INFORMATION MEMORANDUM

dated 1 November 2010

MIDI p.l.c.

(a public limited company incorporated under the Laws of Malta, company registration number C 15836)

Issue of

44,444,444 Ordinary Shares

(together with an over-allotment option of up to a further 22,222,222 Ordinary Shares) which are being offered for subscription to the public;

And

22,222,222 Ordinary Shares

which are being offered for subscription to the Existing Shareholders

All Ordinary Shares have a nominal value of twenty euro cents (€0.20) each and are being offered at an issue price of forty five euro cents (€0.45) each payable in full on application

ISIN: MT0000420126

This document is being published by MIDI p.l.c. (the "Company") in connection with an issue ("the Issue") of Ordinary Shares by the Company and contains a brief description of the Company and the terms and conditions of the Issue. This document is not itself an offer for subscription but contains summarised information taken from the Prospectus dated 1 November 2010 (the "Prospectus"). This document should not be construed as a prospectus, it does not purport to be complete and is subject to, and qualified by reference to the Prospectus which all potential Applicants are solicited to read. All Applications received shall be treated as Applications based solely on the information contained in and subject to all the terms and conditions of the Prospectus. All Applicants shall be deemed to have read and to be cognizant of the information contained in the Prospectus, and in agreement with the terms and conditions of the Ordinary Shares being issued pursuant to the Prospectus. The Directors have taken all reasonable care to ensure that the information contained in this document is not misleading, inaccurate or inconsistent when read together with the Prospectus and take responsibility accordingly.

Application has been made to the Listing Authority for all of the Ordinary Shares, issued and to be issued, to be admitted to listing on a regulated market and to Malta Stock Exchange plc ("Malta Stock Exchange") for all of the Ordinary Shares, issued and to be issued, to be admitted to the Official List of the Malta Stock Exchange.

Each new Ordinary Share will rank in full for all dividends and distributions declared, made or paid after their issue and otherwise *pari passu* in all respects with each existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Ordinary Share, as set out in the Memorandum and Articles of Association of the Company.

The Issue will not proceed unless the Minimum Net Proceeds have been raised.

All terms used in this document shall unless otherwise defined or unless the context otherwise requires have the same meanings assigned to them in the Prospectus.

This is not a prospectus in terms of law. The complete Prospectus is available from Authorised Intermediaries listed in Part E Annex 10 of the Prospectus.

Investing in the Ordinary Shares involves risks. See "Risk Factors", Part B of the Prospectus.

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1. DETAILS OF THE ISSUE

1.1 The Issue

The Ordinary Shares which are available under the Issue are as follows:

(i) 44,444,444 Ordinary Shares are available to the public pursuant to the Offer to the Public and if the said offer proves to be over-subscribed, the Directors have the option, exercisable at their discretion, to increase it up to a further 22,222,222 Ordinary Shares; and

(ii) 22,222,222 Ordinary Shares are available to the Existing Shareholders pursuant to the Offer to the Existing Shareholders.

The Issue, which is not underwritten, is conditional upon:

(i) admission of the Ordinary Shares to listing by the Listing Authority and admission of the Ordinary Shares to trading on the Official List of the Malta Stock Exchange ("Admission"); and

(ii) the Minimum Net Proceeds being raised, being equivalent to €19.2 million.

In the event that any of the above conditions is not satisfied, the Issue will not proceed and the relevant Application monies will be refunded.

1.2 Reasons for the Issue

The Issue is intended to strengthen the Group's equity base and put the Group in a position to have the capacity to raise additional long-term borrowings ahead of the substantial development that has yet to take place. This development will be carried out in phases, so that the maximum borrowings outstanding at any time are kept at sustainable levels, and so that any new major commitments are entered into once prior Project components are concluded. Additionally, the Directors believe that the Issue will offer the Company a number of ancillary benefits, including increasing its strategic and financial flexibility, enhancing the profile of its business with existing and potential partners, and broadening the shareholder base. The estimated net proceeds from the Issue, which are being assumed to be circa €19.2 million (and a further €9.8 million if the over-allotment option is exercised), are intended to be used: firstly, for the end financing of a number of phases at Tigné Point that are close to final completion, namely the underground relief road-north access, T8, T9 and T10 apartments and common areas, T12 Clubhouse, piazza and Pjazza Tigné apartments, Blocks T14 and T17 sub-structures, to meet recurrent operating expenditure and to reduce bank borrowings; secondly, towards the full construction and development of Blocks T15 and T16; and thirdly for the carrying out of minor infrastructural works on Manoel Island (other than for these works, no funds are expected to be allocated to Manoel Island). Due to the nature of the Company's business and the uses indicated, the proceeds may be used for all the aforementioned purposes concurrently.

1.3 The Offer to the Public

The Company is making an offer for subscription of 44,444,444 Ordinary Shares to be issued to the public pursuant to the Offer to the Public at forty five euro cents (€0.45) per Ordinary Share and if the said offer proves to be over-subscribed, the Directors have the option, exercisable at their discretion, to increase it up to a further 22,222,222 Ordinary Shares. The Issue Price is payable in full upon Application.

The Ordinary Shares shall be available for subscription in two tranches:

(a) By Authorised Intermediaries for the account of their clients by way of pre-placement pursuant to, *inter alia*, the provisions of Section 1.3.1 below; and

(b) By the general public and Preferred Applicants through Authorised Intermediaries pursuant to, *inter alia*, the provisions of Section 1.3.2 below.

1.3.1 Pre-Placement

Prior to the commencement of the Offer Period, the Company intends to enter into conditional placement agreements with Authorised Intermediaries (the "Placement Agreements") with respect to the subscription of Ordinary Shares, which are available pursuant to the Offer to the Public, up to an amount not exceeding 22,222,222 Ordinary Shares, that is 50% of the maximum aggregate amount of Ordinary Shares which are available pursuant to the Offer to the Public (excluding the over-allotment option) (the "Placed Portion"). The Placement Agreements and the obligations of the Company and Authorised Intermediaries arising therefrom will be subject, *inter alia*, to Admission. Each Placement Agreement will become binding on both the Company and the Authorised Intermediaries upon delivery, subject to the Company having received all subscription proceeds in cleared funds on delivery of the Placement Agreement.

Authorised Intermediaries may submit the completed Placement Agreements together with subscription proceeds in cleared funds on 26 November 2010, (the "Pre-Placement Date").

The minimum aggregate subscription amount for each Placement Agreement on the Pre-Placement Date shall be 250,000 Ordinary Shares and Placement Agreements for a lesser amount shall not be eligible for the Placed Portion and shall be disregarded. The minimum subscription amount for each Application lodged shall be for 25,000 Ordinary Shares.

The above shall be subject to the following:

(a) any amount not taken up by Authorised Intermediaries for the benefit of their clients shall be available for subscription by the general public and Preferred Applicants during the Offer Period;

(b) in the event that subscriptions received from Authorised Intermediaries pursuant to the Placement Agreements are in excess of the said amount, such subscriptions shall be scaled back and the unsatisfied portion shall automatically participate during the Offer Period and shall rank *pari passu* with other Applicants.

1.3.2 General Public and Preferred Applicants

22,222,222 Ordinary Shares (which can be increased up to 44,444,444 in case the Company exercises the over-allotment option) and any Ordinary Shares forming part of the Placed Portion which are not taken up, are available for subscription by the general public and Preferred Applicants pursuant to the Offer to the Public.

