008 €	31 December 2007 €
	<b>ASSETS</b>	
Fixed assets – property, plant and equipment	24,495,199	15,919,765
Other non-current assets	22,989	355,336
Current assets	158,705,025	164,751,307
<b>Total assets</b>	<b>183,223,213</b>	<b>181,026,408</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>33,516,030</b>	<b>31,682,997</b>
Provision for liabilities and charges – deferred taxation	246,754	610,401
Creditors: amounts falling due after more than one year	91,507,611	56,807,347
Creditors: amounts falling due within one year	57,952,818	91,925,663
<b>Total liabilities</b>	<b>149,707,183</b>	<b>149,343,411</b>
<b>Total equity and liabilities</b>	<b>183,223,213</b>	<b>181,026,408</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital €	Profit & loss account €	Total €
Balance at 1 January 2007	27,196,832	123,687	27,320,519
Loss for the six months ended 30 June 2007	-	(861,890)	(861,890)
<b>Balance at 30 June 2007</b>	<b>27,196,832</b>	<b>(738,203)</b>	<b>26,458,629</b>
Balance at 1 January 2008	29,350,105	2,332,892	31,682,997
Profit for the six months ended 30 June 2008	-	1,833,033	1,833,033
<b>Balance at 30 June 2008</b>	<b>29,350,105</b>	<b>4,165,925</b>	<b>33,516,030</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	six months ended 30 June	
	2008 €	2007 €
Net cash (used in)/from operating activities	(15,587,365)	3,662,614
Net cash used in investing activities	(27,216)	(118,724)
Net cash from/(used in) financing activities	14,593,870	(529,874)
<b>Movement in cash and cash equivalents</b>	<b>(1,020,711)</b>	<b>3,014,016</b>
Cash and cash equivalents at beginning of interim period	2,260,312	3,763,569
<b>Cash and cash equivalents at end of interim period</b>	<b>1,239,601</b>	<b>6,777,585</b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

### General information

This interim consolidated financial information is being published in terms of Malta Financial Services Authority Listing Rules chapters 8 and 9 and section 13.5.2 of annex IV of EU regulation EC 809/2004. The condensed interim consolidated financial information has been extracted from Midi p.l.c.'s unaudited consolidated financial information for the six months ended 30 June 2008 prepared in accordance with accounting standards adopted for use in the European Union for reported interim financial information (IAS 34 – Interim Financial Reporting). In terms of Listing Rule 9.44k.5, this interim financial information has not been audited or reviewed by the Group's independent auditors.

### Significant accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2007.

### Comparative information

Following Malta's adoption of the Euro as its national currency on 1 January 2008, the group's functional currency was changed from Maltese lira to Euro. Consequently, the results and financial position of the group were translated at the Irrevocably Fixed Conversion Rate of €1: Lm0.4293 as at that date. All comparative financial information has been converted into Euro using the Irrevocably Fixed Conversion Rate of €1: Lm0.4293. This change in comparative presentation has been made for information purposes only.

## ANNEX VI

### ARCHITECT'S VALUATION REPORT



aom

20 October 2008

The Directors,  
Midi p.l.c.  
North Shore  
Manoel Island

Dear Sirs,

#### VALUATION REPORT – IMMOVABLE PROPERTY AT TIGNÉ POINT AND MANOEL ISLAND, MIDI PLC

In accordance with your instructions, the undersigned has carried out a valuation of immovable property, located at Tigné Point and Manoel Island, forming part of the Manoel Island and Tigné Point Development, and which detailed valuation report, including the undersigned's opinion of the value of the property, is herewith submitted. The effective date of this valuation is the 20th October 2008.

It is understood that the purpose of the valuation is for inclusion with the Prospectus, to be published in connection with the proposed public bond issue by MIDI p.l.c., in accordance with the Listing Rules of the Listing Authority. The valuation has been prepared in accordance with Chapter 14 of the Listing Rules published by the Malta Financial Services Authority, and, in particular, with the disclosure requirements relating to Property Companies seeking listing on the Malta Stock Exchange.

