



MIDI p.l.c. (C 15836)

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CIRCULAR TO SHAREHOLDERS

DATED 6 APRIL 2026

This circular (the “**Circular**”) is being issued by MIDI p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 15836 and having its registered office situated at MIDI p.l.c., North Shore, Manoel Island, Gzira GZR 3016, Malta (the “**Company**” or “**MIDI**”) for the purpose of Capital Markets Rule 5.163.2 in connection with the approval of the Company’s shareholders being sought for the completion of the ‘Class 2’ transaction proposed to be entered into by the Company. This Circular is also being issued in fulfilment of the requirements of Chapter 6 of the Capital Markets Rules.

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1. IMPORTANT INFORMATION

This Circular, which contains information about the resolution referred to herein to be proposed for approval at the forthcoming extraordinary general meeting of shareholders scheduled for Tuesday 28 April 2026 (the “EGM”), is being dispatched to all persons appearing on the Company’s register of members maintained by the Malta Stock Exchange as at close of business on Friday 27 March 2026 (the “Shareholders”). This Circular has been approved by the board of directors of the Company (the “Directors”).

This Circular is being issued and sent to Shareholders in compliance with the provisions of the Capital Markets Rules issued by the Malta Financial Services Authority (the “Capital Markets Rules” or “CMRs”), in particular the requirements set out in Capital Markets Rules 5.163.2 (*notification requirements*) and 6.1.9 (*a Class 2 transaction referred to in Capital Markets Rule 5.149.2*), for the purpose of explaining to the Shareholders the proposed resolution that is being considered at the EGM and to provide the necessary information about the resolution to assist Shareholders in making a properly informed decision. In addition, this Circular is drawn up in compliance with the requirements of Capital Markets Rule 6.2 on the contents of all circulars and Capital Markets Rule 6.18 on the contents of circulars relating to acquisitions or realisations by listed companies.

The formal authorisation of the Malta Financial Services Authority required in terms of CMR 6.4 for the publication and circulation of this Circular has been sought and was duly obtained on 30 March 2026.

Where any or all of the shares held in the Company by a recipient of this Circular have been sold or transferred, this Circular and any other relevant documents, or copies thereof, should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

THIS IS AN IMPORTANT DOCUMENT. SHAREHOLDERS WILL BE REQUESTED TO VOTE AT THE EGM ON THE ISSUES AND MATTERS DESCRIBED HEREIN. IN THE EVENT THAT SHAREHOLDERS RECEIVING THIS DOCUMENT ARE IN ANY DOUBT AS TO THE IMPORT OF THIS DOCUMENT OR AS TO ANY ACTION REQUIRED OF THEM, THEY ARE URGED TO CONSULT APPROPRIATE INDEPENDENT ADVISERS.

This Circular does not constitute an offer, invitation or solicitation to any person to subscribe for, acquire or dispose of any securities in the Company and no reliance ought to be made by any person on any information contained in this Circular as a basis for a decision to invest in, or dispose of, any securities issued, or which may be issued, by the Company.

FORWARD-LOOKING STATEMENTS AND PROFIT FORECASTS

This Circular contains certain statements, projections, estimates and forecasts with respect to the financial condition, results of operations, strategy, plans and objectives of the Company. These include, without limitation:

- statements regarding the expected application of the Reimbursement Amount towards the redemption of the Bonds maturing on 27 July 2026;
- statements regarding the expected completion of outstanding promise of sale agreements at Tigné Point following completion of the Proposed Transaction;
- statements regarding the anticipated consolidated financial position and balance sheet of the Company following completion of the Proposed Transaction and the redemption of the Bonds; and
- any other statements preceded by, followed by or including the words "expects", "anticipates", "intends", "plans", "believes", "estimates", "projects", "may", "will", "should", "would" or similar expressions.

Such forward-looking statements relate to events and depend on circumstances that may or may not occur in the future, and the Company's actual results of operations, financial condition and the development of the industry in which the Company operates may differ materially from those described in or suggested by the forward-looking statements contained in this Circular.

Profit Forecasts and Profit Estimates

To the extent that any statement in this Circular constitutes a profit forecast or profit estimate, it has been prepared in compliance with applicable rules and on a consolidated basis. Any profit forecast or profit estimate included in this Circular:

- has been prepared by the Directors acting in good faith and with due care and diligence;
- is based on assumptions that are stated in this Circular, in particular section 8 and Annex I and that the Directors consider to be reasonable at the date of this Circular;
- reflects the best estimates of the Directors at the date of this Circular, having regard to the information currently available to them.

Key Assumptions and Risk Factors

Forward-looking statements and profit forecasts contained in this Circular are subject to a number of risks, uncertainties and assumptions, including those set out in section 8 and Annex I.

No Undue Reliance

Shareholders are cautioned not to place undue reliance on the forward-looking statements and profit forecasts contained in this Circular.

Forward-looking statements and profit forecasts speak only as of the date of this Circular. Neither the Company nor any of its Directors undertake any obligation to update or revise any forward-looking statement or profit forecast contained in this Circular, whether as a result of new information, future events or otherwise, except to the extent required by applicable law or regulation, including the Capital Markets Rules issued by the Malta Financial Services Authority.

2. DEFINITIONS

For the purposes of this Circular, the following capitalised terms shall have the meaning attributed hereunder:

Bonds	The €50,000,000 4% Secured Bonds 2026 (ISIN: MT0000421223) issued by the Company in 2016, maturing on 27 July 2026
Capital Markets Rules or CMRs	The Capital Markets Rules issued by the Malta Financial Services Authority
Circular	This circular to shareholders dated 6 April 2026
Civil Code	Civil Code, Chapter 16 of the laws of Malta
Company or MIDI	MIDI p.l.c., a public limited liability company registered in Malta with company registration number C 15836
Completion Date	The date of execution of the Settlement Deed
Deed	The emphyteutical deed dated 15 June 2000 pursuant to which Government granted to MIDI the Emphyteutical Concession
Directors	The board of directors of the Company
EGM	The extraordinary general meeting of shareholders of the Company to be held on 28 April 2026 at 15.00 CET
EGM Approval	The approval by shareholders at the EGM of the Settlement Deed and the Proposed Transaction
Emphyteutical Concession	The 99-year emphyteutical concession granted to MIDI over Manoel Island and Tigné Point pursuant to the Deed
Emphyteutical Land	The immovable property comprising Tigné Point and Manoel Island forming the subject-matter of the Emphyteutical Concession
Fort Manoel	The eighteenth century bastion fort without official number known as Fort Manoel, situated on Manoel Island, comprising the Barrack Blocks, the Casemate, Cavaliers and Inner Curtain Wall, the Guard Rooms and Couvre Port, the Ditches, Scarp and Counter Scarp Walls, and Bastions, having a total superficial area of approximately thirty-seven thousand, two hundred and forty square metres (37,240 m ²), bounded on the North, South and East by the remainder of the Manoel Island
Fort Tigné	The polygonal fort without official number known as Fort Tigné, situated at Tigné Point, Sliema, having an area of approximately fourteen thousand, seven hundred and ninety square metres (14,790 m ²)
Fort Tigné Site	The site having a total superficial area of approximately thirty-five thousand, three hundred and seventy square metres (35,370 m ²), situated at Tigné Point, Sliema, which includes Fort Tigné together with its surrounding grounds and bounded on the north, south and east by the remainder of the Tigné Point Site
Forts	Fort Manoel and Fort Tigné
Government or GOM	The Government of Malta
Group	MIDI and its subsidiary undertakings
Income Tax Act	Income Tax Act, Chapter 123 of the laws of Malta
Investor	AC Enterprises Limited, a limited liability company registered under the laws of Malta with company registration number C

	49755 and having its registered office at Il-Maxtura, Madliena Road, Swieqi SWQ 1017, Malta
Judicial Letters	The judicial letters filed by Government against MIDI, including judicial letter number 2666/2025 filed on 10 June 2025 and judicial letter number 4270/2025 filed on 24 September 2025
Manoel Island	The divided portion of land at Manoel Island, limits of Gżira, including Fort Manoel and the Lazzaretto buildings, having a total superficial area of approximately 267,900 square metres, together with all buildings, structures and constructions in, on or under that land
MFSA	The Malta Financial Services Authority
MKH	Mid Knight Holdings Limited, a limited liability company registered under the laws of Malta with company registration number C 65838 and having its registered office at North Shore, Manoel Island, Gzira GZR 3016, Malta
Parliamentary Approval	Approval by the Parliament of Malta of the Settlement Deed, the Partial Rescission and the transactions contemplated thereby, which approval was given by means of a special resolution of the House of Representatives of Malta taken during the sitting of 24 March 2026 in terms of the Government Lands Act (Chapter 573 of the Laws of Malta)
Partial Rescission	The irrevocable and unconditional partial rescission and termination of the Deed to be effected by the Settlement Deed, pursuant to which the Emphyteutical Concession over Manoel Island and the Fort Tigné Site shall be rescinded whilst the Emphyteutical Concession over Tigné Point (excluding Fort Tigné) shall remain firm, valid and unimpaired and in full force and effect
Proposed Transaction	The transactions contemplated by the Settlement Deed, including the Partial Rescission, the return of Manoel Island and the Fort Tigné Site to Government, and the receipt of the Reimbursement Amount
Reimbursement Amount	The gross amount of €47,321,000
Rescinded Areas	Manoel Island and Fort Tigné Site collectively
Settlement Deed	The public deed to be entered into between the Company, the Transport Authority and Government in relation to the Proposed Transaction following EGM Approval and Parliamentary Approval
Tigné Point or Tigné Point Site	The divided portion of land at Tigné Point, Sliema, having an area of approximately one hundred and eight thousand, four hundred and twenty square metres (108,420 m ²), bounded on the South, North and South-East by the foreshore
Transport Authority	The Authority for Transport in Malta, a body corporate established by virtue of the Authority For Transport In Malta Act (Chapter 499 of the Laws of Malta), as successor of the Malta Maritime Authority.

3. INTRODUCTION

The EGM has been convened to be held on 28 April 2026 at 15.00 CET at The Phoenicia, Malta. This Circular is intended to explain to the Shareholders the importance of the special business that is required to be addressed at the EGM and to provide the Shareholders with sufficient explanation to enable them to make informed decisions.

For any queries regarding the upcoming EGM, please contact the Company by sending an email to agm@midimalta.com.

Executive Summary

In 2000, MIDI p.l.c. was granted a 99-year Emphyteutical Concession over Manoel Island and Tigné Point for mixed-use development, together with the exclusive right to develop and operate a yachting centre and an undertaking by Government to grant MIDI a casino concession. The project was originally required to be substantially completed by 31 March 2023, with a three-year cure period until 31 March 2026. The Deed expressly provided for automatic extensions of the completion date where delays arose from circumstances beyond the parties' control, and MIDI contends that the various delays encountered resulted in such automatic extensions.

The proposed development of Manoel Island suffered a number of unforeseen setbacks outside the Company's control, falling into three broad categories: delays in the issuance of development permits and authorisations; delays arising from archaeological discoveries requiring the redesign of the development; and delays arising from protracted administrative and appellate processes initiated by third parties. Significant delays were encountered at Tigné Point due to the authorities' unexpected requirement to preserve the Garden Battery, which contradicted the outline development permit and necessitated a complete redesign of the Tigné North Phase. Although MIDI submitted revised applications in 2005/2006, approval was only granted in 2012. This had a direct knock-on effect on the permitting process for Manoel Island. The cumulative effect of these delays is the basis for the Company's position that the correct completion date under the Deed, properly construed, had been automatically extended by at least 10 years as at June 2025.

In June 2025, Government arbitrarily withdrew its support for the Manoel Island project and publicly declared its intention to convert the island into a national park. The Board concluded at an early stage that, given the change of stance of Government, pursuing development through litigation alone would be an inadequate and ultimately futile strategy, regardless of the merits of the Company's legal position, as a development of this scale and complexity cannot succeed without the active support of Government at every level.

The change in policy came at an extremely sensitive time, approximately 12 months before the Bond redemption date. MIDI had planned to repay the Bonds through a combination of proceeds from the future development of Manoel Island — on the basis of which a term sheet for a new bank facility had already been secured — together with internal resources and proceeds of property sales at Tigné Point. The sudden and unexpected withdrawal of Government's support stalled this plan entirely.

Government filed two judicial letters, with the latest one filed on 24 September 2025 invoking the rescission mechanism of the Deed, requiring MIDI to remedy the alleged defaults within six months, failing which Government threatened to rescind the entire Emphyteutical Concession (Manoel Island and Tigné Point) by the end of March 2026. The judicial letters paralysed the Company's ability to complete 59 promise of sale agreements at Tigné Point, compromised the security for the Bonds, and

placed the entirety of the Company's property portfolio in jeopardy — none of which bore any rational connection to the alleged defaults concerning Manoel Island, which was the sole subject matter of Government's stated grievance.

The Board wishes to record clearly that it regards the Company's legal position on the extension point as a strong one, supported by the terms of the Deed. The decision not to litigate was made on practical and financial grounds alone — specifically, the impossibility of obtaining a judgment within the Bond redemption timeframe — and not because of any weakness in the Company's legal case. The Company's obligations to its bondholders crystallise on 27 July 2026, and no Maltese court proceedings of the nature required to challenge a threatened rescission of an emphyteutical concession could realistically be concluded within such a timeframe. The judgment would have arrived too late to prevent insolvency. The Company formally requested, on more than one occasion, that Government limit the dispute to Manoel Island. Government's rejection of this request left the Company with no practical alternative but to pursue a settlement, notwithstanding the unfavourable terms of such settlement.