Preferred Applicants shall receive a pre-printed Application Form by mail directly from the Company and shall be required to submit same to Authorised Intermediaries together with cleared funds during the Offer Period. Applications by Preferred Applicants will be allocated the first six thousand five hundred Ordinary Shares (6,500 Ordinary Shares) in full whereas any excess amount shall be subject to the Allocation Policy as determined by the Company in line with Section 1.5 below.

1.4 Plans for Distribution

Under the Offer to the Public, the Company is issuing Ordinary Shares to all categories of investors, subject to what is provided under the Section titled "Important Information" at the beginning of the Prospectus.

The Terms and Conditions applicable to any Application for Ordinary Shares under the Offer to the Public are set out in the Terms and Conditions of Application contained in Section 26 of Part D of the Prospectus.

On the Pre-Placement Date and during the Offer Period, Applications may be made through any of the Authorised Intermediaries whose names are set out in Part E Annex 10 of the Prospectus.

1.5 Allocation Policy

The Company will determine and announce the allocation policy for the allotment of the Ordinary Shares pursuant to the Offer to the Public within five (5) 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 (5) Business Days of the announcement date of the allocation policy.

Dealing shall commence upon admission to trading of the Ordinary Shares by the Malta Stock Exchange and subsequent to the above-mentioned notification.

1.6 The Offer to the Existing Shareholders

The Company is also making an offer for subscription of 22,222,222 Ordinary Shares to be issued to the Existing Shareholders pursuant to the Offer to the Existing Shareholders, at forty five euro cents (€0.45) per Ordinary Share.

By virtue of an agreement entered into between the Company and the Existing Shareholders dated 6 November 2008, the Existing Shareholders made available funds (pro rata to their shareholding in the Company) of an aggregate amount of €10 million. Pursuant to an agreement dated 18 October 2010 between the Existing Shareholders and the Company each of the Existing Shareholders agreed to subscribe for, and the Company agreed to allot to each of the Existing Shareholders, the number of Ordinary Shares shown against their name in the first column of the table below, for the Issue Price and credited as fully paid up, in lieu of the Company paying the Sum Owed to each of the Existing Shareholders in cash as shown against their respective names in the second column of the table below and the Existing Shareholders shall accept those shares in full satisfaction of the Sum Owed.

Shareholder	Additional number of shares allotted on issue of shares in lieu of advances	Sum Owed €
Alf. Mizzi & Sons Ltd.	4,000,001	1,800,000
Fortress Developments Limited	3,333,333	1,500,000
Middlesea Valletta Life Assurance Co. Ltd.	2,888,889	1,300,000
Gee Five Limited	2,552,381	1,148,571
Bank of Valletta p.l.c.	2,116,402	952,381
Investors Limited	1,777,778	800,000
Gatt Investments Limited	1,333,333	600,000
Polidano Brothers Limited	1,333,333	600,000
Vassallo Builders Group Limited	1,333,333	600,000
Lombard Bank Malta p.l.c.	1,111,111	500,000
First Gemini plc	264,550	119,048
Pininfarina Extra s.r.l.	177,778	80,000
	22,222,222	**10,000,000**

1.7 Lock-Up

By virtue of an agreement dated 18 October 2010 ("the Lock-Up Agreement") entered into between the Company and Alf. Mizzi & Sons Ltd, Fortress Developments Limited, Middlesea Valletta Life Assurance Co. Ltd., Gee Five Limited, Bank of Valletta p.l.c. and First Gemini plc ("the Restricted Shareholders"), each of the Restricted Shareholders has agreed to lock–up arrangements with respect to their holding of Ordinary Shares in the Company. For further information see Section 24 of Part D of the Prospectus.

1.8 Authorisations

The Issue has been authorised by means of a resolution taken at an extraordinary general meeting of the Company on 18 October 2010 and a resolution of the Board of Directors adopted on the same date.

1.9 Expenses of the Issue

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management, pre-placement and registrar fees, a 1.5% selling commission, and other miscellaneous expenses in connection with the Issue, are estimated not to exceed €792,000, or in the case of exercise of the over-allotment option €942,000, and shall be borne by the Company.

1.10 Issue Statistics

ISIN	MT0000420126
Number of Ordinary Shares available under the Offer to the Public • assuming the over-allotment option is not exercised • assuming the over-allotment option is exercised in full	 44,444,444 Ordinary Shares 66,666,666 Ordinary Shares
Number of Ordinary Shares available under the Offer to the Existing Shareholders	22,222,222 Ordinary Shares
Issue Price per Ordinary Share	€0.45
Estimated Net Proceeds of the Issue • assuming the over-allotment option is not exercised • assuming the over-allotment option is exercised in full	 €19.2 million €29.0 million
Form	The Ordinary Shares will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Company at the Central Securities Depository
Listing	Application has been made to the Listing Authority for the admissibility of the Ordinary Shares, issued and to be issued, to listing and to the Malta Stock Exchange for the Ordinary Shares, issued and to be issued, to be listed and traded on its Official List
Offer Period	The period between 29 November 2010 and 3 December 2010 (or such earlier date as may be determined by the Company) during which the Offer to the Public and the Offer to the Existing Shareholders are open

Markets	Application has been made to the Malta Stock Exchange for the Ordinary Shares to be listed and traded on its Official List. The Ordinary Shares are expected to be admitted to the Malta Stock Exchange with effect from 22 December 2010 and trading is expected to commence on 23 December 2010
Joint Managers	Bank of Valletta p.l.c. and HSBC Bank Malta p.l.c.
Registrar	Lombard Bank Malta p.l.c.
Sponsor	Rizzo, Farrugia & Co. (Stockbrokers) Ltd.
Governing Law	The Issue is governed by and shall be construed in accordance with Maltese law
Submission to Jurisdiction	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Issue and accordingly any legal action or proceedings arising out of or in connection with the Issue shall be brought exclusively before the Maltese Courts

Your attention is drawn to Section 26 of Part D of the Prospectus "Terms and Conditions of Application of the Shares".

1.11 Expected Timetable

Issuance of Formal Notice	Thursday 4 November 2010
Application Forms Available	Monday 8 November 2010
Pre-Placement Date	Friday 26 November 2010
Opening Offer Period	Monday 29 November 2010
Closing Offer Period	Friday 3 December 2010
Expected announcement of basis of acceptance	Friday 10 December 2010
Expected dispatch of allotment advices and refund of unallocated monies (if any)	Friday 17 December 2010
Admission of Ordinary Shares on the Malta Stock Exchange	Wednesday 22 December 2010
Expected Commencement of trading of Ordinary Shares on the Malta Stock Exchange	Thursday 23 December 2010

The Company reserves the right to close the Offer Period before Friday 3 December 2010 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.

2. THE SHARES

2.1 Rights attached to the Ordinary Shares

Each new Ordinary Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Ordinary Share, as set out in the Memorandum and Articles of Association of the Company.