The undersigned declares that, as Lead Consultant for the Project, which comprises the immovable property subject of this valuation, he is fully familiar with the property, and has had full access to all plans of the various properties, and the construction cost estimates, as is sufficient for the purposes of this valuation. Further information as was considered necessary was obtained from the Directors, or their advisors; this information included projections of expected future revenue streams, both in terms of projected and likely selling prices or rentals, cost of land in terms of cash elements, as well as public infrastructural and restoration costs, as defined in the Emphyteutical Grant of 2000, and finally projections of estimated direct development costs, design, management and supervision costs, marketing and selling costs, estate management costs, and financing costs, the preparation of which was subject to review by the company's auditors, PricewaterhouseCoopers.

The valuation has been carried out by the undersigned, as an independent valuer, in terms of, and with regard given to, the UK Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The undersigned confirms that there is no conflict of interest in advising you of the opinion of the value of the property, since the undersigned or his associates will not benefit from the valuation instruction, other than the valuation fee.

aom limited

Co Reg No C-26848 VAT Reg No 1584-5501  
trig forti manoel **manoel island** gzira gżr 03 malta tel: 2133 5454 fax: 2133 4558 info@aom.com.mt  
directors: Prof. Alex Torpiano · Dion Buhagiar · David Drago · Alberto Miceli-Farrugia

The listing rules require that the valuation be made on the basis of an open market value for existing use. An open market value represents an opinion of the best price for which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the date of the valuation. An open market valuation assumes (i) that there is a willing seller; (ii) that the interest being valued would have been, prior to the transaction, properly marketed; (iii) that the state of the market, level of values and other circumstances are consistent over the period of the valuation; (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest; (v) and that both parties to the transaction act knowledgeably, prudently and without compulsion. An existing use value follows on the definition of the open market value, with the added assumptions that (a) the property can be used, for the foreseeable future, only for the existing use, and (b) that vacant possession is provided on completion of the sale of all parts occupied by the business.

The Property included in this valuation is divided into (i) property which is in the course of development, in specified phases over a period of time, and (ii) property which is not yet developed but which is earmarked, and held by the Company, for future development. The Property is held by MIDI plc as a result of an Emphyteutical Grant by the Government of Malta made in 2000, for the purpose of developing two large scale real estate projects located at Tigné Point and Manoel Island. All the property is held under the title of a 99-year Lease, except that the residential component with the allocated car parking spaces that are sold can be converted by the buyers to a freehold tenure. This has been taken into account when establishing the relative selling prices for the residential components of the Property. Tigné Point includes residential development that has already been completed and sold. This component of the Project has not been included in this valuation, and only properties that are either in the course of development, (as is the case with most of the remaining property at Tigné Point), or property held for development, (as is the case with most of the property at Manoel Island), have been taken into account.

The property at Tigné Point has a surface area of approximately 340,000 square metres, on which the total gross surface area of the development envisaged is approximately 267,378 square metres. The boundaries of the property are defined by the sea along the south-western, south-eastern, and north-eastern edges, and, broadly speaking by the axis formed by Censu Xerri Street, on the north-western edge. The development on this site is regulated by an outline master plan, approved by the relevant authorities in 1999. This master plan envisages a mix of residential units, supported by commercial areas, including retail, offices and catering facilities, and by leisure, cultural and recreational facilities. Two important heritage monuments, the restored Fort Tigné, which dates to the late 18th century, and the extant portions of the Garden Battery, which date to the late 19th century, are integrated in the development. The development of this site was divided into phases, a number of which have been completed and sold, others are in various phases of completion, and others still are at the initial stages. For the purposes of this valuation, since the ground has been broken for the whole of the development, and since all parts of the proposed development are covered by at least an outline development permit, the whole of the Tigné Point property has been taken as one development covered by Rule 14.8, even though the separate phases will be completed at different periods. The following phases were identified in the Emphyteutical Grant:

the *Tigné Sports Phase*, which includes a major commercial development, over approximately 16,000 square metres net spread over three levels, currently referred to as The Point shopping centre, (previously Block T2), some residential units, referred to as the Clock Tower residences, (previously Block T1), already disposed of as part of the relocation costs, sports facilities for the local community, underground car-parking facilities and a major underground traffic road – most of this phase is completed, and completely in conformity with approved planning permits, issued in 2004, with the commercial development, (Block T2) scheduled for completion in 2009, also in conformity with approved planning permits issued in 2006;

