

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

A. INTRODUCTION

Pursuant to the Malta Financial Services Authority Listing Rules, MIDI p.l.c. (the “Company”) is hereby reporting on the extent of its adoption of the Code of Principles of Good Corporate Governance (the “Code”) as well as on the measures adopted to ensure compliance with this same Code. For this reporting period, the Company is adhering to the Code as set out in Appendix 5.1 of Chapter 5 – Continuing Obligations of the said Listing Rules. The Directors are committed to the values of transparency, honesty and integrity in all their actions and strongly believe that such practices are in the best interests of the Company, its Shareholders and other stakeholders. The Directors believe that the Company benefits from having in place more transparent governance structures and from improved relations with the market which enhance market integrity and confidence.

Good corporate governance is the responsibility of the Board of Directors of the Company (the “Board”), and in this regard the Board has carried out a review of the Company’s compliance with the Code during the period under review. Notwithstanding that the Principles of Good Corporate Governance are not mandatory, the Board has ensured their adoption, save as indicated herein within the section entitled Non-Compliance with Code. In the latter section the Board indicates and explains the instances where it has departed from or where it has not applied the Code, as allowed by the Code.

The Board takes such measures as are necessary in order for the Company to comply with the requirements of the Code to the extent that this is considered appropriate and complementary to the size, nature and operations of the Company.

B. COMPLIANCE WITH THE CODE

PRINCIPLE 1: THE BOARD

The overall management and policy setting of the Company is vested in a Board of Directors consisting of a Chairman and eight (8) Directors.

While the Board provides the necessary leadership in the overall direction of the Company, its key role with respect to the Company’s principal activities is to establish the Company’s strategy and to appoint all members of Senior Management and other key members of management.

All the Directors, individually and collectively, are of the appropriate calibre, and have the necessary skills and experience to contribute effectively to the decision-making process. The Board delegates specific responsibilities to a number of committees, notably the Supervisory Board, the Audit Committee and the Remuneration and Nomination Committee, each of which operates under formal terms of reference approved by the Board. The Project Management Advisory Committee reports to the Supervisory Board.

PRINCIPLE 2: CHAIRMAN AND CHIEF EXECUTIVE

The positions of the Chairman of the Board and that of the Chief Executive Officer (the “CEO”) are vested in separate individuals. The positions have been defined with specific roles rendering these positions completely separate from one another.

Dr. Alec A. Mizzi serves as Chairman of the Board. The Chairman, who continues to meet the independence criteria (see Principle 3 below), is responsible to lead the Board and to set its agenda. The Chairman ensures that the Board’s discussions on any issue put before it go into adequate depth, encourages the involvement of all Directors, and ensures that all the Board’s decisions are supported by adequate and timely information. The Chairman, together with the Supervisory Board, ensures that the CEO develops a strategy that is agreed to by the Board.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 2: CHAIRMAN AND CHIEF EXECUTIVE - CONTINUED

The role of CEO is vested in Mr. Mark Portelli. The Board has delegated specific authority to the CEO to manage specific activities within the Company which include, amongst others:

- implementation of policies as set by the Board;
- working towards objectives established by the Board;
- representing the Company with third parties;
- putting into effect plans to organise, direct and manage the human resources available to attain the highest possible profitability or results in the interest of the Company's shareholders and all other stakeholders.

The role of the CEO is to plan, co-ordinate and control the daily operations of the Company through the leadership and direction of MIDI's management team. For this purpose, the CEO communicates on a continuous basis with Senior Managers to direct business activities against plans, to decide on emerging matters, to allocate responsibilities of work and to monitor performance.

On the 5 October 2020, the CEO Mr. Mark Portelli was appointed by the Board of Directors as a Director in terms of Article 102(3) of the Articles of Association of the Company which permits the Board to appoint up to a maximum of two additional directors without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company. In terms of Article 117(3) of the Articles of Association of the Company, if the person appointed to the office of CEO is a director of the Company the said person shall be designated as Managing Director*.

PRINCIPLE 3: COMPOSITION OF THE BOARD

The Board is composed of 8 non-executive Directors and 1 executive Director.