As Government's offer is well below the Company's verified claim (as verified by an independent audit firm appointed by the Lands Authority), the Directors do not consider the offer to be fair and equitable. The Board regards the Reimbursement Amount as inadequate but, given the absence of any viable alternative, reluctantly accepts it in the circumstances. The terms ultimately agreed upon do not reflect the merits of the respective positions of the parties, but rather the significant disparity in negotiating power that prevailed throughout the negotiation process, which was materially compounded by the Government's refusal to limit the dispute to Manoel Island and its insistence on threatening what the Company considers to be the unwarranted and legally unfounded rescission of the entire Emphyteutical Concession, including over Tigné Point, thereby placing all of the Company's assets and security for bondholders and banks at risk, and severely undermining its ability to negotiate on equitable terms. Therefore, the Board's recommendation in favour of the Proposed Transaction is made solely in discharge of its fiduciary duty to act in the best interests of the Company and all those who depend on it, and must be understood as a pragmatic response to a situation which was forced upon the Company, not as an endorsement of the terms offered by Government.

The Settlement Deed is intended to resolve the dispute, restoring Tigné Point free from any claims relating to Manoel Island and enabling the Company to conclude outstanding property sales and rely on its Tigné Point assets as effective security. A vote against the Partial Rescission is not a vote to preserve the status quo — it is a vote that would deprive the Company of the principal source of funding required to honour its obligations which would consequently bring about insolvency.

4. PROPOSED ORDINARY RESOLUTION – SPECIAL BUSINESS

In connection with the Proposed Transaction, at the forthcoming EGM, the Directors are placing before the Shareholders one ordinary resolution constituting special business as explained below.

RESOLUTION 1: APPROVAL OF CLASS 2 TRANSACTION (ORDINARY RESOLUTION)

That the entry into and completion by the Company of a deed of partial rescission in respect of Manoel Island and the Fort Tigné Site as described in more detail in the explanatory circular to shareholders dated 6 April 2026, issued and published by the Company in accordance with the requirements

of, inter alia, Capital Markets Rule 5.163.2 (the "Proposed Transaction") be and are hereby approved, and that the directors of the Company, be and are hereby duly authorised and empowered to do all such things and execute all such documents as they may consider necessary and appropriate for the purpose of executing, implementing and completing the Proposed Transaction.

Explanatory Note

The purpose of Resolution 1 is to obtain Shareholder approval for the Proposed Transaction, as required by Capital Markets Rule 5.163.2.

5. THE PROPOSED TRANSACTION

5.1 Background to the Dispute

5.1.1 The Emphyteutical Concession

By virtue of an emphyteutical deed dated 15 June 2000 (the "**Deed**"), Government granted to MIDI the sites of Manoel Island and Tigné Point for development and operation for a period of 99 years (the "**Emphyteutical Concession**"). Together with the Emphyteutical Concession, MIDI was also granted the exclusive right to develop and operate a yachting centre on the sea facing the south shore of Manoel Island as well as an undertaking by Government that it shall grant MIDI a concession to open and operate a casino, both of which form an integral part of the Emphyteutical Concession.

Manoel Island is located on the north-eastern coast of Malta, approximately one kilometre north-west of Valletta. The island flanks one side of the Valletta peninsula and borders Sliema creek to the North and Lazzaretto creek to the South. The island's main features include Fort Manoel, an 18th century fortification built by the Knights of St John, and the Lazzaretto, built in 1643, initially used as a quarantine centre and later as a hospital and military base. Manoel Island has long been envisaged as a mixed-use development — in fact, the Emphyteutical Concession was granted for mixed development comprising residential, commercial, tourism, recreational, cultural, and marina-related use, in accordance with the development brief published by the Government in December 1992. Large tracts of the island, in particular around Fort Manoel, were intended to be cultivated into a green area comprising the provision of public footpaths for the enjoyment of the public and of residents alike. In fact, the Deed contemplated a phased restoration process for Fort Manoel, which was to include the cleaning of the ditch and restoration of the parade ground and the structures within the Fort, as well as the restoration of the bastion walls and parapets.

In terms of the Deed, the project was originally required to be substantially completed by 31 March 2023, with a three-year cure period until 31 March 2026, before Government becomes entitled to rescind the concession for breach. It was, however, recognised during negotiations leading to the conclusion of the Deed that the attainment of this completion date could be impacted by delays beyond the control of one or other of the parties, and the terms of the Deed accordingly provided an automatic extension mechanism in such cases. In fact, over the years, the Company encountered

numerous circumstances contemplated in the Deed which have resulted in the impossibility of the Manoel Island development being completed by the originally envisaged date. MIDI contends that the various delays resulted in an automatic extension of the completion date.

5.1.2 The Phased Nature of the Deed and the Interdependence of Manoel Island and Tigné Point

A proper understanding of the delays encountered by the Company in relation to the Manoel Island project requires an appreciation of the fundamentally phased character of the Emphyteutical Concession and the inherent interdependence between the Tigné Point and Manoel Island components of the overall project.

The Deed imposed a specific obligation on MIDI regarding the timing of substantial completion of certain key phases of the development. MIDI was obliged, within four years from the date of issue of the relevant full development permit and any other necessary permits and authorisations, to substantially complete any one — at MIDI's option — of two specified phases: either the Tigné South and Tigné Sports Phases on Tigné Point (including the construction of the Qui-Si-Sana to Tigné Front trunk road), or the Marina South Phase on Manoel Island (including the construction of the new Manoel Island bridge, the dredging works between Manoel Island and Gzira, and the Manoel Island breakwater).

The Deed expressly granted MIDI the discretion to select which of the two specified phases it had to substantially complete first, and MIDI decided to opt for the Tigné South and Tigné Sports Phases on Tigné Point. This was not a unilateral commercial preference taken in disregard of Manoel Island; it was a deliberate and contractually sanctioned election made in the context of practical necessity. MIDI was constrained to commence development works at Tigné Point as a number of sites remained occupied by Government at Manoel Island — including the AFM Bomb Disposal Squad, which only vacated the site in 2012 despite Government's obligation to provide vacant possession by 31 December 2000.

After fulfilling the mandatory requirements to substantially complete the Tigné South and Tigné Sports phases, MIDI was, in terms of the Deed, free to determine the timing of the commencement of the remaining phases, the sequence in which those remaining phases were developed, and which phases would be developed next. Save for the specific deadlines and obligations, MIDI retained significant flexibility and autonomy to manage the project's progression according to its own commercial strategy, operational considerations, and market conditions. The overarching obligation insofar as timing was concerned was for the project to be substantially completed by 31 March 2023.

What is of critical importance for Shareholders to understand is that the phased sequencing of the project meant that delays encountered at Tigné Point did not occur in isolation — they cascaded directly into, and materially prejudiced, the commencement and progression of the Manoel Island phase. Significant delays were encountered at Tigné Point, primarily due to the authorities' unexpected requirement to preserve the Garden Battery, which contradicted the outline development permit forming part of the Deed as well as the development brief and necessitated a complete redesign of the Tigné North phase. Although MIDI submitted revised development applications to cater for this requirement in 2005/2006, approval was only granted in 2012, resulting in an additional approximate seven-year delay. This delay had a direct impact on the permitting

process for Manoel Island, because at the time, the Planning Authority treated the development volumes of Tigné Point and Manoel Island as being interlinked.

5.1.3 Delays impacting Manoel Island

The proposed development of Manoel Island as envisaged in the Deed was subject to a number of unforeseen setbacks falling into three broad categories, each outside the Company's control: delays in the issuance of development permits and other requisite authorisations; delays arising from archaeological discoveries and the consequent requirement to redesign the development; and delays arising from protracted administrative and appellate processes initiated by third parties. The main delays are set out below.

Date	No. of years	Issue
2001–2012	11	Tigné Point Garden Battery: delay in issuance of permit and planning process
2009–2013	4	Manoel Island — Negotiations with Government: delay in planning process
2017–2022	5	Manoel Island — Archaeological Investigations: unforeseen archaeological discoveries

2021–2023	2	Manoel Island — Reduced Masterplan: delay to planning process	<p>not be developed due to the archaeological significance of the findings. These discoveries were entirely unforeseen by MIDI, as the development brief explicitly indicated that the area was not of archaeological importance;</p> <p>The archaeological discoveries required the preparation of a revised masterplan, submitted to the Planning Authority in early 2021 and approved in September 2021 (the “Reduced Masterplan”). The Reduced Masterplan envisaged a substantial reduction of development volumes. The associated Environmental Impact Assessment was appealed by the NGO Flimkien għall-Ambjent Ahjar, with that appeal subsequently rejected by the Tribunal and ultimately by the Court of Appeal in May 2023;</p>
2023 date	to 3	Manoel Island — Heritage Impact Assessment: delay to planning process	<p>At the public hearing for the full development permit held in March 2024, the SCH advised that it would be prudent to commission a Heritage Impact Assessment to ensure that the development would not adversely affect the World Heritage status of Valletta. The HIA was submitted in September 2024. Clarifications were requested in January 2025, and the necessary information was submitted in April 2025. The conclusion of this process is, to date, still pending and there is no executable development permit for Manoel Island in relation to the development as per the Reduced Masterplan.</p>

Notwithstanding all of the delays described above, the restoration works required to be undertaken by MIDI under the Deed in relation to Fort Manoel have been substantially completed.

5.1.4 Discussions with Government, Lands Authority and the Investor

Prior to the events described below, the Company had been in prolonged discussions with Government and the Lands Authority to address the impact of the reduction of development volumes as well as the delays associated with the issuance of the outline development permit. The archaeological discoveries necessitated a drastic revision to the Manoel Island masterplan which resulted in a reduction of gross floor area (GFA) from 135,178 sqm to 95,000 sqm. During those

discussions, it became clear that Government desired that the Forts be primarily used for cultural purposes. During negotiations with the Government, the Company had offered to renounce its rights to a number of properties, including both Forts, with title to these to revert to Government. However, the Government opted not to accept this proposal.

In addition to those discussions, since 2014 the Company had been seeking a strategic partner and investor in relation to the development of Manoel Island. As previously communicated in Company Announcement MDI167 dated 20 December 2021, MIDI was in discussions with the Investor to set up a joint venture entity and a memorandum of understanding had been entered into between the parties for this purpose laying down the main commercial parameters of the joint venture. Alongside those negotiations, the Company was also undergoing negotiations and discussions with Government and the Lands Authority in relation to potential changes to the Emphyteutical Concession, to ensure alignment with the terms of the proposed investment by the Investor, to crystallise the right acquired by the Company relating to the completion development date of the project and to make other changes in light of the archaeological discoveries and the revised outline development permit. As far as the Company was aware, and after numerous meetings and exchanges on the draft deed of amendment to the Deed, an in-principle agreement had been reached on these matters. At the time, there was an implicit acknowledgement that the Company was entitled to a 10-year extension to the completion date and that such extension would be formally recorded in the deed of amendment to the Deed.

5.1.5 Government's Withdrawal of Support and Threatened Rescission

In June 2025, Government withdrew its support for the Manoel Island project and publicly declared its intention to convert Manoel Island into a national park. Notwithstanding the advanced discussions which the Company was holding with the Government and with the Investor, this shift in policy was announced at a time when negotiations between the parties were at an advanced stage, and the Company had been proceeding on the basis that a negotiated amendment to the Deed was being finalised. It was clear to the Board from the public statements made by Government and the Opposition that the development of Manoel Island was no longer possible and accordingly the transaction envisaged with the Investor and Government would not be able to proceed.

The Board was acutely conscious throughout this period that a development of the scale and complexity of the Manoel Island project cannot, as a practical matter, succeed without the active support of Government. The development of Manoel Island requires governmental co-operation at every level — in the issuance of permits, the provision of infrastructure, the resolution of heritage and archaeological requirements, and the mobilisation of strategic investment. The Board therefore concluded at an early stage that, given the change of stance by Government, pursuing development through litigation alone would be an inadequate and ultimately futile strategy, regardless of the merits of the Company's legal position.

It was against this backdrop that, even before Government had formally filed any judicial letter, the Company made clear its willingness to engage in constructive dialogue. The Company issued a company announcement on 8 June 2025 (MDI200) following public statements by Government amplifying calls for a review of the Manoel Island project's future. In that announcement, the Company signalled its openness to an amicable resolution, declared itself open to reaching an agreement reflecting current national priorities, and committed to act in good faith to find a solution guided by a commitment to protect the public interest and the interests of the Company's shareholders and bondholders. At the same time, the Company made clear that it had not relinquished

its legal rights, standing ready to protect its interests should discussions fail to yield a fair outcome. The Board was further encouraged when a meeting was held with Government, the outcome of which was positive — the Prime Minister publicly stated that there was a reasonable basis for concluding the transfer of Manoel Island to Government. It was therefore the Company's sincere and reasonable expectation that a negotiated solution, fair to all parties, could be achieved.

The change in policy of Government came at an extremely sensitive time for the Company, approximately 12 months before the Bond redemption date. Before this change of stance, MIDI had planned to repay the Bond through a combination of the proceeds expected to be generated from the future development of Manoel Island — on the basis of which a term sheet for a new bank facility had already been secured — together with internal resources and the proceeds of property sales at Tigné Point. The sudden and unexpected withdrawal of Government's support for the Manoel Island project stalled this plan, as the term sheet had been issued on the assumption that the Manoel Island development would proceed, and the Judicial Letters (as explained below) further impacted the Company's ability to conclude the pre-contracted property sales at Tigné Point upon which the balance of the Bond redemption depended.

In 2025, Government and the Transport Authority filed the Judicial Letters against MIDI alleging breach of the Emphyteutical Concession. Judicial letter number 4270/2025 filed on 24 September 2025 purported to give MIDI six months' notice of rescission of the Emphyteutical Concession.

