



SUMMARY NOTE

This Summary Note is issued in accordance with the provisions of Listing Rule 4.9 issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the "Regulation").

WARNINGS

This Summary Note should be read as an introductory part to the Prospectus dated 27 February 2012 (the "Prospectus") which is written in the English language and composed of the following parts:

1. Summary Note
2. Registration Document
3. Securities Note

Any decision to invest in the Bonds has to be based on an exhaustive analysis by the investor of the Prospectus as a whole.

The directors of the Issuer have tabled this Summary Note and applied for its notification and assume responsibility for its content, but only if the Summary Note is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity or any of the Early Redemption Dates, as applicable. Prospective investors should carefully consider all the information contained in the Prospectus as a whole and should consult their own independent financial and other professional advisers before deciding to make an investment in the Bonds.

This Summary Note is dated 27 February 2012

In respect of an Issue of €7,500,000 6% Bonds 2019-2022
of a nominal value of €1,000 per Bond issued at par by



CORINTHIA FINANCE plc

A member of the Corinthia Group of Companies

A public limited liability company registered in Malta with registration number C 25104

Guaranteed by

CORINTHIA PALACE HOTEL COMPANY LIMITED

A private limited liability company registered in Malta with registration number C 257

APPROVED BY THE DIRECTORS

Joseph Fenech

Anthony R. Curmi

Frank Xerri de Caro

Joseph J. Vella

LEGAL COUNSEL



SPONSORING STOCKBROKER
MANAGER & REGISTRAR





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IMPORTANT INFORMATION

This Summary Note, forming part of the Prospectus, contains information on an issue by Corinthia Finance p.l.c. (the “Issuer”), as guaranteed by Corinthia Palace Hotel Company Limited (the “Guarantor”), of €7,500,000 Bonds 2019-2022 of a nominal value of €1,000, issued at par and bearing interest at the rate of 6% per annum, payable annually on 29 March of each year. The nominal value of the Bonds will be repayable in full at maturity on 29 March 2022, unless otherwise previously redeemed or cancelled. The Issuer shall redeem the Bonds on the Redemption Date, unless it exercises the option to redeem all or part of the Bonds on any of the Early Redemption Dates, by giving not less than 30 days written notice.

This Summary Note contains information about the Issuer, the Guarantor and the Bonds in accordance with the requirements of the Listing Rules of the Listing Authority, the Act and the Regulation. This Summary Note should be read in conjunction with the Registration Document and Securities Note forming part of the Prospectus.

No broker, dealer, salesman or other person has been authorised by the Issuer, the Guarantor or their respective directors to issue any advertisement or to give any information or to make any representations in connection with the sale of securities of the Issuer other than those contained in this Summary Note and in the documents referred to herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or their directors or advisers.

The Listing Authority accepts no responsibility for and makes no representations as to the contents, accuracy or completeness of this Summary Note and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Summary Note.

The Prospectus does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for Bonds by any person in any jurisdiction (i) in which such offer or invitation is not authorised or (ii) in which the person making such offer or invitation is not qualified to do so or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of this document and any persons wishing to apply for any Bonds issued by the Issuer to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for any securities that may be issued by the Issuer should inform themselves as to the legal requirements of applying for any such Bonds and any applicable exchange control requirements and taxes in the country of their nationality, residence or domicile.

Save for the issue in the Republic of Malta, no action has been or will be taken by the Issuer that would permit a public offering of the Bonds or the distribution of the Prospectus (or any part thereof) or any offering material in any country or jurisdiction where action for that purpose is required. In relation to each Member State of the European Economic Area (other than Malta) which has implemented Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading or which, pending such implementation, applies article 3.2 of the said Directive, the Bonds can only be offered to “qualified investors” (as defined in the said Directive) as well as in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to article 3 of the said Directive.

The Bonds have not been, nor will they be, registered under the United States Securities Act, 1933 as amended, or under any federal or state securities law and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States of America, its territories or possessions, or any area subject to its jurisdiction (the “U.S.”) or to or for the benefit of, directly or indirectly, any U.S. person (as defined in regulation “S” of the said act). Furthermore, the Issuer will not be registered under the United States Investment Company Act, 1940 as amended and investors will not be entitled to the benefits set out therein.

A copy of this document has been submitted to the Listing Authority in satisfaction of the Listing Rules, the Malta Stock Exchange in satisfaction of the Malta Stock Exchange Bye-Laws and has been duly filed with the Registrar of Companies in accordance with the Act.

Statements made in the Prospectus are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

The contents of the Guarantor’s website or any website directly or indirectly linked to the Guarantor’s website do not form part of the Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such websites as the basis for a decision to invest in the Bonds.



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All the advisers to the Issuer named in section 4 of the Registration Document forming part of the Prospectus under the heading “Advisers to the Issuer”, acting in their capacity of advisers, have acted and are acting exclusively for the Issuer in relation to this intermediaries’ offer and will, acting in such capacity, not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Prospectus.

During the Issue Period, applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries.

Authorised Financial Intermediaries shall carry out a suitability or appropriateness test on prospective Bondholders and shall be satisfied that investment in the Bonds is suitable and/or appropriate for the respective client prior to affecting the purchase of the Bonds for said client. In the case of non-advisory services, the Authorised Financial Intermediary shall not accept any requests to purchase Bonds on an ‘execution-only’ basis and shall only accept requests to purchase Bonds if the Intermediary is satisfied that the client has passed the appropriateness test.



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SUMMARY NOTE

1 DEFINITIONS

In this Summary Note the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

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| Act | the Companies Act, 1995, Chapter 386 of the Laws of Malta; |
| Applicant/s | a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form; |
| Application/s | the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries as applicable in accordance with the terms of the Securities Note; |
| Application Form | the form of application of subscription for Bonds, a specimen of which is contained in Annex III of the Securities Note; |
| Authorised Financial Intermediaries | all the licensed stockbrokers and financial intermediaries listed in Annex II of the Securities Note; |
| Bond/s | the €7,500,000 bonds of a face value of €1,000 per bond redeemable on the Redemption Date, bearing interest at the rate of 6% per annum and redeemable at their nominal value; |
| Bondholder | a holder of Bonds; |
| Bond Issue | the issue of the Bonds; |
| Bond Issue Price | the price of €1,000 per Bond; |
| CHI | CHI Limited, a company registered under the laws of Malta having its registered office at 1, Europa Centre, Floriana, FRN 1400 and company registration number C 26086; |
| CIL | Corinthia Investments Limited, a company registered under the laws of England and Wales having its registered office at Bermuda House, 45, High Street, Hampton Wick, Kingston-upon-Thames, Surrey, KT1 4EH, England and bearing company registration number 01962947; |
| Company or Issuer | Corinthia Finance p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 25104; |
| Corinthia Group or Group | CPHCL and the companies in which CPHCL has a controlling interest; |
| CPHCL or Guarantor | Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 257. CPHCL acts as the parent company of the Corinthia Group; |
| CPHCL Investments | CPHCL Investments Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 1245; |
| CSD | the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye- Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063; |
| Cut-off Date | close of business of 27 February 2012; |
| Early Redemption Date/s | any day falling between and including 30 March 2019 and 29 March 2022; |
| Euro or € | the lawful currency of the Republic of Malta; |
| Exchange or MSE | Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063 and company registration number C 42525; |
| IHI | International Hotel Investments p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 26136; |
| Interest Payment Date | 29 March of each year between and including each of the years 2013 and 2022, provided that, if any such day is not a business day, such Interest Payment Date will be carried over to the next following day that is a business day; |



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| Issue Period | the period between 1 March 2012 and 22 March 2012 both days included; |
| Istithmar Hotels FZE | Istithmar Hotels FZE, a company registered under the laws of Dubai having its registered office at PO Box 262080, Level 38, Al Shatha Tower, Media City, Dubai, United Arab Emirates and company registration number 01256L; |
| LFICO | Libyan Foreign Investment Company, a company registered under the laws of Libya having its registered office at PO Box 4538, Tripoli, Libya and bearing company registration number 9481; |
| Listing Authority | the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003; |
| Maturing Bonds | the €14,644,885 6.75% bonds due to mature on 8 April 2012 issued by the Issuer pursuant to an offering memorandum dated 11 March 2002; |
| MFSA | the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the Laws of Malta); |
| MIH | Mediterranean Investments Holding p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 37513; |
| NREC | National Real Estate Company, a company registered under the laws of Kuwait having its registered office at P.O. Box 64585, Shuwaikh, B 70456, Kuwait and bearing company registration number 19628; |
| Official List | the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws; |
| Palm City | Palm City Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 34113; |
| Prospectus | collectively this Summary Note, the Registration Document and the Securities Note all dated 27 February 2012; |
| QPM | QPM Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 26148; |
| Redemption Date | 29 March 2022, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates; |
| Redemption Value | the nominal value of each Bond (€1,000 per Bond); |
| Registration Document | the registration document issued by the Issuer dated 27 February 2012, forming part of the Prospectus; |
| Regulation | Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements; |
| Securities Note | the securities note issued by the Issuer dated 27 February 2012, forming part of the Prospectus; |
| Sponsor | Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE; |
| Summary Note | this document dated 27 February 2012 in its entirety; |
| Terms and Conditions | the terms and conditions of the Bond Issue as contained in section 6 of the Securities Note. |

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and vice-versa;
- (b) words importing the masculine gender shall include the feminine gender and vice-versa; and
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.



2 RISK FACTORS

2.1 GENERAL

Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to make an investment in the Bonds. The value of investments can go up or down and past performance is not necessarily indicative of future performance.

2.2 FORWARD-LOOKING STATEMENTS

This Summary Note contains forward-looking statements which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the directors of the Issuer or Guarantor. No assurance is given that the future results or expectations will be achieved.

2.3 RISKS RELATING TO THE ISSUER

The Issuer itself does not have any substantial assets and is a special purpose vehicle set up for the issue of the Bonds and other funding requirements of the business of CPHCL or any of its subsidiaries and/or associated companies.

2.4 ISSUER'S RELIANCE ON THE GUARANTOR

The Issuer is mainly dependent on the business prospects of CPHCL and, therefore, the operating results of CPHCL have a direct effect on the Issuer's financial position. Accordingly, the risks of CPHCL are indirectly those of the Issuer. This Summary Note includes information about CPHCL as guarantor to bonds issued by the Issuer during the document's lifetime, to enable a prospective investor to make an informed judgment as to the reliance on the guarantee.

2.5 RISKS RELATING TO THE BUSINESS OF THE GUARANTOR

CPHCL has a long trading history in mixed-use real estate developments that consist principally of hotels, residences, offices and retail areas. The hotel industry globally is characterised by strong and increasing competition. Many of CPHCL's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Guarantor, which could adversely affect CPHCL's business and operating results.

CPHCL's operations and its results are subject to a number of factors that could adversely affect the Group's business, many of which are common to the hotel and real estate industry and beyond the Group's control.

- (i) Certain countries in which the Group operates, including North African countries, may be susceptible to political, economic or social risks not normally encountered in more developed countries. The Group's business and operating results could be negatively impacted by specific country risks that may reduce domestic and/or international travel. Such risks include, amongst others, acts of warfare and civil clashes; political, social and economic instability; and government intervention in the market.

During 2011, the Group's properties in Tunisia and Libya were adversely impacted by the conflict and political turmoil in each of the said countries. Prolonged periods of uncertainty in the countries mentioned above may continue to have an adverse effect on the operations and financial results of the Group.

- (ii) The Guarantor's financial statements, which are presented in Euro, can be impacted by foreign exchange fluctuations that may have a material adverse effect on the Guarantor's business, financial condition and results of operations.
- (iii) Since 2010, European countries have been implementing austerity measures in an effort to reduce government deficits. This may result in deterioration of the Group's business and/or operating results in the affected countries.



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- (iv) The Guarantor's inability to react quickly to changes in its revenue by reducing its operating expenses could have a material adverse effect on its business, financial condition and results of operations.
- (v) The lack of liquidity and alternative uses of real estate investments could significantly limit the Guarantor's ability to respond to adverse changes in the performance of its properties, thereby potentially harming its financial condition. Furthermore, the Guarantor's ability to sell, in a timely fashion, one or more of its properties in response to changing economic, financial and investment conditions, can be limited.
- (vi) To varying degrees, the Group is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business and accordingly, is exposed to the risk of failures in such systems. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating results.

2.6 RISKS RELATING TO THE GUARANTOR'S ACQUISITION STRATEGY

The Guarantor's business consists of the acquisition, development and running of real estate projects that consist principally of hotels, residences, offices and retail spaces for rental to third parties. Property acquisition and development projects are subject to a number of specific risks. If these risks were to materialise, they would have an adverse impact on the Guarantor's revenue generation, cash flows and financial performance.

Furthermore, the Guarantor is subject to various counter-party risks, including that of contractors engaged in the demolition, excavation, construction and finishing of developments in which the Guarantor may be involved and prospective tenants and/or purchasers defaulting on their obligations with the Guarantor. Such parties may fail to perform or default on their obligations due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Guarantor's control.

2.7 RISKS EMANATING FROM THE GUARANTOR'S FINANCING STRATEGY

- (i) The Group has a material amount of debt and will incur significant additional debt in connection with future acquisitions and developments. A substantial portion of the Group's generated cash flows will be required to make principal and interest payments on the Group's debt, and will therefore limit the cash flows directed towards the operating activities of the Group.
- (ii) Although the Guarantor seeks to hedge against interest rate fluctuations, this may not always be possible or economically practicable. An increase in interest rates which is not hedged by the Guarantor may have a material adverse effect on its business, financial condition and results of operations.
- (iii) The Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.
- (iv) No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

2.8 RISKS RELATING TO THE BONDS

- (i) Trading in the Bonds shall take place in multiples of €1,000 subject to a minimum holding of €10,000, which may reduce the liquidity in the market for the Bonds. There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell the Bonds at or above the Bond Issue Price or at all.
- (ii) Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.



