



**Annual General Meeting**

**12 June 2025**

**The Portomaso Suite, Hilton Malta**



## CHAIRMAN'S ADDRESS

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## Chairman's Address



- I welcome you to the fifteenth Annual General Meeting of MIDI plc.
- As I am sure you will agree, this meeting is overshadowed by recent events which led the Company to issue a Company Announcement last Sunday following recent public statements by Government which have amplified calls for a review of the Manoel Island project's future.
- Additionally, the Company issued another Company Announcement on Tuesday, following the judicial letter filed by the Government of Malta alleging that the Company has breached the Emphyteutical Concession of Tigne' Point and Manoel Island—specifically in relation to the development's completion date. We have today filed a judicial reply to the one issued by Government.



## Chairman's Address



- The Company rejects these allegations in no uncertain terms and maintains that there is no valid legal basis for rescission nor the imposition of penalties. The relevant deed contains specific safeguards extending the development's completion date.
- The Company contends that a correct interpretation of the deed grants the Company an extension of at least 10 years and since the full development permit for Manoel Island has not to date been issued the time period for completion of the development remains, in terms of the deed, suspended.



## Chairman's Address



- MIDI recognises that Government has underscored its desire to convert Manoel Island into a national park. In light of this shift in Government's policy direction, the Company is open to reaching an agreement that reflects current national priorities which are clearly different from those prevailing when the concession was granted.
- MIDI is committed to continue to act in good faith to find a solution in order to implement Government's stated objective for Manoel Island to revert to Government. The Company will be guided by a commitment to protect public interest and the Company's shareholders and bondholders.



## Chairman's Address



- I am glad to report that yesterday a meeting was held with Government led by the Prime Minister. The outcome of the meeting was positive and as the Prime Minister has publicly stated, there is reasonable basis for concluding the transfer of Manoel Island to Government.
- It is the Board's responsibility to act in the best interests of the Company and its shareholders. In carefully weighing our options, we concluded that exploring settlement discussions—aimed at an amicable resolution—could ultimately serve the Company's interests more effectively than pursuing a potentially protracted legal process. Engaging in such talks offers an opportunity for greater certainty and reduced risk, which we believe is critical for maintaining a stable operating environment and safeguarding shareholder value.
- The project cannot succeed without government and political support, and this is evidently lacking at the moment. We would be naïve to believe that we could proceed effectively without such support. By working towards a settlement, we aim to secure the necessary cooperation that will allow us to move forward more efficiently and confidently, all while preserving the best possible outcome for our shareholders and stakeholders.



- At the same time, it is important to emphasize that the Company has not relinquished its legal rights. We have clearly defended our position and stand ready to protect our interests should discussions fail to yield a fair solution.
- Given the importance of this matter, prior to proceeding and the tabling of the formal resolutions given the circumstances, we will answer questions which have already been submitted with respect to Manoel Island and any questions you may wish to ask.





## Manoel Island – Questions and Answers

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## **1. What is the consideration payable by MIDI to Government in the Deed?**

The acquisition cost for both Manoel Island and Tigne' Point covers three elements:

1. Cash premia totalling **€57.8m**.
2. Ground rents payable which will total **€180.6m** over the 99year period of the lease.
3. Infrastructural and restoration obligations which are estimated to total **€112m** by the time the project is completed (compared to the €33m envisaged when the project was initiated).

**Therefore, the acquisition cost totals €350.3m.**

The consideration (premia, ground rent and obligations) was computed on the basis of the developable areas as the Deed provides that the Company is to develop the public open spaces and on completion of the works the public open spaces are to revert to Government at no cost. This to guarantee that the public spaces are never developed.

The acquisition cost as detailed in the Deed was based on an independent valuation commissioned by the Ministry of Finance and Commerce in 1998.

## **2. Is the consideration subject to adjustment for any reason?**

The Deed provides that:

- (a) the ground rent is to be increased if the volume of development increases compared to the volumes contemplated in the Deed. As it was always acknowledged that development volumes may change slightly from time to time as plans evolve;
- and
- (b) in the case of archaeological finds MIDI is entitled to a reduction in the consideration and ground rent payable corresponding to the loss of development volumes associated with the archaeological finds.

### **3. Is the completion date of 31st March 2023 detailed in the Deed?**

The Deed provides that the entire development shall be substantially completed by 31st March 2023, subject to an automatic extension in the event of delays outside MIDI's control in terms of the provisions of the Deed.