Specifically:

- **First Judicial Letter (2666/2025):** Judicial letter number 2666/2025 filed on 10 June 2025 by the Government, the Lands Authority, and the Transport Authority notifying MIDI of alleged breaches of the Emphyteutical Concession in respect of Tigné Point and Manoel Island. MIDI responded by judicial letter number 2724/25 filed on 12 June 2025 rejecting Government's allegations. Clearly, the filing of the first judicial letter was not a response to any newly discovered breach, but rather an instrument of legal pressure — actively sought out by Government as a means of advancing its policy objective of reclaiming Manoel Island. This conclusion is reinforced by the fact that, at the time the first judicial letter was filed, the parties were engaged in advanced negotiations and, as far as the Company was aware, had reached an in-principle agreement on the key terms of an amended Emphyteutical Concession. The first judicial letter was therefore filed in circumstances where Government had every reason to know that its allegations of breach were contested.
- **Second Judicial Letter (4270/2025):** A further judicial letter number 4270/2025 filed on 24 September 2025 was served by Government, the Lands Authority, and the Transport Authority invoking article 21.4 of the Deed, requiring MIDI to remedy the alleged defaults (specifically concerning the development's completion date) within six months, failing which Government threatened rescission of the Emphyteutical Concession by the end of March 2026. MIDI responded through its own judicial letter number 4990/25 filed on 4 November 2025, once again categorically rejecting the allegations made, citing the right to an automatic extension of the time for completion as a result of a number of occurrences contemplated in the Deed.

The second judicial letter was served at a time when the parties had already commenced settlement discussions. Rather than allow those discussions to develop on a fair, commercial basis, Government chose to escalate by formally invoking the rescission mechanism of the Emphyteutical Concession, thereby serving on the Company what amounted to a six-month notice of dissolution. The filing of the

second judicial letter at this precise juncture — during settlement discussions and at a time when the Bond redemption date was less than 12 months away — served to maximise the Company's exposure and erode its negotiating position. The Government had publicly stated, immediately before the filing of the first judicial letter, that it had commissioned a study to find a remedy to take back Manoel Island - the judicial letters clearly were the instruments of that remedy.

The effect of the judicial letters extends beyond Manoel Island to Tigné Point, thereby impairing the sale of property owned by MIDI at Tigné Point, including in the last remaining apartment block at Tigné Point, named Q3. Before the notice of rescission was served, the Company had already contracted 59 promise of sale agreements in terms of which it had undertaken to transfer the property and give standard warranties including that the property was free from claims and litigation – something which it could not do following receipt of the notice of rescission.

Furthermore, the judicial letters compromised the security for the Bond, as the Bond is secured by properties at Tigné Point hypothecated in favour of the security trustee. The Company had also assigned by way of security to the security trustee the expected net receipts from the deeds of sale for the apartments in block Q3 at Tigné Point – however the value of this security inherently depends on the deeds of sale being concluded.

Therefore, the judicial letters placed the entirety of the Company's property portfolio in jeopardy and paralysed the Company's ability to draw on banking facilities secured against its Tigné Point assets. None of these consequences bore any rational connection to the alleged defaults concerning the Manoel Island completion date, which was the sole subject matter of Government's stated grievance.

MIDI has consistently rejected the allegations made by Government and the Transport Authority and maintains that it is not in breach of the Emphyteutical Concession. The contractual basis for its position is set out below.

The Contractual Basis for the Automatic Extension

The Deed contains a number of express provisions which, taken together, entitle MIDI to automatic extensions of the completion date in the circumstances which have arisen. These provisions reflect a deliberate and specific intention of the parties, at the time the Deed was executed in 2000, to protect MIDI against circumstances beyond its control during what both parties understood to be a long and complex project spanning several decades. Three categories of extension mechanism are relevant:

(i) Delays in the grant of permits, licences or authorisations (Article 13.2 of the Deed): Where the grant of a licence, permit or authorisation indispensable to the performance of any obligation by MIDI under the Deed is delayed beyond three months from the date of the relevant application, the time limits for the performance of the corresponding obligation are automatically extended for the duration of that delay, from the three-month point until the date on which the licence, permit or authorisation is actually granted (or any relevant condition is fulfilled). Given the extensive delays in the grant of the development permits for Manoel Island — including the full development permit application (PA 01053/23) submitted in December 2022 which, as at the date of this Circular, remains unapproved — this provision has been in continuous operation and continues to operate.

(ii) Delays arising from archaeological discoveries (Article 16 and Article 2 of Schedule 26 of the Deed): Where works are stopped or suspended as a result of archaeological discoveries, all obligations of MIDI to carry out improvements or perform works in relation to the affected area are suspended for the duration of the stoppage, and that period of suspension is automatically added to any time period imposed on MIDI for the performance of those obligations. The unforeseen archaeological discoveries

at Manoel Island — which were entirely unanticipated, as the development brief had explicitly indicated that the relevant areas were not of archaeological importance — triggered this mechanism and have extended the completion timeline accordingly.

(iii) Events or circumstances outside MIDI's control (Article 17.1 of the Deed): Article 17.1 of the Deed provides that neither party shall be liable for delay in performing, or failure to perform, its obligations if the delay or failure results from any event or circumstance outside its control. Such delay or failure shall not constitute a breach of the Deed, and the time for performance shall be automatically extended by a period equivalent to that during which performance is prevented. The events described in this Circular — including the imposition of the Garden Battery conservation requirement contrary to the approved outline development permit, the prolonged period of Government-directed uncertainty from 2009 to 2013 during which the planning process for Manoel Island could not commence, the protracted Heritage Impact Assessment process, and the appellate challenges brought by third parties against the Reduced Masterplan — all fall squarely within this provision.

Importantly, these automatic extension mechanisms operate cumulatively and independently of one another, such that each separate category of qualifying delay gives rise to its own distinct extension of the relevant completion period. The cumulative effect of the delays falling within the three categories described above, applied across the full timeline of the Manoel Island project, is the basis for the Company's position that the correct completion date under the Deed — properly construed — had been automatically extended by at least 10 years as at June 2025. As at the date of this Circular, the causes giving rise to the automatic extensions remain in effect, as the full development permit for Manoel Island has still not been issued, rendering MIDI unable to commence the development, and the extension period is accordingly ongoing.

The Board wishes to record clearly that it regards the Company's legal position on the extension point as a strong one, supported by the terms of the Deed, the history of dealings between the parties, and the content of the draft amendment exchanges. The decision not to litigate was made on practical and financial grounds alone — specifically, the impossibility of obtaining a judgment within the Bond redemption timeframe — and not because of any weakness in the Company's legal case.

5.1.6 The Attempt to Dispose of Assets including Fort Tigné

In order to counter the financial pressures created by the threatened rescission, and given that the notice of rescission had rendered it impossible for the Company to proceed with pre-contracted property sales at Tigné Point, the Company commenced a process to seek to dispose of other assets in order to generate funds to satisfy its liabilities, including the redemption of principal and interest which will fall due in relation to the Bonds in July 2026. In light of the highly publicised nature of the dispute with Government in relation to Manoel Island, the fast-approaching maturity date of the Bonds in July 2026, and the particular nature and characteristics of the assets in question, the Company's negotiating position in such disposal process was materially weakened. This contributed to an unavoidable impairment of those assets in the Company's financial statements. Please refer to section 8 of this Circular for further information on the financial impact of such impairments.

As part of this disposal process, around October 2025, J. Portelli Projects Limited had been identified as a prospective purchaser of Fort Tigné, with an offer of €2.5 million. A conditional promise of sale agreement was accordingly entered into in relation to the proposed sale by the Company of the

remaining temporary utile dominium over Fort Tigné, subject to the consent of Government (the “Portelli Promise of Sale”).

Following the announcement of this proposed sale, Government publicly declared that it would not support such a transfer nor grant its consent. This public refusal rendered the Portelli Promise of Sale incapable of completion. The collapse of this transaction had two immediate and significant consequences. First, it confirmed that Government regarded Fort Tigné as falling within the scope of its dispute with the Company and was unwilling to sanction any disposal of the Fort to a third party whilst the rescission proceedings were extant. Second, it left the Company without the proceeds anticipated from the Fort Tigné disposal as part of its asset realisation strategy. In these circumstances and in light of the Government’s insistence on the reversion of Fort Tigné to GOM, the Company was left with no viable alternative other than to include Fort Tigné within the terms of the overall settlement with Government, thereby securing reimbursement from Government for the return of Fort Tigné rather than realising value through a private third-party sale.

5.2 The Settlement

5.2.1 The Company's Negotiating Position

Following Government's withdrawal of support for the Manoel Island project and in the interests of its shareholders, bondholders and lenders, MIDI confirmed its willingness to reach an agreement with Government that would result in the return of Manoel Island and Fort Tigné to Government and that it was prepared to forego any possible claim to loss of earnings and limit its claim to the recovery of actual consideration paid and actual expenses incurred in relation to Manoel Island and Fort Tigné.

In formulating its approach to those negotiations, the Board was required to make a deliberate and considered decision as to the basis on which MIDI would advance its claim. As set out in section 5.1.5 above, the Company's legal position was a strong one, and a successful defence in litigation would, in theory, have entitled MIDI to seek compensation reflecting the full development value of the Manoel Island land and the lost profits associated with the project — a claim that would have significantly exceeded the amounts that form the basis of the negotiated settlement. Notwithstanding this, the Company deliberately and voluntarily limited its claim, on a ‘without prejudice’ basis, to the recovery of actual consideration paid and actual expenses incurred, reflecting the Board's overriding priority of achieving a resolution that preserved the Company as a going concern and protected shareholders and bondholders from the catastrophic consequences of a contested rescission.

A critical factor underpinning the Board's approach was the manner in which the Manoel Island asset has been carried on the Company's balance sheet. The Manoel Island development project has been recognised in the Company's financial statements at cost — that is, at the total of the expenditure and consideration payments actually incurred by MIDI in connection with the project, and not at its projected development value or any estimate of the market value of the land. By limiting its claim to the recovery of actual consideration paid and actual expenses incurred, the Company sought to ensure that the reimbursement from Government approximates the book value at which the Manoel Island asset is carried on its balance sheet, thereby seeking to minimise, to the greatest extent possible, the impairment that the Partial Rescission could cause to the Company's balance sheet and seeking to protect Shareholders from a dilution in net asset value. Manoel Island and Fort Tigné were, as at 31 December 2025, carried in MIDI’s balance sheet at €68.9 million. In addition, the Company had

incurred other expenses on these assets which had been expensed in its records, including interest, which had been materially impacted by the delays already explained in this Circular.

5.2.2 The Exceptional Commercial Pressures Faced by the Company

The Company found itself in a position of extreme commercial jeopardy as a direct consequence of the circumstances described in section 5.1.5 above.

As described above, the Company's planned strategy for the redemption of the Bonds was rendered incapable of execution. The combined effect of the inability to complete the property sales and the sale of other properties at Tigné Point, the impairment of the Bond security, the adverse impact on the security granted in favour of third party credit institutions, and the consequential prejudice suffered by third party buyers, placed the Company in a position of acute financial distress with no immediate prospect of generating the liquidity required to meet its obligations.

As a consequence of Government's position on the scope of the dispute, the Company was unable to conclude deeds of sale for properties at Tigné Point. Most of these properties are hypothecated in favour of the security trustee of the Bonds and the banks, and their value as security could no longer be relied upon, as in the event of rescission they would revert to Government free from the existing hypothecs and free from any obligations in favour of the Company's bondholders, banks, and other creditors.

In the context of the above, the Company is aware that the security trustee of the Bonds made representations to Government and Lands Authority requesting that the properties at Tigné Point held as security be formally excluded from the scope of the dispute — or, alternatively, that consent be granted for those properties to be transferred to the security trustee so that the contemplated sales could proceed and the resulting proceeds be applied towards the redemption of the Bonds at maturity. Those representations were not actioned, and as far as the Company is aware, no response was received. The failure to resolve the position in relation to the security prior to the settlement process contributed to the circumstances of commercial pressure in which the Company found itself obliged to negotiate.

The Settlement Deed, if approved by the Shareholders, intends to resolve the dispute with the immediate withdrawal of the rescission notice insofar as Tigné Point is concerned, and achieves full settlement through the Partial Rescission. The Directors wish to place on record that the Company had formally requested, on more than one occasion, the Government to limit the dispute to Manoel Island, given that the dispute relates exclusively to Manoel Island and has no bearing whatsoever on Tigné Point. The Government's rejection of this request has meant that all of the Company's properties at Tigné Point — including the properties held by the security trustee as security for the Bond — are impacted by the notice of rescission.

The Directors consider that the Government's refusal to ring-fence the dispute to Manoel Island, combined with the timing pressures imposed by the Judicial Letters, left the Company with no practical alternative but to pursue a settlement, notwithstanding the unfavourable terms of such settlement.

5.2.3 Why Litigation, Whilst Legally Viable, Would Have Caused Insolvency Before Judgment

As set out in sections 5.1.5 and 5.2.1 above, the Board regards the Company's legal position as a strong one and the decision not to pursue litigation was not a concession of legal weakness. The question which the Board was required to address was whether, notwithstanding the strength of that position, litigation represented a viable course of action in the circumstances. For the reasons set out below, the Board concluded that it did not.

The Directors have also considered whether the Company could have sought injunctive judicial relief — for example, an urgent application to suspend the threatened rescission pending the outcome of full proceedings — as an alternative to pursuing settlement. The Board, acting on legal advice, concluded that such a course was not viable in the circumstances for the following reasons. First, whilst injunctive relief might have suspended the immediate threat of rescission, it would not of itself have resolved the paralysis affecting the Company's property sales at Tigné Point: buyers and their financiers would not have been willing to proceed with sales whilst proceedings remained extant and the title to Tigné Point remained under a legal cloud. Second, interim relief would not have generated the liquidity required to redeem the Bonds on 27 July 2026 — the facilities in place to help secure repayment of the Bonds assumed the future development of Manoel Island. Third, there was a material risk that an application for injunctive relief would have been resisted by Government and, if unsuccessful, would have further eroded the Company's negotiating position and accelerated the timeline to insolvency. In these circumstances, the Board concluded that the pursuit of interim relief — whilst theoretically available — would not have addressed the Company's liquidity and security challenges and would not have served the interests of Shareholders, bondholders, or other stakeholders.