The following Directors served on the Board during the period under review:

Chairman

Alec A. Mizzi

Independent non-executive Directors

Joseph A. Gasan

David G. Curmi

Joseph Bonello

David Demarco (resigned on 1 October 2020; re-appointed on 5 October 2020)

John Mary *sive* Jimmy Gatt

Alan Mizzi

Joseph Said

Mark Andrew Weingard (resigned on 1 October 2020)

Executive Director (Managing Director)*

Mark Portelli (appointed on 5 October 2020)

During the period under review, the Board consisted of eight independent non-executive Directors (including the Chairman) and one executive Director.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 3: COMPOSITION OF THE BOARD - CONTINUED

The Board determines whether a director is independent by considering primarily the following principles relating to independence contained in the Code:

- i. whether the director has been an executive officer or employee of the Company or a subsidiary of the Company as the case may be within the last three years;
- ii. whether the director has or has had within the last three years, a significant business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has a such a relationship with the Company;
- iii. whether the director has received or receives significant additional remuneration from the Company or any member of the group of which the Company forms part in addition to a director's fee;
- iv. whether the director has close family ties with any of the Company's executive Directors or senior employees;
- v. whether the director has served on the Board for more than twelve consecutive years; or
- vi. whether the director is or has been within the last three years an engagement partner or a member of the audit team of the present or former external auditor of the Company or any member of the Group of which the Company forms part.

Following an assessment of the criteria above and after having considered whether other situations exist which may possibly impinge on the independence of the current non-executive Directors, the Board considers all current non-executive Directors to be independent. It is the Board's view that despite the fact that Dr. Alec A. Mizzi, Mr. Joseph A. Gasan and Mr. Joseph Said have served on the Board for more than twelve consecutive years, the Directors in question continue to provide valuable contribution and insight to the Board as well as a deep understanding of the Company's operations and market in which it operates and in the carrying out of their role, their ability to exercise objective and unbiased judgement has not been impaired by length of service. Furthermore, Mr. Joseph Said is also the CEO and executive Director of Lombard Bank Malta p.l.c. ("Lombard") which provides credit facilities to the Company. It is the Board's view that the fact that Mr. Joseph Said is a director of a company that has a significant relationship with the Group, this did not impinge on Mr. Said's independence and his ability to take objective and unbiased judgements. In any case, the relationship between Lombard and the Company is conducted on a commercial and arms' length basis and Mr. Joseph Said has informed the Board of Directors that he is not involved in any decisions taken by Lombard in relation to the Company. Likewise, as a director of the Company, Mr. Joseph Said is not involved in any decisions concerning or which have a bearing on the Lombard relationship. Additionally, the Audit Committee of which Mr. Joseph Said is currently the Chairman does not decide or discuss banking arrangements with Lombard or with any other bank and should it for any reason become necessary to do so, Mr. Joseph Said would not participate in any such decision.

In terms of Principle 3.4, each non-executive Director has confirmed in writing to the Board that the Director undertook:

- to maintain in all circumstances his independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his independence; and
- to clearly express his opposition in the event that he finds that a decision of the Board may harm the Company.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE – CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 3: COMPOSITION OF THE BOARD - CONTINUED

The composition of the Board is determined by the Articles of Association of the Company. The appointment of directors to the Board is reserved exclusively to the Company's shareholders, except in so far as (i) the situation contemplated in Article 102(3) of the Articles of Association where the Directors may appoint two additional directors to the Board without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company; and (ii) an appointment which may be made by the Board to fill a casual vacancy on the Board in terms of Article 103(3).

The Board is composed of a minimum of five (5) and a maximum of ten (10) directors. A maximum of eight (8) directors are elected at each Annual General Meeting (or at an Extraordinary General Meeting convened for the purpose of electing directors) while the Board of Directors may appoint two (2) additional directors to the Board without the requirement that the appointments be ratified by a members' resolution taken at a General Meeting of the Company in terms of Article 102(3). On the 5 October 2020, Mr. David Demarco and Mr. Mark Portelli were appointed as Directors by the Board of Directors in terms of the provisions of Article 102(3).

No election will take place where there are as many nominations for the Board of Directors as there are vacancies, in which case the candidates so nominated will be automatically appointed directors.

