



COMPANY ANNOUNCEMENT PURSUANT TO CHAPTER 8 OF THE LISTING RULES

Update on the use of proceeds raised by Mediterranean Investments Holding p.l.c. (the "Company") through an Issue of €20,000,000¹ 7.5% Bonds 2015 (the "Bond") pursuant to the prospectus dated 15th July 2008 (the "Prospectus")

1. The Prospectus – description of proposed use of Bond proceeds

The Company had issued the Bonds to finance its strategy of continued expansion in the real estate market in Libya.

The Prospectus also provided that in the event that none of the three projects then identified as prospective projects were concluded positively within the following 18 months, the proceeds of the Bond Issue would be applied to reduce bank finance already in place for the Palm City Residences project, the residential project in Janzour, Libya, owned and developed by the subsidiary of the Company, Palm City Limited (the "Subsidiary").

2. The Medina Tower project

Of the three projects identified in the Prospectus, the board of directors of the Company has since elected to further its expansion strategy through the Tripoli Commercial & Residential Towers (now rebranded the "**Medina Tower**"), which will involve the acquisition, through an intermediate entity, of a plot of land measuring approximately 11,000 square metres, and the development of a mix of exclusively appointed and luxury apartments, office and retail areas spread over 40 floors² above ground and serviced by four underground floors for parking and storage facilities.

As set out in a company announcement issued on 14th July 2009, the Company has entered into a shareholders' agreement with the Al Enmaa for Economic Development and Real Estate Investment Company of Libya ("**EDREICO**"), pursuant to which the Company undertook to acquire a significant stake in Medina Tower Joint Stock Company for Real Estate Investment and Development, the company to be incorporated in Libya specifically for the purpose of owning and developing the Medina Tower project and underlying land.

¹ Including €5,000,000 7.5% Bonds 2015 raised following exercise by the Issuer of the Over-Allotment Option referred to in the Prospectus

² Prior to planning stage changes being approved, the number of floors was proposed to be 26, as had been set out in the Prospectus

3. Actual use of Bond proceeds

Despite having entered into the said shareholders' agreement with EDREICO within 18 months from the date of the Prospectus, Medina Tower's development plans had not progressed sufficiently to warrant an immediate investment in an amount equivalent to the proceeds raised in the Bond Issue.

In the meantime, however, other demands were identified in connection with increased investment costs on the Palm City Residences project, which at the time was, and is presently, nearing completion. On the 5th December 2009, with the combined aim of (i) accelerating the completion of the Palm City Residences project and in so doing securing revenue generation more expeditiously, and of (ii) making use of the Bond proceeds in the manner most complimentary to the other existing funding requirements of the Company and the Subsidiary, the Board of Directors of the Company resolved to allocate the Bond proceeds to finance the completion of the Palm City Residences project. The Bond proceeds were utilized for the Palm City Residences project to, amongst others:

- a) enhance the project design and reduce its on-going maintenance costs. These enhancements are expected to have a long-term positive effect on future cash flows; and
- b) upgrade the road infrastructure and food and beverage facilities, together with the addition of new facilities in the club house.

The Bond proceeds, which were utilized to carry out the above enhancements, have not only placed the Palm City Residences project in a position to reach completion and generate revenue earlier, but have also enabled the Subsidiary and Company not to incur further additional costs in debt funding.

By mid-March 2010, 33% of all Palm City Residences units were leased out and a further 27% were confirmed by prospective tenants with lease contracts expected to be signed shortly. Negotiations on the lease of the remaining units are also progressing better than expected. These leases are being entered into for terms ranging from two to five years. The projected rental revenue from the 413 residential units amounts to circa €25.7 million per annum, if, as expected, 95% of the units and all the retail units are rented out by the project's second year of operation (2011).

4. Proposed forthcoming Bond Issue by the Company

The Company is currently in the process of applying for admissibility to listing of €30,000,000 (subject to increase to €40,000,000) in fresh bonds. With a view to replacing the 2008 Bond Issue proceeds, the Directors will be proposing to apply the new bond proceeds to, amongst others, invest in the Medina Tower project - in an amount of €31,250,000. This amount consists of: €19,000,000 to reinstate part of the funds raised pursuant to the Company's 2008 Bond Issue which, as mentioned earlier, pending the

requirement for investment in Medina Tower, were utilized for the purpose of financing the additional capital expenditure requirements on the Palm City Residences project; and an additional €12,250,000 for further equity investment in the Medina Tower project, which during its planning stage has been extended from 26 floors to 40 floors accordingly requiring a corresponding level of further investment for an increased development comprising larger commercial and retail areas for letting and a significantly increased number of luxury apartments for sale.

In arriving at their decision to utilise the proceeds of the 2008 Bond Issue for the Palm City Residences project, the Directors of the Company kept in view the general best interests of the Company, its subsidiary, its shareholders and its bondholders alike – this, in light of the Company’s dependence on revenues generated by the Palm City Residences project, is seen as a further strengthening of the financial base upon which the Bonds are dependent for the payment of interest and principal thereon throughout and at the end of the term of the Bonds.

This announcement is an extract from a letter sent by the Company to all bondholders on the 29th March 2010.



Reginald A Cuschieri
Company Secretary

30th March 2010

Mediterranean Investments Holding p.l.c.

22, Europa Centre, Floriana FRN 1400, Malta ~ T +356 21 233141 ~ F +356 21 234219 ~ E info@miholding.com ~ W www.miholding.com
Company Registration Number: C37513