the *Tigné South Phase*, which is a completely residential development consisting of apartment blocks, (previously referred to as Blocks T4, T5, T6, T7, T8 and T9), over approximately 37,000 square metres, and underlying parking facilities – which is practically completed and sold – but which also includes, in the approved planning permit issued in 2003 and 2004, a Clubhouse (referred to as Block T12) containing catering facilities (1,425 sq.m gross) and health and fitness facilities (2,035 sq.m gross), and Fort Tigné, which is being restored in accordance with approved planning permit issued in 2005, and which will offer the potential of ca. 750 sq.m of catering area;

the *Tigné Plaza Phase*, which consists of a public Piazza, with about 20 residential units, (net area, 2,900 sq.m), and about 14 commercial units around the periphery, (gross area 2,880 sq.m), and overlying underground public car-parking, for about 412 cars – which are in finishing stage, and which are scheduled for completion in 2008/2009, in conformity with approved planning permits issued in 2003 and 2004;

the *Tigné North Three Phase*, which consists of sea-front residential units, and underlying car-parking facilities, – approximately 11,000 square metres net of this development, currently referred to as T10, comprises 59 residential units, and are at an advanced stage of development, with completion, in conformity with the approved planning permit issued in 2005, scheduled for completion in 2010, whilst approximately 7240 square metres net, in a block currently referred to as T17E, comprise 41 residential units, at the initial stages of building development, awaiting full development permission;

the *Tigné North Two Phase*, which consists of an office development of approximately 17,500 square metres, currently referred to as Block T14, and ca. 340 dedicated car-parking spaces – which is in the initial stages of building development, and awaiting full development permission;

the *Tigné North One Phase*, which consists of a mix of 47 residential units, approximately 8,300 square metres net, in a block currently referred to as T17W, and of a small scale commercial development, in a block measuring approximately 2,800 square metres, and currently referred to as T15 – which are both in the initial stages of building development, and awaiting full development permission;

and finally the *Tigné Tower Phase*, which consists mainly of approximately 54 residential units, over a total area of approximately 12,000 square metres gross, currently referred to as T20 (and some commercial development in a small block referred to as T16) – the detail of which is still at design stage, and for which full planning permission is still to be applied for.

The total car-parking capacity is expected to reach approximately 1,045 spaces allocated to the residential units, (535 spaces already sold with residential units), and 1,279 spaces allocated to public car-parking. The residential development which is either held as stock, or is currently on the market, or which is to be built and sold, amounts to ca. 221 units, with a net area of approximately 36,000 sq.m. The total volume of commercial development, which will provide a rental income, envisaged amounts to a gross area of approximately 57,000 sq.m.

The development volumes for those blocks, referred to above, for which full development permission is still awaited, or for which development permission is still to be applied for, add up to the same total volume as had originally been approved by the Outline Development Permit approved in 1999.

The property at Manoel Island has a surface area of approximately 340,000 square metres, on which the total gross surface area of the development envisaged is approximately 229,912 square metres. The boundaries of the site basically correspond to the coastal perimeter of the island, except for an area, which is located along approximately half of the north coast of the island, which comprises a yacht repair facility belonging to third parties. The development on this site is also regulated by another outline master plan approved by the relevant authorities in 1999. An application for an amended master-plan has been submitted for approval by the relative planning authorities. This master plan retains the proposal for the development of a residential village, mainly in the southern part of the island, but adds a proposal for a hotel accommodation (originally approved for Tigné Point), in addition to other approved commercial areas. The plan also retains the proposals for the two major heritage sites, Fort Manoel, dating to the early quarter of the 18th century, and the Lazaretto Terrace, the various components of which date to the period between mid-seventeenth to the mid-nineteenth century.