The following are highlights of the rights attaching to the Ordinary Shares:

Dividends	The Ordinary Shares shall carry the right to participate in any distribution of dividend declared by the Company *pari passu* with all other Ordinary Shares in the same class;
Form	Ordinary Shares;
Currency of Ordinary Shares	Euro;
Voting Rights	Each Share shall be entitled to one vote at meetings of Shareholders;
Capital Distribution	The Ordinary Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise, *pari passu* with all other Ordinary Shares of the same class;
Transferability	The Ordinary Shares are freely transferable and once admitted to the Official List of the Malta Stock Exchange shall be transferable in accordance with the rules and regulations of the Malta Stock Exchange applicable from time to time; provided that Ordinary Shares which will be issued to some of the Existing Shareholders are subject to lock-up arrangements (see Sections 1.6 and 1.7 above and Section 24 of Part D of the Prospectus);
Pre-Emption	In accordance with article 88 of the Companies Act, should Ordinary Shares of the Company be proposed for allotment for consideration in cash, those Ordinary Shares must be offered on a pre-emptive basis to Shareholders in proportion to the share capital held by them. A copy of any offer of subscription on a pre-emptive basis indicating the period within which this right must be exercised must be delivered to the Registrar of Companies. The right of pre-emption must be exercised in accordance with Article 7 of the Articles of Association of the Company which states that on a fresh issue of ordinary shares, such shares shall be offered in the first instance to the existing Members of the Company pro-rata to the number of shares held by them respectively. The offer shall be made by notice in writing specifying the number of shares offered, as well as their price, and limiting a time, being not less than fourteen (14) days, within which the offer if not accepted shall be deemed to have been declined. Any remaining shares may then be offered to non-Members;
Other	The Ordinary Shares are not redeemable and not convertible into any other form of security;
Mandatory Takeover Bids, Squeeze-Out and Sell-Out Rules	Chapter 18 of the Listing Rules, implementing the relevant provisions of *Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004* regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The Shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority – www.mfsa.com.mt

2.2 Dividend Policy

The Directors intend that the Company's dividend policy during the continued development of the Project should secure the payment of regular dividends that provide an adequate return to shareholders. Care will be taken during this period to ensure consistency in the payment of annual dividends, having regard to expected fluctuations in profitability linked to the timing of the signing of the final deeds of sale of the property. Furthermore, once the development is completed, and residential sales concluded, the Company is expected to generate a steady ongoing stream of profits that, in the absence of new commitments, would be largely earmarked for distribution to shareholders.

The above dividend policy will be subject to determination by the Board based on the Company's results of operations and financial condition and any other factors that the Board considers relevant, always subject to the requirements of the Companies Act. In making judgements on the above matters, the Company will be subject to normal business constraints and the Board will accordingly ensure that all the Company's obligations with its creditors are in order, that all contractual covenants have been met, that the Company's cash flow will not be strained by the distribution of dividends and that such distributions would not jeopardise the future of the Project.

As at the date of the Prospectus, two of the Company's bank loan facilities provide that dividend payments should not be effected without the consent of the lending banks. This condition is generally intended to ensure that any dividend payments made are consistent with the needs of the Project so as not to jeopardise the Company's ability to meet its obligations, which is consistent with the dividend policy outlined above. The Company's bankers have confirmed that their acceptance of the Company's request for the declaration and payment of dividends will not be unreasonably withheld if, in the opinion of the banks, the business constraints defined have been respected.

Pursuant to a prospectus dated 5 December 2008, whereby the Company issued €31,702,900 and £7,214,300 aggregate principal amount of bonds due 2016-2018 ("the Bonds"), the Company in accordance with its obligations under the said bond issue, with effect from the end of the financial year ending 31 December 2010, over the period up to the redemption of the Bonds (2016/2018), will have to set aside monies to create a reserve equivalent at least to 50% of the aggregate outstanding principal amount of the issued Bonds at the relevant time.

3. RISK FACTORS

An investment in the Ordinary Shares carries a high degree of risk, including the risks in relation to the Company and the Shares referred to in this Section, which could materially and adversely affect the Company's business, financial condition and results and may therefore not be suitable for all recipients of the Prospectus. In addition to the other information contained in the Prospectus prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations before deciding to make an investment in the Ordinary Shares. 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.

3.1 Risks Relating to the Company

The Company 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 Company's relationship with GOM, in terms of obligations falling upon both parties in terms of the Emphyteutical Deed.

Interest Rate Risk

- **The development of Tigné Point and of Manoel Island will in part be funded through bank borrowings bearing a variable interest rate.Therefore the Company may 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 Company 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, from both the sale of property and commercial leases. Delays would also serve to prolong the Company's exposure to interest rate risk.**

Personnel

- **The Project's growth is in part attributable to the efforts and abilities of the members of its management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Company might not be able to replace them within the short-term, which could have a material adverse effect on the Company's business, financial condition and results of operations.**

Funding Risk

- **The Group will be required to make substantial capital expenditure in the region of €340 million to complete the Project in its entirety. Bank facilities of €35 million are available for the next phase planned on Tigné Point. The Project depends on additional future finance being secured on a regular basis over the next ten years as new phases are developed, either from banks or otherwise from the financial markets.**

- **There can be no guarantee that the Group will be able to raise sufficient funds to pursue its future strategic decisions. The Group' s inability to access sufficient capital for its operations may have a material adverse effect on its financial condition, results of operations and prospects.**

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.**

- **The Company is currently in the course of negotiations with GOM in connection with a proposal made by GOM to decrease the volume of the proposed development on certain parts of the Project and to compensate, by way of additional development, the Company in other areas. Any undue delay in concluding these negotiations, or in implementing the resultant agreement, would have an adverse effect on the business, financial condition and profitability of the Company.**

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 the availability of up-market property units and/or a reduction in prospective purchasers or lessees who are interested in this type of property could result in a decrease in the value of the property and the income earned by the Group, on both the residential and commercial elements of the development.

Competition

- **The Company expects to face competition from a number of property developments which are currently underway or projected in the surrounding areas of Tigné Point. Competition in the residential property market may be expected to be affected by the quality of development and finishing standards, location and vehicular accessibility, together with 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 MEPA. The Project is a long-term development, with construction works planned to continue until 2016 - 2018. Applications for full development permits have been lodged in respect of blocks T14, T15, T16 and T17. No applications have as yet been lodged in respect of block T20 and, with the exception of restoration, dredging and land reclamation 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 Company.**

Changes in Laws and Regulations

- **The Company is subject to various laws and regulations. As with any business, the Company 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 Company 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 Company.**

Counter-party Risks

- **The Company 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 Company due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Company's control.**

3.2 Risks Relating to the Shares

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

No Prior Market for the Ordinary Shares

- **Prior to the Issue, there has been no public market for the Company's Ordinary Shares within or outside Malta. The market price of the Ordinary Shares could be subject to significant fluctuations in response to numerous factors, including the Company's operating results. The Company cannot predict the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market or how liquid such a market might become. Investors may experience greater price volatility and less efficient execution of buy and sell orders and may not be able to resell the Ordinary Shares at or above the Issue Price, or at all. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected.**

Limited Liquidity on the Malta Stock Exchange

- **The limited size and liquidity of the market for shares in Malta could increase the price volatility of the Ordinary Shares and may impair the ability of the holder of the Ordinary Shares to sell such Ordinary Shares in the market in the amount and at the price and time such holder wishes to do so. The liquidity of the market depends on, amongst others, factors beyond the Company's control, such as the willingness of potential buyers and sellers to invest in the Ordinary Shares and the absence of market makers on the Malta Stock Exchange.**

The Price of the Ordinary Shares may be Volatile

- **Following the Issue, the price at which the Ordinary Shares will be traded, as well as the sales volume of the Ordinary Shares traded, will be subject to fluctuations. These movements may not necessarily be caused by the Company's business activities or the actual or forecasted results of its operations but may be caused by factors beyond the Company's control, including but not limited to a drop in property prices in the market, changes in securities analysts' recommendations or estimates of earnings or financial performance of the Company, its competitors or the industry or the failure to meet expectations of securities analysts, fluctuations in stock market prices and volumes, general market volatility, changes in laws, rules, regulations and taxes applicable to the Company, its operations and operations in which the Group has interests, loss of key personnel and involvement in litigation.**