Unless appointed for a shorter period, a director shall hold office from the end of one Annual General Meeting to the end of the next. A retiring director shall be eligible for re-election or re-appointment. The Director appointed by the Board in terms of Article 102(3) shall likewise hold office until the end of the Annual General Meeting following his appointment.

Shareholders are entitled to participate in the election of the directors on the basis that each shareholder shall have one (1) vote in respect of each ordinary share held. A shareholder may use all his votes in favour of one candidate or may split his votes in any manner he chooses amongst two or more candidates. The candidates elected are those candidates who obtain the greater number of votes on that basis.

The Chairman shall be elected by a simple majority from amongst the Directors of the Company.

The Board considers that the size of the Board, whilst not being large as to be unwieldy, is appropriate for the requirements of the Company's business. Apart from being clearly equally conducive to good corporate governance, the composition of the Board provides, in the Board's view, the added benefits of control and management of the Company's affairs and an efficient decision-making process. The Board considers that the balance of skills and experience is appropriate for the requirements of the business and that changes to the Board's composition can be managed without undue disruption. The Board is also of the view that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to properly complete their tasks. As from the 5 October 2020, in addition to the eight independent non-executive Directors, the Board's composition includes also one executive Director.

PRINCIPLE 4: THE RESPONSIBILITIES OF THE BOARD

The Board of Directors is charged with the supervision of Board Committees and of management and the general course of affairs of the Company and the business connected with it (including its financial policies and corporate structure). The Board of Directors periodically evaluates the main organisational structure and the operation of the internal risk-management and control systems established as well as agree on any necessary changes or corrective actions regarding such systems.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 4: THE RESPONSIBILITIES OF THE BOARD – CONTINUED

In fulfilling its mandate, the Board of Directors assumes responsibility to:

- a) establish corporate governance standards;
- b) review, evaluate and approve, on a regular basis, long-term plans for the Company;
- c) review, evaluate and approve the Company's budgets and forecasts;
- d) review, evaluate and approve major resource allocations and capital investments;
- e) review the financial and operating results of the Company;
- f) ensure appropriate policies and procedures are in place to manage risks and internal control;
- g) review, evaluate and approve the overall corporate organisation structure, the assignment of management responsibilities and plans for senior management development including succession;
- h) review, evaluate and approve compensation strategy for senior management; and
- i) review periodically the Company's objectives and policies relating to social, health and safety and environmental responsibilities.

The Board supervises compliance with the Listing Rules, including those pertaining to the preparation and publication of the Annual Report and Financial Statements, and approves the Financial Statements for submission to the General Meeting of the Shareholders. The Board retains direct responsibility for approving and monitoring:

- i. the Business Plan for the Group;
- ii. the Annual Budget;
- iii. the Annual Financial Statements;
- iv. termination of the employment or engagement of a substantial number of employees of the Company simultaneously or within a short period of time;
- v. termination of employment or engagement of the Chief Executive Officer and other positions of strategic importance at Senior Management level;
- vi. proposals to increase the issued capital and to materially increase or decrease the Company's funding; and
- vii. other resolutions which the Board of Directors may determine to be subject to its approval.

Any meeting that a director wishes to initiate may be arranged through the Company Secretary. A Director of the Company has access to advice from internal and external sources, which are deemed necessary for carrying out the respective roles and responsibilities and the Company will bear the related expenses. A newly appointed director is given a thorough induction course in the operations, activities and procedures of the Company to be able to carry out the function of a Director in an effective manner.

PRINCIPLE 5: BOARD MEETINGS

The Board endeavours to meet on a monthly basis, with additional meetings held as necessary. Board meetings are presided over by the Chairman and all Directors are allowed equal opportunity to voice and express their views on matters relating to the Company and its business.

After each Board meeting, minutes that faithfully record attendance, matters discussed and decisions taken, are prepared and circulated to all Directors as soon as practicable after the meeting.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 5: BOARD MEETINGS - CONTINUED

A total of thirteen (13) Board of Directors meetings were held during 2020 and attendance was as follows:

<i>Board member</i>	<i>Attended</i>
Alec A. Mizzi	13
Joseph Bonello	13
David G. Curmi	11
David Demarco	12 (out of 12)
Joseph A. Gasan	10
John Mary <i>sive</i> Jimmy Gatt	13
Alan Mizzi	13
Mark Portelli (appointed on 5 October 2020)	3 (out of 3)
Joseph Said	13
Mark Andrew Weingard (resigned on 1 October 2020)	5 (out of 9)

PRINCIPLE 6: INFORMATION AND PROFESSIONAL DEVELOPMENT

The Chief Executive Officer is appointed by the Board of Directors in accordance with the Articles of Association.