The main features of the master plan include a marina village, a marina, a hotel, a sports and fitness club, a north lido, a mix of residential and commercial development, including a casino, to be located within the restored Lazaretto Terraces, and the restored Fort Manoel. Restoration works in Fort Manoel are well advanced, and the first phase, which envisages the restoration of all buildings within the bastion walls, is scheduled for completion in 2008. The development is envisaged to contain approximately 62,500 sq.m net residential accommodation, (ca. 442 No.), mostly in the marina village, but also in the Lazaretto Terrace; in addition, approximately 12,200 sq.m net is envisaged as a 230-room 5-star hotel development, approximately 11,630 sq.m net as retail and catering commercial development, approximately 2,600 sq.m net as a casino located within the Lazaretto, and approximately 5,900 sq.m net as ancillary commercial development. In addition, the development is expected to accommodate underground car-parking for ca. 2,400 car spaces, (ca.1,600 public car-parking and ca. 800 car parking spaces allocated to the residential units), and a marina for about 380 berths.

This volume of development is, broadly speaking, less than the volume of development approved by means of the Outline Development Permit approved in 1999.

According to the latest master-plan phasing provided by MIDI's project management, works on Manoel Island are expected to commence in 2010 (except for the on-going restoration work on Fort Manoel, which is expected to be completed in 2014, and restoration work on the Lazaretto Terraces that is envisaged to start in 2009 and to be completed by 2013), and the development on Manoel Island is expected to become fully operational by 2015. This programme depends on the timely issue of planning permission by the relevant authorities.

Since projects of this nature and scale do not easily lend themselves to a method of valuation which is based on the comparative method, this valuation is based on the profits, or earnings method, using a depreciated cash flow approach. The open market value is considered to correspond to the capitalised sum of the fair business earning potential. The valuation was therefore based on the determination of likely future operational cash-flows, together with the estimated residual value at the end of the period covered by operational projections, discounted to net present value at an appropriate rate of return.

In order to prepare this valuation, the undersigned had access to, and review of, the total costs incurred to date by MIDI plc, and the development costs envisaged to be incurred, between the period August 2008 and December 2016, for both the Property located at Tigné Point, and that located at Manoel Island, as made available by the Directors, and reviewed by the Company's auditors PricewaterhouseCoopers. These development costs include cost of land, direct costs of development, design fees, project management costs, developers' infrastructure, management and supervision costs, as well as sales and letting commissions, marketing expenses, and borrowing costs. In conformity with the Listing Rules, it is recorded that the estimated total cost of completion for the Property in course of development, on Tigné Point, amounts to approximately €207 million including related borrowing costs and selling expenses, whereas the estimated total cost of development for the Property held for development on Manoel Island, amounts to approximately €209 million. The cost of land, according to the conditions of the Emphyteutical Grant, consists of a cash element totalling €59.6 million, composed of a first component of €12.9 million, which has already been paid, and a second component of €46.7 million which is payable in instalments without interest as from 2010 until 2023, and of non-cash elements composed of €21 million of public infrastructural works, of which at least €3.7 million have already been incurred, and of €11.6 million of restoration costs, of which, again, a significant portion have already been incurred. The Property is subject to a number of registered privileges, and emphyteutical grant conditions, which have been taken into account in the preparation of this Valuation Report, and which are detailed in the appendix attached to this report.

The undersigned also had access to, and review of, the pricing strategy that was proposed for the development. This pricing strategy was based on a number of studies, including a Market Research Study by Cushman & Wakefield Hellas. This, and other studies, form the basis of the financial projections used for this valuation.

The Listing Rules require that, for valuations of property in course of development, (as is the case for Tigné Point), an opinion is expressed on the open market value of the property in its existing state at the date of valuation, *the value at the current state*, and on the estimated capital values at current prices and on the basis of current market conditions after the development has been completed, *the value on completion of works*, and after the development has been completed and the property has been let, *the value on maturity*. Since Tigné Point is not a single development where it is possible to distinguish a point in time when development is completed and a subsequent point when that operation is mature, the Listing Rule that refers to value on maturity is not considered to be applicable. Neither can the concept be easily applied to a project with a varied content such as Tigné Point. In addition, the Rule, in any case, cannot apply to residential property held for resale, and not for reletting, since this property has no "operational maturity"; this residential property forms the larger part of the value of Tigné Point. By the date of practical completion, that is 2013, it is expected that the earlier retail and office components would be fully let, and therefore, once again, the concept of a different value on maturity does not apply. It is therefore submitted that, where Tigné Point is concerned, the value on completion of works, and the value on maturity are, for all intents and practical purposes, in this case, equivalent. In the case of the valuations of property held for development, as is the case for Manoel Island, the Listing Rules require an opinion on the open market value in its existing state at the date of valuation.