Future Sales of Ordinary Shares and Sales by the Existing Shareholders

- **The Company cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Existing Shareholders were to sell, or the Company were to issue and sell, a substantial number of Ordinary Shares in the public market, the market price of the Ordinary Shares could be adversely affected. Also, sales by the Existing Shareholders could make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate. The sale of a significant amount of Ordinary Shares in the public market, or the perception that such sales may occur, could materially affect the market price of the Ordinary Shares and could also impede the Company's ability to raise capital through the issue of equity securities in the future. Any of the Company's Restricted Shareholders (as defined in Section 1.7 above) can dispose of their shares after the lapse of the lock-up arrangements referred to in Section 1.7 above.**

Secondary Market

- **There can be no assurance that an active secondary market for the Ordinary Shares 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 Ordinary Shares at or above the Issue Price or at all.**

Dividends

- **The Company's results can fluctuate and its ability to pay dividends is dependent upon, amongst other things, it achieving sufficient profits. Future dividends will also depend on, amongst other factors, the Company's future profits, financial position, working capital requirements, general economic conditions and other factors that the Directors may deem significant from time to time. In addition, the ability of the Group companies to make distributions to the Company as well as the ability of the Company to pay dividends is and may, from time to time, be restricted as a result of several factors, including restrictive covenants in loan agreements and the requirements of the applicable law together with regulatory, fiscal or other restrictions. The prospective dividend policy set out in Section 2.2 above should be read accordingly. As at the date of the Prospectus, in terms of two of the Company's banking facilities, namely the sanction letter dated 3 May 2010 granted by Bank of Valletta p.l.c. and the sanction letter dated 28 September 2009 granted by HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c., the Company undertook not to declare or pay any dividends without the Banks' prior consent in writing (see Section 4.8 and Section 2.2 of this document).**

Ordinary Shares in Public Hands

- **In terms of the Listing Rules, an issuer must have at least twenty five percent (25%) of its listed share capital in the hands of the public. Should the number of Ordinary Shares in public hands subsequent to the Issue fall below the 25% threshold, the Company would be in breach of the said Listing Rules, which could possibly lead to the delisting of the**

Company from the Official List of the Malta Stock Exchange. Exceptionally, the Listing Authority may accept a lower percentage of Ordinary Shares in the hands of the public provided that the market continues to operate properly.

The delisting of the Company would have adverse effects on the marketability and transferability of the Ordinary Shares and on the fiscal impacts on Share transfers.

Currency Risk

- **An investor in the Ordinary Shares will bear the risk of any fluctuations in exchange rates between the currency of the Ordinary Shares and the investor's currency of reference if different.**

Value

- **The value of investments can rise or fall, and past performance is not necessarily indicative of future performance. You should consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act, (Cap. 370 of the Laws of Malta).**

4. KEY INFORMATION

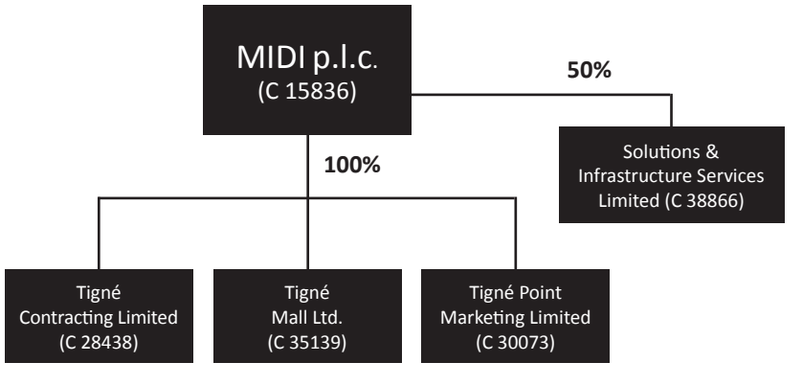
4.1 The Company and the Group

The Company 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, GZR 3016, Malta. The company is domiciled in Malta and its telephone number is +356 2065 5500.

As at the date of the Prospectus, the Authorised Share Capital of the Company is ninety million euro (€90,000,000) divided into four hundred and fifty million (450,000,000) Ordinary Shares having a nominal value of twenty euro cents (€0.20) each. The Issued Share Capital of the Company is twenty nine million three hundred and fifty eight thousand euro (€29,358,000) divided into one hundred and forty six million seven hundred and ninety thousand (146,790,000) Ordinary Shares having a nominal value of twenty euro cents (€0.20) each which are subscribed and paid up as set out in Section 15.1 of Part C of the Prospectus.

Following the Issue the issued share capital of the Company will be fifty nine million three hundred and fifty eight thousand euro (€59,358,000) divided into two hundred and thirteen million four hundred and fifty six thousand six hundred and sixty seven (213,456,667) Ordinary Shares and in the event that the over-allotment option is exercised the issued share capital of the Company will be increased to sixty nine million three hundred and fifty eight thousand euro (€69,358,000) divided into two hundred and thirty five million six hundred and seventy eight thousand eight hundred and eighty nine (235,678,889) Ordinary Shares. The Ordinary Shares rank *pari passu* amongst each other for all purposes irrespective of any premium paid thereon. Each ordinary share shall be entitled to one vote.

The Company has a number of subsidiary companies (which together with the Company constitute a group of companies) through which it carries out some aspects of its operations. The Group is composed of the Company and its wholly owned subsidiary companies, Tigné Contracting Limited, Tigné Mall Ltd. and Tigné Point Marketing Limited. The Company also entered into a joint venture with Siemens S.p.A through a company known as Solutions & Infrastructure Services Limited.



4.2 The Directors and Company Secretary

Name	ID No. of Director	Function
Mr. Albert Mizzi	ID 718127 M	Chairman
Mr. Paul Bonello	ID 589858 M	Non-Executive Director
Mr. David G. Curmi	ID 477759 M	Non-Executive Director
Mr. Tonio Depasquale	ID 944148 M	Non-Executive Director
Mr. Joseph A. Gasan	ID 311050 M	Non-Executive Director
Mr. Mario C. Grech	ID 459849 M	Non-Executive Director
Dr. Alec A. Mizzi	ID 511256 M	Non-Executive Director
Mr. Joseph Said	ID 746249 M	Non-Executive Director

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

Related Party Transactions

In the normal course of business, the Group enters into various transactions with related parties. Related parties are defined as those that have an ability to control or exercise significant influence over the other party in making financial and operational decisions. These include directors and shareholders who hold a substantial amount of the votes able to cast at general meetings. Relevant particulars of related party transactions, all of which have been carried out on an arm's length basis, are described in Section 17.1 of Part C of the Prospectus.

4.3 The Company's Principal Business

By virtue of a public deed in the records of Notary Vincent Miceli of 15 June 2000 (the "Emphyteutical Deed"), the Company acquired land in Malta at Tigné Point Sliema and Manoel Island, limits of Gzira from the Government of Malta ("GOM") by title of temporary emphyteusis for a period of ninety nine (99) years which commenced on. Under the same Emphyteutical Deed, the Company 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 in the Prospectus.

The Company's principal business is the project of development of the Emphyteutical Land comprising Tigné Point and Manoel Island.