This was always intended as an anti-abuse provision to ensure that MIDI did not just develop the lucrative sea front areas and neglect the parts of the site that carried onerous restoration and/or infrastructure obligations. In fact, a number of anti-abuse measures were built into the Deed including defining the first phases, defining a fixed time-table for the restoration of Fort Manoel and setting the substantial completion date.

#### **4. Is the overall project completion date subject to extension?**

The Deed provides a comprehensive framework for the automatic extension of the 31st March 2023 deadline in the event of delays outside MIDI's control, including:

- delays in the issue of permits beyond 3 months;
- delays associated with events or circumstances outside the company's control; and
- delays associated with archaeological discoveries. The known archaeological discoveries which required preservation were detailed in the Development Brief and the Outline Development Permit.

With respect to the permitting process MIDI was legitimately concerned about the possibility of delays being caused by a slow permit approval process. This has certainly proven to be the case e.g. Tigne North phase for which applications were submitted in 2005 and permits were issued in 2012 and Manoel Island for which the reduced Outline permit was submitted in 2021 and definitively approved in 2023 after a decision from the Court of Appeal.

## **5. Does MIDI have a strong case for an extension of the project completion date?**

The Company has suffered numerous delays associated with the issue of building permits and with archaeological discoveries.

The main delays relate to:

### **Tigne' Point Garden Battery + Permits (2001 -2012)**

Soon after works commenced at Tigne' Point the Authorities directed the Company to retain the Garden Battery despite this having been earmarked for demolition in the Outline Development Permit. This necessitated the complete redesign of a substantial part of Tigne' Point.

The complexities created by the Garden Battery as well as the substantial delays associated with the issue of the related permits, interrupted the continuation of the Tigne' North phase by more than 10 years.

## Manoel Island - Negotiations with Government (2009 to 2012)

Between 2009 and 2012 discussions were ongoing with Government with respect to a number of options including the transfer of development volumes from Manoel Island to Tigne' Point, the transfer of Manoel Island to Government in its entirety, the transfer of heritage buildings to Government and the possibility of a reduced development at Manoel Island. In fact, a steering committee was set up by Government in early 2012 to assess the various options.

The planning process for Manoel Island could only commence in mid 2013 when clear direction was provided by Government. Subsequently, the Company engaged Foster+Partners to prepare the masterplan which was submitted to the Planning Authority in 2017.



## **Manoel Island - Archaeological Investigations (2017-2022)**

The Environment Impact Assessment studies highlighted the risks of areas of archaeological interest and therefore in consultation with the SCH, MIDI commenced an archaeological evaluation in the latter half of 2017.

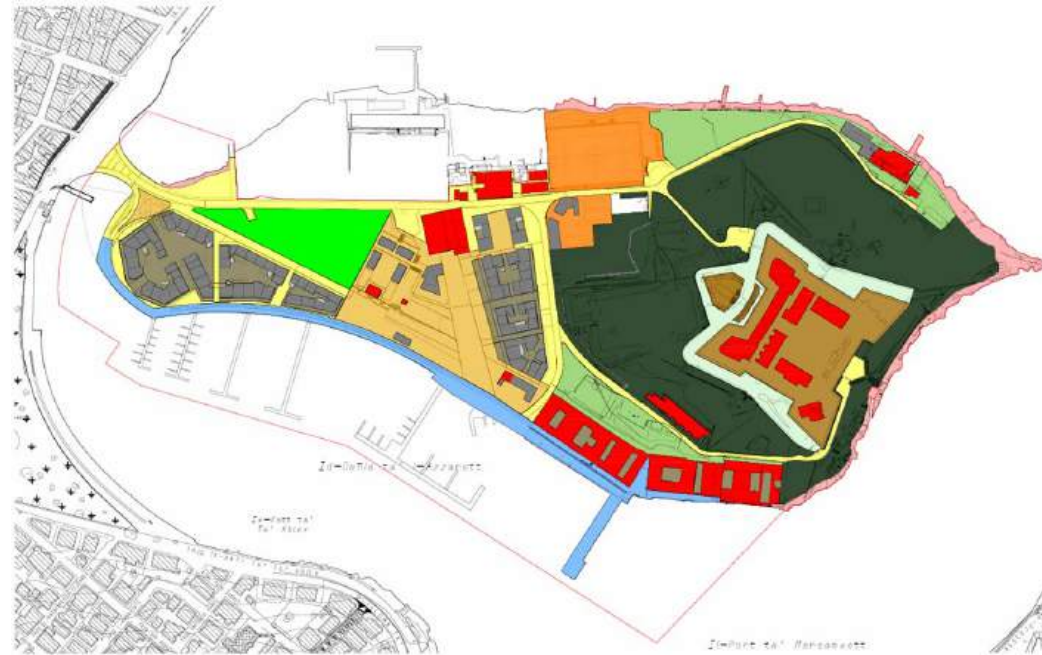
After investigations spanning c.5 years the SCH concluded that certain areas of Manoel Island, measuring circa 22,000sqm, could not be developed in view of the archaeological importance associated with the finds. These finds were totally unforeseen - the Development Brief is clear that the area in question was not considered to be of archaeological importance and it was earmarked for the development of the marina village.