The selection of the discount rate is based on the long term risk-free rate of return, expressed in current terms, that is including inflation, and on a specific risk premium for the individual property being valued, taking into account factors such as property illiquidity, management limitations, type, size and location of property, competition, potential delays, future uncertainty, status of building permits, counter-party risks, and resource risks. A pre-tax risk-free rate of 5%, which approximates to the current yield on a 10-year Malta Government Stock issue, has been adopted for this valuation. A risk premium of 7.5% was considered as adequate for valuing the property in its current state; the risk premium was reduced to 5% when valuing a mature property. In addition, an in-perpetuity growth rate of 3%, in line with current inflation expectations, was also used. Therefore, the projected cash flow surpluses were capitalised at the rate of 7% for the property which is in course of development, on completion of works, and at the rate of 9.5% for the property which is in course of development, in its existing state. The latter capitalisation rate was also used for the property held for development, on Manoel Island.

**On the basis of the above, the present capital value of the Property in the existing state is estimated to be €238 million, (two hundred and thirty eight million Euros).**

**In addition, it is estimated that the open market value of the Property on Tigné Point, in course of development, in its existing state, at the date of valuation is €124 million, (one hundred twenty-four million Euros); the capital value at current prices, and on the basis of current market conditions, of the Property on Tigné Point in course of development, after the development has been completed, is estimated at €155 million (one hundred fifty-five million Euros); similarly, and as has been explained, the capital value at current prices and on the basis of current market conditions, of the Property on Tigné Point in course of development, after the development has been completed and the Property has been let, is estimated at €155 million (one hundred fifty-five million Euros).**

**Finally, the present capital value of the Property on Manoel Island, held for development, in the existing state, is estimated at €114 million, (one hundred and fourteen million Euros).**

Our opinion of the value of the Property is based upon the facts and evidence available at the date of the valuation, part of which information was made available by the Directors and their advisors. No detailed area measurements have been undertaken, although our knowledge of the project allows us to confirm that the areas quoted in this valuation report are broadly correct. Site conditions in Tigné Point are known, but, as far as concerns Manoel Island, no geological investigations have been carried out in order to determine the suitability of ground conditions and services, nor did we undertake environmental, archaeological or geo-technical surveys. However, we have no reason to believe that there are any such issues as may impede the envisaged development of the site. We are aware that spent oil dumping used to occur at Manoel Island prior to the signing of the Lease Agreement, but our information is, and hence our assumptions are, that the potential contamination has been cleaned up, and that there are no other contamination problems on the site. It has also been assumed that all development will take place in strict conformity with the relative planning permits, and other statutory obligations, and constructed by reputable contracting firms, to high quality standards and first class workmanship.

Valuations are not a prediction of price, nor a guarantee of value, and whilst our valuation is one which we consider both reasonable and defensible, different valuers may properly arrive at different opinions of value. Moreover, the value of property development is susceptible to changes in economical conditions, and may therefore change over relatively short periods. This valuation and report is submitted without prejudice to the party to whom they are addressed. The undersigned advises that no responsibility is accepted or implied to third parties to whom this report may be disclosed, with or without our consent. In particular, the undersigned advises that no liability is accepted in contract, tort (including negligence, or breach of statutory duty), restitution or otherwise, in respect of any direct loss of profit, any indirect, special or consequential loss whatsoever howsoever caused including, without limitation, loss of profit, loss of business, loss of goodwill, loss of use of money, and loss of opportunity.

In accordance with standard practice, neither the whole nor any part of this valuation nor any reference thereto may be included in any published document without the prior written approval of the undersigned for the context in which it may appear.

A handwritten signature in black ink, appearing to read "Alex Torpiano", with a long vertical stroke extending downwards from the end of the signature.