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 237,000 square metres and over 3,900 car spaces, making it by far the largest development within the Maltese Islands since the building of Valletta. The shareholding of the Company 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.
- Bank of Valletta p.l.c.
- First Gemini plc
- Fortress Developments Limited
- Gatt Investments Limited
- Gee Five Limited
- Investors Limited
- Lombard Bank Malta p.l.c.
- Middlesea Valletta Life Assurance Co. Ltd.
- Pininfarina Extra s.r.l.
- Polidano Brothers Limited
- Vassallo Builders Group Limited

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

4.4 Memorandum and Articles of Association

The Memorandum and Articles of Association of the Company (C 15836), described in Section 19.1 of Part C of the Prospectus, are registered with the Registrar of Companies and are available for inspection during the lifetime of the Prospectus at the registered office of the Company and at the Registrar of Companies.

4.5 Selected Financial Information

4.5.1 Historical Financial Information

The historical information about the Company is available for inspection as set out under the heading "Documents available for inspection" in Section 8 of Part A of the Prospectus.

The most recent audited financial statements available for inspection are the audited consolidated financial statements of the Company for the financial year ended 31 December 2009. The audited consolidated financial statements of the Company for the financial periods ended 31 December 2007 and 31 December 2008 are also available for inspection. There were no significant changes in the financial or trading position of the Company which occurred since the end of the financial period to which the audited financial statements for the year ended 31 December 2009 relate.

Unaudited consolidated interim financial information covering the six-month period ended 30 June 2010, drawn up in accordance with the requirements of International Accounting Standard 34, 'Interim Financial Reporting', are set out in Annex 5 of Part E of the Prospectus. This unaudited consolidated interim financial information has already been published by way of Company Announcement number MDI 12 dated 31 August 2010 in terms of the Listing Rules.

Extracts from the audited consolidated financial statements of the Company for the three financial years ended 31 December 2007, 2008 and 2009 are set out below.

Consolidated Statements of Financial Position Extracts

	As at 31 December		
	2009	**2008**	**2007**
	Audited	**Audited**	**Audited**
	€000	**€000**	**€000**
ASSETS			
Non-current assets			
Property, plant and equipment	50,227	33,666	15,920
Investment property	23,322	-	-
Other non-current assets	390	276	355
Total non-current assets	73,939	33,942	16,275
Current assets			
Inventories – Development project	149,017	159,883	155,304
Other current assets	15,314	8,530	9,447
Total current assets	164,331	168,413	164,751
Total assets	238,270	202,355	181,026
EQUITY AND LIABILITIES			
Capital and reserves	32,680	32,037	31,683
Non-current liabilities			
Trade and other payables	24,615	28,237	31,210
Borrowings	76,079	40,035	25,598
Other non-current liabilities	1,765	1,063	610
Total non-current liabilities	102,459	69,335	57,418
Current liabilities			
Trade and other payables	75,840	80,810	91,925
Borrowings	27,291	20,173	-
Total current liabilities	103,131	100,983	91,925
Total liabilities	205,590	170,318	149,343
Total equity and liabilities	238,270	202,355	181,026

Consolidated Income Statements Extracts

	Year ended 31 December		
	2009	**2008**	**2007**
	Audited	**Audited**	**Audited**
	€000	**€000**	**€000**
Revenue	32,218	31,861	36,489
Gross profit	3,829	2,561	4,440
Operating profit	2,443	1,468	4,318
Profit before tax	1,752	959	3,795
Profit for the year	960	354	2,209
Earnings per share	0.7 cents	0.2 cents	1.5 cents

The presentation of earnings per share has been adjusted retrospectively in accordance with the requirements of IAS 33, 'Earnings per share', following a share split approved by the Existing Shareholders on 18 October 2010, such that the nominal value per share amounts to €0.20 as opposed to the previous value of €2.33 per share. Accordingly, the weighted average number of ordinary shares in issue utilised in the computation of earnings per share throughout the three- year period amounts to 146,790,000.

Consolidated Statements of Cash Flows Extracts

	Year ended 31 December		
	2009	**2008**	**2007**
	Audited	**Audited**	**Audited**
	€000	**€000**	**€000**
Net cash used in operating activities	(36,138)	(35,442)	(11,674)
Net cash used in investing activities	(4,588)	(887)	(163)
Net cash generated from financing activities	42,879	34,611	10,334
Net movement in cash and cash equivalents	2,153	(1,718)	(1,503)
Cash and cash equivalents at beginning of year	542	2,260	3,763
Cash and cash equivalents at end of year	2,695	542	2,260

4.5.2 Forecast Financial Information

Extracts from the consolidated forecast income statement for the year ending 31 December 2010 and from the consolidated forecast statement of financial position as at that date are set out below. The forecast financial information can be found in Part E Annex 3 of the Prospectus. The basis of preparation of this forecast financial information and the principal assumptions upon which it is based are included in the same Annex. The Accountants' Report on the consolidated forecast financial information is presented in Part E Annex 4 of the Prospectus. The forecast financial information has been prepared on the basis of the assumption that the over-allotment option is not taken up and that the Minimum Net Proceeds of the Issue, amounting to €19.2 million, would be raised. If the over-allotment option is taken up, further proceeds up to a maximum of €9.8 million would be raised, which would principally have the effects of increasing the Company's equity levels and available liquidity. The consolidated forecast financial information is not intended to, and does not, provide all the information and disclosures necessary to give a true and fair view of the results of the operations and the financial position of the group in accordance with International Financial Reporting Standards as adopted by the EU. Accordingly the Accountants' Report on the forecast financial information includes an emphasis of matter in this respect.

Consolidated Forecast Statement of Financial Position Extracts

	As at 31 December 2010 €000
ASSETS	
Non-current assets	
Property, plant and equipment	59,861
Investment property	26,348
Other non-current assets	1,297
Total non-current assets	87,506
Current assets	
Inventories – Development project	147,387
Other current assets	13,093
Total current assets	160,480
Total assets	247,986
EQUITY AND LIABILITIES	
Capital and reserves	62,997
Non-current liabilities	
Trade and other payables	23,770
Borrowings	83,386
Other non-current liabilities	2,317
Total non-current liabilities	109,473
Current liabilities	
Trade and other payables	56,872
Borrowings	18,644
Total current liabilities	75,516
Total liabilities	184,989
Total equity and liabilities	247,986

Consolidated Forecast Income Statement Extracts

	Year ending 31 December 2010 €000
Revenue	23,838
Gross profit	5,850
Operating profit	4,613
Profit before tax	1,579
Profit for the year	951
Earnings per share	0.6 cents

Earnings per share has been computed by dividing the forecast profit after taxation attributable to the equity holders by the weighted average number of ordinary shares forecast to be in issue during the year. The weighted average number of ordinary shares in issue, assuming the over-allotment option is not taken up is 149,895,023 shares.

4.6 Architect's Valuation

An architect's valuation has been prepared for the purposes of the Prospectus by Prof. Alex Torpiano on behalf of the Project's lead consultants aoM Partnership of Fort Manoel Street, Manoel Island, Gzira and is set out in Part E Annex 6 of the Prospectus. The effective date of this valuation is 30 September 2010. The Architect's Valuation also sets out a separate valuation as at 30 June 2010 for the purpose of comparing to the 30 June 2010 interim accounts as set out in the illustrative fair value statement of financial position shown in Section 4.7 below.

As explained in the architect's report, the valuation has been arrived at in the main by estimating the present value of future earnings expected from the Project. These future earnings have been discounted to present value applying varying discount rates reflecting the risks associated with each aspect of the development, the stage of completion and whether the building unit concerned has been let or is the subject of a preliminary sales agreement. In all cases, and to the extent possible, the results have been benchmarked for reasonableness against other indicators, such as the market value attributed to similar property in comparable large property transactions affected in recent years, and against costs incurred to date.

