



**MIDI PLC**

**COMPANY ANNOUNCEMENT**

*The following is a company announcement issued by MIDI plc ("MIDI" or "the Company") pursuant to the Malta Financial Services Authority Listing Rules.*

**Quote**

**Offer of Shares in Tigné Mall Limited (C 35139) ("TML")**

The Company hereby announces that pursuant to the approval of its Board of Directors, the Company will be pursuing the sale of all shareholding held directly by MIDI in TML. Tigné Contracting Limited ("TCL"), a wholly owned subsidiary of the Company, will also be seeking to divest itself of all its shareholding in TML. This will be done through an Initial Public Offering of the shares of TML, which is subject to regulatory approval.

TML, which is currently undergoing the process of being converted into a public limited liability company, owns the retail mall complex known as "The Point" at Tigné Point, Sliema, together with a number of underlying car parking spaces (253). TML's business consists in the management and operation of this mall. Pursuant to Listing Rule 5.164.5, the Company announces that TML registered a post-tax profit of four hundred seventy five thousand, eight hundred and thirty-three euro (€475,833) for the year ending 31 December 2012. It is projected that TML will register profits after tax of *circa* eight hundred seventy two thousand, four hundred and eighty-six euro (€872,486) for the year ending 31 December 2013 of which *circa* six hundred ninety two thousand, four hundred and eighty six euro (€692,486) is expected to be registered by TML pursuant to the transfer of shares by MIDI in TML post April 2013.

The sale of the shareholding held by MIDI and TCL in TML ("the Offer") will constitute a Class 2 transaction in terms of Listing Rule 5.149.2, and therefore prior to the Company disposing of its shareholding in TML, the approval of MIDI's shareholders in a general meeting must be obtained in terms of Listing Rule 5.163.

Currently, TML's authorised share capital is twenty-three million, two hundred ninety three thousand, seven hundred and thirty euro (€ 23,293,730) divided into ten million (10,000,000) Ordinary shares of two point three two nine three seven three euro (€2.329373), whilst its issued share capital is nineteen million, nine hundred ninety nine thousand, nine hundred, ninety six euro and fifty eight cents (€19,999,996.58) divided into eight million, five hundred and eighty six thousand (8,586,000) Ordinary shares of two point three two nine three seven three euro (€2.329373) each. Pursuant to an envisaged capitalisation of reserves by TML and subsequent redenomination of TML's issued share capital, the issued share capital of TML will amount to twenty one million and two hundred thousand euro (€21,200,000) divided into forty-two million and four hundred thousand shares (42,400,000) having a nominal value of fifty euro cents (€0.50c) each. The said 42,400,000 Ordinary Shares will be offered to institutional investors and to the public for subscription at a price of fifty euro cents (€0.50c) each. It is also expected that TML's authorised share capital shall be increased to sixty million (60,000,000) shares having a nominal value of fifty euro cents (€0.50c) each.

As a result of the Offer, TML will no longer form part of the MIDI Group.

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Pursuant to a Valuation Report prepared by KPMG and DeMicoli & Associates (“the Valuers”) in respect of the retail mall complex and TML’s underlying car parking spaces, the Valuers attributed a value of fifty eight million euro (€58million) to such assets. The report was carried out in compliance with the requirements of the Listing Rules and was approved by the Board of Directors of both MIDI and TML. The valuation has been reflected in TML’s balance sheet at 31 December 2012, and has resulted in a revaluation surplus, gross of deferred tax, of one million and six hundred thousand euro (€1,600,000). The Offer value of €21,200,000 is based on TML’s balance sheet at 31 December 2012 and accordingly the disposal of the MIDI Group’s investment in TML is expected to generate, net of expenses, a cash consideration of twenty million and nine hundred thousand euro (€20,900,000).