The recruitment and selection of Senior Management is the responsibility of the Remuneration and Nomination Committee (as described under Principle 8 below) in consultation with the CEO.

Newly appointed directors are provided with briefings by the Chief Executive Officer and also by other members of Senior Management in respect to the operations of the Group. An information pack is handed to a new director following his appointment which incorporates Memoranda and Articles of Group companies, terms of reference of any relevant committees, any Company policies as well as relevant legislation and rules. The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are adhered to. Additionally, Directors may seek independent professional advice on any matter at the Company's expense.

The Company ensures the personal development of Directors, management and employees by recommending attendance to seminars, conferences as well as training programmes that are designed to help improve the potential of its staff members whilst boosting the Company's competitiveness. The Company provides the necessary training to the individual Directors on a requirements basis by formally identifying and addressing any such requirements.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 7: EVALUATION OF BOARD'S PERFORMANCE

During March 2021, the Board carried out an evaluation of its own performance together with that of the Committees and the Chairman. The Board delegated the carrying out of the evaluation exercise to the Remuneration Committee. The exercise was conducted through a comprehensive Board Effectiveness Questionnaire, the results of which were analysed by the Remuneration Committee and then discussed by the Board. The review has not resulted in any material changes in the Company's internal organisation or in its governance structures. However, some best practice recommendations which emerged from the analysis of the results will be implemented by the Board.

PRINCIPLE 8: COMMITTEES

The Board has appointed the following Committees:

Audit Committee

The Audit Committee is a committee appointed by the Board and is directly responsible and accountable to the Board. The Audit Committee's primary purpose is to:

- a) protect the interests of the Company's shareholders; and
- b) assist the Directors in conducting their role effectively so that the Company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Board has set formal terms of reference of the Audit Committee that establish its composition, role and function and responsibilities.

The main role and responsibilities of the Audit Committee include:

- a) to inform the Board of Directors of the outcome of the statutory audit and to explain how the statutory audit contributed to the integrity of the Financial Statements and what the role of the Audit Committee was in this process;
- b) to monitor the financial reporting process and to submit recommendations of proposals to ensure its integrity;
- c) to monitor the effectiveness of the Company's internal quality control and risk managements system and, where applicable, its internal audit regarding the financial reporting without breaching its independence;
- d) to monitor the audit of the annual and Consolidated Financial Statements, in particular, its performance, taking into account any findings and conclusions by the competent authority pursuant to Article 26 (6) of the Statutory Audit Regulation;
- e) to review the additional report prepared by the statutory auditors or audit firm submitted to the Audit Committee in terms of Article 11 of the Statutory Audit Regulation. The Audit Committee may disclose the additional report to third parties in order to execute its functions in line with the terms of reference;
- f) to review and monitor the independence of the statutory auditors or audit firms in accordance with Articles 22, 22a, 22b, 24a and 24b of the Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Council Directive 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC and Article 6 of the Statutory Audit Regulation and in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with Article 5 of the Statutory Audit Regulation;
- g) the responsibility for the procedure for the selection of statutory auditors or audit firms;
- h) to recommend the statutory auditors or the audit firm to be appointed in accordance with Article 16 of the Statutory Audit Regulation.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 8: COMMITTEES – CONTINUED

Audit Committee - Continued

Other responsibilities of the Audit Committee are set out in its Terms of Reference and these include, amongst others, the review, appointment or replacement of the internal auditor and the making of recommendations accordingly to the Board, the development and implementation of a policy on the engagement of the external auditor to supply non-audit services, if and where applicable, the consideration of the respective scope of work and audit plans of the internal auditor, if any, and the external auditors, the coordination of the audit, the review of the adequacy of the Company's internal controls, including computerised information system controls and security, management letters and any related significant findings and recommendations of the external auditors and internal audit together with Management's responses thereto, to enquire with Management about significant risks or exposures and assess the steps Management has taken to minimise such risks to the Company, to consider and review with Management significant internal audit findings during the year and Management's responses thereto, to review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies, and any reports arising from examinations or inspections performed by the regulators and review and evaluate any proposed transaction that the Company intends to carry out with a related party in accordance with the Listing Rules.