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- (iii) A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- (iv) No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- (v) The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of section 5.10 of the Securities Note), together with any accrued interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.
- (vi) The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer that are guaranteed by the Guarantor and shall, at all times, rank *pari passu*, without any priority or preference among themselves and with other guaranteed debt.
- (vii) In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds, it shall call a meeting of Bondholders in accordance with the provisions of section 5.15 of the Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- (viii) The Terms and Conditions of this Bond Issue are based on Maltese law in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.

3 DIRECTORS, BOARD COMMITTEES, AUDITORS AND ADVISERS

3.1 DIRECTORS OF THE ISSUER

As at the date of this Summary Note, the Board of directors of the Issuer is constituted by the following persons:

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|---------------------|------------------------|
| Joseph Fenech | Chairman |
| Anthony R. Curmi | Non-executive director |
| Frank Xerri de Caro | Non-executive director |
| Joseph J. Vella | Non-executive director |

3.2 DIRECTORS OF THE GUARANTOR

As at the date of this Summary Note, the Board of directors of the Guarantor is constituted by the following persons:

| | |
|-----------------------------|------------------------|
| Alfred Pisani | Chairman |
| Yousef Abdelmaula | Vice-Chairman |
| Joseph M. Pisani | Executive director |
| Victor Pisani | Executive director |
| Mustafa T. Mohamed Khattabi | Non-executive director |
| Farag Gheryani | Non-executive director |

3.3 BOARD COMMITTEES

The directors of the Issuer and Guarantor have established separate Audit Committees for the respective companies as committees of the respective Boards. The Issuer and Guarantor consider that the members of the respective Audit Committees have the necessary experience, independence and standing to hold office as members thereof.

The Audit Committees' primary objective is to assist the respective Boards in fulfilling their oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Committees oversee the conduct of the internal and external audit and act to facilitate communication between the Board, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend the Audit Committees' meetings. The Audit Committees report directly to the respective Boards of directors.



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As at the date of this Summary Note, the Audit Committee of the Issuer is composed of Frank Xerri de Caro, a non-executive director, who acts as Chairman and Joseph Fenech and Anthony R. Curmi as members, whilst Alfred Fabri performs the duties of secretary to the Audit Committee.

As at the date of this Summary Note, the Audit Committee of the Guarantor is composed of Joseph F.X. Zahra who acts as Chairman and Joseph J. Vella and Tonio Depasquale as members, whilst Alfred Fabri performs the duties of secretary to the Audit Committee.

3.4 ADVISERS TO THE ISSUER

LEGAL COUNSEL

Name: GVTH Advocates
Address: 192, Old Bakery Street,
Valletta, VLT 1455

SPONSORING STOCKBROKER, MANAGER AND REGISTRAR

Name: Charts Investment Management Service Limited
Address: Valletta Waterfront, Vault 17, Pinto Wharf,
Floriana, FRN 1913

3.5 STATUTORY AUDITORS

Name: Grant Thornton
Address: Grant Thornton House,
Tower Business Centre, Tower Street,
Swatar, BKR 3013

The financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2009 and 2010 have been audited by Grant Thornton, having its registered office at Tower Business Centre, Tower Street, Swatar, BKR 3013.

Grant Thornton is an independent firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the Laws of Malta).



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4 ISSUE STATISTICS

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| Amount | €7,500,000; |
| Form | the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the Malta Stock Exchange; |
| Denomination | Euro (€); |
| ISIN | MT0000101254; |
| Minimum amount per subscription | a minimum of €10,000 and multiples of €1,000 thereafter; |
| Transferability of the Bonds | trading in the Bonds shall take place on the MSE in multiples of €1,000 subject to the retention of a minimum holding of €10,000 by each individual Bondholder, which shall be maintained at all times throughout his/her investment in the Bonds. If Bonds are held by financial intermediaries on behalf of clients under one or more nominee accounts, the minimum holding of €10,000 shall apply to each underlying beneficial owner; |
| Redemption Date | 29 March 2022, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates; |
| Early Redemption Date/s | any day falling between and including 30 March 2019 and 29 March 2022; |
| Plan of Distribution | the Bonds are open for subscription to holders of Maturing Bonds and to Authorised Financial Intermediaries; |
| Allocation Preference | Applications made by persons holding Maturing Bonds at the Cut-off Date completing a pre-printed Application Form and stating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of Maturing Bonds, shall be for the par value of the Maturing Bonds being transferred to the Issuer rounded upwards to the nearest thousand subject to a minimum application of €10,000. Bonds applied for by way of transfer as described above shall be allocated prior to any further allocation of Bonds; |
| Bond Issue Price | at par (€1,000 per Bond); |
| Status of the Bonds | the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer guaranteed by the Guarantor and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other guaranteed debt; |
| Listing | application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List; |
| Issue Period | the period between 1 March 2012 and 22 March 2012, both days included; |
| Interest | 6% per annum; |
| Interest Payment Date/s | annually, with the first interest date falling on 29 March 2013; |
| Redemption Value | at par (€1,000 per Bond); |
| Governing law of the Bonds | the Bonds are governed by and shall be construed in accordance with Maltese law; |
| Jurisdiction | the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds. |



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5 EXPECTED TIMETABLE OF THE BOND ISSUE

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| 1. | Application Forms mailed to holders of Maturing Bonds as at Cut-off Date | 1 March 2012 |
| 2. | Issue Period | 1 March 2012 to 22 March 2012, both days included |
| 3. | Closing date for Applications to be received from holders of Maturing Bonds | 16 March 2012 |
| 4. | Placement Period | 20 March 2012 to 22 March 2012 |
| 5. | Commencement of interest on the Bonds | 29 March 2012 |
| 6. | Announcement of basis of acceptance | 29 March 2012 |
| 7. | Expected dispatch of allotment advices and refunds of unallocated monies | 10 April 2012 |

6 KEY INFORMATION

6.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The net proceeds from the Bonds amounting to €7,375,000 will be advanced by the Issuer to the Guarantor to be used for the Group's general corporate funding purposes, including the use thereof by the Issuer to redeem part of the outstanding amount of the Maturing Bonds which as at the date of the Prospectus stands at €14,644,885.

The remaining balance of Maturing Bonds shall be redeemed out of cash reserves specifically earmarked for the purpose of funding the redemption of Maturing Bonds and which amounts to 50% of the outstanding amount as at the date of the Prospectus. In the event that the Bond Issue is not fully subscribed by holders of the Maturing Bonds, the residual balance of Maturing Bonds will be funded from cash flows generated from the recent disposal of properties by CPHCL.

7 INFORMATION ABOUT THE ISSUER AND GUARANTOR

7.1 THE ISSUER

7.1.1 Introduction

| | |
|--|---|
| Full legal and commercial name of the Company: | Corinthia Finance p.l.c. |
| Registered address: | 22, Europa Centre, Floriana, FRN 1400 |
| Place of registration and domicile: | Malta |
| Company registration number: | C 25104 |
| Date of registration: | 9 September 1999 |
| Legal form: | The Company is lawfully existing and registered as a public limited company in terms of the Act |
| Telephone numbers: | +356 21 233 141 |
| Fax number: | +356 21 234 219 |
| Website: | www.corinthiacorporate.com |

7.1.2 Principal activities

The Issuer itself does not have any substantial assets (other than the loans receivable that are detailed in section 6.1.2 of the Registration Document) and is a special purpose vehicle set up to raise finance for the business of CPHCL, so as to enable the latter to undertake the ownership, development and operation of real estate developments. In this respect, the Issuer is mainly dependent on the business prospects of CPHCL.



7.2 THE GUARANTOR

7.2.1 Introduction

| | |
|--|--|
| Full legal and commercial name of the Guarantor: | Corinthia Palace Hotel Company Limited |
| Registered address: | 22, Europa Centre, Floriana, FRN 1400 |
| Place of registration and domicile: | Malta |
| Company registration number: | C 257 |
| Date of registration: | 21 June 1966 |
| Legal form: | The company is lawfully existing and registered as a private limited company in terms of the Act |
| Telephone number: | +356 21 233 141 |
| Fax number: | +356 21 234 219 |
| Website: | www.corinthiacorporate.com |

7.2.2 The Group and its business development strategy

The strategy that the Group embarked upon in the year 2000 was that of creating individual business units for each of its three distinct areas of competences for investing, developing and operating in real estate projects having a particular focus on hotel assets. The intention behind the separation into different subsidiary companies was twofold:

- a) to encourage each company to provide its services to third party companies and, in the process, becoming a viable business in its own right that does not require the support of the parent company; and
- b) to enable each company to source new capital and forge new alliances, allowing it to grow at an even faster pace.

IHI initially owned a 250-room hotel in Malta and a plot of land in Budapest. Today it has expanded into a company that fully owns an operating hotel in each of Malta, Hungary, the Czech Republic, Portugal, Russia and Libya and owns 50% of a hotel in the United Kingdom. In 2007, IHI attracted significant new equity from Istithmar Hotels FZE which led the Board to re-assess its future investment strategy. Whilst IHI continues to target investments in under-performing properties in emerging and established markets, it now has the opportunity to diversify its portfolio of investments both geographically as well as in terms of business segments. In fact, apart from undertaking the projects that are currently in hand, the company intends to invest in other major cities such as New York, Rome and Paris.

IHI's most recent hotel acquisition was completed in central London in 2011, a project which comprises a luxury five star hotel with 297 rooms and 12 adjoining luxury residences. This development is jointly owned with LFICO. IHI is also planning another mixed-use hotel and residential development in Benghazi, Libya. It is the company's intention to sell the residential apartments in London in the foreseeable future to realise part of the capital appreciation and, in so doing, improve the overall return on their investment.

As indicated above, in 2010 IHI acquired the legal and beneficial ownership of all intellectual property associated with the Corinthia® brand for hotel and property operations from the Guarantor. The Corinthia® trademark, including related logos, is registered as a Community Trademark in the European Union. IHI has also extended the registration of the Corinthia® trademark to other countries where it operates outside the European Union and which are contracting states under the Madrid Agreement Concerning the International Registration of Marks (1891) and the Protocol Relating to the Madrid Agreement (1995) which govern the system for the international registration of marks under the WIPO Convention (World Intellectual Property Organisation) of 1967. The Corinthia® brand acquisition is an important part of the Group's strategy to capitalise on the repositioning of the Corinthia® brand as a global luxury hotel brand.

On 13 February 2012 IHI acquired the full ownership of the hotel business and hotel property managed under the name Hotel Marina in St George's Bay, Malta, through the transfer of all of the issued share capital of Marina San Gorg Limited (a company registered and existing under the laws of Malta having its registered office situated at 22, Europa Centre, Floriana FRN 1400, Malta (C4852)).



SUMMARY NOTE

CHI at inception solely managed hotels that were owned by the Corinthia Group. In October 2006, Wyndham Hotel Group International acquired 30% of the shareholding in CHI (the Group's hotel management arm). As a result of this alliance, CHI now acts as the exclusive licensee for the Corinthia®, Wyndham® and Ramada Plaza® brands for hotel management in Europe, the Middle East, the Russian Federation and Africa. CHI continues to actively pursue the negotiation and conclusion of a number of management agreements with third party hotel owners and it is expected that this company shall continue on its growth path in the forthcoming years. Ancillary to the foregoing, CHI also assists with pre-opening marketing, recruitment and training of staff and other logistical issues relating to the supply of operating equipment which is often required at a stage preceding the actual management of the hotel and for which CHI enters into a pre-opening agreement.

In order to support CHI's sales and marketing team and improve its room reservation and distribution capabilities, in 2011, IHI created its own global distribution system (GDS) using code "IA" for all Corinthia® branded hotels managed by CHI. This was coupled with the introduction of interactive websites and a central reservation system complete with customer relationship management capabilities, centralised voice booking facilities, loyalty programmes and revenue management functions. This development has already begun to increase customer flows to the Group's hotels and, in particular, has led to increased room reservations for the Group whilst continuing to distribute rooms through the major GDS companies (Sabre, Apollo and Travelport) via its relationship with Wyndham, which provides CHI with access to such GDS companies' systems through its own reservation code. IHI's creation of a GDS code is expected to allow increased accessibility to the leading distribution systems and to provide an adequate contingency against the Group's potential exposure to failures in, or non-continuance of use of, the Wyndham code through which it currently accesses a GDS, which the Group has chosen not to remain exclusively reliant upon. The Group has also recruited highly qualified personnel in the areas of distribution and operations as part of the re positioning of the Corinthia® brand and the initiative to control a greater proportion of the distribution channels.

Whereas CPHCL was in the past mainly involved in the development of hotel assets, over the years it became clear that the Group's development competences could be profitably applied to other kinds of real estate projects and, accordingly, 2006 brought about the formation of MIH as a joint venture between CPHCL and NREC. MIH made a significant investment in its first project – Palm City Residences, Tripoli – a 413-unit residential village providing luxury accommodation in Libya. Subsequent to the completion of the Palm City development in 2010, MIH and IHI entered into a joint venture with a Libyan institutional investor for the development of a project comprising a 180,000 square metre mixed-use development over a land plot measuring 13,000 square metres in the centre of Tripoli. This mixed-use high-rise development will comprise residences for resale, offices, retail, conferencing and car park facilities for rental to third parties. MIH and IHI each have a 25% equity stake in this development.

QPM operates independently of and at arm's length to CPHCL and offers a range of project, construction and cost management services to a number of international clients in various countries. Since its inception it has become increasingly obvious that, given the real estate focus of the Group, this company was going to be able to add value to the Group as a whole and progressively source projects independently. QPM established a London office in July 2011 providing a range of services, including project and construction management. A number of commissions have been secured, including fitting-out of a residential complex, the refurbishment of a London club, a new-build project for the University of Essex, refurbishment of a major London jeweller's outfit, a project advisory role on an entertainment complex and, more recently, a new-build Hotel in Brighton.

Furthermore, the Group will continue to maintain a strong focus on the improvement in the performance of its present assets in order to safeguard the profitability of the Group during the short to medium term.