The fundamental difficulty was one of timing. The Company's obligations to its bondholders crystallise on 27 July 2026, and the liabilities arising from the inability to complete the promise of sale agreements referred to above were also set to fall due imminently. No Maltese court proceedings of the nature that would be required to challenge a threatened rescission of an emphyteutical concession could realistically be concluded within such a timeframe. The judgment would have arrived too late to prevent insolvency.

Critically, the mere continuation of the threat of rescission — regardless of the eventual judicial outcome — was itself sufficient to cause immediate and irreparable commercial damage.

Furthermore, the threat of rescission gave rise to a material liquidity risk, as the Company's banking counterparties could, in such circumstances, elect to suspend or withdraw existing credit facilities, thereby depriving the Company of the working capital necessary to sustain its day-to-day operations.

The Directors therefore concluded that the Settlement Deed and the Partial Rescission achieved thereby, whilst commercially painful and not achieving the full restoration of MIDI to the condition in which it was in before the Deed in terms of Article 1209 of the Civil Code, represented the only course of action that preserved the Company as a going concern and protected the interests of bondholders, shareholders, and all other stakeholders.

Whilst the Board concluded that settlement represented the only viable course of action, it remained necessary to safeguard the Company's legal position during the period required to secure the EGM Approval and Parliamentary Approval. Accordingly, in view of the timings set out in the Judicial Letters relating to Government's threatened rescission of the Emphyteutical Concession by the end of March

2026 and in light of how the negotiations with Government had progressed, notwithstanding the proposal to enter into the Settlement Deed, the Company entered into a standstill agreement on 19 March 2026 with Government, the Lands Authority and the Transport Authority for the purposes of (i) suspending all time periods set out in the notice of rescission included in the Judicial Letters and (ii) avoiding any further legal action by either party pending the issuance of the Parliamentary Approval and the EGM Approval.

Prior to entering into the standstill agreement, and with the six-month deadline imposed by the second Judicial Letter approaching at the end of March 2026, the Company had filed pre-action judicial letter number 1071/2026 on 5 March 2026, formally notifying Government of its intention to commence court proceedings in defence of its rights under the Emphyteutical Concession. It was against this backdrop that the parties agreed to enter into the standstill agreement described above.

The entry into this agreement, which shall expire on 31 May 2026, does not impact the Company's position set out herein, but was effected as a means of preserving the Company's rights in terms of the Deed pending consideration by the Shareholders of the Proposed Transaction.

5.2.4 MIDI's Legitimate Expectations

As set out in section 5.2.1 above, the Company limited its claim strictly to the recovery of actual consideration paid and actual expenses incurred. It is important for Shareholders to understand what those expenses represent and the basis on which they were incurred.

The totality of the Company's verified claim of €66.4 million, the composition of which is set out in section 5.2.5 below, was incurred not speculatively, but on the basis of a legitimate and well-founded expectation that the Company would develop Manoel Island as a mixed-use development in accordance with the terms of the Deed.

The Emphyteutical Concession was granted for mixed development comprising residential, commercial, tourism, recreational, cultural, and marina-related use, in accordance with the development brief published by the Government in December 1992, and together with the Concession, MIDI was granted the exclusive right to develop and operate a yachting centre and an undertaking by Government that a concession to open and operate a casino would be granted. These were not aspirational projections — they were contractual entitlements, underpinned by a 99-year grant from Government itself.

That legitimate expectation was not extinguished by any act or omission of MIDI.

The Company's legitimate expectation of developing Manoel Island was therefore taken away not because of any default, failure, or breach on its part, but as a direct consequence of a unilateral change in Government policy. The expenses claimed were the price MIDI paid — and paid legitimately — for a right that Government itself chose to extinguish. The Reimbursement Amount, falling, as it does, approximately €23.7 million short of those verified expenses, does not restore the Company to the position in which it was before — and that shortfall is a loss imposed on Shareholders, not a reflection of any fault on the Company's part.

5.2.5 Verification of MIDI's Claim and the Settlement Offer

In order to verify the Company's claim, the Lands Authority engaged Alecta Advisors to confirm that the amounts claimed related to actual consideration paid and actual expenses incurred in relation to the Manoel Island project — after taking into account any development volumes transferred from Manoel Island to Tigné Point. To facilitate this verification exercise, the Company submitted comprehensive supporting documentation to the Lands Authority, including invoices and other evidence of expenditure in respect of all costs and expenses claimed.

A summary of the expenses which, from the claim submitted by the Company, were verified by Alecta Advisors as having been properly incurred in relation to the Fort Tigné Site and Manoel Island, is set out below:

	€ millions	€ millions
Manoel Island		
Cash premium paid	8.7	
Ground rent paid	10.3	
		19.0
Design and planning professional fees	16.0	
Restoration of heritage buildings	12.4	
Overhead allocations	5.2	
Other professional fees	3.2	
Archaeological excavation works	3.0	
Distribution centre construction	1.6	
Site security	1.6	
Restoration of MIDI offices	1.0	
		44.0
		63.0
Fort Tigné Site		
Restoration works		3.4
Total costs verified		66.4

The Company's claim, as verified by the Lands Authority's independently appointed auditors, and as indicated above, established the total of claimable consideration and expenses incurred by the Company in connection with the Manoel Island project. The verified total, excluding Fort Tigné, amounts to approximately €63 million, excluding interest. With the inclusion of Fort Tigné, this amount increases to €66.4 million. As part of the negotiations, the Company had also put forward a claim for interest incurred over the years; however this was not accepted by the Lands Authority. The Lands Authority also raised reservations in respect of certain categories of expenses. Following a lengthy negotiation process and considering the pressures the Company was under, the Company agreed not to insist on interest and to accept a further reduction of its claim.

Notwithstanding the verification of expenses by the Lands Authority's independent auditors, the Lands Authority proceeded to propose a series of further reductions to the total claimable consideration and expenses incurred by the Company in connection with the Manoel Island development. To this end, the Lands Authority put forward a proposal to reimburse only a percentage of certain specific elements included in the claim. At the time of the negotiations, the Company was

not provided with any explanation for these adjustments; it was only during the Parliamentary Approval process that the reasons were disclosed, as follows:

- i. **Cash premia and ground rent:** The Lands Authority maintained that MIDI had occupied and used the Manoel Island site for approximately 25 years and accordingly applied a 20% reduction to the reimbursement of cash premia and ground rent actually paid, reducing the verified and audited cost of €19 million by €3.8 million.
- ii. **Restoration of heritage buildings:** The Lands Authority applied a 10% reduction to the €12.4 million in verified and audited costs for the restoration of heritage buildings, on the basis that, in its view, certain areas within the Fort Manoel perimeter had deteriorated and further restoration works were still required.
- iii. **MIDI office expenses:** The Lands Authority reduced by 50% the €1 million in verified and audited costs associated with the restoration of the building used for MIDI's offices on Manoel Island, on the basis that the office also served the development at Tigné Point.
- iv. **Design and planning:** The Lands Authority applied a 50% reduction to the verified and audited expense for design and planning, amounting to over €16 million, on the basis that a substantial portion of the expense consisted of fees paid to internationally renowned designers which, in its view, were not strictly necessary to achieve "comparable design standards".
- v. **Other professional fees:** On a similar basis to the design and planning item above, the Lands Authority applied a 50% reduction to the reimbursement of €3.1 million in other professional fees.
- vi. **General expenses (salaries and overheads):** The Lands Authority applied a 50% reduction to the €5.2 million expense, on the basis that it had exercised no control over MIDI's remuneration structures and no agreed salary parameters had been pre-established.
- vii. **Site security:** Whilst acknowledging the necessity of site security, the Lands Authority considered that more cost-effective solutions could have been implemented and accordingly applied a 25% reduction to the €1.5 million in verified and audited costs.
- viii. **Miscellaneous expenses:** No reimbursement was offered in respect of miscellaneous expenses amounting to €44,000, as the Lands Authority did not consider these justifiable, without providing any further reasons.
- ix. **Fort Tigné:** In respect of the transfer of Fort Tigné, the Lands Authority maintained that reimbursement should be limited to €2.5 million, representing only 73% of the total restoration expenditure incurred by MIDI, being the amount verified by the consultants engaged by the Lands Authority. No further explanation was provided for this reduction.

The above reductions resulted in a revised offer from the Government equivalent to the Reimbursement Amount of €47.32 million (including the reimbursable VAT payable as a result of the Partial Rescission). Government rejected other proposals put forward by the Company which, amongst others, included a proposal to retain the yachting centre and / or a number of buildings on Manoel Island with a commitment to restore and regenerate these buildings.

After adjusting for the VAT payable on Completion — being €4,590,807, which Government is withholding at source and crediting directly to the VAT account of Tigné Contracting Limited, a subsidiary of the Company — the net amount of reimbursement actually receivable by the Company is approximately €42.7 million. This net amount represents:

- a reduction of €23.7 million (approximately 35%) when compared with the total amount of claimable expenses verified by the Lands Authority's independently appointed auditors (including Fort Tigné, €66.4 million); and
- an impairment loss of €28.33 million when compared to the carrying amounts at which Manoel Island and Fort Tigné are carried in the Company's balance sheet at 31 December 2025. This loss is equivalent to a reduction in the Company's net assets of €0.132 per ordinary share.

As Government's offer is well below the Company's verified claim, the Directors do not consider this offer to be fair and equitable. Indeed, from the outset of the negotiations, MIDI's position was clear and unequivocal: it was prepared to forego any claim for loss of earnings and to limit its claim strictly to the recovery of actual consideration paid and actual expenses incurred — a basis of full restitution of verified expenditure, not a negotiation of arbitrary percentage reductions to individually verified line items. It is difficult to understand why the reimbursement was subjected to a lengthy verification process — which itself led to the delay in concluding a settlement and to the tight timeframe now faced by the Company — only for the amounts so verified as having been actually incurred to then be subject to arbitrary percentage reductions.

The Directors consider it important to address the suggestion, advanced in certain public fora and editorial commentary, that the Company should not have received any reimbursement at all. The Company has consistently maintained, and continues to maintain, that it is not in breach of the Deed. Had the Company in fact been in breach of the Emphyteutical Concession, the Directors accept that no reimbursement would have been due. It is therefore significant that Government agreed to pay the Reimbursement Amount, albeit as part of a negotiated compromise and without admission of liability, wrongdoing or breach.

The Proposed Transaction does not constitute a concession by Government to the Company, the shortfall between the verified expenditure and the Reimbursement Amount — amounting to approximately €19.1 million before accounting for the interest claims which were also rejected — represents a loss borne entirely by the Company's Shareholders. The terms ultimately agreed do not reflect the merits of the respective positions of the parties but rather the significant disparity in negotiating power that prevailed throughout the negotiation process, which was materially compounded by Government's refusal to confine the dispute to Manoel Island and its insistence on threatening the rescission of the entire Emphyteutical Concession, including over Tigné Point, thereby placing all of the Company's assets and security for bondholders and banks at risk and severely undermining its ability to negotiate on equitable terms.

The Board records that it regards the Reimbursement Amount as inadequate but, given the absence of any viable alternative and considering the circumstances, reluctantly accepts it.

5.3 Why the Partial Rescission is in the Shareholders' Best Interests

Notwithstanding the Company's firm position that it has not breached the Deed and that Government's claims to this effect are invalid, the Directors have concluded that, considering the circumstances, approving the Partial Rescission is in the best interests of the Company and its stakeholders, including the Shareholders, for the following reasons:

Preservation of Tigné Point: The Settlement Deed is intended to resolve the dispute between the parties. Upon Completion, the claims, actions or proceedings between the parties which are the subject of the Judicial Letters, including Government's claim for rescission, shall be fully and finally settled. As a consequence, Tigné Point will become wholly unencumbered by, and unaffected by, any claims, liabilities, disputes or proceedings relating to Manoel Island, thereby restoring the Company's ability to conclude property sales at Tigné Point and to rely on its Tigné Point assets as effective security for its banking facilities. Without the Partial Rescission, Government's threatened rescission would have encompassed all properties, including Tigné Point, which would have rendered the Company insolvent.

The Company wishes to update Shareholders on the concrete steps already being taken to restore its ability to transact on the outstanding property sales at Tigné Point prior to the Completion Date, notwithstanding that a definitive resolution of title will only be achieved upon execution of the Settlement Deed.

First, the Parliamentary Approval confirms that the Tigné Point properties fall entirely outside the scope of the dispute and are unaffected by the Partial Rescission. The Company has formally requested confirmation of this position from the Lands Authority.

Second, the Company has been actively working to procure extensions to the promise of sale agreements in relation to the Q3 block, which were originally due to expire at the end of March 2026. Positive progress has been made and the majority of promise of sale agreements have been extended to allow sufficient time for the process leading to the Partial Rescission to take place. The Company will continue to engage with the relevant buyers to secure any remaining extensions ahead of the Completion Date.

Third, in order to provide comfort to buyers and their financiers pending the Completion Date, the Company is working with the Lands Authority — as expressly authorised by the Parliamentary Approval — to procure letters of comfort confirming that: (i) the rights of third-party buyers of properties at Tigné Point will be acknowledged and respected by Government and the Lands Authority; and (ii) the relevant deeds of sale may proceed notwithstanding the pendency of the settlement process. The Company expects that the issuance of such letters of comfort will allow the outstanding deeds of sale to proceed without further delay.