Prof. Dr.Eur.Ing. Alex Torpiano,  
B.E.&A. (Hons), MSc. (Lond), PhD (Bath), MIStructE, CEng., Perit

obo aoM Ltd.  
Manoel Island,  
Gzira

## Appendix to the Valuation Report

The following section sets out:

- (i) a summary of the registered privileges and hypothecs that burden the property, as results from information obtained from searches which were carried out up to the 19th October 2008; and
- (ii) selected extracts from Annex I of the Prospectus, which sets out a summary of the Emphyteutical Grant, which extracts serve to highlight the main burdens that are imposed on the development of the Property, by the same Grant.

### (i) Summary of existing registered privileges and hypothecs resulting from searches carried out up to the 19th October 2008

Since the Emphyteutical Land over which the Project is being developed belongs to the GOM, when the Emphyteutical Grant was transferred in favour of Midi, this transaction was registered at the Land Registry in terms of the Land Registry Act 1981 (Chapter 296 of the Laws of Malta) by virtue of Title Number 59000695. All charges encumbering the said Emphyteutical Land have been duly registered at the Public Registry in terms of law.

On each final deed of sale Midi gives a general hypothec on all its property in favour of the purchaser in warranty of peaceful possession and the purchaser specifically renounces to his right under section 2016 of the Civil Code to cause to be registered, as a further security, a special hypothec over Midi's property.

<b>CREDITOR</b>	GOM
<b>CAUSE OF PREFERENCE</b>	Special Privilege over the whole of Tigné Point and Manoel Island and a General Hypothec (only for the groundrent).
<b>OBLIGATION</b>	<p>Balance of premium €91,707,431 (Lm39,370,000) and groundrent per annum of €1,118,100 (Lm480,000) until 30 March 2025; €1,956,673 (Lm840,000) from 1 April 2025 until 30 March 2050; and €2,236,198 (Lm960,000) onwards.</p> <p>By virtue of a deed in the Records of Notary Vincent Miceli of 22 December 2006 the GOM has agreed that the premium has been reduced and the outstanding balance is of €78,732,821 (Lm33,800,000) and GOM has waived its hypothecary rights arising from the above note in relation to the residential blocks known as Blocks T4 and T5 (Vol.r.472/07).</p> <p>By virtue of another deed in the Records of Notary Vincent Miceli of 24 October 2007 the GOM has agreed that the premium has been reduced and the outstanding balance is of €75,331,936 (Lm32,340,000) and GOM has waived its hypothecary rights arising from the above note in relation to the residential blocks known as Blocks T6 and T7 (Vol.r. 9144/07).</p>
<b>REGISTRATION</b>	9973/2000 of 10 July 2000.

<b>CREDITOR</b>	Bank of Valletta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec and Special Hypothec (excluding the blocks of apartments referred to as Blocks T4, T5, T6, T7, T8, T9, and T10 at Tigné Point, Sliema) over Pjazza Tigné (T11) with its underlying garage spaces and the peripheral apartment blocks commonly referred to as T4P, T7P and T9P for €1,863,499 (Lm800,000).
<b>OBLIGATION</b>	Extension of overdraft amounting to €1,863,499 (Lm800,000). Total facility of €2,096,436.06 (Lm900,000). This note ranks <i>pari passu</i> with note no.21888/06.
<b>REGISTRATION</b>	20642/2006 of 8 November 2006.

<b>CREDITOR</b>	Bank of Valletta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec (excluding the blocks of apartments referred to as Blocks T4, T5, T6, T7, T8, T9, and T10 at Tigné Point, Sliema) and Special Hypothec and Special Privilege over Pjazza Tigné (T11) with its underlying garage spaces and the peripheral apartment blocks commonly referred to as T4P, T7P and T9P for €17,703,238 (Lm7,600,000).
<b>OBLIGATION</b>	Loan of €17,703,238 (Lm7,600,000). This note ranks <i>pari passu</i> with note no. 21888/06.
<b>REGISTRATION</b>	20643/2006 of 8 November 2006.