As it has successfully done in the past, in 2012 and subsequent years the Group plans to continue to seek appropriate investment opportunities in the international market that will contribute to provide adequate returns in the medium and long term.

For the long term, whilst overseeing the growth of the companies described above, CPHCL will still be committed to see other subsidiary companies grow into independent business units.

CPHCL has also identified a number of assets principally consisting of resort hotels acquired in the 1980's and 1990's and a number of small three star hotels that no longer fit within its four and five star long-term development focus and growth strategy and has decided to dispose of these non-core assets when the time is opportune to do so. CPHCL successfully concluded the sale of two of these assets during the course of 2011. The disposal proceeds will be used in furthering the Group's objectives.



8 TREND INFORMATION AND FINANCIAL PERFORMANCE

8.1 TREND INFORMATION OF THE ISSUER

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

The Issuer is mainly dependent on the business prospects of CPHCL and, therefore, the trend information of the Guarantor (detailed below) has a material effect on its financial position and prospects.

8.2 TREND INFORMATION OF THE GUARANTOR

Save as otherwise disclosed in sections 8.2 and 8.3 of the Summary Note, there has been no material adverse change in the prospects of the Guarantor since the date of its last published audited consolidated financial statements.

In 2011 the North African region witnessed substantial political change. Civil unrest started in Tunisia, followed in Egypt and ultimately spread to Libya. In all of these three countries the existing governments either stepped down or were removed. The period during the conflict and the months that followed were characterised by political and economic instability and a curtailment of business activity. CPHCL and a number of its subsidiaries and associate companies own or operate a number of business activities in each of these three countries and the performance from such operations during the course of 2011 was significantly lower than the performance in prior years. As the former governments were replaced and the political turmoil in each of these countries began to abate, the Group experienced a gradual recovery of business activity in the area. Towards the end of 2011 the performance of such operations improved and as a result, the directors of the Guarantor are confident that revenues in 2012 will continue to increase towards pre-2011 operating levels.

The Guarantor's assets and operations in Western and Central Europe remained at a low key in view of the financial crisis which was brought about following the demise of Lehman Brothers in 2008. However, notwithstanding the general economic slowdown, these assets registered an improved performance in 2011 over the corresponding period in 2010.

The Guarantor has, throughout the years, adopted a strategy aimed at increasing its resilience during challenging times, the likes of which are being experienced at present. In this regard, the results of this strategy have been particularly effective in acting as buffers against the adverse effects of this economic downturn:

- Firstly, the Guarantor has distributed its investments across diverse geographic locations and is now achieving further diversity through growth in ancillary business segments. The diversity of the Group's investment portfolio mitigates its exposure to any one specific country or source of business. This diversity ensures that the Group's earnings provide a healthy mix between active (hotel business) and passive income (long-term rental income), thereby ensuring a more balanced profit and cash generation.
- Secondly, during the period of political conflict in North Africa, the Group's properties remained operational, albeit commensurate to the business demands in each of Tunisia, Egypt and Libya. The Group used its best efforts to keep its properties operational during the months of conflict. This ensured that its properties did not become the focus of the disorder and turmoil that subsisted and once the former administrations were replaced the Group's properties were at the forefront in each of these countries to continue offering services and therefore had a head start over the competition which may have opted to close down operations during the period of conflict.
- Thirdly, the Guarantor has implemented prudent equity and loan policies over the years, resulting in a balance sheet funded with relatively low and sustainable levels of debt. Cash generated by operations provide a healthy cover of interest payments.

8.3 FINANCIAL REVIEW

The financial information about the Issuer and Guarantor respectively is included in the audited financial statements for each of the financial years ended 31 December 2009 and 2010, and in the unaudited interim financial statements for the nine months ended 30 September 2011. The audited annual financial statements and the unaudited interim financial statements of the Issuer and Guarantor are available for inspection as detailed in section 12.5 below. Set out hereunder are highlights taken from the audited financial statements of the Issuer and the audited consolidated financial statements of the Guarantor for the years ended 31 December 2009 and 2010. Additionally, there are highlights taken from the unaudited financial statements of the Issuer and the unaudited consolidated financial statements of the Guarantor for the nine month period ended 30 September 2011.



SUMMARY NOTE

8.3.1 Financial information of the Issuer

Corinthia Finance p.l.c.

Condensed Income Statement

for the year ended 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|--------------------------------------|--------------------------|--------------------------|
| Interest receivable | 3,589 | 3,434 |
| Interest payable and similar charges | (3,528) | (3,392) |
| Net interest earned | 61 | 39 |
| Administrative expenses | (33) | (36) |
| Profit before tax | 28 | 6 |
| Tax expense | (10) | (2) |
| Profit for the year | 18 | 4 |

Corinthia Finance p.l.c.

Condensed Balance Sheet

at 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|-------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Non-current | 54,667 | 39,667 |
| Current | 1,265 | 15,880 |
| Total assets | 55,932 | 54,547 |
| EQUITY | | |
| Total equity | 259 | 241 |
| LIABILITIES | | |
| Non-current | 54,645 | 39,645 |
| Current | 1,028 | 15,661 |
| Total liabilities | 55,673 | 55,306 |
| Total equity and liabilities | 55,932 | 55,547 |

Corinthia Finance p.l.c.

Condensed Statement of Cash Flows

for the year ended 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|--|--------------------------|--------------------------|
| Net cash from operating activities | 7 | 10 |
| Net cash from/(used in) investing activities | 3,229 | (2,487) |
| Net cash (used in)/from financing activities | (3,205) | 2,509 |
| Net increase in cash and cash equivalents | 31 | 32 |
| Cash and cash equivalents at beginning of year | 61 | 29 |
| Cash and cash equivalents at end of year | 92 | 61 |



SUMMARY NOTE

Corinthia Finance p.l.c.

Condensed Income Statement

for the period 1 January 2011 to 30 September 2011

| | Unaudited 1 Jan to 30 Sep '11 €'000 | Unaudited 1 Jan to 30 Sep '10 €'000 |
|--------------------------------------|--|--|
| Interest receivable | 2,679 | 2,696 |
| Interest payable and similar charges | (2,616) | (2,656) |
| Net interest earned | 63 | 40 |
| Administrative expenses | (25) | (26) |
| Profit before tax | 38 | 14 |
| Tax expense | (13) | (5) |
| Profit for the period | 25 | 9 |

Corinthia Finance p.l.c.

Condensed Balance Sheet

at 30 September 2011

| | Unaudited 30 Sep '11 €'000 | Audited 31 Dec '10 €'000 |
|-------------------------------------|----------------------------------|--------------------------------|
| ASSETS | | |
| Non-current | 40,000 | 54,667 |
| Current | 15,945 | 1,265 |
| Total assets | 55,945 | 55,932 |
| EQUITY | | |
| Total equity | 284 | 259 |
| LIABILITIES | | |
| Non-current | 40,000 | 54,645 |
| Current | 15,661 | 1,028 |
| Total liabilities | 55,661 | 55,673 |
| Total equity and liabilities | 55,945 | 55,932 |

Corinthia Finance p.l.c.

Condensed Statement of Cash Flows

for the period 1 January 2011 to 30 September 2011

| | Unaudited 1 Jan to 30 Sep '11 €'000 | Unaudited 1 Jan to 30 Sep '10 €'000 |
|---|--|--|
| Net cash (used in) /from operating activities | (57) | 528 |
| Net cash used in investing activities | - | (1,150) |
| Net cash from financing activities | - | 726 |
| Net (decrease)/increase in cash and cash equivalents | (57) | 104 |
| Cash and cash equivalents at beginning of period | 92 | 61 |
| Cash and cash equivalents at end of period | 35 | 165 |



SUMMARY NOTE

8.3.2 Financial information of the Group

Corinthia Palace Hotel Company Limited
Condensed Consolidated Income Statement
for the year ended 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|--|--------------------------|--------------------------|
| Turnover | 152,380 | 159,934 |
| Net operating expenses | <u>(130,399)</u> | <u>(127,507)</u> |
| Gross profit | 21,981 | 32,427 |
| Depreciation and amortisation | (30,721) | (30,917) |
| Other income | 3,123 | 4,244 |
| Gain/(loss) on exchange | 82 | (490) |
| Impairment reversal/(losses) | <u>2,400</u> | <u>(3,737)</u> |
| Operating (loss)/profit | (3,135) | 1,527 |
| Finance income | 885 | 2,826 |
| Finance costs | (21,228) | (19,374) |
| FV interest rate swap | (794) | (3,418) |
| Revaluation to fair value of investment properties | 2,746 | 11,337 |
| Share of results of associate companies | (466) | 43,665 |
| Other | <u>360</u> | <u>216</u> |
| (Loss)/profit before tax | (21,632) | 36,769 |
| Tax income/(expense) | <u>1,466</u> | <u>(1,119)</u> |
| (Loss)/profit for the year | <u><u>(20,166)</u></u> | <u><u>35,650</u></u> |
| Attributable to: | | |
| Owners of CPHCL | (14,745) | 35,854 |
| Non-controlling interest | <u>(5,421)</u> | <u>(204)</u> |
| | <u><u>(20,166)</u></u> | <u><u>35,650</u></u> |

Corinthia Palace Hotel Company Limited
Condensed Statement of Comprehensive Income
for the year ended 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|---|--------------------------|--------------------------|
| (Loss)/profit for the year | <u>(20,166)</u> | <u>35,650</u> |
| Other comprehensive income | | |
| Impairment revaluation of hotel properties | (15,184) | (20,731) |
| Share of comprehensive income of equity accounted investments | 38,427 | (1,191) |
| Other | <u>(6)</u> | <u>1,824</u> |
| | <u>23,237</u> | <u>(20,098)</u> |
| Total comprehensive income for the year net of tax | <u><u>3,071</u></u> | <u><u>15,552</u></u> |
| Attributable to: | | |
| Owners of CPHCL | 899 | 15,920 |
| Non-controlling interest | <u>2,172</u> | <u>(368)</u> |
| | <u><u>3,071</u></u> | <u><u>15,552</u></u> |



SUMMARY NOTE

Corinthia Palace Hotel Company Limited **Condensed Consolidated Balance Sheet** *at 31 December 2010*

| | Audited 2010 €'000 | Audited 2009 €'000 |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Non-current | 1,166,125 | 1,144,767 |
| Current | 78,183 | 100,512 |
| Total assets | <u>1,244,308</u> | <u>1,245,279</u> |
| EQUITY | | |
| Equity pertaining to CPHCL's shareholders | 383,849 | 391,706 |
| Minority interest | 262,817 | 261,937 |
| Total equity | <u>646,666</u> | <u>653,643</u> |
| LIABILITIES | | |
| Non-current | 513,132 | 473,736 |
| Current | 84,510 | 117,900 |
| Total liabilities | <u>597,642</u> | <u>591,636</u> |
| Total equity and liabilities | <u>1,244,308</u> | <u>1,245,279</u> |

Corinthia Palace Hotel Company Limited **Condensed Consolidated Statement of Cash Flows** *for the year ended 31 December 2010*

| | Audited 2010 €'000 | Audited 2009 €'000 |
|--|--------------------------|--------------------------|
| Net cash (used in)/from operating activities | (10,022) | 12,213 |
| Net cash used in investing activities | (18,193) | (68,800) |
| Net cash from financing activities | 755 | 19,941 |
| Net decrease in cash and cash equivalents | <u>(27,460)</u> | <u>(36,646)</u> |
| Cash and cash equivalents at beginning of year | 55,120 | 91,766 |
| Cash and cash equivalents at end of year | <u>27,660</u> | <u>55,120</u> |

During 2010, the Group's turnover amounted to €152.4 million reflecting a decrease of 4.7% on the turnover levels registered in 2009. The operating loss for the year amounted to €3.1 million compared to a profit of €1.5 million in 2009. In 2010 the Group's activities were generally impacted by the continued difficult business environment, although some encouraging signs of recovery were witnessed in the second half of the year.

The performance of the Corinthia Tripoli Hotel was negatively affected by visa restrictions, the ash cloud problem in the first semester of the year, and by increased competition leading to a general slowdown in business. On the other hand, the Corinthia Hotel Lisbon continued to regain lost ground and improve its operating performance. Likewise the Corinthia Hotel St Petersburg, which is now also benefitting from a higher room-stock following the completion of the refurbishment project in 2009 and from the economic recovery in the Russian Federation, also managed to register improved profitability.

Net operating expenses increased by €2.9 million on the previous year. This increase was principally attributable to increased costs incurred by the hotels as a result of higher occupancies, albeit at a reduced cost base, and to higher corporate costs. This was partially mitigated by a reduction in operating costs at the hotel in Tripoli.

The improved operating results and the business outlook of the Lisbon Hotel enabled the Group to recognise a reversal of an impairment charge of €2.4 million taken on this property in previous years.



SUMMARY NOTE

The most notable variances from the results achieved in 2009 were the effect of the fair value adjustment of investment properties, which totalled €2.7 million in 2010 when compared to €11.3 million in 2009, and the non-recurring profit of €43.7 million registered in 2009 mainly resulting from uplifts in the value of the London Apartments and the Palm City Residences, both held as investment properties by associated companies. Financing costs net of financing income and the effect of valuing interest rates swaps at fair value amounted to €21.1 million (2009: €20.0 million). The resultant loss before tax and minority interest for the year amounted to €21.6 million (2009: profit of €36.8 million).

In 2010, however, most of the Group's hotel properties retained, or if anything improved, their carrying values. In particular, the Group's 50% shareholding in the Corinthia Hotel London resulted in a net revaluation gain of €38.4 million. The only exceptions were the Corinthia Tripoli Hotel and, to a minor degree, the Ramada Plaza Hotel in Budapest with the net total impairment charge amounting to €15.2 million. The net positive impact of these valuation effects are reflected in the total comprehensive income for the year which amounted to a profit of €3.1 million (2009: €15.6 million).

At the end of 2010 the total asset value of the Group was €1.24 billion while the total equity value was €647 million. The gearing ratio was 37% (35% in 2009) and this level of gearing confirms the prudence of the Group's borrowing policy.