Provision of Liquidity for Bond Redemption and Settlement of Liabilities: The Partial Rescission is not merely a measure to preserve Tigné Point — in the absence of the ability to develop Manoel Island, it also replaces the alternative source of funding that the Company was relying upon for the redemption of the Bonds and the settlement of the Company's other liabilities. The Reimbursement Amount (net of VAT) shall be paid by GOM to MIDI on the Completion Date by bank transfer in immediately available funds. These amounts, combined with the proceeds of the Tigné Point property sales that will be able to proceed following the Partial Rescission, form the totality of the Company's planned sources of funds for meeting its obligations. Without the Reimbursement Amount, insolvency would be inevitable. Shareholders should therefore understand that a vote against the Partial Rescission is

not a vote to preserve the *status quo* — it is a vote that would deprive the Company of the principal source of funding required to honour its obligations.

The Board's recommendation in favour of the Proposed Transaction is made solely in discharge of its fiduciary duty to act in the best interests of the Company and all those who depend on it and must be understood as a pragmatic response to a situation which was forced upon the Company, not as an endorsement of the terms offered by Government.

5.4 MIDI After the Partial Rescission — The Company Going Forward

Shareholders should understand what the Company will look like following the completion of the Proposed Transaction, and why the Directors believe that MIDI — as a going concern and as an investment — retains value after settlement.

Following Completion, the properties still held by MIDI at Tigné Point — which is wholly unaffected by the Partial Rescission — will remain the Company's principal operational asset, together with a 50% interest in MKH. Tigné Point is an established, income-generating residential and commercial development in Sliema, with a proven track record of property sales and a developed commercial and leisure offering. The restoration of clean title to Tigné Point, free from any association with the Manoel Island dispute, will allow the Company to conclude the outstanding promise of sale agreements in the Q3 block and the remaining sale of other assets held.

The Bonds will be fully redeemed on 27 July 2026 from the combination of the Reimbursement Amount and the Tigné Point sale proceeds. This will extinguish the Company's primary debt obligation and leave it with a materially simplified balance sheet. Shareholders should refer to section 8 below which includes forecasts for FY26 should the Settlement Deed be entered into.

The Directors are of the view that, following the Partial Rescission and the redemption of the Bonds, the Company will be free from the legal and financial overhang that has characterised the past 12 months. Shareholders are asked to vote in favour of the Proposed Transaction as the essential first step in securing that outcome.

5.5 Financial Impact of the Partial Rescission

The Directors acknowledge that the Partial Rescission will result in a significant impairment to the Company's balance sheet. The Reimbursement Amount is significantly less than the carrying value of Manoel Island in the books of the Company and the expenses incurred by the Company in the project, and the difference will be recognised as an impairment loss in the Company's financial statements, amounting to €28.33 million, as already explained.

However, the Directors believe that this impairment is preferable to the alternatives described above. The Partial Rescission enables the Company to preserve the properties it owns at Tigné Point, which remains a valuable operational asset capable of generating revenues, while meeting the Company's obligations to bondholders and other stakeholders.

5.6 Key Terms of the Settlement Deed

5.6.1 The Partial Rescission

The Settlement Deed effects a partial rescission of the Emphyteutical Concession, pursuant to which the Emphyteutical Concession over Manoel Island and the Fort Tigné Site is rescinded in its entirety, whilst the Deed and the Emphyteutical Concession over the Tigné Point Site (with the exclusion of the Fort Tigné Site) remain in full force and effect.

Importantly, in the Settlement Deed Government warrants that, as at the date of the Settlement Deed, it has no claims against MIDI in respect of Tigné Point.

The Government will accept repossession of Manoel Island and the Fort Tigné Site in their *tale quale* state. The Government has further accepted and acknowledged that it is satisfied with the restoration works carried out by MIDI on the Fort Tigné Site and the Manoel Island Site, that these have been executed by the Company in accordance with the conditions laid down in the Deed, and that it has no claims of whatsoever nature against MIDI in respect thereof.

5.6.2 No Consideration — The Reimbursement Amount

The Partial Rescission is executed against no monetary consideration. However, the Settlement Deed provides for the payment by Government to MIDI of the Reimbursement Amount, being €47.32 million, representing a partial reimbursement of (a) the consideration paid by MIDI to the Government under the Deed in respect of the Manoel Island Site and the Fort Tigné Site, and (b) the costs and expenses incurred by MIDI in relation to those sites, in respect of which MIDI has provided to the Government comprehensive supporting documentation.

The Reimbursement Amount is payable contemporaneously with the publication of the Settlement Deed by means of bank transfer. Government is withholding from the Reimbursement Amount the sum of €4.59 million representing the Value Added Tax which will become due by MIDI or its subsidiaries as a result of the Partial Rescission, which sum shall be credited on the date of the Settlement Deed to the VAT account of Tigné Contracting Limited.

The Reimbursement Amount represents full and final settlement of all claims by MIDI against Government and the Transport Authority in respect of the Partial Rescission of Manoel Island and the Fort Tigné Site.

5.6.3 Preservation of Easements

Under the general rules of Maltese law, property reverts unencumbered upon rescission of an emphyteutical title. The Settlement Deed expressly departs from this general principle in two important respects.

First, save for what is expressly mentioned in the Settlement Deed, Manoel Island and the Fort Tigné Site are reverting to the Government free and unencumbered save for (a) the easements which are

apparent or result from their position and the easements referred to in the Settlement Deed, and (b) the occupation by third parties as detailed in the Deed.

Second, and more significantly, notwithstanding the provisions of Article 1522 of the Civil Code, the Fort Tigné Site is reverting to the Government as enjoying and as subject to the praedial easements and other rights against and in favour of the other parts of the Tigné Point Site which now exist and those which are being reserved by virtue of the Settlement Deed, and as subject to those obligations arising from the Deed. The Settlement Deed therefore constitutes and preserves a comprehensive set of easements as an integral part of the settlement, ensuring that the reversion of the Fort Tigné Site does not prejudice the rights of residents and other users of the Tigné Point Site.

In terms of access, the Fort Tigné Site enjoys non-exclusive pedestrian access from the public areas forming part of the Tigné Point Site by virtue of the public nature of those areas under article 12 of the Deed. In addition, as an integral part of the Settlement Deed, the Fort Tigné Site enjoys the non-exclusive right of vehicular access over certain service access ways, which are constituted as servient tenements for the benefit of the Fort Tigné Site as dominant tenement.

5.6.4 Taxes

No duty on documents and transfers is due on the Settlement Deed. Furthermore, no property transfer tax or capital gains tax is due on the Settlement Deed, as Manoel Island and the Fort Tigné Site are being restored to the Government by way of a partial rescission. This treatment is consistent with the characterisation of the transaction as a rescission, the Reimbursement Amount representing a reimbursement of a portion of audited expenses and the transaction not constituting a transfer of property or real rights within the meaning of the Income Tax Act.

It is noted that Government will, on the Settlement Deed, withhold from the Reimbursement Amount the sum of €4,590,807 representing the Value Added Tax which will become due by MIDI or its subsidiaries as a result of the Partial Rescission, which sum shall be credited on the date of the Settlement Deed directly to the VAT account of Tigné Contracting Limited.

5.7 Property Valuation Report

CMR 6.18.6 requires the preparation and publication of a property valuation report by an independent architect. In the circumstances of the Proposed Transaction, the Directors consider that such a valuation report cannot meaningfully be procured. The Proposed Transaction does not constitute a conventional sale of immovable property at an agreed market price; rather, it involves the partial rescission of the Emphyteutical Concession, pursuant to which the temporary *utile dominium* over certain areas reverts to Government as part of a negotiated settlement. The Reimbursement Amount was not determined by reference to the market value of the rescinded areas but was negotiated on the basis of the actual consideration paid and actual expenses incurred by the Company in connection with the Manoel Island project, as verified by the Lands Authority's independently appointed auditors. In these circumstances, a conventional property valuation would not provide a meaningful benchmark against which to assess the adequacy of the Reimbursement Amount, as the transaction is not predicated on the transfer of property at market value but on the reimbursement of verified

expenditure in the context of a negotiated settlement of a dispute. In light of the foregoing, on 30 March 2026 the MFSA granted its approval to an exemption from the requirement set out in CMR 6.18.6 in relation to the preparation and publication of a property valuation report.

6. STATEMENT OF EFFECT OF PROPOSED TRANSACTION, SPECIAL TRADE FACTORS OR RISKS

The following considerations should be taken into account by the Shareholders before deciding on the resolution referred to in this Circular.

6.1 Consequences of failure to obtain EGM Approval

If the approval of the Proposed Transaction by the EGM is not forthcoming, the Settlement Deed shall not be entered into and published, and the terms of Proposed Transaction shall have no effect. This would mean:

- The Judicial Letters threatening rescission would remain in effect;

The standstill agreement entered into on 19 March 2026 will expire on 31 May 2026. The standstill suspends all time periods set out in the notice of rescission included in the Judicial Letters and prevents either party from taking further legal action pending Parliamentary Approval and EGM Approval. If EGM Approval is not obtained before 31 May 2026, the standstill will lapse and Government will be free immediately thereafter to resume action to seek the rescission of the entire Emphyteutical Concession — including over Tigné Point — in terms of the second Judicial Letter. The Directors consider it imperative that Shareholders understand that the standstill is not a permanent suspension of the threat of rescission: it is a short-term breathing space which expires on a fixed date. A vote against the Proposed Transaction would, in all likelihood, result in the standstill agreement expiring without resolution, leaving the Company immediately exposed to the consequences described below.

- Aside from the fact that the Company would be unable to proceed with the Tigné Point apartment sales and generate the associated sales receipts from the sale of those properties, the Company would also be required to repay €39.3 million worth of deposits paid on the promise of sale agreements for such properties. This is likely to result in numerous judicial actions against the Company. Furthermore, the security for the Bonds, which is constituted by properties at Tigné Point hypothecated in favour of the security trustee, would remain compromised, and the Company's banking counterparties could elect to suspend or withdraw existing credit facilities;
- The Company would not receive the Reimbursement Amount, however it would remain bound by its development obligations under the Deed in respect of Manoel Island, notwithstanding that it would be deprived of the financial resources necessary to discharge those obligations and would, in all likelihood, be unable to obtain the Governmental consents and authorisations required to proceed with the development;

- As a consequence of the above, the Company would be unable to redeem the Bonds on maturity or to meet its obligations to its creditors, including credit institutions and third-party purchasers of properties at Q3 at Tigné Point, likely resulting in its insolvency.

The failure to redeem the Bonds on maturity and the inability to meet the Company's obligations under its banking facilities would constitute events of default under the terms of the Bond and the Company's banking agreements respectively, entitling the bondholders and the Company's banking counterparties to exercise their respective enforcement rights, including the calling in of security and the commencement of executive proceedings against the Company's assets.

In addition to the consequences of a failure to obtain EGM Approval described above, Shareholders should carefully consider the following risk factors which may affect the successful implementation of the Proposed Transaction and the Company's ability to meet its financial obligations, even if EGM Approval is obtained and the Settlement Deed is entered into. These risks relate, in particular, to the timing of receipt of the Reimbursement Amount, the conclusion of property sales at Tigné Point, and the various conditions and consents upon which the Company's financial plan depends.

6.2 Timing Risk — Receipt of the Reimbursement Amount

The financial projections contained in section 8 of this Circular assume that the Reimbursement Amount will be received from Government on the Completion Date, which is projected to occur before the Bond redemption date of 27 July 2026. Whilst the Settlement Deed provides for the Reimbursement Amount to be paid contemporaneously with the publication of the Settlement Deed by bank transfer in immediately available funds, Shareholders should be aware that the Completion Date is itself contingent upon a number of steps that must be completed sequentially, including the obtaining of EGM Approval and the publication of the Settlement Deed. Any delay in the completion of those steps — whether arising from the EGM timeline, the availability of the notary or advisers, or any other operational or logistical factor — could result in the Completion Date falling closer to the Bond redemption date of 27 July 2026 than currently projected, thereby reducing the Company's available headroom to meet its obligations in a timely manner. If, for any reason, the Completion Date were to fall after the Bond redemption date, the Company would not have received the Reimbursement Amount in time to apply it towards Bond redemption, which would constitute an event of default under the terms of the Bonds.

6.3 Risk relating to the Conclusion of Q3 Property Sales Prior to the Completion Date

The Company's plan for the redemption of the Bonds depends not only on the receipt of the Reimbursement Amount but also on the net proceeds to be generated from the conclusion of the outstanding deeds of sale for the residential and commercial units at Q3 at Tigné Point. Whilst the Parliamentary Approval provides some comfort that the Tigné Point properties are outside the scope of the dispute, and the Settlement Deed will, upon Completion, definitively restore clean title to Tigné Point, there remains a risk that some or all of the outstanding deeds of sale cannot be concluded prior to the Completion Date.

If a significant number of promise of sale agreements lapse or buyers decline to proceed prior to the Completion Date, the Company could face claims for the refund of deposits and may generate lower net proceeds from Q3 sales than currently projected, which could adversely impact its ability to meet its obligations in full and on time.

6.4 Risk relating to Letters of Comfort from the Lands Authority

In order to facilitate the conclusion of deeds of sale at Tigné Point prior to the Completion Date, the Company is working with the Lands Authority — as authorised by the Parliamentary Approval — to procure letters of comfort confirming that the rights of third-party buyers will be acknowledged by Government and that the relevant deeds of sale may proceed. There is no guarantee that such letters of comfort will be issued in a timely manner, in a form acceptable to buyers and their financiers, or at all. Even if issued, there is a risk that individual buyers or their financiers may not regard such letters as providing sufficient comfort to proceed with completion prior to the Completion Date. In such circumstances, the conclusion of the relevant deeds of sale would need to await the Completion Date itself, which could result in a compressed timeline for the receipt of sale proceeds in advance of the Bond maturity date.

6.5 Risk relating to Lands Authority Consent for Investment Property Sales

Certain of the Company's remaining investment properties at Tigné Point require the prior consent of the Lands Authority for them to be transferred in accordance with the terms of the Deed. There is no guarantee that such consent will be granted in a timely manner, in relation to any particular property, or at all.