<b>CREDITOR</b>	HSBC Bank Malta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec (excluding the blocks of apartments referred to as Blocks T4, T5, T6, T7, T8 and T9, Pjazza Tigné (T11) and its underground parking and peripheral apartments k/a T4P, T7P and T9P and underlying car park of Block T1, Retail Mall [T2] and Block T17 at Tigné Sliema) and Special Hypothec and Special Privilege over Block T10. The General Hypothec and Special Hypothec for €24,458,421 (Lm10,500,000) and the Special Privilege for €16,305,614 (Lm7,000,000). Also, a Special Hypothec for €24,458,421 (Lm10,500,000) over Block T17W and T17E by a deed dated 24 September 2007 (R9391/2007) the creditor postponed its privileged and hypothecary rights arising from the above note in relation to Block T17W and T17E in favour of the privileged and hypothecary rights arising from note of hypothec number 18674/2007 as corrected by note 18709/2007 registered in favour of Bank of Valletta p.l.c., which rights were postponed limitedly to the amount of €34,008,851.61 (Lm14,600,000).
<b>OBLIGATION</b>	Loan of €24,458,421 (Lm10,500,000). This note ranks <i>pari passu</i> with notes no.20642/06 and 20643/06.
<b>REGISTRATION</b>	21888/2006 of 23 November 2006.

<b>CREDITOR</b>	Various purchasers on promise of sale agreements in respect of apartments in the residential blocks known as T4, T5, T6, T7, T8 and T9 or their lending banks.
<b>CAUSE OF PREFERENCE</b>	Special Hypothecs on the various apartments and garages which are the subject of the particular promise of sale agreement – HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c. waived their hypothecary and privileged rights (above outlined) in favour of the said Special Hypothecs.
<b>OBLIGATION</b>	The progress payments which are paid on account of the purchase price and which are refundable if the final deed of sale is not signed.
<b>REGISTRATION</b>	Various.

<b>CREDITOR</b>	HSBC Bank Malta p.l.c. as Security Trustee
<b>CAUSE OF PREFERENCE</b>	<p>General Hypothec over all of Midi's property present and future (excluding the blocks of apartments referred to as Blocks T4, T5, T6, T7, T8 and T9, the areas consisting of underground parking underlying Block T1, and the sites which are as yet undeveloped or in the process of development which are commonly referred to as the Pjazza Tigné (Block T11) including the space underlying it to consist of underground parking as well as the blocks of apartments to be constructed on its periphery known as Blocks T4P, T7P and T9P, the Retail Mall (Block T2) and Block T17 which blocks and sites are contiguous to each other situate at Tigné Point, Sliema and are without an official number or name) and Special Hypothec over the immovable property consisting of the temporary <i>utile dominium</i> for a period of ninety nine (99) years reckoned from the fifteenth day of June of the year two thousand (15/6/2000) granted by the Emphyteutical Deed of (a) a portion of land at Manoel Island, limits of Gzira, partly occupied by land and having an area of approximately forty eight thousand two hundred and ninety five square metres (48,295m<sup>2</sup>) including the structures thereon and any improvements to be erected thereon, without number, and bounded on the North by the foreshore, and on the South-East and North-East by other property granted by title of temporary emphyteusis to the Issuer by virtue of the Emphyteutical Deed and partly occupied by the sea having an area of approximately sixty seven thousand four hundred and sixty two square metres (67,462m<sup>2</sup>) and bounded on the North-East by the foreshore, and on the South-East and South-West by the sea, and is shown edged in yellow on the plan Land Drawing LD174C/99 marked Schedule Fifteen (15) attached to the Emphyteutical Deed, which site is referred to in the Emphyteutical Deed as "the Marina South Phase Area"; (b) a portion of land at Manoel Island, limits of Gzira, having an area of approximately twenty three thousand and twenty square metres (23,020m<sup>2</sup>) including the structures thereon and any other improvements to be erected thereon, without number, and all together bounded on</p>