Corinthia Palace Hotel Company Limited **Condensed Consolidated Income Statement**

for the period ended 30 September 2011

| | Unaudited 1 Jan to 30 Sep '11 €'000 | Unaudited 1 Jan to 30 Sep '10 €'000 |
|-------------------------------|--|--|
| Turnover | 109,945 | 117,269 |
| Net operating expenses | <u>(91,733)</u> | <u>(96,882)</u> |
| Gross profit | 18,212 | 20,387 |
| Depreciation and amortisation | <u>(22,714)</u> | <u>(24,290)</u> |
| Operating loss | (4,502) | (3,903) |
| Finance costs (net) | (16,030) | (16,816) |
| Other expenses | <u>(1,682)</u> | <u>(1,441)</u> |
| Loss before tax | (22,214) | (22,160) |
| Tax income | <u>5,799</u> | <u>3,937</u> |
| Loss for the period | <u>(16,415)</u> | <u>(18,223)</u> |
| Attributable to: | | |
| Owners of CPHCL | (9,144) | (13,659) |
| Non-controlling interest | <u>(7,271)</u> | <u>(4,564)</u> |
| | <u>(16,415)</u> | <u>(18,223)</u> |



SUMMARY NOTE

Corinthia Palace Hotel Company Limited **Condensed Consolidated Balance Sheet** *at 30 September 2011*

| | Unaudited 30 Sep '11 €'000 | Audited 31 Dec '10 €'000 |
|---|----------------------------------|--------------------------------|
| ASSETS | | |
| Non-current | 1,147,836 | 1,166,125 |
| Current | 82,736 | 78,183 |
| Total assets | 1,230,572 | 1,244,308 |
| EQUITY | | |
| Equity pertaining to CPHCL's shareholders | 377,466 | 383,849 |
| Minority interest | 255,607 | 262,817 |
| Total equity | 633,073 | 646,666 |
| LIABILITIES | | |
| Non-current | 495,614 | 513,132 |
| Current | 101,885 | 84,510 |
| Total liabilities | 597,499 | 597,642 |
| Total equity and liabilities | 1,230,572 | 1,244,308 |

Corinthia Palace Hotel Company Limited **Condensed Consolidated Statement of Cash Flows** *for the period ended 30 September 2011*

| | Unaudited 1 Jan to 30 Sep '11 €'000 | Unaudited 1 Jan to 30 Sep '10 €'000 |
|---|--|--|
| Net cash from operating activities | 17,329 | 6,768 |
| Net cash used in investing activities | (5,739) | (9,066) |
| Net cash used in financing activities | (24,899) | (29,030) |
| Net decrease in cash and cash equivalents | (13,309) | (31,328) |
| Cash and cash equivalents at beginning of period | 27,660 | 55,120 |
| Cash and cash equivalents at end of period | 14,351 | 23,792 |

During the first nine months of 2011, the Group's turnover amounted to €109.9 million, representing a decrease of 6.3% on the turnover levels registered in the same period in 2010. However, the results for the current year have to be viewed within the context of the turmoil created in North Africa with the onset of the civil unrest.

With the exception of the hotels in Tunisia and Libya, all the other Group's hotel properties achieved a better performance in 2011 on the corresponding period in 2010, reflecting mainly the slow yet steady economic recovery in their source markets which had already started to be visible in the second part of 2010. The Group's internally developed global distribution system has also continued to yield positive results generating ever-increasing revenues since its launch in 2010.



SUMMARY NOTE

The Gross Operating Profit of the hotel in Tunisia decreased by €1 million this year over the corresponding period in 2010 as a result of the uprising that took place in December 2010, while that of the Corinthia Hotel Tripoli went down by €4.8 million following the start of the civil unrest in that country in February 2011 and which lasted until October 2011. The protracted conflict in Libya impacted negatively both the operational capacity and the financial performance of the Corinthia Hotel Tripoli. The Group took immediate and appropriate measures to protect its staff and its property and to minimise the impact on the operational results and remained open for business uninterrupted throughout the period of conflict. Apart from not suffering any material damage to the property, as a result of the strategy to remain operational, it is now also at an advantage in securing most of the hospitality business flowing back to Libya. Whilst direct costs increased on account of the improved hotel occupancy levels, other operating costs decreased mainly as a result of measures taken at the Corinthia Hotel Tripoli to reduce overhead costs and on account of the non-recurrence of one-time costs incurred in 2010. As a result, the Gross Profit of the Group went down by €1.7 million from the corresponding period in 2010, specifically from €20.4 million to €18.7 million.

The finance costs were negatively affected by a decrease in finance income and an increase in finance expenses due to the utilisation of bank balances and additional bank borrowings for the Group's investment in London and the equity stake in Medina Tower. On the other hand, in 2011 the fair value of the interest rate swaps held by the Group improved by €1.6 million over the same period in 2010.

The main components of the other expenses are the Group's share of losses amounting to €11.0 million (a loss of €1.8 million in the same period in 2010) from equity accounted investments mitigated by a profit of €9.2 million registered on the disposal of investments in two associate companies that own hotel properties in Turkey.

The share of losses from equity accounted investments primarily reflects the results of two important investments in which the Group has a 50% stake, namely the Corinthia Hotel London and the Palm City Residences in Libya. In April 2011 the Corinthia Hotel London received first paying guests. The Hotel's room stock was gradually released to operations in a programmed manner since the Hotel's opening while the adjoining twelve luxury apartments located in Whitehall Place should be completed by the end of the first quarter of 2012. The results of the Corinthia Hotel London were therefore negatively affected by three months of pre-operating activity and the associated marketing costs and an initial soft operational activity, culminating in a loss of €11.4 million. Although the Palm City Residences also remained open for business throughout the conflict in Libya it was inevitable that its operating performance would be negatively affected by the crisis with the result that the Group's share of losses of MIH, parent company of Palm City, for the period amounted to €0.5 million. Keeping the property operational during the period of conflict minimised the operating losses and damage to the property and, following the end of the conflict, a substantial number of leases with NGOs and international corporations returning to Libya have since been signed over the course of the end of 2011.

The profit of €9.2 million on the sale of investments was made up of €8.2 million realised on the disposal of the Group's 50% shareholding in the Tekirova Hotel, which had appreciated in value over the years, and €1.0 million from the disposal of the Group's 35% shareholding in another hotel owning company.

The loss after tax for the first nine months of 2011 is €16.4 million as against a loss of €18.2 million in the corresponding period in 2010.

At 30 September 2011 the total asset value of the Group was €1.23 billion, while the total equity value was €633 million. The gearing ratio was 38% (37% as at December 2010) and this level of gearing confirms the prudence of the Group's borrowing policy. In view of this low gearing ratio and as a result of an expected improvement in the performance of the Group's investment in Russia, the Group managed to secure a loan of €50 million on its Russian property which was fully drawn by the end of 2011.

The present economic climate in the countries in which the Group operates is characterised by different factors, being slow economic growth in some, uncertainty in others, and a debt crisis in a number of Eurozone countries. The Group continues to pursue a multi-faceted strategy intended to achieve growth in occupancy levels and in room rates whilst adopting a cost containment approach. However, the resolution of the conflict in Libya should result in a resurgence of business activity in that country.



8.4 LATEST DEVELOPMENTS OF THE GUARANTOR

The Guarantor, through its investments in subsidiary and associate companies, has over the last twenty-four months up to the date of the Prospectus, been focusing its activities on:

- The raising of further bonds at MIH level to undertake its second development in Libya, this being the Medina Towers mixed-used development in which MIH has a 25% equity stake. Its primary subsidiary, Palm City, has completed the Palm City Residences in the second half of 2010;
- The completion of the works on the Corinthia Nevskij Hotel and Commercial Centre in St Petersburg. During the first phase of this project, works included the total refurbishment and reorganisation of the existing hotel's foyer, restaurants, bar and public areas, the addition of 105 executive bedrooms, extensive conference facilities and 11,000 square metres of office and retail accommodation. These areas were completed and became fully operational in May 2009. The main focus is to lease the office and retail areas and significant progress has already been achieved in this regard. In the last quarter of 2011 a loan for €50 million was concluded with a Russian bank and this was fully drawn by December 2011 with the primary security offered being the hotel and the adjoining buildings;
- In 2008 the Group acquired two derelict properties in central London from The Crown Estate and subsequently developed them over a three-year investment program. They are (i) the former Metropole Building (the Ministry of Defence Head Quarters until 2002) in Whitehall Place and (ii) 10 Whitehall Place, which is located next door. Between them, the two properties form an island site within Whitehall. The Group set on materialising the development into a 297-room five star hotel, including a 3,300 square metre Spa on four floors managed by the hotel. The Group completed the reconstruction and proceeded to successfully launch the hotel in July 2011, returning the former Metropole Building back to its original use when first constructed in 1884 as a luxury hotel, today opening as a Corinthia. 10 Whitehall Place is being converted into a suite of 12 luxury stand-alone apartments due to be completed by the end of the first quarter of 2012. The apartments, which will be available for sale, will be supported with dedicated underground car parking and separate entrance, foyer, storage, concierge services including dedicated access to the hotel's spa from the apartments directly. This development is jointly owned by one of the Group's subsidiaries, IHI, and LFICO. In line with the Group's funding policy, this development has been funded on a 50:50 ratio through an equity injection by the shareholders of the joint venture company and bank financing procured by the joint venture company itself;
- The acquisition of a 75% interest in a joint venture company formed for the purpose of acquiring the derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya and developing same into a mixed-use project. Although IHI owns 75% of the joint venture company, it plans to downsize its holding to 55%, whilst the other 45% will be held directly by LFICO. IHI shall contribute its equity contribution when the sites are acquired by the joint venture company. The joint venture shall seek to obtain appropriate bank financing for the development of this project. It is anticipated that the funding required for the project shall be sourced from a combination of the said equity injection in the joint venture company and bank financing procured by the joint venture company itself. As explained earlier, the investors in the London and Benghazi projects plan to sell the residential elements of these projects in order to realise part of the capital appreciation and, in so doing, improve the return on their investment; and
- The acquisition of a 50% interest in a joint-venture company formed to carry out a 180,000 square metre development over a land plot measuring 13,000 square metres in the centre of Tripoli. Plans are in hand to carry out a mixed-use high-rise development comprising of residences for resale, offices, retail, conferencing and car park facilities for rental to third parties. Whilst the equity contribution required for the first phase of this project is already available, bank financing still needs to be procured.

The injection of new equity has enabled the Guarantor to place less reliance on debt funding, in line with its cautious approach to its debt to equity ratios.



9 MAJOR SHAREHOLDERS

9.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of the Company is €2,500,000 divided into 2,500,000 ordinary shares of a nominal value of €1 each share. The issued share capital of the Company is €250,000 divided into 250,000 ordinary shares of €1 each share. The share capital has been fully issued, subscribed and fully paid up, as follows:

| Shareholder | Ordinary shares |
|---|-----------------|
| 1. Corinthia Palace Hotel Company Limited (C 257) | 249,999 |
| 2. CPHCL Investments Limited (C 1245) | 1 |

9.2 SHARE CAPITAL OF THE GUARANTOR

The authorised share capital of CPHCL is €20,000,000 divided into 20,000,000 ordinary shares of a nominal value of €1 each. The share capital has been fully issued, subscribed and fully paid up, as follows:

| Shareholder | Ordinary shares |
|--|-----------------|
| 1. A. & A. Pisani and Company Limited (C 6430) | 1,666,667 |
| 2. J & H Pisani Company Limited (C 6817) | 1,666,667 |
| 3. PAKA Limited (C 6969) | 1,666,667 |
| 4. VAC Company Limited (C 6818) | 1,666,667 |
| 5. Rosanne Fenech | 1,666,666 |
| 6. Intakur Limited (C 7038) | 1,666,666 |
| 7. Libyan Foreign Investment Company (LFICO) | 10,000,000 |

10 FINANCIAL INFORMATION

10.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information of the Issuer and the Guarantor for the two financial years ended 31 December 2009 and 31 December 2010 have been audited by Grant Thornton, Malta.

Grant Thornton is an independent firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the Laws of Malta).

On 23 August 2011, the Issuer published the unaudited interim financial information for the six months ended 30 June 2011.

The financial information detailed above, and the unaudited interim financial information of the Issuer and Guarantor for the nine months ended 30 September 2011, are available for inspection as set out in section 12.5 below.

10.2 SIGNIFICANT CHANGES IN FINANCIAL OR TRADING POSITION

There were no significant changes to the financial or trading position of the Issuer or Guarantor since the end of the financial period to which the last audited financial statements relate.



11 DETAILS OF THE ISSUE

11.1 PLAN OF DISTRIBUTION AND ALLOTMENT

During the Issue Period, applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription to holders of Maturing Bonds and to Authorised Financial Intermediaries.

It is expected that an allotment advice to Applicants will be dispatched within five (5) business days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (and regulations made thereunder). Such monies will not bear interest while retained as aforesaid.

Dealing shall commence upon admission to trading of the Bonds by the MSE, and subsequent to the above mentioned notification.

11.2 INTEREST TOP-UP TO HOLDERS OF MATURING BONDS

A Maturing Bond Transfer shall be without prejudice to the rights of the holders of Maturing Bonds to receive interest on the Maturing Bonds up to and including 28 March 2012.

The Issuer intends to settle the difference between the coupon rates of 6.75% on the Maturing Bonds and 6% on the Bonds, from 29 March 2012 up to 8 April 2012, being the date of redemption of the Maturing Bonds, to all persons holding Maturing Bonds who would have submitted their Application Forms by not later than 16 March 2012 and, consequently, exercising their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Maturing Bonds to the Issuer as mentioned above.