For the year under review, the Audit Committee was composed of three independent non-executive Directors. The Directors that served on the Audit Committee for the year under review were: Mr. Joseph Said (Chairman of the Committee), Mr. David Demarco and Mr. Alan Mizzi.

In terms of Listing Rules 5.117 and 5.118, Mr. David Demarco ACIB, BA (Hons) Accountancy, MBA, FIA, CPA is the Director who the Board considers as competent in accounting and/or auditing. Mr. David Demarco is considered independent because he is free from any business, family or other relationship with the Company or its management that may create a conflict of interest such as to impair his judgement.

The Audit Committee is required by the Listing Rules to meet a minimum of four (4) times a year. During the year under review the Audit Committee met four (4) times.

When the Audit Committee's monitoring and review activities reveal cause for concern or identify the need for improvement, it shall make recommendations to the Board on the action needed to address the issue or make such improvements.

The Audit Committee oversees the Internal Audit process. This independent appraisal function was established within the Group to carry out business process risk-based audits aimed at ensuring adequate controls and efficient business processes. Such a process is undertaken by EY Malta, with representatives of the firm attending the meetings of the Audit Committee and thereby reporting directly to the Audit Committee.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 8: COMMITTEES - CONTINUED

Supervisory Board

The Board delegates some of its responsibilities to the Supervisory Board, which is composed of Dr. Alec A. Mizzi (Chairman of the Committee), Mr. David G. Curmi (Director), Mr. Joseph A. Gasan (Director), Mr. Mark Portelli (CEO of the Company and Managing Director), Mr. Jesmond Micallef (CFO of the Company), and Mr. Ivan Piccinino (Senior Project Manager of the Company).

The objective of the Supervisory Board is to take, or to establish the basis on which, all decisions within the Company are taken, other than decisions on those matters specifically reserved for the Board of Directors or the other committees. The Supervisory Board is also entrusted to act as an interface between the Senior Management of the Company and the Board of Directors.

Some of the more important functions carried out by the Supervisory Board include:

- a) the approval and monitoring of strategic and forecasting processes;
- b) reporting on strategic matters to the Board of Directors;
- c) the review of the Company's annual budget and funding requirements with an aim of making its own recommendations to the Board of Directors;
- d) the supervision of the Project Management Advisory Committee on all development related matters, including the making of recommendations to the Board of Directors with regards to the awarding of contract of works; and
- e) the consideration of all new business opportunities, including joint ventures with third parties on existing or new projects.

Project Management Advisory Committee

In view of the inherent operations of the Company as a property developer, the Supervisory Board set-up a sub-committee in the form of an advisory committee to assist it with project management related matters pertaining to the Tigné Point and the Manoel Island development.

In furtherance of such an advisory role, the Project Management Advisory Committee's ("PMAC") involvement extends to the three main stages of project management: (i) the preparatory stages of the development; (ii) the performance stage when construction works are undertaken on site; and (iii) the handover stage when following completion, the end product is either transferred to a third party purchaser or alternatively sought to be implemented by the Company as part of its overall operations.

Some of the more specific functions undertaken by the PMAC include the following:

- a) to make recommendations on the appropriate procurement procedure to be adopted in particular phases of the project;
- b) to act as an interface between the Company and the project management consultants engaged by the Company;
- c) to prepare and/or to oversee the preparation of reports on the short listed bidders;
- d) to oversee the negotiation of the contract of works between Senior Management and contractors;
- e) to provide regular updates and/or to request the preparation of such update reports on the progress of works on the individual construction phases, both from a timing and cost point of view; and
- f) to advise the Supervisory Board on any action that may be required on project management matters.

The PMAC is composed of Mr. David Demarco (Director) who chairs the committee, Mr. John Mary sive Jimmy Gatt (Director) and members of Senior Management. A number of consultants may also be invited to attend the meetings of the PMAC as may be necessary from time to time.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 8: COMMITTEES - CONTINUED

Remuneration and Nomination Committee

In April 2020, the Board reconstituted the Remuneration Committee as a Remuneration and Nomination Committee. The Board was of the view that considering the size of the Company it was more practical to have one Committee as opposed to two separate committees.