Any delay in obtaining Lands Authority consent in respect of an investment property sale could result in a corresponding delay in the receipt of the proceeds of that sale, which could adversely affect the Company's cash position and its ability to meet its financial obligations in the expected timeframe.

6.6 General Post-EGM Risks

EGM Approval is a necessary but not sufficient condition for the Company's plan to be carried into effect. Shareholders are reminded that, even following the receipt of EGM Approval, the following risks remain:

- the Settlement Deed must still be published, and the Completion Date must be achieved within the timeframe required to ensure that the Reimbursement Amount is received before the Bond redemption date;
- the standstill agreement entered into on 19 March 2026 expires on 31 May 2026, and the Proposed Transaction must accordingly be completed before that date, failing which the standstill will lapse and Government will be free to resume action under the Judicial Letters;

- the financial projections contained in this Circular are based on assumptions which, whilst considered reasonable by the Directors as at the date of this Circular, remain subject to uncertainty, and actual results may differ from those projected;
- the Company's business and the implementation of the Proposed Transaction may be affected by factors outside its control, including changes in applicable law or regulation, macroeconomic conditions, adverse movements in the real estate market, and the actions or omissions of third parties including Government authorities and regulatory bodies. In addition, the Company may from time to time be subject to claims or proceedings arising from matters connected with the conduct of its business or the circumstances described in this Circular. Whilst the Directors have taken these considerations into account in preparing the financial forecasts set out in section 8, no assurance can be given that such factors will not adversely affect the Company's financial position or the timeline for the implementation of the Proposed Transaction.

7. APPLICATION OF REIMBURSEMENT AMOUNT AND CONTRIBUTION OF Q3 SALES

The Bond principal of €50 million, together with the final interest payment of €2 million falling due on the same date, will be met through a combination of: (i) the net Reimbursement Amount of approximately €42.7 million; and (ii) the net proceeds to be generated from the sale of the Company's investment properties and, in particular, from the conclusion of the outstanding deeds of sale for the residential and commercial units at Q3 at Tigné Point.

8. FINANCIAL INFORMATION

8.1 Summary statement of financial position

Statements of financial position							
	31 Dec 24	31 Dec 25	Change in financial position 2025	Accounting for effects of Settlement Agreement	Adj. to carrying amount of Investment Property	Other transactions	
	Audited	Unaudited					
	€000s	€000s	€000s	€000s	€000s	€000s	
ASSETS							
Non-current assets							
Property, plant and equipment	1,722	379	(1,343)	(707)	-	(636)	
Right-of-use assets	12,168	551	(11,617)	(11,024)	(444)	(149)	
Investment property	36,232	26,192	(10,040)	-	(10,040)	-	
Investment in joint venture	27,438	28,223	785	-	-	785	
Financial investments	454	446	(8)	-	-	(8)	
Deferred tax assets	675	13	(662)	-	-	(662)	
Total non-current assets	78,689	55,804	(22,885)	(11,731)	(10,484)	(670)	
Current assets							
Inventories - Development project	163,329	149,545	(13,784)	(31,233)	-	17,449	
Trade and other receivables	3,410	2,351	(1,059)	(1,336)	-	277	
Cash and cash equivalents	13,248	1,984	(11,264)	-	-	(11,264)	
Total current assets	179,987	153,880	(26,107)	(32,569)	-	6,462	
Total assets	258,676	209,684	(48,992)	(44,300)	(10,484)	5,792	
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	42,832	42,832	-	-	-	-	
Share premium	15,879	15,879	-	-	-	-	
Investment fair value reserve	23	14	(9)	-	-	(9)	
Other reserves	1,765	452	(1,313)	-	(1,211)	(102)	
Retained earnings	32,887	(7,702)	(40,589)	(28,334)	(9,455)	(2,800)	
Total equity	93,386	51,475	(41,911)	(28,334)	(10,666)	(2,911)	
Non-current liabilities							
Trade and other payables	20,714	-	(20,714)	-	-	(20,714)	
Borrowings	59,752	-	(59,752)	-	-	(59,752)	
Lease liabilities	15,440	657	(14,783)	(14,910)	(601)	728	
Deferred tax liabilities	3,402	2,421	(981)	198	783	(1,962)	
Total non-current liabilities	99,308	3,078	(96,230)	(14,712)	182	(81,700)	
Current liabilities							
Trade and other payables	64,512	87,687	23,175	(1,254)	-	24,429	
Borrowings	-	67,104	67,104	-	-	67,104	
Lease liabilities	1,265	89	(1,176)	-	-	(1,176)	
Current tax liabilities	205	251	46	-	-	46	
Total current liabilities	65,982	155,131	89,149	(1,254)	-	90,403	
Total liabilities	165,290	158,209	(7,081)	(15,966)	182	8,703	
Total equity and liabilities	258,676	209,684	(48,992)	(44,300)	(10,484)	5,792	

The table above sets out the Group's financial position as at 31 December 2024 and 2025 and analyses the change in the Group's financial position during 2025. The analysis indicates that the carrying amount of the Group's total assets contracted by €49.0 million, whereas total liabilities decreased by €7.1 million. These movements resulted in a reduction of €41.9 million in the Group's total equity.

The analysis also illustrates that the two major contributors to the reduction in the Group's total equity relate to the accounting for the settlement agreed with Government for Manoel Island and Fort Tigné (which reduced Group's net equity by €28.3 million) and the adjustments made to the carrying amount of the Group's investment properties and other assets (which resulted in a reduction in net equity of €10.7 million).

8.1.1. Effect of the Settlement Deed on MIDI's financial position

The impairment charge of €28.3 million relates to the difference between the carrying amount of Manoel Island and Fort Tigné and the (net) Reimbursement Amount that has been negotiated with Government and included in the Settlement Deed.

As detailed in the table below the carrying amount of the relevant assets as at 31 December 2025 amounted to €71 million, which mainly comprised inventory (€111.9 million) net of the liabilities (€40.3 million) relating to the future payments due to Government for Manoel Island. The negotiated net settlement of €42.7 million hence resulted in an impairment of €28.3 million to the Company's financial position as at 31 December 2025.

	€000s
Inventory	111,925
Investment property	1,981
Other payables	(40,254)
Right-of-use assets net of lease liabilities	(3,886)
Other assets and liabilities	1,268
Carrying amount prior to Settlement	71,034
Settlement to be received	42,700
Impact of Settlement on MIDI's financial position	(28,334)

8.1.2 Adjustment to the carrying amount of investment property

As outlined in section 5.1.6 of this Circular, in order to counter the financial pressures created by the threatened rescission, and given that the notice of rescission, the Group commenced a process to dispose of other assets in order to generate funds to satisfy its liabilities. Apart from the aforementioned discussions on Fort Tigné, the Group also sounded the market in connection with the potential sale of other investment properties. It is pertinent to underline that the conditions for the Group negotiating these sales are far from ideal due to the public nature of the Company's current dispute with Government, which inevitably weakened its negotiating stance as well as the urgency to conclude the sale process created by the impending maturity of the Bonds. At a more macro level, the negotiations are also impacted by the conditions in the local market for commercial real estate that is being affected by a marked increase in the supply of commercial properties (e.g. retail units) in recent years.

The carrying amount of the Group's investment property as at 31 December 2025 was adjusted to reflect the best offers that were received for those properties that the Company has placed onto the market. As set out in the table in section 8.1 above, this resulted in a total reduction of €10 million in the carrying amount of investment properties, which equates to an overall reduction of 27.7% on the values at which they were carried as at 31 December 2024. The effect of this adjustment on the

Group's financial position is partially mitigated by a proportionate decrease (€783,000) in the provision for deferred tax liability that had been recognised in relation to these investment properties.

8.2 Financial forecasts for the financial year ending 31 December 2026

Annex I includes a profit forecast of the Group for the financial year ending 31 December 2026 and a forecast statement of financial position as at this date.

8.2.1 Principal assumptions underlying the forecasts

The forecasts have been prepared based on the following general assumptions:

- The Shareholders will approve the Settlement Deed proposed by Government and the Government and the Company will enter into the Settlement Deed;
- The standstill agreement entered into on 19 March 2026 will expire on 31 May 2026. The forecasts and estimates contained herein assume that the Proposed Transaction is completed prior to the expiry of the standstill agreement, or that the standstill is extended as necessary;
- The Company will receive the proposed Reimbursement Amount from Government on the Completion Date, which will be before the redemption of the Bonds on 27 July 2026. In accordance with the declarations made in the Settlement Deed, no property tax is due to be paid by the Company as a result of the receipt of the Reimbursement Amount and the Partial Rescission given the nature of the transaction which does not constitute a 'transfer' in terms of applicable tax law. The Company will receive the Reimbursement Amount net of the amount of €4,590,807 relating to the VAT which shall become due by a subsidiary of the Company, Tigné Contracting Limited, as a result of the Partial Rescission;
- The Group will proceed with the sale of investment properties, a number of which are subject to promise of sale agreements / non-binding offers as at 31 December 2025, and on which final property tax and sales commissions (to real estate agents) are payable;
- The Reimbursement Amount and the proceeds from the sale of investment properties will be used to repay the Bond principal and the final interest payment upon Bond maturity date of 27 July 2026;
- The Company will enter into final deeds of sale for the residential and commercial units within the Q3 development and other units at Tigné Point before the Bond maturity date;
- Forecasts and estimates in this Circular are based on the tax treatment currently understood to apply according to tax rules in force as at the date hereof. Any change in tax law or in the interpretation thereof may have an impact on the forecasts and estimates;
- As at 31 December 2026, the principal remaining assets held by MIDI will include: (i) the investment in MKH which operates 'The Centre' office block at Tigné Point and (ii) units of commercial property, which will continue to be rented to third parties. The Group's remaining

operations will also include the obligation to provide heating, ventilation and air conditioning (HVAC) services to a number of commercial outlets and residential units; and

- The current credit lines granted by the Company’s bankers will remain available for utilisation by the Company.

8.2.2 Profit Forecast for the year ending 31 December 2026

The table below sets out the Group’s consolidated profit forecast for the year ending 31 December 2026 (“FY26”) (“Profit Forecast”), and the Group’s unaudited consolidated income statement for the year ended 31 December 2025 (“FY25”) as a comparative.

Income statements

	FY25 Unaudited €000s	FY26 Forecast €000s
Revenue	3,412	148,600
Cost of sales	(2,756)	(124,300)
Gross profit	656	24,300
Other operating income	64	60
Adjustment to the carrying amount of inventories to reflect realisable values, net of related right-of-use asset and lease liability	(27,347)	-
Fair value changes on investment properties, net of related right-of-use asset and lease liability	(9,883)	-
Impairment loss on property, plant and equipment	(1,135)	-
Administrative expenses	(3,722)	(3,642)
Operating (loss)/profit	(41,367)	20,718
Finance income	134	-
Finance costs	(2,653)	(1,137)
Dividend income	50	-
Gain on disposal of investment property	-	200
Share of profit of investment accounted for using the equity method of accounting	1,788	1,800
(Loss)/profit before tax	(42,048)	21,581
Tax expense	248	(10,340)
(Loss)/profit for the year	(41,800)	11,241

The basis of preparation of and the assumptions underlying the preparation of the Profit Forecast are set out in Annex I.

The Group is projected to generate profit for the year of €11.2 million in FY26, mainly comprising the recognition of revenue of €148.6 million, the Company’s share of profits from 50% joint venture MKH of €1.8 million, and gains on the disposal of investment property of €200,000, net of cost of sales amounting to €124.3 million, administrative expenses of €3.6 million, finance costs of €1.1 million, and tax expenses of €10.3 million.

Revenue is mainly assumed to be generated upon entering into the final deeds of sale of apartment units at Q3 and other inventories in FY26. Revenue represents sales proceeds including any prepaid deposits relating to apartment units at Q3 which amounts to €39.3 million, and net of sales commissions due on sale amounting to €4 million.

Cost of sales primarily relates to the carrying value at the time of sale of apartment units at Q3 and the assets assumed to be sold, as recognised on the balance sheet as inventories, and comprises accumulated development costs, subject to historical restatements of fair value.

Gross profit comprises revenue net of cost of sales, and predominantly arises upon the sale of apartment units at Q3, which is projected to contribute gross profit of €20.3 million.

Administrative expenses are generally projected to comprise annual operating expenses.

Finance costs are projected to comprise (i) the accrual for Bond coupon amounting to €1.1 million over the period 1 January 2026 to 27 July 2026, being the Bond maturity date. The remaining amount of Bond coupon payable on 27 July 2026, amounting to €922,000, was accrued for in 2025 and is included in trade and other payables as at 31 December 2025; and (ii) the unwinding of remaining unamortised Bond issue costs amounting to €53,000.

8.2.3 Forecast Statement of Financial Position as at 31 December 2026

The table below sets out the Company's consolidated forecast statement of financial position as at 31 December 2026 ("**Forecast Statement of Financial Position**"), and the Group's unaudited consolidated statement of financial position as at 31 December 2025 as a comparative.

Statements of financial position

	31 Dec 25 Unaudited €000s	31 Dec 26 Forecast €000s
ASSETS		
Non-current assets		
Property, plant and equipment	379	195
Right-of-use assets	551	73
Investment property	26,192	3,636
Investment in joint venture	28,223	29,223
Financial investments	446	446
Deferred tax assets	13	13
Total non-current assets	55,804	33,586
Current assets		
Inventories - Development project	149,545	205
Trade and other receivables	2,351	1,718
Cash and cash equivalents	1,984	28,600
Total current assets	153,880	30,523
Total assets	209,684	64,109
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,832	42,832
Share premium	15,879	15,879
Investment fair value reserve	14	14
Other reserves	452	452
Retained earnings	(7,702)	3,539
Total equity	51,475	62,716
Non-current liabilities		
Lease liabilities	657	46
Deferred tax liabilities	2,421	363
Total non-current liabilities	3,078	409
Current liabilities		
Trade and other payables	87,687	667
Borrowings	67,104	-
Lease liabilities	89	66
Current tax liabilities	251	251
Total current liabilities	155,131	984
Total liabilities	158,209	1,393
Total equity and liabilities	209,684	64,109
Net asset value per share (€)	0.240	0.293

The basis of preparation of and the assumptions underlying the preparation of the Forecast Statement of Financial Position are set out in Annex I.