The valuation could be further analysed into its underlying components as follows, and is commented upon below, commencing with Tigné Point, as follows:

	€000
Developed sites	
Residential apartments	48,888
The Point	55,900
Piazza and other commercial	14,500
Car parking:	
Held for sale to residents	4,200
Held for public use	20,000
Sites held for development	
Sites for which substructure has been separately developed	
T17 residential site	7,300
T14 office site	8,200
T15, T16 commercial sites	2,100
Land only	
T20 hotel site	5,000
Government credit for cost of land less infrastructure costs to complete	600
Total Tigné Point property valuation	**166,688**

The stock of residential apartments in hand, The Point shopping mall, car parking together with the piazza and other commercial elements are the four single largest value components within Tigné Point.

The gross proceeds expected by the Company from apartments already constructed and that are still in its ownership, computed at normal selling prices, amount in total to €53.0 million, of which €33.4 million relates to units that are subject to preliminary sales agreements and that are expected to be completed and delivered in the near future. This stock of

apartments is included in the valuation of the Company's property at €48.9 million, after allowing for estimated costs to completion of €1.5 million.

The Point has been valued at €55.9 million, at an amount equivalent to its cost, by applying a weighted average cost of capital that recognises its associated risks and medium-term gearing, also taking into consideration the relatively early stage of the mall's operations.

Car parking spaces are currently sold by the Company at an average price of €25,000 per car parking space. The car parking valuation covers a total of 199 car spaces earmarked for sale, mainly when the development of blocks T17 and T14 are completed, and valued at €21,250 per space; and a total of 1,102 car spaces designated for public use, which have been valued at an average of €18,150 per space.

Other commercial properties already developed include the retail spaces around Pjazza Tigné, Tigné Fort, the Clubhouse and the adjacent restaurants, and have been valued in total at €14.5 million. In all, this heading groups together a total net volume of commercial space amounting to 6,829 square metres, from which the Company expects to generate annual rental income of €1.4 million by 2013.

The valuation of Manoel Island includes the following:

	€000
Developed sites	
Fort Manoel	2,700
Awaiting restoration	
Customs House, Bovile, Canteen and Lazzaretto buildings, including various commercial areas, a casino operation, and the construction of 54 duplex apartments at Lazzaretto terrace level	30,900
Undeveloped land	
Residential and commercial and entailing a permitted gross development of 94,473 square metres, together with the ancilliary car parking	105,200
Yacht marina	
Marina berths	14,800
Infrastructure and restoration	
Estimated costs to complete	(38,600)
Credit therefore that is already provided for in the Emphyteutical Deed and is accordingly accounted for as a liability in the Company's statement of financial position	21,500
Total Manoel Island property valuation	**136,500**

As would be expected, undeveloped land accounts for the major part of the valuation of Manoel Island, followed by the value attributed to the various historical sites that have yet to be restored and converted for commercial and residential units. The most important of these buildings is the Lazzaretto, which is planned to house a casino, various catering and other commercial activities, mainly at ground floor level, together with 54 duplex apartments at terrace level.

The Company's marina berthing rights, valued at €14.8 million, constitute another material element of the valuation. The existing marina caters for around 160 spaces, which is expected to be expanded to approximately 340 once a breakwater is constructed at the entrance of Lazzaretto Creek. These rights are currently rented out to a third party that is responsible for the provision of all pontoon and other equipment and for meeting all running expenses. The valuation has been determined assuming a continuation of this business model.

The realisation of the various assets listed above will in the first instance require a substantial investment in various infrastructural and restoration works. In arriving at the valuations, separate provision has been made for:

- excavation works;
- major infrastructural works such as the dredging, bridge and Lazzaretto breakwater;
- the cost of other public infrastructure on site, including access roads, the completion of public areas and the provision of utility services; and
- the initial restoration works on the building fabric of the Lazzaretto and other historical assets.

The cost of these infrastructural and restoration works, discounted to present value by reference to their planned execution dates, is estimated to amount to €38.6 million. Of this, the amount of €22.1 million (€0.6 million with respect to Tigné Point and €21.5 million with respect to Manoel Island) is already recognised as a liability in the Company's statement of financial position as part of the balance due to GOM in respect of the land acquisition. The balance of €16.5 million is recognised in the valuation as a deduction from the value of the property, as indicated in the table above.

The total valuation as at 30 September 2010 therefore amounts to €303.2 million. This valuation has been restated in the architect's valuation report to €311.0 million as at 30 June 2010, for the purpose of comparing to the 30 June 2010 carrying amount of €232.9 million. This adjustment reflects the apartments sold in the three-month period from 1 July 2010 to 30 September 2010. The resulting valuation surplus as at 30 June 2010 is therefore €78.1 million as set out in the table below.

	€000
Published figures as at 30 June 2010	
The Point (reflected in property, plant and equipment)	58,969
Investment property	26,302
Inventories - Development project	147,590
	232,861
Architect's valuation	**311,000**
Valuation surplus	**78,139**

4.7 The Company's Statement of Financial Position as adjusted to reflect the Valuation

An illustrative unaudited consolidated statement of financial position of the Company as at 30 June 2010 drawn up on an illustrative fair value basis as explained in the paragraphs below the table, compared to the Company's unaudited consolidated statement of financial position at the same date, which has been published by the Company, as set out in Part E Annex 5 is highlighted below.

Statement of Financial Position as at 30 June 2010

	Published basis €000	Illustrative fair value basis €000
Non-current assets		
Property, plant and equipment	60,037	60,037
Investment property	26,302	26,302
Investment in SIS	201	201
Other non-current assets	908	908
	87,448	87,448
Current assets		
Inventories - Development project	147,590	225,729
Cash and cash equivalents	7,461	7,461
Other current assets	9,945	9,945
	164,996	243,135
Trade and other payables	(43,176)	(43,176)
Assets employed in the business	**209,268**	**287,407**
Shareholders' equity	33,268	104,049
Deferred taxation	1,951	14,187
External financing:		
Amounts due to shareholders	10,000	10,000
Listed bonds	39,894	39,894
Bank borrowings	74,966	74,966
Due to Government	49,189	44,311
Total funding	**209,268**	**287,407**

Column one in the above table is extracted from the Company's published interim financial information drawn up in accordance with the requirements of International Financial Reporting Standards as applicable to the interim financial reporting (IAS 34, 'Interim financial reporting'). This financial information has been drawn up on a historical cost convention, as modified by the fair valuation of property, plant and equipment and investment property.

Column two discloses the same information adjusted on an illustrative fair value basis so as to demonstrate, *inter alia*, how the property valuation would impact the financial information of the Company in particular all the property categories of the Group. The historical cost of the Company's land is based on the price negotiated with GOM in the period 1996 to 2000, before the grant of the emphyteutical concession, and is accordingly not reflective of current market conditions. For this purpose, the following adjustments have been made:

- All immovable property, including property classified as inventories, has been adjusted to reflect the architect's valuation set out in Part E, Annex 6 of the Prospectus. Properties classified as property, plant and equipment and investment property are carried at fair value, based on the architect's valuation, in the published interim financial information. **The architect's valuation is based on the market circumstances and conditions applicable as at the date of valuation. It is dependent on certain factors and assumptions which may change over time and accordingly impact the fair valuation figures.**

- Provision has been made for deferred tax in respect of the revaluation surplus attributable to residential property which the Company holds or intends to develop for resale. The provision has been made at the tax rate of 35% currently attributable to the Company, discounted to present value. A discount rate of 6% has been applied, representing the weighted average cost of the Company's interest bearing borrowings, applied by reference to the expected sales timings that were also used for the purposes of the property valuation. No provision for deferred taxation has been made in respect of property that is held or intended for long-term rental or operating purposes.