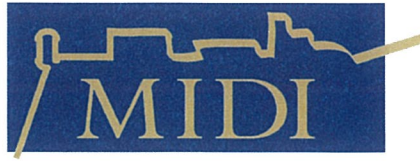
Since the subscription to the Combined Offering is being targeted to open on the 15 April 2013 and close on the 19 April 2013, TML is projecting a recommendation from its directors and an ensuing distribution of a dividend of *circa* one hundred and eighty thousand euro (€180,000) to its shareholders (MIDI and TCL) in May 2013, thus distributing the mall’s profit, post tax, for the period ending 30 April 2013. The Company’s Directors are thus satisfied that an offer of €21,200,000 represents a fair consideration for the Group’s shares in TML.

Upon receipt of the funds generated from the Offer, which Offer is subject to regulatory approval, MIDI plans to reduce a number of bank facilities by twelve million euro (€12,000,000). Additionally, the Company will settle all of its inter-company balances with TML, which upon receipt of funds are projected to amount to *circa* three million and six hundred thousand euro (€3,600,000). The remaining funds, together with future borrowings that have been agreed with the Company’s bankers, will be utilised by the Company towards its working capital requirements and for the development of the next phases of the project, commencing with residential block T17 East (38 apartments) in respect of which works have already commenced.

The Offer is in line with the strategy laid down by the Company’s Board of Directors, which as reflected in the Chairman’s Statement published in the Company’s 2011 Annual Report, necessitated the improved use of the Company’s existing capital resources in order to permit the Company to focus on its principal object and its main operating activity - the development and the subsequent sale of residential and commercial property at Tigné Point. The Group intends to pursue this strategy of delivering on its core objectives so that MIDI moves ahead without further unnecessary delays while also ensuring that the interests of all its stakeholders are safeguarded. Though “The Point” represents a commercial asset of value, it requires long term capital resources which accounts for over €21million of MIDI’s capital, representing 34% of the Group’s consolidated equity. The current economic climate is characterised by financial caution, and a drive to reduce borrowings. Lending banks are moreover being encouraged by regulators to reduce their exposure to property related lending, a process that may from time to time impede their willingness or ability to finance developments that would in other respects be financially attractive. Like all other property developers, MIDI is impacted by these circumstances.

The Company believes that the disposal of a long term commercial asset such as “The Point”, through the sale of its ordinary shares in TML, is today in the best interest of its business, and hence of its shareholders. The disposal will permit the release of significant financial capital back into MIDI and accordingly strengthen the Company’s financial capabilities to enable it to deliver against its current plans by materially reducing the aggregate bank borrowings of the MIDI Group, thus creating

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the capacity necessary to raise the financing required to develop its T17 apartment blocks (total of 102 apartments) - a critical project phase for the completion of Tigné Point and a vehicle to enable the company to generate new shareholder value.

There are no key individuals that are relevant to the disposal of the Group's interest in TML.

#### **Issue of Shares by TML**

Subject to regulatory approval, in addition to the Offer, TML which is a major subsidiary undertaking of the Company, will be issuing fourteen million (14,000,000) new shares at a nominal value of fifty euro cents (€ 0.50c) each ("the Issue"), which new shares will be offered to the public for subscription at a price of fifty euro cents (€ 0.50c) each and this as approved by its board of directors. The Issue will constitute a material dilution of MIDI's percentage interest in equity shares in a major subsidiary undertaking, in terms of Listing Rule 5.24 and therefore prior to TML making the Issue, the consent of the Company's Shareholders must be obtained.

#### **The Combined Offering**

An application has been made by TML to the Listing Authority for all of the Ordinary Shares, whether issued, to be issued or offered, to be admitted to listing on a regulated market. Application has also been made for the admission of the Ordinary Shares to the Official List of the Malta Stock Exchange, and the Combined Offering (*Offer and Issue*) is conditional upon admission of the Ordinary Shares to the said Official List. In the event that such conditions are not met, the Combined Offering will be revoked unilaterally by TML.

In view of the requirement to obtain the consent of the Company's Shareholders, the Company's Directors are calling an Extraordinary General Meeting, in respect of which, additional details are found within this Announcement.

The Company notes that an agreement has been reached with TML, to afford MIDI's Shareholders preference in respect of subscription to the Combined Offering.