## Manoel Island - Reduced Masterplan (2021 – 2023)

The archaeological finds necessitated the preparation of a reduced masterplan which was submitted to the Planning Authority at the beginning of 2021 and was eventually approved in September 2021.

However, the EIA associated with this permit was appealed by the FAA, which appeal was rejected by the Tribunal and eventually by the Court of Appeal in May 2023.



## **Manoel Island - Heritage Impact Assessment (HIA) (2023 to date)**

At the public hearing for the full development permit held in March 2024 the SCH advised that it would be advisable to commission an HIA to ensure that the development does not negatively impact the world heritage status of Valletta.

The HIA was submitted in September 2024 on the basis of terms of reference provided by the SCH. Clarifications were requested in January and the information requested was submitted in April 2025. The conclusion of this process is still pending.

**The process associated with the issue of development permits and the completion of archaeological investigations has to date spanned a period of more than 8 years (2017 to 2025) and is still not concluded.**

**6. Was MIDI entitled to make changes to the Masterplan? And what changes were made?**

The Deed provides that the development shall comply with the Outline Development Permit or with such other permits as the Planning Authority may from time to time grant for the development of the sites.

It was recognised that full development permits were to be applied for in a phased manner as it did not make sense to cast in stone the contents of a project spanning +25 years.

Furthermore, the Outline Development Permit required significant changes to account for:

- (i) the Authorities' decision in 2001 to incorporate the Garden Battery into the Tigne' Point development, which necessitated a complete redesign of the Tigne' North Phase Area; and
- (ii) the SCH's final direction in 2022 prohibiting development of 22,000sqm of the Manoel Island site, which necessitated a complete redesign of the Manoel Island Masterplan.

## Impact of the requirement to retain the Garden Battery



## **7. Why did the retention of the Garden Battery not form part of the original Outline Development Permit?**

The Outline Development Permit states that any historic remains of the Garden Battery were to be recorded prior to being demolished and the permit was approved on this basis.

11. RESTORATION WORKS - A Restoration Method Statement Report is to be submitted to the Planning Authority and the Museums Department for approval as part of an application for Full Development Permit relative to a specific phase which includes restoration works. This must indicate the buildings and structures to be restored, in line with the Heritage Studies Report, the restoration techniques to be used, materials to be applied, detailed designs, usage and the phasing of the restoration works. Any historic remains that will be demolished as part of the development (e.g. Garden Battery) should be fully recorded as directed by the Museums Department, prior to any interventions. All details must be approved in writing by the Planning Authority in conjunction with the Museums Department and all records forwarded to the Planning Authority and the Museums Department.

## 8. Were the cemeteries on Manoel Island known to MIDI prior to the development of the 2017 Masterplan?

The Outline Development Permit states that the chapel is the only surviving element of one of the many cemeteries on Manoel Island. Furthermore, the Development Brief states that “the Cemetery Chapel is to be retained as the only surviving relic of the various burial grounds which formed part of the quarantine and plague establishments on Manoel Island”.

### CEMETERY CHAPEL

14.1 The chapel is the only surviving element of one of the many cemeteries on the island. The historical significance of this structure is explained elsewhere in this report. The chapel is a very small structure of Globigerina limestone. It is severely deteriorated. At the front, the severe deterioration extends up to the eighth course, and continues, less severe, practically up to the level of the cornice. The deterioration includes alveolar weathering and powdering and flaking of the stone surface. There is very extensive loss of mortar from the masonry joints, almost complete on the front elevation. There are areas of cement repointing, as well as cement rendering over the lower five to six courses of the facade. There are some remnants of lime rendering at the top. Some blocks are missing from the side and back elevations, and there is an area where new stone has been inserted in a prior repair. The roof stonework is also badly deteriorated, with higher plants, and signs of water penetration.