11.3 ALLOCATION POLICY

The Issuer shall allocate the Bonds on the basis of the following policy:

- i. The Issuer shall allocate the Bonds to Applicants in exchange for Maturing Bonds in accordance with section 6.3.1 of the Securities Note;
- ii. Given that the issue of Bonds is *circa* 50% of the outstanding amount of Maturing Bonds, in the event of over-subscription, the Issuer shall scale down each Application subject to a minimum subscription amount of €10,000. If, following the scaling down, the amount of Bonds applied for exceeds the number of Bonds on offer, the Issuer shall proceed by allocating Bonds to Applicants through a ballot. As a result, there is the possibility that not all Applicants would be allocated Bonds;
- iii. In the event that following the allocations made pursuant to paragraph (i) above there still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries' Offer as detailed in section 11.4 below.

11.4 INTERMEDIARIES' OFFER

The Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of the Bonds whereby it will bind itself to allocate Bonds to such investors subsequent to closing of the Issue Period. In terms of each subscription agreement the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List of the Malta Stock Exchange. The subscription agreements will become binding on each of the Issuer and the Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

Such arrangements will come into force subsequent to 16 March 2012, being the closing date for holders of Maturing Bonds, for any Bonds not taken up. Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.



SUMMARY NOTE

11.5 ADMISSION TO TRADING

The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 27 February 2012.

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 11 April 2012 and trading is expected to commence on 12 April 2012.

11.6 EXPENSES OF THE ISSUE

Professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €125,000. There is no particular order of priority with respect to such expenses.

12 ADDITIONAL INFORMATION

12.1 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

12.1.1 Incorporation

The Company was incorporated on 9 September 1999 as a public company with limited liability in terms of the Companies Act, 1995, with company registration number C 25104.

In terms of clause 3(e) of its Memorandum of Association, the Issuer is authorised to issue bonds, commercial paper or other instrument creating or acknowledging indebtedness and to sell or offer same to the public.

12.1.2 Share capital

The authorised share capital of the Company is €2,500,000 divided into 2,500,000 ordinary shares of a nominal value of €1 each share. The issued share capital of the Company is €250,000 divided into 250,000 ordinary shares of €1 each share.

There is more than 10% of the Company's authorised share capital which is unissued. However, in terms of the Company's Memorandum and Articles of Association, none of such capital shall be issued in such a way as would effectively alter the control of the Company or the nature of its business without the prior approval of the Company in general meeting.

12.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

12.2.1 Incorporation

The Guarantor was incorporated on 21 June 1966 as a private company with limited liability in terms of the Companies Act, 1995, with company registration number C 257.

In terms of clause 4.6 of its Memorandum of Association, the Guarantor is, amongst other things, authorised to borrow, raise or secure the payment of money for the purpose of or in connection with the company's business and to secure the repayment of any moneys borrowed by hypothecation, charge or lien upon the whole or part of the movable and immovable property or assets of the company. Furthermore, the Guarantor is authorised to give guarantees or become security for any such persons, firms and companies as the directors may deem fit and proper and on such terms as may seem expedient and, in particular, to companies in which the company has an interest.



SUMMARY NOTE

12.3 HOLDINGS IN EXCESS OF 5% OF SHARE CAPITAL

On the basis of the information available to the Company as at the date of the Prospectus, CPHCL holds 249,999 shares in the Company, equivalent to 99.999% of its total issued share capital. No persons hold an indirect shareholding in excess of 5% of its total issued share capital. Apart from raising finance, the Issuer's business is restricted to transactions with CPHCL. In view of this state of affairs, the Audit Committee of the Issuer ensures that any such related party transaction entered into by the Company is made on an arm's length basis.

12.4 MATERIAL CONTRACTS

The Issuer and Guarantor have not entered into any material contracts which are not in the ordinary course of their business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet their obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note forming part of the Prospectus.

12.5 DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Summary Note, the following documents or certified copies thereof, where applicable, shall be available for physical inspection at the registered address of the Issuer at 22, Europa Centre, Floriana, FRN 1400:

- (a) The Issuer's and Guarantor's Memorandum and Articles of Association;
- (b) The audited financial statements of Corinthia Finance p.l.c. for the years ended 31 December 2009 and 2010;
- (c) The consolidated audited financial statements of Corinthia Palace Hotel Company Limited for the years ended 31 December 2009 and 2010;
- (d) The unaudited interim financial statements of Corinthia Finance p.l.c. for the six-month period ended 30 June 2011;
- (e) The unaudited interim financial statements of Corinthia Finance p.l.c. for the nine-month period ended 30 September 2011;
- (f) The unaudited interim consolidated financial statements of Corinthia Palace Hotel Company Limited for the nine-month period ended 30 September 2011;
- (g) The loan agreement entered into between CPHCL and the Company in respect of the bonds issued pursuant to the Prospectus; and
- (h) The letter of guarantee by CPHCL in respect of the Bond Issue, a copy of which is contained in Annex I of the Securities Note.

Document (b) above is also available for inspection in electronic form on the Guarantor's website at www.corinthiacorporate.com



REGISTRATION DOCUMENT

This Registration Document is issued in accordance with the provisions of Listing Rule 4.13 as issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

This Registration Document should be read in conjunction with the Securities Note which provides the details of the securities to which it relates and with the Summary Note, both of which form part of the Prospectus.

The Listing Authority accepts no responsibility for and makes no representations as to the contents, accuracy or completeness of this Registration Document and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Registration Document.

This Registration Document is dated 27 February 2012

Issuer



CORINTHIA FINANCE plc

A member of the Corinthia Group of Companies

A public limited liability company registered in Malta with registration number C 25104

Guarantor

CORINTHIA PALACE HOTEL COMPANY LIMITED

A private limited liability company registered in Malta with registration number C 257

LEGAL COUNSEL



SPONSORING STOCKBROKER
MANAGER & REGISTRAR





IMPORTANT INFORMATION

This Registration Document is issued pursuant to the requirements of Chapter 4 of the Listing Rules and contains information about Corinthia Finance p.l.c. (the "Issuer") as the issuer of securities and about Corinthia Palace Hotel Company Limited (the "Guarantor") acting as the guarantor of the said securities.

No broker, dealer, salesman or other person has been authorised by the Issuer, the Guarantor or their respective directors to issue any advertisement or to give any information or to make any representations in connection with the sale of securities of the Issuer other than those contained in this Registration Document and in the documents referred to herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or their directors or advisers.

The Prospectus does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for securities issued by the Issuer by any person in any jurisdiction (i) in which such offer or invitation is not authorised or (ii) in which the person making such offer or invitation is not qualified to do so or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of this document and any persons wishing to apply for any securities issued by the Issuer to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective investors for any securities that may be issued by the Issuer should inform themselves as to the legal requirements of applying for any such securities and any applicable exchange control requirements and taxes in the countries of their nationality, residence or domicile.

Save for the offering in the Republic of Malta, no action has been or will be taken by the Issuer that would permit a public offering of the securities described in the Securities Note or the distribution of the Prospectus (or any part thereof) or any offering material in any country or jurisdiction where action for that purpose is required.

In relation to each Member State of the European Economic Area (other than Malta) which has implemented Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading or which, pending such implementation, applies article 3.2 of the said Directive, the securities can only be offered to "qualified investors" (as defined in the said Directive) as well as in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to article 3 of the said Directive.

A copy of this document has been submitted to the Listing Authority in satisfaction of the Listing Rules, the Malta Stock Exchange in satisfaction of the Malta Stock Exchange Bye-Laws and has been duly filed with the Registrar of Companies, in accordance with the Act.

Statements made in this Registration Document are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

The contents of the Guarantor's website or any website directly or indirectly linked to the Guarantor's website do not form part of the Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such websites as the basis for a decision to make an investment pursuant to the information contained in the Prospectus.

All the advisers to the Issuer named in section 4 of this Registration Document under the heading "Advisers to the Issuer", acting in their capacity of advisers, have acted and are acting exclusively for the Issuer in relation to this intermediaries' offer and will, acting in such capacity, not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Prospectus.



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REGISTRATION DOCUMENT

1 DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires

| | |
|---------------------------------|---|
| Act | the Companies Act, 1995, Chapter 386 of the Laws of Malta; |
| CHI | CHI Limited, a company registered under the laws of Malta having its registered office at 1, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 26086; |
| CIL | Corinthia Investments Limited, a company registered under the laws of England and Wales having its registered office at Bermuda House, 45, High Street, Hampton Wick, Kingston-upon-Thames, Surrey, KT1 4EH, England and bearing company registration number 01962947; |
| Company or Issuer | Corinthia Finance p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 25104; |
| Corinthia Group or Group | CPHCL and the companies in which CPHCL has a controlling interest; |
| CPHCL or Guarantor | Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 257. CPHCL acts as the parent company of the Corinthia Group; |
| CPHCL Investments | CPHCL Investments Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 1245; |
| Euro or € | the lawful currency of the Republic of Malta; |
| Exchange or MSE | Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063 and bearing company registration number C 42525; |
| IHI | International Hotel Investments p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 26136; |
| Istithmar Hotels FZE | Istithmar Hotels FZE, a company registered under the laws of Dubai having its registered office at PO Box 262080, Level 38, Al Shatha Tower, Media City, Dubai, United Arab Emirates and bearing company registration number 01256L; |
| LFICO | Libyan Foreign Investment Company, a company registered under the laws of Libya having its registered office at PO Box 4538, Tripoli, Libya and bearing company registration number 9481; |
| Listing Authority | the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003; |
| MFSA | the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the Laws of Malta); |
| MIH | Mediterranean Investments Holding p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 37513; |
| NREC | National Real Estate Company, a company registered under the laws of Kuwait having its registered office at P.O. Box 64585, Shuwaikh, B 70456, Kuwait and bearing company registration number 19628; |
| Official List | the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws; |
| Palm City | Palm City Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 34113; |



REGISTRATION DOCUMENT

| | |
|------------------------------|---|
| Prospectus | collectively the Summary Note, the Registration Document and the Securities Note all dated 27 February 2012; |
| QPM | QPM Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and bearing company registration number C 26148; |
| Registration Document | this document dated 27 February 2012 in its entirety; |
| Regulation | Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements; |
| Securities Note | the securities note issued by the Issuer dated 27 February 2012, forming part of the Prospectus; |
| Summary Note | the summary note issued by the Issuer dated 27 February 2012, forming part of the Prospectus. |

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and vice-versa;
- (b) words importing the masculine gender shall include the feminine gender and vice-versa; and
- (c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.



2 RISK FACTORS

2.1 GENERAL

ONE SHOULD CAREFULLY CONSIDER THE FOLLOWING MATTERS, AS WELL AS THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER AND GUARANTOR. INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS WHICH ARE SUBJECT TO THE QUALIFICATIONS DISCUSSED BELOW. IF ANY OF THE RISKS DESCRIBED WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S OR GUARANTOR'S FINANCIAL RESULTS, TRADING PROSPECTS AND THE ABILITY OF THE ISSUER OR GUARANTOR TO FULFIL THEIR OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED.

2.2 FORWARD-LOOKING STATEMENTS

This Registration Document contains forward-looking statements which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the directors of the Issuer or Guarantor. No assurance is given that the future results or expectations will be achieved.

2.3 RISKS RELATING TO THE ISSUER

The Issuer itself does not have any substantial assets and is merely a special purpose vehicle set up for the issue of bonds and other funding requirements of the business of CPHCL or any of its subsidiaries and/or associated companies.

2.4 ISSUER'S RELIANCE ON THE GUARANTOR

The Issuer is mainly dependent on the business prospects of CPHCL and, therefore, the operating results of CPHCL have a direct effect on the Issuer's financial position. Accordingly, the risks of CPHCL are indirectly those of the Issuer. This Registration Document includes information about CPHCL as guarantor to bonds issued by the Issuer during the document's lifetime, to enable a prospective investor to make an informed judgment as to the reliance on the guarantee.

2.5 RISKS RELATING TO THE BUSINESS OF THE GUARANTOR

CPHCL has a long trading history in mixed-use real estate developments that consist principally of hotels, residences, offices and retail areas. The hotel industry globally is characterised by strong and increasing competition. Many of CPHCL's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Guarantor. Severe competition in certain countries and changes in economic and market conditions could adversely affect CPHCL's business and operating results.

The Guarantor's prospects should be considered in the light of the risks and the difficulties generally encountered by companies operating in new and rapidly developing markets.

CPHCL's operations and its results are subject to a number of factors that could adversely affect the Group's business, many of which are common to the hotel and real estate industry and beyond the Group's control.

2.5.1 *Risks relating to the political, economic and social environment of the countries in which the Group operates. Certain countries in which the Group operates may be susceptible to political, economic or social risks not normally encountered in more developed countries*

The Group conducts a portion of its operations in emerging markets in Northern Africa, including Tunisia and Libya. Emerging markets are often less economically, socially and politically stable than more developed markets. Some emerging markets in which the Group's business is operated are still in the process of evolving into market economies featuring the type of market-oriented economy generally associated with developed markets.



Specific country risks that may have a material impact on the Group's business, operating results, cash flows and financial condition include acts of warfare and civil clashes; political, social and economic instability; government intervention in the market, including tariffs, protectionism and subsidies; changes in regulatory, taxation and legal structures; difficulties and delays in obtaining permits and consents for operations and developments; inconsistent governmental action and/or lack or poor condition of infrastructure. The Group's business and/or operating results could also be negatively impacted by specific country risks that may reduce domestic and/or international travel, such as actual or threatened acts of terrorism, epidemics, travel-related accidents and/or industrial action, natural disasters or other factors that may directly or indirectly affect travel patterns and reduce the number of business and leisure travellers in affected countries.

As the political, economic and social environments in certain countries in which the Group has invested remain subject to continuing development, investments in these countries are characterised by a degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in these countries may have an adverse effect on any investments made.

During 2011, the Group's properties in Tunisia and Libya were adversely impacted by the conflict and political turmoil in each of the said countries. These events caused significant declines in domestic and international travel and as a result, the Group's properties in these two countries reported decreases in occupancy levels and room rates in 2011. Prolonged periods of uncertainty in the countries mentioned above may continue to have an adverse effect on the operations and financial results of the Group.

