



Mediterranean Investments Holding p.l.c.

COMPANY ANNOUNCEMENT

Bondholders' Meeting

The Board of Directors of Mediterranean Investments Holding p.l.c. (the "Company") announces that the Company will be calling upon investors, holding as at close of business on 21 May 2012, MT0000371238 Euro Bonds, MT0000371246 Sterling Bonds and MT0000371253 US dollar Bonds (the "Bonds") issued in terms of the Prospectus dated 14 June 2010 as amended on 5 July 2010 (the "Prospectus") for a meeting at 18:00 hours on Monday 11 June 2012. At this Meeting they will be requested to approve a change to the use of bond proceeds originally set out in the Prospectus. In essence, holders of Bonds as at the said date will be requested to consider and vote on a proposal to allow the Company to use part of the Bond proceeds for the partial repayment of a loan taken out by the Company to meet capital creditor payments and other commitments during the period of civil war in Libya in 2011.

The use of proceeds sections in the Prospectus (sections 3.2 of Part A and 4.2 of Part C), setting out the reasons for, and purpose of, the Bond issue, stated that up to €31,250,000 of the bond proceeds were to be utilized to fund the Company's investment in the Medina Tower Project through its 25% equity interest in the joint venture company which owns the underlying land and which will carry out the development. Since the projected timelines for the Medina Tower project were revised due to the outbreak of hostilities, the Board of Directors estimates that part of the Company's equity contribution in that project will not be required before mid-2014. In view of these revised timelines, the Board of Directors is proposing that €8 million of the Bond proceeds be applied in partial reduction of a loan which the Company entered into in 2011 to meet the payment of capital creditors and other commitments during the period of civil war in Libya, when its existing investments in Libya were affected by the on-going turmoil. This application of Bond proceeds should immediately reduce the Company's interest cost on that loan without affecting the Company's immediate commitments towards the Medina Tower Project. The Medina Tower Project is a mixed-use development in the centre of Tripoli comprising residential and office space together with retail areas within a 200,000 square metres of built up area over 40 floors and an additional four underground floors for car parking (further information on this proposed development is set out in section 5.2.2 of Part C of the Prospectus.



The Board of Directors are recommending this proposal for the following reasons:

- Following the issue of the Bonds in July 2010, the Company faced a severely challenging period as a result of the civil war in Libya between February and September 2011. The dramatic events that unfolded over that period and the consequent uncertainty led the Company to re-consider its priorities, adopting a defensive strategy of protecting its assets in Libya from the risks and perils of war. The environment in Libya during the protracted civil strife required the Company to manage a crisis situation and its priority was firstly to protect, as far as was practicably possible in a time of war, the Company's investment and assets in Libya.
- In light of the above, the development of the Medina Tower project, which at the time was at its inception, was suspended pending the cessation of hostilities and a return to a situation of stability that could provide adequate comfort for the Company's investment. The Board of Directors shifted its focus on the significant impact that the events in Libya inevitably had on the on-going business and operations at Palm City Residences, a project that constitutes the sole revenue generator for the Company. With the outbreak of the civil war, operations at Palm City Residences were significantly reduced with tenants evacuating the country and terminating their lease agreements. This has resulted in the financial year 2011 being an acutely difficult and challenging year for the Company. Its cash flow was severely strained and to meet its on-going contractual obligations the Company had no alternative but to raise a loan totalling €13.2 million.
- The Company has managed, with tremendous efforts from its management and personnel, not only to preserve the asset but also to maintain it in a state that could re-open for business immediately, once the demand for residential units increased following the cessation of hostilities. The Directors believe that these efforts have and will continue to stand the Company in good stead. Indeed, over the last few months, as a sense of stability has gradually been restored in Libya, the Company was in a position to vigorously resume the marketing of the units and to restart operations at Palm City Residences, thus generating revenues as early as possible following the cessation of hostilities.
- Considering that the Company has managed to preserve its assets in Libya in a period of great turmoil, that business operations of international companies in Libya are resuming at a steadily increasing rate, that Palm City Residences is a unique product and that in view of the absence of competition in this sector, the Directors believe that the Company should progressively start to experience good occupancies through a mix of medium to long term leases with a varied portfolio of clients/tenants. This trend has already started to materialize with occupancy levels in March 2012 reaching 75%, levels that are estimated to reach 90% by July 2012. The experience of the past few months since the end of hostilities in Libya indicates that over the short term, before any competition can enter the market to provide a product similar in nature and quality to that of the Palm City Residences, this asset should be able to command rates that are even higher than the original estimates, providing the basis for a renewed steady revenue stream that should assist the Company in meeting its debt servicing requirements.



- In Q3 2012, the Medina Tower Project is due to resume following finalisation of an agreement with consultants and the completion of negotiations with the general contractor. The Board of Directors expects that, save for unforeseen circumstances, this mixed-use development of apartments, offices and retail should approach practical completion and become operational by Q3 2016.
- Out of the proceeds raised in the 2010 Bond Issue for the purpose of funding its 25% equity interest in the joint venture developing the Medina Tower Project, the Company holds approximately €18 million, after having recently injected €9.1 million as part of its equity subscription into this project. These funds are segregated and held in liquid low-yielding instruments and bank deposits. In the meantime, the Company has to continue servicing the €13.2 million loan taken out to see the Company through the period during which it experienced a severe strain on its revenues as aforesaid whilst still carrying the interest cost of the Bond.
- Accordingly, and in a scenario in which the periods for the drawdown of the equity injection of the Medina Towers Project has been spread over four years, the Board of Directors is proposing, to make more efficient use of the cash available to the Company. Rather than retaining substantial sums of money in low yielding instruments, the directors believe that it would serve the Company's interests better if part of the proceeds of the Bond, amounting to €8 million, which are not immediately required in connection with the equity injection in the Medina Tower Project, are applied to repay part of the outstanding €13.2 million loan, thereby immediately saving the Company the interest cost on this loan. This amount of €8 million to be applied in partial repayment of loan will not, in line with the revised development plans of the Medina Tower project, be required before another two years.

The Company shall be convening the meeting of Bondholders by notice in writing over the coming days and shall be sending to Bondholders an Explanatory Circular explaining the purpose for the changes being proposed.

BONDHOLDERS ON THE REGISTER AS AT THE CLOSE OF BUSINESS ON 21 MAY 2012 SHALL BE ELIGIBLE TO RECEIVE NOTICE, ATTEND AND VOTE AT THAT MEETING.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Bajada S M', is written over the typed name of the Company Secretary.

Stephen Bajada
Company Secretary

21st May 2012