*Other Buildings :* the quarantine cattle-sheds were adjuncts to the Lazarett and due to their interesting construction and fair state of preservation should be retained; the Cemetery Chapel is to be retained as the only surviving relic of the various burial grounds which formed part of the quarantine and plague establishments on Manoel Island; the Medical Officer's quarters, now the Customs House; and a two-storey building, now the Manoel Island Yacht Yard office. Also, there is a building on the northern edge of the Island facing Sliema, currently used as a small boat builder's workshop and this can be retained, if required, for a facility within the landscaped setting of the Fort.

## **9. Was MIDI bound to commence works at Manoel Island?**

The Deed clearly gave MIDI the option to commence the development from any one of the following two phases:

- (i) the Tigne' South and Tigne' Sports Phases on Tigne' Point including the Qui Si Sana trunk road; or
- (ii) the Marina South Phase on Manoel Island which includes the new Manoel Island bridge, the dredging works and the breakwater.

MIDI opted to commence with the development at Tigne' Point and therefore there was no obligation to commence works on Manoel Island as part of the first phase, other than the obligation to restore Fort Manoel. This obligation was fulfilled.

Furthermore, MIDI was constrained to commence development works at Tigne' Point as a number of sites remained occupied by Government at Manoel Island (Schedule 11 to the Deed) including the AFM Bomb Disposal Squad which only vacated the site in 2012 despite Government's obligation to provide vacant possession by 31st December 2000.

**10. Has MIDI developed additional volumes at Tigne Point when compared to the Masterplan forming part of the Deed?**

- The development volumes at Tigne' Point as per the Outline Development Permit total 132,000sqm.
- Prior to the approval of the Tigne' North permits in 2012, the Planning Authority reconciled the development volumes and determined that the unutilised balance of the gross floor area at the time, when compared to the Outline Development Permit, totalled 1,513sqm.
- The Planning Authority consented in 2018 to the transfer of 8,000sqm from Manoel Island to Tigne' Point, paving the way for the approval of the full development permit for Q3 in 2020. This transfer resulted in a corresponding reduction in the permissible development volumes on Manoel Island.



## REVIEW OF OPERATIONS BY THE CEO

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## FINANCIAL RESULTS OVERVIEW

## Financial Overview – Income Statement



| SUMMARISED RESULTS                | 2024<br>€'000  | 2023<br>€'000  |
|-----------------------------------|----------------|----------------|
| Revenue                           | 3,345          | 4,071          |
| Cost of sales                     | (1,437)        | (1,234)        |
| <b>Gross profit</b>               | <b>1,908</b>   | <b>2,837</b>   |
| Administrative expenses           | (2,885)        | (2,904)        |
| Impairment charge on inventories  | (2,000)        | (1,110)        |
| Other operating income            | 63             | 50             |
| <b>Operating profit/(loss)</b>    | <b>(2,914)</b> | <b>(1,127)</b> |
| Net finance costs                 | (2,509)        | (2,527)        |
| Dividend Income                   | -              | 39             |
| Share of results of joint venture | 1,723          | 1,559          |
| <b>Profit/(Loss) before tax</b>   | <b>(3,700)</b> | <b>(2,056)</b> |
| <b>Profit/(Loss) for year</b>     | <b>(3,777)</b> | <b>(2,276)</b> |

## Financial Overview – Income Statement



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## Financial Overview – Summarised Financial Position - Assets