As Nomination Committee, the Committee periodically or as may be necessary is to review the structure, size and composition of the Board with a view to making any recommendations to the Board with regard to its composition and any skills, knowledge, diversity and experience suited to the Board. The Committee is responsible for identifying, nominating and proposing to the Board, for its approval, candidates for the position of Director to be appointed by the Board without the requirement that the appointment of such director or directors be ratified by a members' resolution taken at a General Meeting of the Company in terms of Article 102(3) of the Articles of Association of the Company: provided that for the sake of clarity, the decision whether to appoint an additional or additional directors to the Board in terms of the said Article shall always remain with the Board. The Committee is to keep under review the leadership needs of the Company and it is to consider succession planning issues in relation to and the policy for the selection of CEO and other Senior Executives, making any necessary recommendations to the Board. The Committee shall also be responsible for selecting, nominating and proposing to the Board, for its approval, candidates for the position of CEO and other Senior Executives.

The Committee is responsible for the process relating to the annual evaluation of the performance of the Board and that of its committees, including that of the Committee itself, as recommended to be carried out by the Code of Corporate Governance. The Committee shall then report to the Board on the results of the performance evaluation process in order to ascertain the strengths and to address the weaknesses of the Board.

Information regarding the Remuneration and Nomination Committee in relation to its remuneration function is found as part of the section in the Annual Report entitled "Remuneration Report and Statement".

PRINCIPLE 9 & 10: RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET, AND INSTITUTIONAL INVESTORS

Pursuant to the Company's statutory obligations in terms of the Maltese Companies Act (Cap. 386) and the Listing Rules, the Annual Report and Financial Statements, declaration of dividends, election of directors, and appointment of auditors and authorisation of the directors to set the auditors' fees are proposed and approved at the Company's Annual General Meeting.

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood.

The Board is of the view that during the period under review, the Company communicated effectively with shareholders through periodical Company Announcements and through press releases and other material addressed to the market in general using both the traditional media as well as social media.

The Company also communicates with its shareholders through the Company's Annual General Meeting ("AGM"). Apart from the AGM, the Company communicates with its shareholders by way of the Annual Report and Financial Statements. The Company's website also contains information about the Company and its business, including an Investor Relations section.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE – CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 9 & 10: RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET, AND INSTITUTIONAL INVESTORS - CONTINUED

The Directors consider that the Board properly serves the legitimate interests of all Shareholders and is accountable to all Shareholders.

The Chairman arranges for all Directors to attend the AGM. Information on the Company's General Meetings is found in the Directors' Report.

Individual shareholders can raise matters relating to their shareholding and the business of the Group at any time throughout the year, and are given the opportunity to submit written questions in advance to be answered at the AGM or to ask questions in person at the AGM (subject to the AGM being held physically). In terms of Article 129 of the Companies Act, the Board may call an Extraordinary General Meeting on the requisition of shareholders holding not less than one-tenth of the paid up share capital of the Company.

The Company holds meetings with stockbrokers and financial intermediaries at least once a year, which meeting usually coincides with the publication of the annual financial statements.

PRINCIPLE 11: CONFLICTS OF INTEREST

By way of internal practice, some of the Company's Directors also act as Directors on fully owned subsidiaries within the Group, namely: Tigné Contracting Limited, Solutions & Infrastructure Services Limited and T14 Investments Limited. Mr. Joseph A. Gasan is also a director on Mid Knight Holdings Limited, a joint venture company.

During the period under review the CEO acted as a director of Tigné Contracting Limited, Mid Knight Holdings Limited and its subsidiary Mid Knight Operations Limited.

The Directors are strongly aware of their responsibility to act at all times in the interest of the Company and its shareholders as a whole and of their obligation to avoid conflicts of interest.

The Directors and the CEO, acting as directors of other companies of the Group and other third companies, may be subject to conflicts between the potentially divergent interests of the Company, the Group or such other third companies. The Company is not aware of any private interest or duties unrelated to the Group which may or are likely to place the Directors or the CEO in conflict with any interest in, or duties towards the Company.