MIDI's consolidated net asset value is projected to amount to €62.7 million as at 31 December 2026, comprising total assets of €64.1 million net of total liabilities of €1.4 million.

The projected total assets will mainly comprise the Company's 50% indirect shareholding in the joint venture MKH, which is accounted for using the equity method; and residual cash reserves of €28.6 million. Residual cash and cash reserves are projected assuming:

- The proceeds expected to be received with respect to the disposal of apartment units at Q3 and other assets amounting to €91.5 million, net of associated borrowings (€29.6 million), sales taxes and commissions (€17 million), and other outstanding liabilities (€10.1 million). These transactions are projected to result in net proceeds from disposals amounting to €34.8 million;
- The receipt of the Reimbursement Amount of €42.7 million, net of VAT payable by Tigné Contracting Limited;
- The redemption and cancellation of the Bond through the application of cash amounting to €50.0 million, and the settlement of the Bond coupon amounting to €2.0 million due on the same date; and
- Other net inflows amounting to €1.1 million.

Total liabilities are projected to amount to €1.4 million as at 31 December 2026, a decrease from €158.2 million as at 31 December 2025 following the redemption and cancellation of the Bonds (€50 million), the settlement by Government upon which the payable of €40.3 million will be extinguished, the release of liabilities relating to deposits received on apartment units at Q3 on their disposal (€39.3 million), and the settlement of outstanding bank borrowings (€17.1 million). Residual liabilities projected to be outstanding as at 31 December 2026 are expected to relate to the Group's remaining operations.

9. NEXT STEPS

The EGM has been convened for Tuesday 28 April 2026. Subject to the issuance of the EGM Approval, the following milestones are anticipated in the sequence set out below. Shareholders should note that certain dates remain subject to finalisation and may be adjusted as circumstances require, provided always that the overall timetable remains consistent with the requirements described in this Circular.

Step	Milestone	Anticipated Timing
1	Circular dispatched to Shareholders	Monday 6 April 2026
2	Record date for entitlement to vote at EGM	Friday 27 March 2026
3	Extraordinary General Meeting — Shareholders vote on Resolution 1	Tuesday 28 April 2026 at 15.00 CET, The Phoenicia, Malta
4	EGM Approval obtained	28 April 2026 (if Resolution 1 is passed)
5	Execution and publication of Settlement Deed (Completion Date)	Before 31 May 2026 (being the expiry date of the standstill agreement)

Step	Milestone	Anticipated Timing
6	Receipt of Reimbursement Amount (net of VAT) from Government	Contemporaneously with the publication of the Settlement Deed, by bank transfer in immediately available funds
7	Conclusion of outstanding deeds of sale for Q3 apartments and other Tigné Point units	Following the Completion Date — total sales proceeds of €105.1 million assumed, of which approximately €39.3 million had been received as deposits by 31 December 2025
8	Sale of remaining investment properties	Following the Completion Date — combined gross consideration of approximately €25.7 million
9	Redemption of Bonds (principal and final interest payment)	27 July 2026 — Bond principal of €50 million and final interest payment of €2 million

Critical deadlines of which Shareholders should be aware:

The standstill agreement will expire on 31 May 2026. If the Proposed Transaction is not completed before that date, the standstill agreement will lapse and Government will be free, immediately thereafter, to resume action to seek the rescission of the entire Emphyteutical Concession, including over Tigné Point.

The Company's obligations to its bondholders crystallise on 27 July 2026. The financial projections assume that the Reimbursement Amount will be received from Government on the Completion Date, which will be before the Bond redemption date of 27 July 2026.

The formal authorisation of the MFSA required for the publication and circulation of this Circular has been sought and obtained. Parliamentary Approval was given by means of a special resolution of the House of Representatives of Malta taken during the sitting of 24 March 2026. Accordingly, both regulatory and Parliamentary prerequisites to Completion have already been satisfied, and EGM Approval is the sole remaining condition to be met before the Settlement Deed can be executed.

10. OTHER DISCLOSURE REQUIREMENTS IN TERMS OF THE CMRS

As at the date hereof, Dr. Alec A. Mizzi has a beneficial interest in 37,206,701 Ordinary shares issued by the Company, which are held by Alf. Mizzi & Sons Ltd. In addition, Dr. Alec A. Mizzi, through Alf. Mizzi & Sons Ltd., has a beneficial interest in 2,012,050 Ordinary shares in the Company which are held by First Gemini p.l.c.

Mr. Joseph A. Gasan has a beneficial interest in 23,741,461 Ordinary shares in the Company held by Gasan Enterprises Limited.

Mr. Joseph Bonello has a direct interest in 2,405,321 Ordinary shares in the Company held in his own name. Mr. Bonello also has a further 288,889 Ordinary shares in the Company which are held on his behalf by Finco Treasury Management Limited.

Other than as indicated above, no Director of the Company or any other person currently owns or will, as a result of the Proposed Transaction, own 5% or more of the Company's capital.

The table below sets out the name of any person, other than a Director of the Company who, directly or indirectly, currently owns 5% or more of the capital of the Company, together with the amount of each such person's ownership.

Shareholder	No. of Shares Held	Percentage of Shareholding
Alf. Mizzi & Sons Ltd.	37,206,701	17.37%
MAPFRE MSV Life p.l.c.	26,871,489	12.55%
Gasam Enterprises Limited	23,741,461	11.09%
Mr. Mark Andrew Weingard	19,075,402	8.91%
Rizzo Farrugia & Co. Ltd.	11,038,090	5.15%

The assets which are the subject of the Proposed Transaction are subject to existing, pending or threatened legal or arbitration proceedings which may have a significant effect on the Company's financial position as described herein.

Since the end of the last financial year for which either audited financial statements or interim financial statements have been published, there has been a significant deterioration in the financial position of the Company, principally as a result of the impairment losses arising from Government's threatened rescission of the Emphyteutical Concession and the circumstances described in this Circular. The threat of rescission, as communicated through the Judicial Letters, particularly the second Judicial Letter and the consequential inability of the Company to proceed with property sales at Tigné Point, has given rise to material impairments both in respect of the Manoel Island assets and the Company's properties at Tigné Point. In particular, the Reimbursement Amount payable under the Partial Rescission falls significantly below the carrying value of the Manoel Island assets in the Company's books and the verified expenditure incurred by the Company in connection with the Manoel Island project. In addition, the Company's ability to negotiate the sale price of its properties at Tigné Point has been adversely impacted by the timing constraints arising from the prevailing circumstances, contributing to a further impairment. The combined effect of these impairments has resulted in a material adverse change in the Company's financial position. Please refer to section 8 of this Circular which sets out how the Transaction is expected to impact the Company's consolidated statement of financial position as at 31 December 2025.

The total emoluments receivable by the Directors of the Company will not be varied as a result of the Proposed Transaction.

11. DECLARATION BY DIRECTORS

All the Directors of the Company, whose names appear in section 12 of this Circular, accept responsibility for the information contained in this document, including any profit forecast or profit estimate. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything which is likely to affect the import of such information. The Directors confirm that any profit forecast or profit estimate contained in this Circular has been properly compiled on the basis of the assumptions stated herein and that the basis of accounting used is consistent with the accounting policies of the Company.

12. LIST OF INCUMBENT DIRECTORS

The Directors of the Company as at the date of this Circular are the following:

- Joseph Bonello
- Jacqueline sive Jackie Briffa
- Jonathan Buttigieg
- Joseph A. Gasan
- Sarah Mamo
- Alec A. Mizzi
- Marzena Magdalena Formosa
- Mark Portelli
- Joseph Said

13. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof will be available for inspection at the Company's registered office situated at North Shore, Manoel Island, Gzira GZR 3016, Malta for at least 14 days from the date of publication of this Circular:

- (a) the Company's current Memorandum and Articles of Association;
- (b) the Company's last consolidated Annual Financial Report for the year ended 31 December 2024;
- (c) the Company's condensed interim unaudited financial statements for the period 1 January 2025 to 30 June 2025;
- (d) accountant's information on the forecast financial information of the Group; and
- (e) copies of the draft Settlement Deed and Parliamentary Approval.

These documents are also available on the Company's website (<https://www.midimalta.com>).

14. DIRECTORS' RECOMMENDATION

To the best of their knowledge and belief and to the extent of the circumstances and facts known to them, the Directors, having made the necessary considerations, express the view that the above proposed resolution is in the best interests of the Company and its Shareholders as a whole. The Directors therefore recommend that the Shareholders vote in favour of the said resolution at the forthcoming EGM.

Nevertheless, the Directors strongly recommend that each Shareholder seeks independent advice and guidance from its own professional advisers in order to decide whether or not to vote in favour of the proposed resolution in the light of each Shareholder's individual position.

Date: 6 April 2026

Approved and issued by MIDI p.l.c., with registered office situated at MIDI p.l.c., North Shore, Manoel Island, Gzira GZR 3016, Malta.

ANNEX I: FORECAST FINANCIAL INFORMATION OF THE GROUP

1. Basis of preparation

The Directors of MIDI p.l.c. (the “**Company**” or “**MIDI**”) are proposing a resolution for the entry into and completion by the Company of the transactions collectively defined in the explanatory circular to shareholders dated 6 April 2026 (the “**Circular**”) as the “**Proposed Transaction**”, consisting of:

- The partial rescission of the Emphyteutical Concession insofar as it relates to Manoel Island and the Fort Tigné Site and the consequent reversion of such areas to the Government;
- The payment by Government to the Company of the Reimbursement Amount, net of VAT, in full and final settlement of all claims arising from such partial rescission;
- The settlement, release and termination of all disputes between the parties relating to Manoel Island and Fort Tigné; and
- The execution and performance of the Settlement Deed and all ancillary acts required to give effect to the foregoing.

For the complete context, background, and detailed terms of the Proposed Transaction, refer to section 5 of the Circular.

The forecast financial information has been prepared to illustrate the effect of the Proposed Transaction on the earnings for the year ending 31 December 2026, and assets and liabilities as at 31 December 2026 (the “**Forecast Financial Information**”) of MIDI and its subsidiary undertakings (the “**Group**”). The Forecast Financial Information comprises:

- The consolidated profit forecast for the Group for the year ending 31 December 2026 (“**FY26**”), which has been prepared based on the assumptions stated in section 2 below (“**Profit Forecast**”); and
- The consolidated forecast statement of financial position of the Group as at 31 December 2026, which has been prepared based on the Group’s unaudited consolidated statement of financial position as at 31 December 2025, and the assumptions stated in section 2 below (“**Forecast Statement of Financial Position**”).

The Directors have exercised due care and diligence in adopting the assumptions stated in section 2 below. The Directors formally approved the Forecast Financial Information on 26 March 2026, and the stated assumptions reflect the judgements made by the Directors at that date.

The significant accounting policies of the Group are set out in its audited financial statements for the year ended 31 December 2024. The accounting policies of the Group have been consistently applied in the preparation of the Forecast Financial Information.

The 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 financial results of the Group in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the EU.

2. Statement of assumptions

The general assumptions underlying the Forecast Financial Information comprise the following:

The assumptions set out below relate to factors which are exclusively outside the influence of the Directors:

- The Shareholders will approve the Settlement Deed proposed by Government and the Company will enter into the Settlement Deed;
- The standstill agreement entered into on 19 March 2026 will expire on 31 May 2026. The forecasts and estimates contained herein assume that the Proposed Transaction is completed prior to the expiry of the standstill agreement, or that the standstill is extended as necessary;
- The Company will receive the proposed Reimbursement Amount from Government on the Completion Date, which will be before the redemption of the Bonds on 27 July 2026. In accordance with the declarations included in the draft Settlement Deed, no property tax is due to be paid by the Company as a result of the receipt of the Reimbursement Amount and the Partial Rescission given the nature of the transaction which does not constitute a 'transfer' in terms of applicable tax law. The Company will receive the Reimbursement Amount net of the amount relating to the VAT becoming due on Completion by a subsidiary of the Group, Tigné Contracting Limited, as a result of the Partial Rescission;
- The Group will proceed with the sale of investment properties, which are subject to a final withholding tax and sales commissions payable to real estate agents;
- Forecasts and estimates in this Circular are based on the tax treatment currently understood to apply according to tax rules in force as at the date hereof. Any change in tax law or in the interpretation thereof may have an impact on the forecasts and estimates;
- The current credit lines granted by the Group's bankers will remain available for utilisation by the Group.

The assumptions set out below are partly based on factors which are outside the influence of the Directors:

- The Reimbursement Amount and the proceeds from the sale of investment properties will be used to repay the Bond principal and the final interest payment upon Bond maturity date of 27 July 2026;
- The Company will enter into final deeds of sale for the residential and commercial units within the Q3 development and other units at Tigné Point; and
- As at 31 December 2026, the principal remaining assets held by MIDI will include: (i) the investment in MKH, which operates The Centre office block at Tigné Point; and (ii) units of commercial property at Tigné Point, which will continue to be rented to third parties. The

Group's remaining operations will also include the obligation to provide heating, ventilation, and air-conditioning ("HVAC") services to a number of commercial outlets and residential units.