### SUMMARISED FINANCIAL POSITION

2024

2023

€'000

€'000

### ASSETS

#### *Non-current assets*

Investment property

36,232

36,232

Investment in joint venture

27,438

28,095

Right-of-use assets

12,168

12,314

Other assets

2,853

3,065

*Total non-current assets*

78,691

79,706

#### *Current assets*

Inventories - Development project

163,329

150,369

Cash and cash equivalents

13,248

21,601

Trade and other receivables

3,411

3,066

*Total current assets*

179,988

175,036

**Total Assets**

**258,679**

**254,742**

## Financial Overview – Summarised Financial Position – Equity & Liabilities

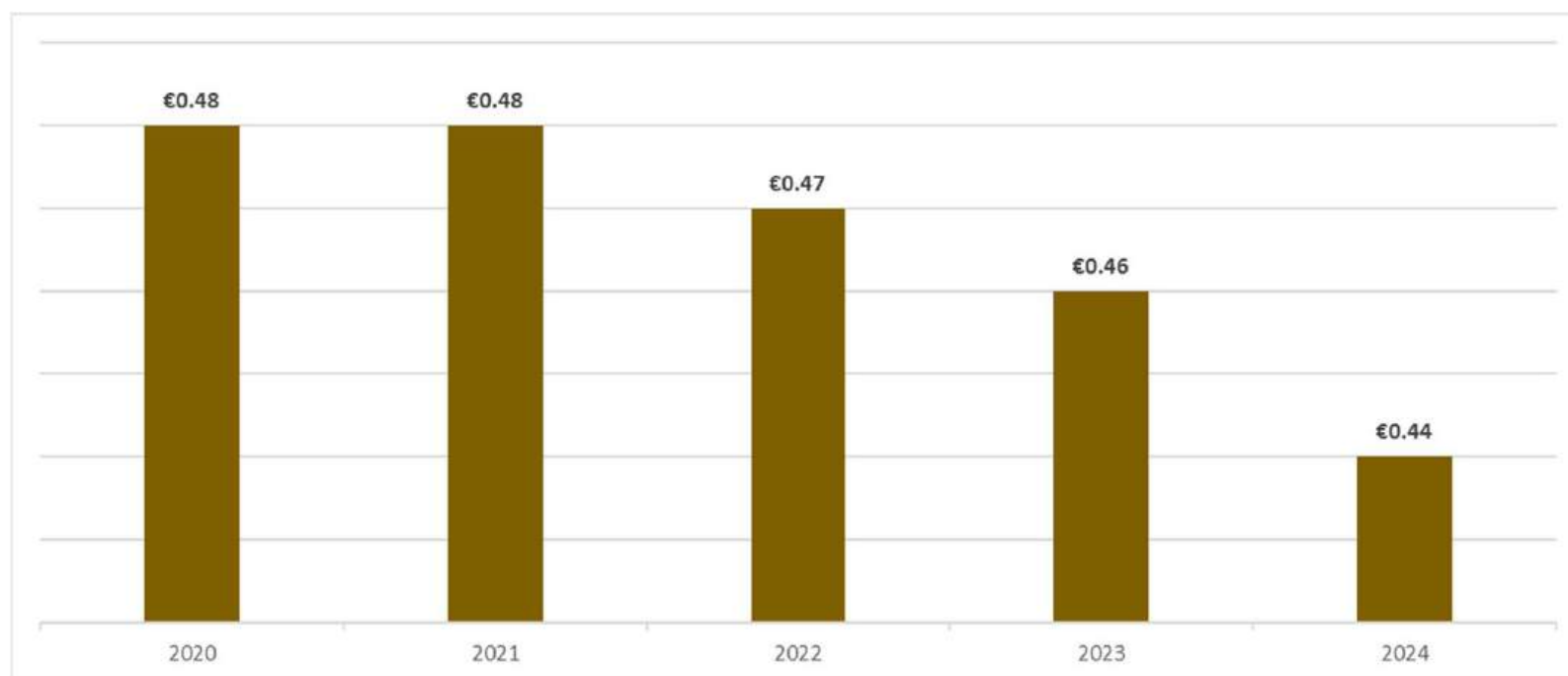


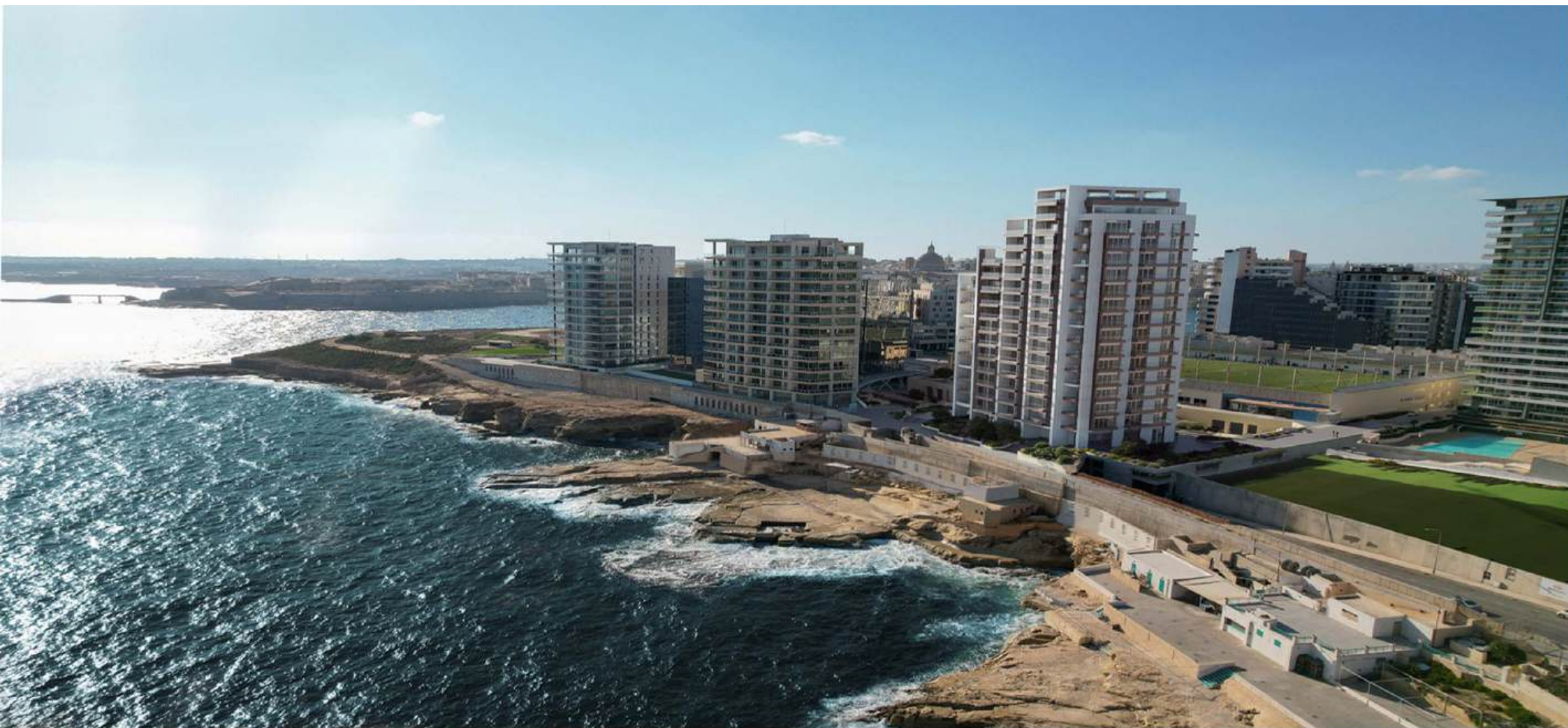
| SUMMARISED FINANCIAL POSITION        |                |                |
|--------------------------------------|----------------|----------------|
|                                      | 2024           | 2023           |
|                                      | €'000          | €'000          |
| <b>EQUITY AND LIABILITIES</b>        |                |                |
| <i>Capital and reserves</i>          |                |                |
| Share Capital (including Premium)    | 58,711         | 58,711         |
| Retained earnings                    | 32,887         | 38,591         |
| Other Reserves                       | 1,789          | 2,018          |
| <b>Total equity</b>                  | <b>93,387</b>  | <b>99,320</b>  |
| <i>Non-current liabilities</i>       |                |                |
| Borrowings                           | 59,752         | 57,535         |
| Trade and other payables             | 20,714         | 31,423         |
| Lease Liabilities                    | 15,440         | 14,923         |
| Other liabilities                    | 3,402          | 3,401          |
| <b>Total non-current liabilities</b> | <b>99,308</b>  | <b>107,282</b> |
| <i>Current liabilities</i>           |                |                |
| Trade and other payables             | 64,512         | 47,302         |
| Other liabilities                    | 1,470          | 838            |
| <b>Total current liabilities</b>     | <b>65,982</b>  | <b>48,140</b>  |
| <b>Total liabilities</b>             | <b>165,290</b> | <b>155,422</b> |
| <b>Total equity and liabilities</b>  | <b>258,677</b> | <b>254,742</b> |
| Gearing Ratio                        | 33%            | 26%            |

## Development in Net Asset Value



Net Asset Value per Share (€)





**THANK YOU**