Given the current shareholding of MIDI p.l.c., and in line with expectations upon the commencement of the Company, conflicts of interest affecting Board members may arise from time to time with regards to:

1. contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works which have been/may be entered into between MIDI p.l.c., Tigné Contracting Limited, Solutions & Infrastructure Services Limited, Mid Knight Holdings Limited and companies related to Board members;
2. financing and insurance related services which have been/may be provided to MIDI p.l.c. by companies related to Board members;
3. activities, including retail projects, carried on by MIDI p.l.c. which may compete with similar activities carried on, in the close proximity of the MIDI's retail projects by companies related to Board members;
4. purchases of apartments by Directors or by companies related to Board members;
5. rental agreements by Directors or by companies related to Board members.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 11: CONFLICTS OF INTEREST - CONTINUED

All contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works, and any other purchases are based upon the principle of competitive bidding. The CEO negotiates with suppliers in order to ensure that the best quality goods and services are procured by MIDI at the least possible price. With regard to construction services, the Supervisory Board is responsible, with assistance from the Project Management Advisory Committee, to supervise the tendering process. In particular, the Supervisory Board is responsible for assisting and directing the CEO in negotiations with contractors, suppliers and service providers and is responsible for the award of tenders not exceeding the value of €2 million. Any tenders exceeding such a value are awarded by the Board.

In terms of Article 90 of the Articles of Association of the Company, a director who is in any way, whether directly or indirectly, interested (even if such direct or indirect interest relates to the Member or Members who appointed him to office) in any contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors. In the case of a proposed contract or arrangement, the declaration of interest to be made by such director shall be made at the meeting of the directors at which the question of entering into the contract or arrangement is first taken into consideration, or if such director was not at the date of that meeting interested in the proposed contract or arrangement, at the next meeting of the Directors held after he became so interested; and in a case where such Director becomes interested in a contract or arrangement after it is made, the said declaration shall be made at the first meeting of the Directors held after such director becomes so interested.

In line with Code Provision 11.1, a director does not participate in a discussion concerning matters in which he has a conflict of interest unless the Board finds no objection to the presence of such director. In addition, in accordance with the said Article 90, a director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has material interest in accordance with the Memorandum and Articles of Association, whether direct or indirect, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Article 91 of the Articles of Association also states that if any question arises at any meeting as to the materiality of a director's interest or as to the entitlement of any director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, then such question shall be referred to the auditors and their ruling shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

Dealing in Company Securities

On joining the Board and regularly thereafter, the Directors are informed of their obligations on dealing in securities of the Company within the parameters of the law, including the Listing Rules and the Market Abuse Regulations ("MAR"), as well as within the Company's policy in respect of dealings by directors in the Company's securities, which policy is based on timely and comprehensive disclosures and notifications, as applicable in terms of the law.

Directors' interests in the share capital of the Company are contained in the Directors' report.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 12: CORPORATE SOCIAL RESPONSIBILITY

The Group has always recognised the importance of its corporate social responsibility, most notably during the restoration works undertaken on Fort Manoel, Fort Tigné and other historical buildings. In this regard, the Company's recent restoration of the Garden Battery located at Tigné Point, was recognised for its outstanding restoration works during the 14th edition of the Architectural Heritage awards organised by the leading local cultural and heritage NGO, Din l-Art Ħelwa. The Company was awarded a Diploma for outstanding contribution to Maltese cultural heritage and to the achievement of architectural excellence in Malta by the admirable restoration and conservation of the Garden Battery.

As part of its commitment to promote its environmentally friendly values, the Company is deploying green and ecofriendly strategies in the course of construction, marketing and operations of the various phases of the Manoel Island and Tigné Point project.

Furthermore, in its drive to ensure that the guiding principles of Guardianship Deed with the Manoel Island Foundation are respected, the Company regularly meets with the members of the Foundation to discuss issues related to the Manoel Island project. Through this Foundation, which was set up by the Company in collaboration with the Gżira Local Council, the Company has provided commitments governing the Manoel Island Public Park, the Foreshore, the Swimming Zones, Fort Manoel and building heights on Manoel Island in accordance with the terms of the Guardianship Deed.