- The amount due to GOM represents cash premia payable over a number of years together with infrastructural and restoration obligations arising in terms of the Emphyteutical Deed. These liabilities have been discounted to present value at 6%, representing the weighted average cost of the Company's interest bearing borrowings, by reference to the contractual date of payment, in the case of premia, and by reference to the Company's development plan in the case of infrastructural and restoration obligations.

The resultant illustrative fair value statement of financial position, as disclosed above, does not comply with the requirements of International Financial Reporting Standards that do not permit, for instance, the fair valuation of inventories. Considering its nature, this illustrative information is not subject to audit or review by the Company's external auditors. In the Directors' opinion, the illustrative fair value statement of financial position is nevertheless a useful tool for the purpose of computing the impact of the architect's valuation and for properly assessing the gearing of the business in relation to the current value of assets held.

The illustrative fair value statement of financial position is presented solely for the purpose set out above and is intended to complement, and not in any way substitute, the Company's published financial information drawn up in accordance with the requirements of International Financial Reporting Standards.

4.8 Capitalisation and Indebtedness

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

	Published basis		Illustrative fair value basis	
	Actual as at 30 June 2010 €000	Reflecting impact of new issue €000	Actual as at 30 June 2010 €000	Reflecting impact of new issue €000
Shareholders' equity	33,268	62,476	104,049	133,257
Net borrowings	166,588	137,380	161,710	132,502
Total financing	199,856	199,856	265,759	265,759
Borrowings as a percentage of total financing	83%	69%	61%	50%

The Company's actual capitalisation and indebtedness as at 30 June 2010 has been extracted from the unaudited interim financial information for the six-month period ended 30 June 2010, which has been published by the Company, set out in Part E Annex 5; while the data on an illustrative fair value basis is extracted from the illustrative fair value statement of financial position set out in Section 4.7 above.

For both the published and illustrative fair value bases, an additional column has been inserted indicating the impact of the Issue that is the subject of the Prospectus, after deducting estimated issue costs of €792,000, assuming that the over-allotment option is not taken up. The Issue will have the impact both of enhancing the Company's capital base and of reducing net borrowings, significantly strengthening the Company's statement of financial position.

Net borrowings as at 30 June 2010 comprised the following:

	Published basis		Illustrative fair value basis	
	Actual as at 30 June 2010 €000	**Reflecting impact of new issue €000**	**Actual as at 30 June 2010 €000**	**Reflecting impact of new issue €000**
Cash and cash equivalents	7,461	26,669	7,461	26,669
Current bank debt	(28,441)	(28,441)	(28,441)	(28,441)
Current portion of non-bank debt				
Due to Government	(27,233)	(27,233)	(27,233)	(27,233)
Current financial debt	(55,674)	(55,674)	(55,674)	(55,674)
Net current financial indebtedness	(48,213)	(29,005)	(48,213)	(29,005)
Non-current bank loans	(46,525)	(46,525)	(46,525)	(46,525)
Bonds issued	(39,894)	(39,894)	(39,894)	(39,894)
Other non-current liabilities				
Amounts due to shareholders	(10,000)	-	(10,000)	-
Due to Government	(21,956)	(21,956)	(17,078)	(17,078)
Non-current financial indebtedness	(118,375)	(108,375)	(113,497)	(103,497)
Net financial indebtedness	**(166,588)**	**(137,380)**	**(161,710)**	**(132,502)**

The amount of €10 million due to the Existing Shareholders represents an interim advance made by the Existing Shareholders and will be converted into equity as explained in Section 1.6 above.

The amounts due to GOM in respect of the outstanding balance of premium, the payment of groundrent and the performance of related obligations regarding the acquisition of the Emphyteutical Land are secured by a special privilege on the Emphyteutical Land. The payment of groundrent is also secured by a general hypothec over the Company's property present and future. Further details of the privileges and hypothecs burdening Tigné Point and Manoel Island are described in Part E Annex 8 of the Prospectus.

The analysis of this GOM liability between current and non-current amounts in the Company's statutory financial statements is based on the initial phasing expectations determined when the Emphyteutical Deed was entered into in June 2000. The current portion of this liability represents infrastructural and restoration obligations the timing of which, at this stage of the Project, are largely determinable by the Company according to the development timeframes it selects. Amounts due to GOM that are contractually payable during the twelve-month period following 30 June 2010 amount to €1,165,000.

The Company issued 7% unsecured bonds in the amount of €31,702,900 and £7,214,300 due 2016-2018 ("the Bonds") pursuant to a prospectus dated 5 December 2008. The Bonds will unless previously purchased and cancelled, be redeemed at the latest on 15 December 2018, subject to the Company's option for earlier redemption.

The Company has bound itself, with effect from the end of the financial year ending 31 December 2010, over the period up to the redemption of the Bonds, to 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. The Company shall set aside such monies for the purposes of building this reserve in a segregated account.

The Company's bank borrowings are principally secured by general hypothecs over the Company's assets as well as by special hypothecs and/or special privileges over the Emphyteutical Land or parts thereof. These hypothecs rank after the

special privilege and general hypothecs in favour of GOM in respect of the outstanding balance of premium, the payment of groundrent and the performance of related obligations regarding the acquisition of the Emphyteutical Land as well as prior charges in favour of prospective purchasers in respect of advance deposits affected with the Company for the purchase of apartments. Further details of these loans and of the security held by the financing banks is set out hereunder:

HSBC Bank Malta p.l.c. facilities

By virtue of a sanction letter dated 26 March 2010, €17,869,350 has been granted by HSBC Bank Malta p.l.c by way of loan in order to finance in part works on certain Tigné Point Phases and Fort Manoel Phase. A loan for the amount of €7,000,000 has also been granted for the purposes of providing bridging finance to the Company pending receipt of sale proceeds from T10 apartments. Both loans are repayable in full by 31 December 2010.

The Company was also granted a Special Guarantee Facility of €160,730 covering the guarantee issued by the Bank on behalf of the Company in favour of the Malta Environment & Planning Authority.

The bank borrowings are secured by the privileges and/or hypothecs described in Part E Annex 8 of the Prospectus.

Bank of Valletta p.l.c. facilities

(i) Company's Facilities

By virtue of a sanction letter dated 3 May 2010, €13,103,238 has been granted by Bank of Valletta p.l.c. by way of loan to assist the Company in financing the development costs of the residential units and commercial area surrounding the Tigné Plaza, including the Boulevard and the Belvedere. A further loan of €2,300,000 has been granted to finance the finishing and upgrading of the Plaza apartments and commercial outlets. An additional facility for the amount of €1,042,798 covers bank guarantees issued by the Bank on behalf of the Company of €232,937 in favour of Malta Environment & Planning Authority and of €809,861 in favour of the GOM in terms of the Emphyteutical Deed.

The Company was also granted a facility of €2,200,000 covering the foreign exchange and interest rate volatility on the cross currency interest rate swap arrangement entered into with the Bank; which derivative is utilised to hedge the GBP exposure arising from the Bonds.