2.5.2 Currency fluctuations and other regional economic developments may have a material adverse effect on the Guarantor's business, financial condition and results of operations

The Guarantor's financial statements, which are presented in Euro, can be impacted by foreign exchange fluctuations through both:

- translation risk, which is the risk that the financial statements for a particular period or as of a certain date depend on the prevailing exchange rates of the various currencies against the Euro; and
- transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the currency of its revenue and assets, which fluctuation may adversely affect its operating performance.

The Group is exposed to the inherent risks of global and regional adverse economic developments that could result in the lowering of revenues and in reduced income. Since 2010, European countries have been implementing austerity measures in an effort to reduce government deficits, with such measures including increases in taxes and reduction in social spending materially affecting disposable incomes.

These measures and any unexpected changes in the political, social or economic conditions of certain countries may reduce leisure and business travel to and from those affected countries, which, in turn, may adversely affect the Group's room rates and/or occupancy levels and other income-generating activities, apart from the potential of increased costs through increased taxes in those particular countries. This may result in deterioration of the Group's business and/or operating results in the affected countries.

2.5.3 A significant portion of the Guarantor's operating expenses are fixed, which may impede the Guarantor from quickly reacting to changes in its revenue

The Guarantor's inability to react quickly to changes in its revenue by reducing its operating expenses could have a material adverse effect on its business, financial condition and results of operations.

2.5.4 Liquidity risk

The lack of liquidity and alternative uses of real estate investments could significantly limit the Guarantor's ability to respond to adverse changes in the performance of its properties, thereby potentially harming its financial condition. Furthermore, the Guarantor's ability to sell, in a timely fashion, one or more of its properties in response to changing economic, financial and investment conditions, can be limited.



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The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Guarantor's control.

2.5.5 *The Group's reliance on non-proprietary software systems and third-party information technology providers*

To varying degrees, the Group is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business and accordingly, is exposed to the risk of failures in such systems. Whilst the Group has service level agreements and disaster recovery plans with third-party providers of these systems to ensure continuity and stability of these systems, there can be no assurance that the service or systems will not be disrupted. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating results.

2.6 RISKS RELATING TO THE GUARANTOR'S ACQUISITION STRATEGY

The Guarantor's business consists of the acquisition, development and running of real estate projects that consist principally of hotels, residences, offices and retail spaces for rental to third parties. Property acquisition and development projects are subject to a number of specific risks, including the inability to source adequate opportunities, cost overruns, insufficiency of resources to complete the projects, rental of commercial areas not being effected at the prices and within the times envisaged, higher interest costs and curtailment of revenue generation. If these risks were to materialise, they would have an adverse impact on the Guarantor's revenue generation, cash flows and financial performance.

Furthermore, the Guarantor is subject to various counter-party risks, including that of contractors engaged in the demolition, excavation, construction and finishing of developments in which the Guarantor may be involved and prospective tenants and/or purchasers defaulting on their obligations with the Guarantor. Such parties may fail to perform or default on their obligations due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Guarantor's control.

2.7 RISKS EMANATING FROM THE GUARANTOR'S FINANCING STRATEGY

2.7.1 *The Guarantor's indebtedness could adversely affect its financial position*

The Group has a material amount of debt and will incur significant additional debt in connection with future acquisitions and developments. Although the amount of debt funding of the Guarantor is expected to increase due to its new projects, it is the intention of the Guarantor to maintain the debt to equity ratio at prudent levels. A substantial portion of the Group's generated cash flows will be required to make principal and interest payments on the Group's debt. Substantial borrowings under bank credit facilities are expected to be at variable interest rates, which could cause the Group to be vulnerable to increases in interest rates.

The agreements regulating the Guarantor's bank debt impose, and are likely to impose, significant restrictions and financial covenants on the Guarantor. These restrictions and covenants could limit the Guarantor's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally, or otherwise inhibit the ability to conduct necessary corporate activities.

A substantial portion of the cash flow generated from the operations of the Group's subsidiary companies is utilised to repay their debt obligations pursuant to financial covenants to which they are subject. This gives rise to a reduction in the amount available for distribution to the Guarantor, which would otherwise be available for funding of the Guarantor's working capital, capital expenditure, development costs and other general corporate costs, or for the distribution of dividends. The Guarantor may, in certain cases, also be required to provide guarantees for debts contracted by its subsidiaries.



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2.7.2 The Guarantor may be unable to effectively hedge against interest rates

Although the Guarantor seeks to hedge against interest rate fluctuations, this may not always be economically practicable. Furthermore, the possibility of hedging may become more difficult in the future due to the unavailability or limited availability of hedging counter-parties. An increase in interest rates which is not hedged by the Guarantor may have a material adverse effect on its business, financial condition and results of operations.

2.7.3 The Group's key senior personnel and management have been and remain material to its growth

The Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.7.4 The Group's insurance policies

No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer.

3 PERSONS RESPONSIBLE

This Registration Document includes information prepared in compliance with the Listing Rules of the Listing Authority for the purpose of providing prospective investors with information with regard to the Issuer and the Guarantor. Each and all of the directors of the Issuer whose names appear under the heading "Administrative, management and supervisory bodies" in section 9.1.1 of this Registration Document accept responsibility for the information contained in this Prospectus.

To the best of the knowledge and belief of the directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer hereby accept responsibility accordingly.

4 ADVISERS TO THE ISSUER

LEGAL COUNSEL

Name: GVTH Advocates
Address: 192, Old Bakery Street,
Valletta, VLT 1455

SPONSORING STOCKBROKER, MANAGER AND REGISTRAR

Name: Charts Investment Management Service Limited
Address: Valletta Waterfront, Vault 17, Pinto Wharf,
Floriana, FRN 1913



5 STATUTORY AUDITORS

Name: Grant Thornton
Address: Grant Thornton House,
Tower Business Centre, Tower Street,
Swatar, BKR 3013

The financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2009 and 2010 have been audited by Grant Thornton, having its registered office at Tower Business Centre, Tower Street, Swatar, BKR 3013.

Grant Thornton is an independent firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the Laws of Malta).

6 INFORMATION ABOUT THE ISSUER AND GUARANTOR

6.1 THE ISSUER

6.1.1 Introduction

| | |
|--|---|
| Full legal and commercial name of the Company: | Corinthia Finance p.l.c. |
| Registered address: | 22, Europa Centre, Floriana, FRN 1400 |
| Place of registration and domicile: | Malta |
| Company registration number: | C 25104 |
| Date of registration: | 9 September 1999 |
| Legal form: | The Company is lawfully existing and registered as a public limited company in terms of the Act |
| Telephone number: | +356 2123 3141 |
| Fax number: | +356 2123 4219 |
| Website: | www.corinthiacorporate.com |

6.1.2 Principal activities

The Issuer itself does not have any substantial assets (other than the loans receivable that are detailed below) and is a special purpose vehicle set up to raise finance for the business of CPHCL, so as to enable the latter to undertake the ownership, development and operation of real estate developments. In this respect, the Issuer is mainly dependent on the business prospects of CPHCL.

In March 2002, the Company issued €14,273,700 6.5% bonds redeemable in April 2010 (hereinafter 'Tranche I') and Lm6,289,900 (equivalent to €14,644,885) 6.75% bonds redeemable in April 2012 (hereinafter 'Tranche II'). The proceeds of these bond issues were advanced to CPHCL pursuant to and under the terms of two loan agreements both dated 7 March 2002. The Company receives interest from CPHCL on the Tranche I monies on-lent to CPHCL at the rate of 7.10% per annum on 15 March of each year (hereinafter 'Loan I').

In terms of the loan agreement relating to the Tranche II monies on-lent to CPHCL (hereinafter 'Loan II'), interest is payable on 15 March and 15 September of each year up to the date of repayment of Loan II, being a date not later than 15 March 2012, and bearing a rate of interest of 6.85%. On 1 January 2009, the loan agreement was revised and the rate of interest was increased to 6.9% per annum, effective from 1 January 2009 up to repayment of the loan.

Loan I was repaid in full by the pre-established deadline of 15 March 2010, whereas Loan II is repayable by not later than 15 March 2012.

On 20 August 2009 the Issuer entered into a loan agreement with CPHCL (hereinafter 'Loan III') pursuant to which the Issuer advanced to CPHCL the proceeds from the €25,000,000 6.25% unsubordinated bonds redeemable 2016-2019 issued in terms of a prospectus dated 28 August 2009. Loan III bears interest at the rate of 6.4% per annum, with interest payable annually in arrears on 7 September of each year until 7 September 2014. Thereafter, the loan bears interest at the rate of 6.6% per annum. In terms of said Loan III CPHCL bound itself to repay the loan in accordance with a pre-set repayment schedule and to effect the final repayment by not later than 7 September 2019.



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Subsequently, on 20 January 2010 the Issuer entered into a loan agreement with CPHCL (hereinafter 'Loan IV') pursuant to which the Issuer advanced to CPHCL the proceeds from the €15,000,000 6.25% unsubordinated bonds redeemable between 2016 and 2019 issued in terms of a prospectus dated 12 February 2010. On 23 September 2010 the latter €15,000,000 6.25% unsubordinated bonds were integrated with the afore-mentioned €25,000,000 6.25% unsubordinated bonds issued in August 2009, both of which are redeemable 2016-2019, and the two bonds were, thereafter, both deemed to be one bond. Loan IV bears interest at the rate of 6.4% per annum until 7 September 2014. Thereafter the loan bears interest at a rate of 6.6% per annum. Interest is payable annually in arrears on 7 September of each year. In terms of said Loan IV CPHCL bound itself to repay the loan in accordance with a pre-agreed repayment schedule and to effect the final repayment by not later than 7 September 2019.

The Issuer has also entered into a loan agreement dated 27 February 2012 with the Guarantor (hereinafter 'Loan V') pursuant to which the Issuer will advance to CPHCL the proceeds from the Bond issued under the Terms and Conditions as set out in the Securities Note. Loan V shall bear interest at the rate of 6.2% per annum up to 31 December 2017 and at the rate of 7.2% per annum thereafter, with interest payable annually in arrears on 14 March of each year. In terms of said Loan V, the Guarantor binds itself to repay the loan in accordance with a pre-agreed repayment schedule which will enable the Company to set up a sinking fund in accordance with the terms and conditions as set out in section 5.18 of the Securities Note. The Guarantor is also bound to effect the final repayment by not later than 14 March 2022. All expenses incurred in the preparation and implementation of this Bond shall be at the charge of CPHCL.

6.1.3 Principal markets

The Issuer operates exclusively in and from Malta.

6.2 THE GUARANTOR

6.2.1 Introduction

| | |
|-------------------------------------|--|
| Full legal and commercial name: | Corinthia Palace Hotel Company Limited |
| Registered address: | 22, Europa Centre, Floriana, FRN 1400, Malta |
| Place of registration and domicile: | Malta |
| Company registration number: | C 257 |
| Date of registration: | 21 June 1966 |
| Legal form: | The company is lawfully existing and registered as a private limited company in terms of the Act |
| Telephone numbers: | +356 21 233 141 |
| Fax number: | +356 21 234 219 |
| Website: | www.corinthiacorporate.com |

6.2.2 Share capital

The authorised and issued share capital of the Guarantor is €20,000,000, divided into 20,000,000 ordinary shares of one Euro (€1) each, fully paid up.



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On the dates mentioned hereunder the Guarantor allotted the number of shares appearing in the following table:

| Date of Allotment | Number of Shares | Value of Shares | Shareholder | Consideration |
|---|---------------------------------|-----------------|---------------|--|
| Share Capital as at 31 December 2002 | 16,200 'A' Ordinary Shares | €2.329373 | Pisani Family | |
| | 15,000 'B' Ordinary Shares | €2.329373 | LFICO | |
| | 1,400,000 'C' Preference Shares | €2.329373 | LFICO | |
| | 1,400,000 'D' Preference Shares | €2.329373 | Pisani Family | |
| 22 April 2003 | 1,200,000 'A' Ordinary Shares | €2.329373 | Pisani Family | Capitalisation of retained earnings |
| | 1,200,000 'B' Ordinary Shares | €2.329373 | LFICO | Capitalisation of retained earnings |
| | 1,200 'B' Ordinary Shares | €2.329373 | LFICO | Lm1,200 in cash |
| 6 June 2003 | 1,400,000 'A' Ordinary Shares | €2.329373 | Pisani Family | Conversion of preference shares into ordinary shares |
| | 1,400,000 'B' Ordinary Shares | €2.329373 | LFICO | Conversion of preference shares into ordinary shares |
| | 1,400,000 'A' Ordinary Shares | €2.329373 | Pisani Family | Capitalisation of retained earnings through an issue of bonus shares |
| | 1,400,000 'B' Ordinary Shares | €2.329373 | LFICO | Capitalisation of shareholders' loan |
| 25 June 2010 | 644,772 Ordinary Shares | €1 | Pisani Family | Capitalisation of reserves |
| | 644,772 Ordinary Shares | €1 | LFICO | Capitalisation of reserves |

On 6 June 2003 it was resolved to convert the whole of the authorised and issued share capital from ordinary 'A' and 'B' shares into ordinary shares without any distinction or privilege.

On 25 June 2010 it was further resolved to split and restructure the then current share capital of CPHCL such that the nominal value of shares be changed from €2.329373 each to €1 each, pursuant to which the authorised and issued share capital of the company stood at €18,710,456 divided into 18,710,456 ordinary shares of €1 each. Furthermore, CPHCL resolved to increase the authorised share capital from €18,710,456 to €20,000,000 divided into 20,000,000 ordinary shares of €1 each and, accordingly, to increase the issued share capital by €1,289,544 through the capitalisation of reserves by the issue and allotment of 1,289,544 new ordinary shares of €1 each, fully paid up.

At present, the shares in CPHCL are subscribed to and held as indicated in section 11.2 of this Registration Document.