The Company also has reached out to the neighbouring communities of Gżira and Sliema by supporting various initiatives organised at community level. During 2019, the Company entered into a sponsorship agreement with the Gżira United Football Nursery to support it in the organisation of sporting events for the benefit of the children of this community.

The Group has also offered various premises which form part of the Group's assets free of charge to non-profit organisations and other third parties to carry out activities and events which benefit philanthropic causes.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

C. NON-COMPLIANCE WITH THE CODE

PRINCIPLE 4: CODE PROVISION 4.2.7 SUCCESSION POLICY FOR THE FUTURE COMPOSITION OF THE BOARD

The Board notes that pursuant to the Company's Memorandum and Articles of Association of the Company, the appointment of directors to serve on the Board of Directors is a matter which is entirely reserved to the shareholders of the Company (other than in the case of the ninth and tenth directors who may be appointed by the Board or where the need arises to fill a casual vacancy). Accordingly, shareholders are afforded the power to nominate and elect a new board of directors on an annual basis. Thus, the Board does not consider it practical to develop a succession policy for the future composition of the Board since every director is required to retire from office at the Annual General Meeting. However, as indicated in the statement of compliance, all newly appointed non-executive Directors are given a thorough induction course in the operations, activities and procedures of the Company by Senior Management to be able to carry out the function of a Director in an effective manner.

PRINCIPLE 9: CODE PROVISION 9.3 RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET

There are no procedures disclosed in the Company's Memorandum or Articles as recommended in Code Provision 9.3, to resolve conflicts between minority shareholders and controlling shareholders. It is the Board's view that this Code Provision is not applicable to the Company since the Company has no controlling shareholders.

This notwithstanding, the Company ensures that sufficient contact is maintained with shareholders to understand issues and concerns. The Office of the Company Secretary maintains regular communication with investors and provides individual shareholders with the opportunity to raise matters at any time throughout the year. Shareholders are also given the opportunity to ask questions physically at the AGM (subject to the AGM being held physically) or to submit written questions in advance. Furthermore, as provided by the Companies Act, the Board may call an Extraordinary General Meeting on the requisition of shareholders holding not less than one-tenth of the paid up share capital of the Company.

D. INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Board is ultimately responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide a reasonable, as opposed to absolute assurance against material misstatement or loss.

The Company operates through the Board of Directors and the Supervisory Board with clear reporting lines and delegation of powers. The Board of Directors has adopted and implemented appropriate policies and procedures to manage risks and internal control. The Supervisory Board plans, executes, controls and monitors business operations in order to achieve the set objectives.

The Directors, with the assistance of Senior Management, are responsible for the identification, evaluation and management of the key risks to which the Company may be exposed. The Company has in place clear and consistent procedures in place for monitoring the system of internal financial controls. The Directors also receive periodic management information giving comprehensive analysis of financial and business performance including variances against the Group's set targets.

This process is applicable specifically in relation to the Company's financial reporting framework.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

D. INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS - CONTINUED

The Audit Committee reviews and assesses the effectiveness of the internal control systems, including financial reporting, and determines whether significant internal control recommendations made by internal and external auditors have been implemented. The Committee plays an important role in initiating discussions with the Board with respect to risk assessment and risk management, reviews contingent liabilities and risks that may be material to the Group.

E. LISTING RULE 5.97.5

The information required by this Listing Rule is found in the Directors' Report.

F. GENERAL MEETINGS

General meetings are called and conducted in accordance with the provisions contained in the Company's Articles of Association and in accordance with any applicable laws or regulations as may be applicable from time to time. As outlined previously, information on General Meetings is located in the Directors' Report.

The report above is a summary of the views of the Board on the Company's compliance with the Code. Generally, the Board is of the opinion that, in the context of the applicability of the various principles of the Code to the Company and in the context of the Company's business operations and save as indicated herein in the section entitled "Non-Compliance" the Company has applied the principles and has been in compliance with the Code throughout the financial year under review. The Board shall keep these principles under review and shall monitor any developments in the Company's business to evaluate the need to introduce new corporate governance structures or mechanisms as and when the need arises.

Approved by the Board on 23 April 2021 and signed on its behalf by:



Alec A. Mizzi
Chairman



Joseph A. Gasan
Director