#### **Related Party Transaction**

The Company announces that MSV Life p.l.c. ("MSV"), which holds 12.55% of the ordinary shares in MIDI, has indicated an interest to acquire twenty million (20,000,000) ordinary shares in the Combined Offering. It is expected that MSV and the Company will enter into a conditional subscription agreement prior to the publication of the TML Initial Public Offering Prospectus. MSV, as an institutional investor, is in the business of acquiring similar investments and presently holds 28% of the ordinary shares in Plaza Centres plc.

Given such expressed interest from MSV, Mr David G Curmi and Mr David Demarco, two directors on the MIDI Board of Directors have declared their conflict in view of their employment with MSV and thus abstained from voting on the proposed transaction in the course of board meetings. Furthermore, in line with the Listing Rules, the involvement of MSV in the Combined Offering has been scrutinised and approved by the Company's Audit Committee. The Audit Committee found that the financial details pertaining to the transaction were reflective of the independent joint valuation

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obtained by the Company from KPMG and DeMicoli & Associates and therefore the terms afforded to MSV were at arm's length and on normal commercial terms which were thus not any more favorable than those to be afforded to existing MIDI Shareholders and third parties. The Audit Committee also took regard of the fact that an agreement was reached to afford similar preference rights to MIDI's other shareholders. The Audit Committee acknowledged that such a transaction would have a material effect on the Company's business and thus this Company Announcement is also being made to reflect the requirements of the Listing Rules pertaining to Related Party Transactions.

The Company also announces that Bank of Valletta plc ("BOV"), holders of 8.91% of the shares in MIDI, is expected to underwrite the Issue by TML of fourteen million (14,000,000) shares. The Audit Committee resolved that BOV's underwriting is expected to be provided at arm's length and under normal commercial terms.

#### MIDI EGM

The Company hereby announces that an extraordinary general meeting of MIDI p.l.c. registration number C 15836 ('the Company') will be held at the *Grand Hotel Excelsior, Great Siege Road, Floriana FRN1810*, on Friday 22 March 2013 at 10.00a.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as an ordinary resolution - special business in terms of the Company's Memorandum & Articles of Association:

#### **Offer for sale of the Company's entire shareholding in Tigné Mall p.l.c ("TM") (formerly Tigné Mall Limited)<sup>1</sup>, C 35139, and the issue of new shares by TM - a major Subsidiary Undertaking**

*"That for the purpose of Listing Rule 5.163 and Listing Rule 5.24 of the Listing Rules issued by the Listing Authority in Malta, the General Meeting of the Company approves (i) the offer for sale of all the shares held by the Company in the company Tigné Mall p.l.c (formerly Tigné Mall Limited), C 35139, having a nominal value of fifty euro cents (€ 0.50c) each, at a price of fifty euro cents (€ 0.50c) each (ii) the issue of fourteen million (14,000,000) new shares by Tigné Mall p.l.c (formerly Tigné Mall Limited), C 35139, a major Subsidiary Undertaking of the Company, at a nominal value of fifty euro cents (€0.50c) each, and the offer of such shares to the public for subscription at a price of fifty euro cents (€0.50c) each; and the directors of the Company are hereby authorised to complete and to do all such acts and things (including signing and executing all such documents and instruments as may be required) as may be deemed desirable, expedient or necessary in connection by this offer or the transactions contemplated thereby or to give effect to this Resolution."*

The Directors of the Company recommend the proposed resolution to be in the best interests of the Company and its Shareholders as a whole and as indicated in the Circular (to be distributed to the Company's Shareholders) recommends that all Shareholders vote in favour of the resolution.

#### **Unquote**

  
**Dr Darren Azzopardi LL.D.**  
Company Secretary

**22 February 2013**

<sup>1</sup> At the date of issue of this announcement, Tigné Mall Ltd is a private company. As explained in this same announcement, Tigné Mall Ltd has started a process of conversion to a public company and by the date of the general meeting it is expected to be a public company.