6.2.3 The Group and its business organisation

The Guarantor is the parent company of the Corinthia Group and is principally engaged in the ownership, development and operation of hotels, and in other activities related to the hospitality industry in various countries. During the 10-year period ended 31 December 2010, the Group expanded its asset base by 273% from €456 million in 2000 to €1,244 million in 2010, and increased its net equity by €223 million to €384 million.



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The Corinthia Group is organised at the strategic level into a number of distinct business units, each of which plan and implement well-defined strategies driven by the objective of continued growth, furtherance of their core interests and the on-going optimisation of profitability of their operations.

These business units are organised as follows:

- (a) IHI with an objective to invest, acquire and develop real estate projects with a principal focus on hotel assets. To date, IHI has acquired luxury five star hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St. Petersburg (Russia) and St George's Bay (Malta) and has a 50% share in a hotel and residential property in London (United Kingdom) and has a joint venture agreement for the development of a hotel in Benghazi (Libya). IHI also owns a majority shareholding in CHI, whose main objective is to provide professional hotel management services to the Group's hotels or to third party hotel owners and acts as the exclusive manager of hotels under the Corinthia, Wyndham and Ramada Plaza Brands in all of Europe, the Russian Federation, the Middle East and Africa. Additionally, and as will be elaborated upon below, IHI recently acquired the legal and beneficial ownership of the Marina Hotel in St George's Bay, Malta and all the intellectual property associated with the Corinthia® brand for hotel and property operations from CPHCL. Whilst CPHCL holds 58.89% of the share capital in IHI, Istithmar Hotels FZE of Dubai acts as a strategic investor in the company with a 22.14% holding. LFICO is another strategic investor in IHI and owns 11.00% of its equity. The remaining shares are held by the general investing public;
- (b) MIH with the goal of investing, acquiring and developing luxury residential complexes and commercial centres in Africa. CPHCL owns this company jointly with the National Real Estate Company of Kuwait (NREC), with both parties holding equal shares;
- (c) QPM which specialises in construction and the provision of project management services both locally and overseas. CPHCL owns 80% of the shares in this company, with the remaining 20% owned by IHI; and
- (d) The Guarantor holds other properties and investments either directly in its own name or through subsidiaries, including CIL being a wholly-owned subsidiary of CPHCL and holding the Group's interests in three four star hotels in Turkey, one four star hotel in Portugal, one four star hotel in Hungary and one four star hotel in Tunisia. Included in the Guarantor's holdings are the Panorama Hotel in Prague, the Ramada Plaza Hotel in Budapest, the Ramada Plaza Hotel in Tunisia and the Corinthia Palace Hotel in Malta. CPHCL also owns six small hotels in the Czech Republic. On the industrial side, CPHCL owns Swan Laundry, holds a majority shareholding in the Danish Bakery and provides airline catering services through another subsidiary, Flight Catering Company Limited. CPHCL also holds a 50% share in Catermax Limited, a joint venture company incorporated in Malta and entered into with Vassallo Group of Companies to provide events catering in Malta.

The following table provides a list of the properties and assets owned by the Group, including the principal markets in which each respective company operates:



REGISTRATION DOCUMENT

OPERATING ASSETS

| Name of Asset | Location | Description of Asset | Industry | Ownership | Holding Co. | Investment Vehicle |
|---|----------------|--|---------------------------|-----------|--------------------------|--|
| Corinthia Hotel St George's Bay | Malta | 250 room Five Star Hotel, Spa | Hospitality | 100% | IHI | Five Star Hotels Limited |
| Corinthia Hotel Budapest | Hungary | 414 room Five Star Hotel, Spa and 26 Residential Apartments | Hospitality | 100% | IHI | IHI Hungary Zrt |
| Corinthia Hotel Lisbon | Portugal | 518 room Five Star Hotel, Spa | Hospitality | 100% | IHI | Alfa Investimentos Turisticos Lda & IHI Lisbon Limited |
| Corinthia Hotel & Commercial Centre St Petersburg | Russia | 390 room Five Star Hotel, and 12,500m ² Commercial Centre | Hospitality & Real Estate | 100% | IHI | IHI Benelux B.V. |
| Corinthia Hotel Prague | Czech Republic | 544 room Five Star Hotel, Spa | Hospitality | 100% | IHI | IHI Towers s.r.o. |
| Corinthia Hotel & Commercial Centre Tripoli | Libya | 299 room Five Star Hotel and 10,000m ² Commercial Centre, Spa | Hospitality & Real Estate | 100% | IHI | Corinthia Towers Tripoli Limited |
| CHI Limited | Malta | Provision of Hotel Management Services | Hotel Management | 70% | IHI | CHI Limited |
| QPM Limited | Malta | Provision of Project Management Services | Project Management | 100% | CPHCL/IHI | QPM Limited |
| CCOL Limited | Libya | Provision of Construction Services | Construction | 100% | QPM | QPM Limited |
| Corinthia Palace Hotel & Spa | Malta | 155 room Five Star Hotel & Spa | Hospitality | 100% | CPHCL | Corinthia Palace Hotel Company Limited |
| Marina Hotel St George's Bay | Malta | 200 room Four Star Hotel | Hospitality | 100% | IHI | Marina San Gorg Limited |
| Gulluk and Labranda Hotels, Antalya | Turkey | 178 rooms between both Four Star Hotels | Hospitality | 100% | CIL | Corinthia Turizm a.s. & Internasyonal Turizm a.s. |
| Excelsior Hotel, Antalya | Turkey | 181 room Four Star Hotel | Hospitality | 40% | CIL | Norm Turizm Yatirim Isletmeleri AS |
| Panorama Hotel Prague | Czech Republic | 450 room Four Star Hotel | Hospitality | 100% | CPHCL | Corinthia Panorama SRO |
| Amber Hotel Chain | Czech Republic | 6 small Hotels | Hospitality | 100% | CPHCL | Amber Hotels SRO |
| Corinthia Restaurants | Hungary | Restaurants | Hospitality | 100% | CIL | Corinthia Restaurants KFT |
| Atkins Travel Agency | U.K. | Provision of Travel Agency Service | Hospitality | 43% | CIL | Atkins Travel Limited |
| Santarem Hotel | Portugal | 105 room Four Star Hotel | Hospitality | 42% | CIL | Scalotel Escalibana SA |
| Ramada Plaza Hotel Tunis | Tunisia | 328 room Four Star Hotel | Hospitality | 100% | 63.3% CPHCL 36.7% CIL | Societe de Promotion Hotelerie Khamsa |
| Ramada Plaza Hotel Budapest | Hungary | 310 room Four Star Hotel | Hospitality | 100% | CPHCL | Thermal Hotel Aquicum Rt |
| Danish Bakery | Malta | Production and Distribution of Bakery Products | Consumer Service | 65% | CPHCL | Danish Bakery Limited |



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OPERATING ASSETS (CONTINUED)

| Name of Asset | Location | Description of Asset | Industry | Ownership | Holding Co. | Investment Vehicle |
|-------------------------------|----------|--|------------------|-----------|-------------|---------------------------------|
| Swan Laundry | Malta | Provision of Laundry and Dry Cleaning Services | Consumer Service | 100% | CPHCL | Swan Laundry Limited |
| Flight Catering Company | Malta | Provision of In-flight Catering | Hospitality | 100% | CPHCL | Flight Catering Company Limited |
| Marsa Investments Limited | Malta | Owner of Land Plot in Marsa | Real Estate | 100% | CPHCL | Marsa Investments Limited |
| Palm City Residences, Janzour | Libya | 413-unit Residential Gated Compound | Real Estate | 100% | MIH | Palm City Limited |
| Corinthia Hotel, London | U.K. | 296 room Five Star Hotel & Spa | Hospitality | 50% | IHI | NLI Holdings |
| Catermax Limited | Malta | Catering Events | Catering | 50% | CPHCL | Catermax Limited |

ASSETS UNDER DEVELOPMENT

| Name of Asset | Location | Description of Asset | Industry | Ownership | Holding Co. | Investment Vehicle |
|---|----------|---|---------------------------|-----------|-------------|----------------------|
| Corinthia Residences, London | U.K. | 12 Luxury Apartments for re-sale | Real Estate | 50% | IHI | NLI Holdings Limited |
| Corinthia Hotel, Residences & Commercial Centre, Benghazi | Libya | 250 room Five Star Hotel, 30 Apartments and 4,400m ² Commercial Centre | Hospitality & Real Estate | 75% | IHI | IHI Benghazi Limited |

PLANNED FUTURE DEVELOPMENTS

| Name of Asset | Location | Description of Asset | Industry | Ownership | Holding Co. | Investment Vehicle |
|-----------------------|----------|--|-------------|-----------|-------------|----------------------|
| Medina Tower, Tripoli | Libya | 336 Residences for resale, 25,000m ² of Offices for rental and 20,000m ² Retail, Leisure and Conference Facilities | Real Estate | 50% | MIH/IHI | Medina Tower Limited |



6.2.4 The Group and its business development strategy

The strategy that the Group embarked upon in the year 2000 was that of creating individual business units for each of its three distinct areas of competences for investing, developing and operating in real estate projects having a particular focus on hotel assets. The intention behind the separation into different subsidiary companies was twofold:

- (a) to encourage each company to provide its services to third party companies and, in the process, becoming a viable business in its own right that does not require the support of the parent company; and
- (b) to enable each company to source new capital and forge new alliances, allowing it to grow at an even faster pace.

IHI initially owned a 250-room hotel in Malta and a plot of land in Budapest. Today it has expanded into a company that fully owns an operating hotel in each of Malta, Hungary, the Czech Republic, Portugal, Russia and Libya and owns 50% of a hotel in the United Kingdom. In 2007, IHI attracted significant new equity from Istithmar Hotels FZE which led the Board to re-assess its future investment strategy. Whilst IHI continues to target investments in underperforming properties in emerging and established markets, it now has the opportunity to diversify its portfolio of investments both geographically as well as in terms of business segments. In fact, apart from undertaking the projects that are currently in hand, the company intends to invest in other major cities such as New York, Rome and Paris.

IHI's most recent hotel acquisition was completed in central London in 2011, a project which comprises a luxury five star hotel with 297 rooms and 12 adjoining luxury residences. This development is jointly owned with LFICO. IHI is also planning another mixed-use hotel and residential development in Benghazi, Libya. It is the company's intention to sell the residential apartments in London in the foreseeable future to realise part of the capital appreciation and, in so doing, improve the overall return on their investment.

As indicated above, in 2010 IHI acquired the legal and beneficial ownership of all intellectual property associated with the Corinthia® brand for hotel and property operations from the Guarantor. The Corinthia® trademark, including related logos, is registered as a Community Trademark in the European Union. IHI has also extended the registration of the Corinthia® trademark to other countries where it operates outside the European Union and which are contracting states under the Madrid Agreement Concerning the International Registration of Marks (1891) and the Protocol Relating to the Madrid Agreement (1995) which govern the system for the international registration of marks under the WIPO Convention (World Intellectual Property Organisation) of 1967. The Corinthia® brand acquisition is an important part of the Group's strategy to capitalise on the repositioning of the Corinthia® brand as a global luxury hotel brand.

On 13 February 2012 IHI acquired the full ownership of the hotel business and hotel property managed under the name Hotel Marina in St George's Bay, Malta, through the transfer of all of the issued share capital of Marina San Gorg Limited (a company registered and existing under the laws of Malta having its registered office situated at 22, Europa Centre, Floriana FRN 1400, Malta (C4852)).

CHI at inception solely managed hotels that were owned by the Corinthia Group. In October 2006, Wyndham Hotel Group International acquired 30% of the shareholding in CHI (the Group's hotel management arm). As a result of this alliance, CHI now acts as the exclusive licensee for the Corinthia®, Wyndham® and Ramada Plaza® brands for hotel management in Europe, the Middle East, the Russian Federation and Africa. CHI continues to actively pursue the negotiation and conclusion of a number of management agreements with third party hotel owners and it is expected that this company shall continue on its growth path in the forthcoming years. Ancillary to the foregoing, CHI also assists with pre opening marketing, recruitment and training of staff and other logistical issues relating to the supply of operating equipment which is often required at a stage preceding the actual management of the hotel and for which CHI enters into a pre opening agreement.



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In order to support CHI's sales and marketing team and improve its room reservation and distribution capabilities, in 2011, IHI created its own global distribution system (GDS) using code "IA" for all Corinthia® branded hotels managed by CHI. This was coupled with the introduction of interactive websites and a central reservation system complete with customer relationship management capabilities, centralised voice booking facilities, loyalty programmes and revenue management functions. This development has already begun to increase customer flows to the Group's hotels and, in particular, has led to increased room reservations for the Group whilst continuing to distribute rooms through the major GDS companies (Sabre, Apollo and Travelport) via its relationship with Wyndham, which provides CHI with access to such GDS companies' systems through its own reservation code. IHI's creation of a GDS code is expected to allow increased accessibility to the leading distribution systems and to provide an adequate contingency against the Group's potential exposure to failures in, or non-continuance of use of, the Wyndham code through which it currently accesses a GDS, which the Group has chosen not to remain exclusively reliant upon. The Group has also recruited highly qualified personnel in the areas of distribution and operations as part of the re positioning of the Corinthia® brand and the initiative to control a greater proportion of the distribution channels.

Whereas CPHCL was in the past mainly involved in the development of hotel assets, over the years it became clear that the Group's development competences could be profitably applied to other kinds of real estate projects and, accordingly, 2006 brought about the formation of MIH as a joint venture between CPHCL and NREC. MIH made a significant investment in its first project – Palm City Residences, Tripoli – a 413-unit residential village providing luxury accommodation in Libya. Subsequent to the completion of the Palm City development in 2010, MIH and IHI entered into a joint venture with a Libyan institutional investor for the development of a project comprising a 180,000 square metre mixed-use development over a land plot measuring 13,000 square metres in the centre of Tripoli. This mixed-use high-rise development will comprise residences for resale, offices, retail, conferencing and car park facilities for rental to third parties. MIH and IHI each have a 25% equity stake in this development.