<b>CAUSE OF PREFERENCE (cont.)</b>	all sides by other property granted by title of temporary emphyteusis to the Issuer by virtue of the Emphyteutical Deed and is shown edged in yellow on the said attached plan Land Drawing LD174C/99 marked Schedule Fifteen (15) attached to the Emphyteutical Deed which portion of land is referred to in the Emphyteutical Deed as "the Marina Central Phase Area"; and (c) part of a portion of land at Manoel Island, limits of Gzira, having an area of approximately twenty seven thousand four hundred and eighty square metres (27,480m <sup>2</sup> ), including the structures thereon and any other improvements to be erected thereon, without number, and all together bounded on all sides by other property granted by title of temporary emphyteusis to the Issuer by virtue of the Emphyteutical Deed and is shown edged in yellow on the said attached plan Land Drawing LD174C/99 marked Schedule Fifteen (15) attached to the Emphyteutical Deed which portion of land is situated within the area referred to in the Emphyteutical Deed as "The Manoel Sports Club Phase Area" for €9,317,494 (Lm4,000,000).
<b>OBLIGATION</b>	Bond of €9,317,494 (Lm4,000,000).
<b>REGISTRATION</b>	1208/2007 of 19 January 2007 (Property Title number 00000008).

<b>CREDITOR</b>	Bank of Valletta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec and Special Hypothec - joint and several suretyship of Midi with Tigné Mall Ltd (who is the principal debtor) over the T2 site and T17W and T17E.
<b>OBLIGATION</b>	Joint and several liability of Midi p.l.c. with Tigné Mall Limited of €9,783,368.27 (Lm4,200,000).
<b>REGISTRATION</b>	18674/2007 of 15 September 2007 (as corrected by note 18709/2007 regarding the ownership of the property hypothecated).

<b>CREDITOR</b>	Bank of Valletta p.l.c.
<b>CAUSE OF PREFERENCE</b>	General Hypothec and Special Hypothec - joint and several suretyship of Midi with Tigné Mall Ltd (who is the principal debtor) over the T2 site and T17W and T17E.
<b>OBLIGATION</b>	Joint and several liability of Midi p.l.c. with Tigné Mall Limited of €24,225,000 (Lm10,399,793).
<b>REGISTRATION</b>	5705/2008 of 15 April 2008.

## **(ii) Summary of Burdens on the Development of the Property created by Emphyteutical Grant**

The Emphyteutical Deed imposes a number of obligations and restrictions on Midi in favour of GOM, under the following headings:

- (i) Payment of the annual groundrent (Article 3 of the Emphyteutical Deed);
- (ii) Payment of the premium (price) for the Emphyteutical Grant (Article 4);
- (iii) Obligations relating to the development of the Emphyteutical Land (Article 8);
- (iv) Obligations relating to the restoration of historic sites and buildings on the Emphyteutical Land (Article 9);
- (v) Relocation Obligations (Article 10);
- (vi) Restrictions on the transfer of the Emphyteutical Land or parts thereof (Article 11).

Some of these obligations are secured by charges over the Emphyteutical Land.

For certain specific purposes such as the allocation of the premium, development of the Emphyteutical Land and the release of charges, the Emphyteutical Deed divides the Emphyteutical Land into a number of "Phase Areas" (Schedule 15). The Emphyteutical Grant provides that the overall Project should be completed by 31 March 2023. The Emphyteutical Deed sets out maximum construction duration periods for each phase but, with two exceptions, which are now at an advanced stage, it leaves it up to the MIDI to determine when a particular phase should be commenced. Each phase area is assigned with specific premium obligations, in cash or in kind (by the carrying out of works related to that phase area), which when fulfilled enables MIDI to release the phase area from the effects of the special privilege held by GOM in respect of the premium. It is possible for MIDI to complete a phase area before the cash premium relating thereto has been settled. In such cases, alternative security must be provided to GOM to permit the release of the related privilege.

The Emphyteutical Deed contains restrictions on the transfer of undeveloped land yet it allows, without the need of obtaining GOM consent, the transfer of undeveloped land to a Subsidiary.

The Emphyteutical Grant is a temporary concession with a duration of 99 years. Residential buyers are however entitled to convert the title of their property into that of perpetual emphyteusis upon payment of a sum equivalent to one year's ground rent. The Emphyteutical Deed provides pre-defined and simple formulae for calculating the ground rent due in respect of a unit within the Emphyteutical Land and the release of the special privilege for the premium in respect of any such unit.