The stated assumptions underlying the Forecast Financial Information set out in section 3 comprise the following:

1. Being the recognition of transactions relating to the Group's business operations which are expected to occur in FY26, and the receipt/settlement thereof, comprising the following:
 - a. Rental income generated from commercial property amounting to €777,000. Rental income is assumed to relate to (i) partial year rental income from sold investment properties referenced in assumption 4, amounting to €597,000; and (ii) remaining investment property which is assumed to be retained by the Group as at 31 December 2026, amounting to €180,000;
 - b. Revenue generated from the provision of HVAC services provided to a number of commercial outlets and residential units amounting to €874,000, and the corresponding cost of sales amounting to €768,000;
 - c. Other income amounting to €60,000, including miscellaneous revenue from other sources including the rental of Fort Manoel, which is assumed to be generated until the Partial Rescission;
 - d. Site-related expenses amounting to €562,000 expected to be incurred in FY26, in connection with Tigné Point;
 - e. Ground rent amounting to €109,000, relating to Tigné Point;
 - f. Other operating expenses amounting to €2.4 million, mainly including payroll;
 - g. Depreciation charges on property, plant and equipment amounting to €184,000, amortisation charges on right-of-use assets amounting to €8,000, finance costs on lease liabilities amounting to €50,000, and lease payments amounting to €49,000. Amortisation charges on right-of-use assets and finance costs on lease liabilities relating to the Q3 development, which are incurred prior to deeds of sale, are capitalised as inventory;
 - h. Accumulated and new tax losses generated during FY 2026, will be available to be consumed against the chargeable income of the Group emanating from the transactions noted above; and
 - i. The net settlement of other working capital balances accrued for as at 31 December 2025, amounting to €2.7 million.

It is assumed that the Group will utilise an amount of €5.1 million from the sanctioned credit facilities made available by its bankers to partly settle these expenses.

2. Being the accrual for costs expected to be incurred in FY26 in connection with the finalisation of the Q3 development, amounting to €13.3 million, including contractor expenses, VAT payable, and finance costs expected to be incurred on facilities drawn down in connection with the Q3 development. It is assumed that the Group will utilise an

amount of €7.3 million from the sanctioned credit facilities made available by its bankers to partly settle these expenses. The balance will be settled from the proceeds generated from the sale of apartments, as referenced in assumption 3. The costs are initially recorded as part as the inventory of apartment units held for sale, and subsequently transferred to the Group's income statement upon the deed of sale of residential units. The transactions relating to this assumption do not have an impact on the Profit Forecast.

3. Being the recognition of revenue upon entering into deeds of sale in connection with apartment units at the Q3 development amounting to €101.1 million (which is presented net of sales commissions amounting to €4 million), together with corresponding cost of sales of €80.8 million, and final withholding tax of €9.9 million. Cost of sales comprise (i) accumulated development costs of €67.4 million as at 31 December 2025; (ii) further costs accrued in FY26, as referenced in assumption 2; and (iii) the net lease liabilities corresponding to the site (net of right-of-use assets).

Deed of sale proceeds amounting to €65.9 million (gross revenue of €105.1 million net of promise of sale deposits of €39.3 million) are assumed to be applied towards the settlement of the following:

- a. Bank borrowings amounting to €29.6 million, including funds drawn down in connection with assumptions 1 and 2;
- b. Final withholding tax of €9.9 million; and
- c. Outstanding balances due in connection with the development amounting to €14.1 million, including balances due to contractors and VAT payable crystallising on sale, and sales commissions.

Residual disposal proceeds amounting to €12.3 million will be accumulated in favour of the redemption of the Bonds.

4. Being the disposal of investment properties and inventories for aggregate net proceeds of €22.5 million, representing gross proceeds of €25.7 million net of corresponding final withholding tax of €2.5 million and sales commissions of €700,000, and the derecognition of the carrying value of the investment property with a carrying value of €20.6 million, inventories of €1.2 million, deferred tax liabilities amounting to €2.1 million, connected trade and other receivables of €598,000, right-of-use assets amounting to €73,000, and lease liabilities amounting to €99,000 (comprising non-current and current components). Investment properties, right-of-use assets, and lease liabilities were impaired in FY25 to reflect the value emanating from promise of sale agreements/non-binding offers in force as at 31 December 2025.

Revenue recognised relates to the disposal of assets held as inventory, comprising sales proceeds net of sales commissions, while cost of sales comprises the value of derecognised net assets. The disposal of assets held as investment property is reported as a gain/loss on disposal of investment property, however amounts to nil in view of the fair value losses accounted for in FY25, as previously explained. The tax charge recognised

with respect to these transactions comprises the excess of the final withholding tax due on disposal compared to the carrying amount of the corresponding deferred tax liabilities.

5. Being the recognition of the Group's share of results of MKH amounting to €1.8 million, which is based on projections of MKH, and the receipt of dividends amounting to €800,000 from MKH, which is based on historical dividend payout ratios. The Group's investment in MKH is accounted for using the equity method of accounting.
6. Being the reimbursement, in terms of the Settlement Deed, of the amount of €42.7 million (net of VAT), payable by Government to the Company in connection with the Partial Rescission and the return of the Rescinded Areas, as defined in section 2 of the Circular, and the derecognition of the balances relating to Manoel Island included in inventories and trade and other payables, and balances relating to Fort Tigné included in investment property. The net balances relating to Manoel Island (after the impairments accounted for in FY25) are recognised in the income statement as revenue, with a corresponding entry in cost of sales, resulting in nil profit/loss, while the disposal of Fort Tigné held as investment property is reported as a gain on disposal amounting to €200,000.
7. Being the accrual over the period 1 January 2026 to 27 July 2026 for the Bond coupon amounting to €1.1 million, and the unwinding of remaining unamortised Bond issue costs amounting to €53,000. The remaining amount of Bond coupon payable on maturity, amounting to €922,000, was accrued for in 2025 and is included in trade and other payables as at 31 December 2025.
8. Being the redemption and cancellation of the Bonds, through funds available to the Group, amounting to €50 million, and the settlement of the accrued bond coupon amounting to €2 million due on the same date. The transactions relating to this assumption do not have an impact on the Profit Forecast.

3. Forecast Financial Information of the Group

Profit Forecast

	Stated assumptions						Forecast
	1.	3.	4.	5.	6.	7.	FY26
	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Revenue	1,651	101,130	5,300	-	40,519	-	148,600
Cost of sales	(942)	(80,820)	(2,019)	-	(40,519)	-	(124,300)
Gross profit	709	20,310	3,281	-	-	-	24,300
Other operating income	60	-	-	-	-	-	60
Administrative expenses	(3,044)	-	(598)	-	-	-	(3,642)
Operating (loss)/profit	(2,275)	20,310	2,683	-	-	-	20,718
Finance costs	(6)	-	-	-	-	(1,131)	(1,137)
Gain on disposal of investment property	-	-	-	-	200	-	200
Share of profit of investment accounted for using the equity method of accounting	-	-	-	1,800	-	-	1,800
(Loss)/profit before tax	(2,281)	20,310	2,683	1,800	200	(1,131)	21,581
Tax expense	-	(9,897)	(443)	-	-	-	(10,340)
(Loss)/profit for the year	(2,281)	10,413	2,240	1,800	200	(1,131)	11,241

Forecast Statement of Financial Position

	Unaudited 31 Dec 25 €000s	1. €000s	2. €000s	3. €000s	Stated assumptions €000s			7. €000s	8. €000s	Forecast 31 Dec 26 €000s
ASSETS										
Non-current assets										
Property, plant and equipment	379	(184)	-	-	-	-	-	-	-	195
Right-of-use assets	551	(8)	-	(397)	(73)	-	-	-	-	73
Investment property	26,192	-	-	-	(20,575)	-	-	-	-	3,636
Investment in joint venture	28,223	-	-	-	-	1,000	-	-	-	29,223
Financial investments	446	-	-	-	-	-	-	-	-	446
Deferred tax assets	13	-	-	-	-	-	-	-	-	13
Total non-current assets	55,804	(192)	-	(397)	(20,648)	1,000	-	-	-	33,586
Current assets										
Inventories - Development project	149,545	50	13,323	(80,770)	(1,170)	-	(80,773)	-	-	205
Trade and other receivables	2,351	(35)	-	-	(598)	-	-	-	-	1,718
Cash and cash equivalents	1,984	273	-	12,343	22,500	800	42,700	-	(52,000)	28,600
Total current assets	153,880	288	13,323	(68,427)	20,732	800	(38,073)	-	(52,000)	30,523
Total assets	209,684	96	13,323	(68,824)	84	1,800	(40,054)	-	(52,000)	64,109
EQUITY AND LIABILITIES										
Capital and reserves										
Share capital	42,832	-	-	-	-	-	-	-	-	42,832
Share premium	15,879	-	-	-	-	-	-	-	-	15,879
Investment fair value reserve	14	-	-	-	-	-	-	-	-	14
Other reserves	452	-	-	-	-	-	-	-	-	452
Retained earnings	(7,702)	(2,282)	-	10,413	2,241	1,800	200	(1,131)	-	3,539
Total equity	51,475	(2,282)	-	10,413	2,241	1,800	200	(1,131)	-	62,716
Non-current liabilities										
Lease liabilities	657	-	-	(516)	(95)	-	-	-	-	46
Deferred tax liabilities	2,421	-	-	-	(2,058)	-	-	-	-	363
Total non-current liabilities	3,078	-	-	(516)	(2,153)	-	-	-	-	409
Current liabilities										
Trade and other payables	87,687	(2,723)	6,028	(49,149)	-	-	(40,254)	1,078	(2,000)	667
Borrowings	67,104	5,100	7,295	(29,552)	-	-	-	53	(50,000)	-
Lease liabilities	89	1	-	(20)	(4)	-	-	-	-	66
Current tax liabilities	251	-	-	-	-	-	-	-	-	251
Total current liabilities	155,131	2,378	13,323	(78,721)	(4)	-	(40,254)	1,131	(52,000)	984
Total liabilities	158,209	2,378	13,323	(79,237)	(2,157)	-	(40,254)	1,131	(52,000)	1,393
Total equity and liabilities	209,684	96	13,323	(68,824)	84	1,800	(40,054)	-	(52,000)	64,109



The Directors
MIDI p.l.c.,
North Shore,
Manoel Island,
Gzira GZR 3016,
Malta

Independent Accountant's Reasonable Assurance Report on the Forecast Financial Information of MIDI p.l.c.

To the board of directors of MIDI p.l.c.

We have undertaken a reasonable assurance engagement on the compilation of the accompanying Forecast Financial Information of MIDI p.l.c. and its subsidiaries ("the Group", "MIDI p.l.c.") for the year ending and as at 31 December 2026. The Forecast Financial Information comprises (i) the Profit Forecast for the year ending 31 December 2026 ("FY26") ("Profit Forecast"); and (ii) the Forecast Statement of Financial Position as at 31 December 2026 ("Forecast Statement of Financial Position").

MIDI p.l.c.'s responsibility for the Forecast Financial Information

MIDI p.l.c. is responsible for the preparation and presentation of the Forecast Financial Information, including the assumptions and accounting policies set out and referenced in the sections *Basis of preparation* and *Statement of assumptions* included in *Annex I: Forecast Financial Information of the Group* of MIDI p.l.c.'s Circular. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Forecast Financial Information that is based on the accompanying assumptions.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281).

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to provide the opinion required by Capital Markets Rule 5.40.2. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits Or Reviews Of Historical Financial Information* ('ISAE 3000'), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether management has properly compiled, in all material respects, the Forecast Financial Information on the basis of the assumptions and accounting policies set out and referenced in the sections *Basis of preparation* and *Statement of assumptions* included in *Annex I: Forecast Financial Information of the Group* of MIDI p.l.c.'s Circular.

This reasonable assurance engagement, performed in accordance with ISAE 3000, involved performing procedures to obtain evidence that the Forecast Financial Information was properly compiled by management on the basis of the assumptions set out and referenced in the sections *Basis of preparation* and *Statement of assumptions* included in *Annex I: Forecast Financial Information of the Group* of MIDI p.l.c.'s Circular, and that the basis of accounting used is consistent with the accounting policies of MIDI p.l.c. The nature, timing and extent of procedures selected in an ISAE 3000 engagement depend on the practitioner's judgement, including the assessment of the risks of improper compilation, whether due to fraud or error, of the Forecast Financial Information. In making those risk assessments, we considered internal control relevant to MIDI p.l.c.'s preparation of the Forecast Financial Information.

Our procedures included evaluating whether the accounting policies applied in the preparation of the Forecast Financial Information were consistent with the accounting policies used by management in the preparation of the entity's previous financial statements and whether the Forecast Financial Information had been properly compiled on the basis of those accounting policies and management's assumptions. We also considered the overall presentation of the Forecast Financial Information, including the disclosure of the assumptions on which it is based.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent limitations

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. Further, we emphasise that the forecast information is not intended to, and does not, provide all the information and disclosures that would be necessary to present a complete set of financial statements that fairly presents the results of the Group in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Opinion

In our opinion, the Forecast Financial Information has been properly compiled on the basis of the assumptions set out and referenced in the sections *Basis of preparation* and *Statement of assumptions* included in *Annex I: Forecast Financial Information of the Group* of MIDI p.l.c.'s Circular and the basis of accounting used is consistent with the accounting policies of MIDI p.l.c.

Intended users and purpose

The Forecast Financial Information has been prepared for the purposes described above and may therefore not be appropriate for another purpose. This report is required in terms of Capital Markets Rule 5.40.2, and is given for the purpose of complying with this regulation and for no other purpose. We have given our consent for the inclusion of this report in MIDI p.l.c.'s Circular. Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Capital Markets Rules.



Michael Formosa
Principal

For and on behalf of

PricewaterhouseCoopers

78 Mill Street,

Zone 5,

Central Business District,

Qormi CBD 5090

6 April 2026



MIDI p.l.c. (C 15836)

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