The loan of €13,103,238 is to be fully repaid by 31 December 2014 whilst the loan of €2,300,000 is to be paid over a period of four years following initial drawdown; which drawdown has not yet occurred by the date of the Prospectus.

In accordance with the terms of the loan agreement, the Company has undertaken not to declare or pay any dividends without the Bank's prior written consent.

The bank borrowings are secured by the privileges and/or hypothecs described in Part E Annex 8 of the Prospectus.

(ii) Tigné Mall Ltd's Facilities

By virtue of a sanction letter dated 3 May 2010, Bank of Valletta p.l.c. have granted to Tigné Mall Ltd loans amounting to €10,052,927 and €24,685,618 respectively for the purposes of part-financing the development costs of the Retail and Leisure Mall referred to as T2. The latter loan includes an amount of approximately €2,800,000 which represents the capitalisation of interest on both loans during the four year moratorium period on capital repayments. These loans are to be repaid in full over a period of fifteen years from first drawdown, inclusive of a four year moratorium on principal repayments, up to 30 April 2023. The bank borrowings are guaranteed by the Company, as joint and several surety, up to a limit of €34,008,368, and are secured by the privileges and hypothecs described in Part E Annex 8 of the Prospectus.

Joint HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c. facilities
By virtue of sanction letter dated 28 September 2009, HSBC Bank Malta p.l.c. (as Lead Arranger) and Bank of Valletta p.l.c. (as Security Trustee) granted a term loan facility of €35,000,000. The purpose of the loan is to part finance the construction and completion of the phases within the development at Tigné Point referred to as T14 and T17. The facility is to be repaid in full by 31 December 2013.

In terms of the loan agreement, the Company has undertaken not to declare or pay any dividends without the Banks' prior consent in writing.

These bank borrowings will be secured by means of the registration of privileges and/or hypothecs on the T14 and T17 Blocks.

Lombard Bank Malta p.l.c. facilities

- By virtue of a sanction letter dated 31 August 2009, the Company was granted a loan of €4,000,000 to assist in its working capital requirements. These loan is to be repaid in full by 31 December 2013. These bank borrowings are secured by the privileges and/or hypothecs described in Part E Annex 8 of the Prospectus.

- By virtue of another sanction letter dated 14 October 2010, the Company was granted a loan of €5,000,000 to assist in its temporary cash flow requirements. Repayment of capital and interest is to be effected within three (3) months from the first drawdown of funds. In the event that the said facility is not repaid by the due date in terms of the sanction letter the bank will require the facility to be secured by the general and special hypothecs described in "Creditor – Lombard Bank Malta p.l.c." Part E Annex 8 of the Prospectus.

4.9 Trend Information

There have been no material adverse changes to the prospects of the Company since the date of its last published financial statements. At the date of publication of the Prospectus, the Directors consider that the Company 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 Company and its business for at least the current financial year.

The following is a brief synopsis of the factors and trends expected in the key areas of operation of the Company in the foreseeable future, which are set out in detail in Section 13 of Part C of the Prospectus:

Residential Property

- Sale and promise of sale agreements have to date been entered into for 251 apartments at Tigné Point. In relation to this, a further 62 apartment sales are needed to complete the residential aspects of this development, including 22 apartments overlooking Pjazza Tigné that have yet to be launched on the market, 7 apartments still to be sold in block T10, 1 apartment in block T8 and a further block of 32 apartments that has yet to be constructed. Looking ahead, the Company's main challenge, where the residential property market is concerned is the successful development of Manoel Island, where construction of the marina village is planned to commence in 2012. Taking into account its location as an island in the centre of a harbour, its historical features and the adjacent yacht marina, it is the Directors' opinion that Manoel Island has the potential of being developed into a unique product attracting both overseas and local property investors.

Mixed-use Development

- Once the development stage of Tigné Point is completed, the commercial elements will represent circa 45% 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 the extensive parking facilities are expected to lead to an increase in economic activity within the zone and to act as a catalyst for the growth in commercial activities.

The Directors are encouraged by the successful launch of The Point shopping mall. Even so, more remains to be done to make a destination out of Pjazza Tigné, which has yet to attain its full potential. The construction of the office block that will shelter the north face of the square will help complete the Pjazza environment, besides increasing daily foot-fall to the location. The opening of the underground relief road will improve accessibility to the site. The mixed-use concept will also apply to Manoel Island, with the commercial, mainly recreational, uses foreseen for historical buildings such as the Lazzaretto and Fort Manoel, complemented by the yacht marina, for which substantial demand already exists.

Competitive Environment

- The Company offers an advantage due to its timing as the Project is already well underway. It is the Directors' opinion 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, which is what is targeted by both the Tigné Point and Manoel Island developments.

Development Permit

- The Company holds an outline development permit which approves the layout and schedule of accommodation, as detailed in the annex to Schedule 14 of the Emphyteutical Deed, for development at Tigné Point and Manoel Island. Works are subject to the Company obtaining detailed development permits.

Cost of Land

- The emphyteutical concession under the Emphyteutical Deed is being made in consideration of a total premium of €92.2 million which was set in the course of negotiations with GOM in the period from 1996 to 2000. The value of property has increased significantly since then, giving the Company a competitive advantage.

Project Flexibility

- As with any other project, the Company is, and will continue to 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 Deed which are reflective of the extended timescale of the development (also refer to Section 13.5 of Part C of the Prospectus). These include infrastructure and restoration obligations that are only triggered when the Company decides to commence a new phase within the development. They also include cash premia payable over an extended timescale. Given that the Company 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.

Future Funding

- The completion of the development of Tigné Point, and the development of Manoel Island, are expected to entail a total development expenditure in the region of €340 million to be incurred in the main between 2011 and 2018. This development will be carried out in phases, such that maximum borrowings outstanding at any time are kept at sustainable levels, and such that new major commitments are entered into as prior project components come into fruition, avoiding an excessive accumulation of risk. Even so, the completion of the Project is expected to require substantial new borrowings over the next ten years. The Issue will assist this process by providing additional capital that can be leveraged to help raise the additional borrowings needed to complete the Project.

- The Company's plans currently indicate that the Issue will provide the additional equity needed by the Company in the foreseeable future. Having said this, any long-term projections for a project of this nature are necessarily subject to a high degree of uncertainty. It is difficult to project with any certainty, over a ten year period, the financial market conditions that will help determine the Company's access to loan capital. Apart from additional borrowings, further issues of share capital may therefore be required in future years to complete the Project.

- The Company's funding plans are based on the assumption that the Company will complete from its own resources, and retain for the long-term, all the commercial elements of the Project. In practice opportunities may arise for disposing of such facilities, or for undertaking them in partnership with third parties. Developments of this nature would liberate capital which would instead be applied to accelerate the completion of the Project and reduce the need for additional borrowings and/or issues of share capital.

4.10 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 Company:

(a) Memorandum and Articles of Association;

(b) Audited Consolidated and Individual Financial Statements of the Company and audited Individual Financial Statements of the subsidiaries for the financial year ended 31 December 2009;

(c) Audited Consolidated and Individual Financial Statements of the Company and audited Individual Financial Statements of the subsidiaries for the financial year ended 31 December 2008;

(d) Audited Consolidated and Individual Financial Statements of the Company and audited Individual Financial Statements of the subsidiaries for the financial year ended 31 December 2007;

(e) The Emphyteutical Deed;

(f) Searches of privileges and hypothecs carried out up to 15 October 2010; and

(g) Deed in the records of Notary Pierre Attard of 22 October 2010 by virtue of which the Company granted TML the building comprising the retail mall complex.