QPM operates independently of and at arm's length to CPHCL and offers a range of project, construction and cost management services to a number of international clients in various countries. Since its inception it has become increasingly obvious that, given the real estate focus of the Group, this company was going to be able to add value to the Group as a whole and progressively source projects independently. QPM established a London office in July 2011 providing a range of services, including project and construction management. A number of commissions have been secured, including fitting-out of a residential complex, the refurbishment of a London club, a new-build project for the University of Essex, refurbishment of a major London jeweller's outfit, a project advisory role on an entertainment complex and, more recently, a new-build Hotel in Brighton.

Furthermore, the Group will continue to maintain a strong focus on the improvement in the performance of its present assets in order to safeguard the profitability of the Group during the short to medium term.

As it has successfully done in the past, in 2012 and subsequent years the Group plans to continue to seek appropriate investment opportunities in the international market that will contribute to provide adequate returns in the medium and long term.

For the long term, whilst overseeing the growth of the companies described above, CPHCL will still be committed to see other subsidiary companies grow into independent business units.

CPHCL has also identified a number of assets principally consisting of resort hotels acquired in the 1980's and 1990's and a number of small three star hotels that no longer fit within its four and five star long-term development focus and growth strategy and has decided to dispose of these non-core assets when the time is opportune to do so. CPHCL successfully concluded the sale of two of these assets during the course of 2011. The disposal proceeds will be used in furthering the Group's objectives.



7 TREND INFORMATION AND FINANCIAL PERFORMANCE

7.1 TREND INFORMATION OF THE ISSUER

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

The Issuer is mainly dependent on the business prospects of CPHCL and, therefore, the trend information of the Guarantor (detailed below) has a material effect on its financial position and prospects.

7.2 TREND INFORMATION OF THE GUARANTOR

Save as otherwise disclosed in sections 7.2 and 7.3 of the Registration Document, there has been no material adverse change in the prospects of the Guarantor since the date of its last published audited consolidated financial statements.

In 2011 the North African region witnessed substantial political change. Civil unrest started in Tunisia, followed in Egypt and ultimately spread to Libya. In all of these three countries the existing governments either stepped down or were removed. The period during the conflict and the months that followed were characterised by political and economic instability and a curtailment of business activity. CPHCL and a number of its subsidiaries and associate companies own or operate a number of business activities in each of these three countries and the performance from such operations during the course of 2011 was significantly lower than the performance in prior years. As the former governments were replaced and the political turmoil in each of these countries began to abate, the Group experienced a gradual recovery of business activity in the area. Towards the end of 2011 the performance of such operations improved and as a result, the directors of the Guarantor are confident that revenues in 2012 will continue to increase towards pre-2011 operating levels.

The Guarantor's assets and operations in Western and Central Europe remained at a low key in view of the financial crisis which was brought about following the demise of Lehman Brothers in 2008. However, notwithstanding the general economic slowdown, these assets registered an improved performance in 2011 over the corresponding period in 2010.

The Guarantor has, throughout the years, adopted a strategy aimed at increasing its resilience during challenging times, the likes of which are being experienced at present. In this regard, the results of this strategy have been particularly effective in acting as buffers against the adverse effects of this economic downturn:

- Firstly, the Guarantor has distributed its investments across diverse geographic locations and is now achieving further diversity through growth in ancillary business segments. The diversity of the Group's investment portfolio mitigates its exposure to any one specific country or source of business. This diversity ensures that the Group's earnings provide a healthy mix between active (hotel business) and passive income (long-term rental income), thereby ensuring a more balanced profit and cash generation.
- Secondly, during the period of political conflict in North Africa, the Group's properties remained operational, albeit commensurate to the business demands in each of Tunisia, Egypt and Libya. The Group used its best efforts to keep its properties operational during the months of conflict. This ensured that its properties did not become the focus of the disorder and turmoil that subsisted and once the former administrations were replaced the Group's properties were at the forefront in each of these countries to continue offering services and therefore had a head start over the competition which may have opted to close down operations during the period of conflict.
- Thirdly, the Guarantor has implemented prudent equity and loan policies over the years, resulting in a balance sheet funded with relatively low and sustainable levels of debt. Cash generated by operations provide a healthy cover of interest payments.

7.3 FINANCIAL REVIEW

The financial information about the Issuer and Guarantor respectively is included in the audited financial statements for each of the financial years ended 31 December 2009 and 2010, and in the unaudited interim financial statements for the nine months ended 30 September 2011. The audited annual financial statements and the unaudited interim financial statements of the Issuer and Guarantor are available for inspection as detailed in section 15 below. Set out hereunder are highlights taken from the audited financial statements of the Issuer and the audited consolidated financial statements of the Guarantor for the years ended 31 December 2009 and 2010. Additionally, there are highlights taken from the unaudited financial statements of the Issuer and the unaudited consolidated financial statements of the Guarantor for the nine month period ended 30 September 2011.



REGISTRATION DOCUMENT

7.3.1 Financial information of the Issuer

Corinthia Finance p.l.c.

Condensed Income Statement

for the year ended 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|--------------------------------------|--------------------------|--------------------------|
| Interest receivable | 3,589 | 3,434 |
| Interest payable and similar charges | (3,528) | (3,392) |
| Net interest earned | 61 | 39 |
| Administrative expenses | (33) | (36) |
| Profit before tax | 28 | 6 |
| Tax expense | (10) | (2) |
| Profit for the year | 18 | 4 |

Corinthia Finance p.l.c.

Condensed Balance Sheet

at 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|-------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Non-current | 54,667 | 39,667 |
| Current | 1,265 | 15,880 |
| Total assets | 55,932 | 54,547 |
| EQUITY | | |
| Total equity | 259 | 241 |
| LIABILITIES | | |
| Non-current | 54,645 | 39,645 |
| Current | 1,028 | 15,661 |
| Total liabilities | 55,673 | 55,306 |
| Total equity and liabilities | 55,932 | 55,547 |

Corinthia Finance p.l.c.

Condensed Statement of Cash Flows

for the year ended 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|--|--------------------------|--------------------------|
| Net cash from operating activities | 7 | 10 |
| Net cash from/(used in) investing activities | 3,229 | (2,487) |
| Net cash (used in)/from financing activities | (3,205) | 2,509 |
| Net increase in cash and cash equivalents | 31 | 32 |
| Cash and cash equivalents at beginning of year | 61 | 29 |
| Cash and cash equivalents at end of year | 92 | 61 |



REGISTRATION DOCUMENT

Corinthia Finance p.l.c.**Condensed Income Statement***for the period 1 January 2011 to 30 September 2011*

| | Unaudited 1 Jan to 30 Sep '11 €'000 | Unaudited 1 Jan to 30 Sep '10 €'000 |
|--------------------------------------|--|--|
| Interest receivable | 2,679 | 2,696 |
| Interest payable and similar charges | (2,616) | (2,656) |
| Net interest earned | 63 | 40 |
| Administrative expenses | (25) | (26) |
| Profit before tax | 38 | 14 |
| Tax expense | (13) | (5) |
| Profit for the period | 25 | 9 |

Corinthia Finance p.l.c.**Condensed Balance Sheet***at 30 September 2011*

| | Unaudited 30 Sep '11 €'000 | Audited 31 Dec '10 €'000 |
|-------------------------------------|----------------------------------|--------------------------------|
| ASSETS | | |
| Non-current | 40,000 | 54,667 |
| Current | 15,945 | 1,265 |
| Total assets | 55,945 | 55,932 |
| EQUITY | | |
| Total equity | 284 | 259 |
| LIABILITIES | | |
| Non-current | 40,000 | 54,645 |
| Current | 15,661 | 1,028 |
| Total liabilities | 55,661 | 55,673 |
| Total equity and liabilities | 55,945 | 55,932 |

Corinthia Finance p.l.c.**Condensed Statement of Cash Flows***for the period 1 January 2011 to 30 September 2011*

| | Unaudited 1 Jan to 30 Sep '11 €'000 | Unaudited 1 Jan to 30 Sep '10 €'000 |
|---|--|--|
| Net cash (used in) /from operating activities | (57) | 528 |
| Net cash used in investing activities | - | (1,150) |
| Net cash from financing activities | - | 726 |
| Net (decrease)/increase in cash and cash equivalents | (57) | 104 |
| Cash and cash equivalents at beginning of period | 92 | 61 |
| Cash and cash equivalents at end of period | 35 | 165 |



REGISTRATION DOCUMENT

7.3.2 Financial information of the Group

Corinthia Palace Hotel Company Limited
Condensed Consolidated Income Statement
for the year ended 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|--|--------------------------|--------------------------|
| Turnover | 152,380 | 159,934 |
| Net operating expenses | (130,399) | (127,507) |
| Gross profit | 21,981 | 32,427 |
| Depreciation and amortisation | (30,721) | (30,917) |
| Other income | 3,123 | 4,244 |
| Gain/(loss) on exchange | 82 | (490) |
| Impairment reversal/(losses) | 2,400 | (3,737) |
| Operating (loss)/profit | (3,135) | 1,527 |
| Finance income | 885 | 2,826 |
| Finance costs | (21,228) | (19,374) |
| FV interest rate swap | (794) | (3,418) |
| Revaluation to fair value of investment properties | 2,746 | 11,337 |
| Share of results of associate companies | (466) | 43,665 |
| Other | 360 | 216 |
| (Loss)/profit before tax | (21,632) | 36,769 |
| Tax income/(expense) | 1,466 | (1,119) |
| (Loss)/profit for the year | (20,166) | 35,650 |
| Attributable to: | | |
| Owners of CPHCL | (14,745) | 35,854 |
| Non-controlling interest | (5,421) | (204) |
| | (20,166) | 35,650 |

Corinthia Palace Hotel Company Limited
Condensed Statement of Comprehensive Income
for the year ended 31 December 2010

| | Audited 2010 €'000 | Audited 2009 €'000 |
|---|--------------------------|--------------------------|
| (Loss)/profit for the year | (20,166) | 35,650 |
| Other comprehensive income | | |
| Impairment revaluation of hotel properties | (15,184) | (20,731) |
| Share of comprehensive income of equity accounted investments | 38,427 | (1,191) |
| Other | (6) | 1,824 |
| | 23,237 | (20,098) |
| Total comprehensive income for the year net of tax | 3,071 | 15,552 |
| Attributable to: | | |
| Owners of CPHCL | 899 | 15,920 |
| Non-controlling interest | 2,172 | (368) |
| | 3,071 | 15,552 |



REGISTRATION DOCUMENT

Corinthia Palace Hotel Company Limited **Condensed Consolidated Balance Sheet** *at 31 December 2010*

| | Audited 2010 €'000 | Audited 2009 €'000 |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Non-current | 1,166,125 | 1,144,767 |
| Current | 78,183 | 100,512 |
| Total assets | <u>1,244,308</u> | <u>1,245,279</u> |
| EQUITY | | |
| Equity pertaining to CPHCL's shareholders | 383,849 | 391,706 |
| Minority interest | 262,817 | 261,937 |
| Total equity | <u>646,666</u> | <u>653,643</u> |
| LIABILITIES | | |
| Non-current | 513,132 | 473,736 |
| Current | 84,510 | 117,900 |
| Total liabilities | <u>597,642</u> | <u>591,636</u> |
| Total equity and liabilities | <u>1,244,308</u> | <u>1,245,279</u> |

Corinthia Palace Hotel Company Limited **Condensed Consolidated Statement of Cash Flows** *for the year ended 31 December 2010*

| | Audited 2010 €'000 | Audited 2009 €'000 |
|--|--------------------------|--------------------------|
| Net cash (used in)/from operating activities | (10,022) | 12,213 |
| Net cash used in investing activities | (18,193) | (68,800) |
| Net cash from financing activities | 755 | 19,941 |
| Net decrease in cash and cash equivalents | <u>(27,460)</u> | <u>(36,646)</u> |
| Cash and cash equivalents at beginning of year | 55,120 | 91,766 |
| Cash and cash equivalents at end of year | <u>27,660</u> | <u>55,120</u> |

During 2010, the Group's turnover amounted to €152.4 million reflecting a decrease of 4.7% on the turnover levels registered in 2009. The operating loss for the year amounted to €3.1 million compared to a profit of €1.5 million in 2009. In 2010 the Group's activities were generally impacted by the continued difficult business environment, although some encouraging signs of recovery were witnessed in the second half of the year.

The performance of the Corinthia Tripoli Hotel was negatively affected by visa restrictions, the ash cloud problem in the first semester of the year, and by increased competition leading to a general slowdown in business. On the other hand, the Corinthia Hotel Lisbon continued to regain lost ground and improve its operating performance. Likewise the Corinthia Hotel St Petersburg, which is now also benefitting from a higher room-stock following the completion of the refurbishment project in 2009 and from the economic recovery in the Russian Federation, also managed to register improved profitability.

Net operating expenses increased by €2.9 million on the previous year. This increase was principally attributable to increased costs incurred by the hotels as a result of higher occupancies, albeit at a reduced cost base, and to higher corporate costs. This was partially mitigated by a reduction in operating costs at the hotel in Tripoli.

The improved operating results and the business outlook of the Lisbon Hotel enabled the Group to recognise a reversal of an impairment charge of €2.4 million taken on this property in previous years.



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The most notable variances from the results achieved in 2009 were the effect of the fair value adjustment of investment properties, which totalled €2.7 million in 2010 when compared to €11.3 million in 2009, and the non-recurring profit of €43.7 million registered in 2009 mainly resulting from uplifts in the value of the London Apartments and the Palm City Residences, both held as investment properties by associated companies. Financing costs net of financing income and the effect of valuing interest rates swaps at fair value amounted to €21.1 million (2009: €20.0 million). The resultant loss before tax and minority interest for the year amounted to €21.6 million (2009: profit of €36.8 million).

In 2010, however, most of the Group's hotel properties retained, or if anything improved, their carrying values. In particular, the Group's 50% shareholding in the Corinthia Hotel London resulted in a net revaluation gain of €38.4 million. The only exceptions were the Corinthia Tripoli Hotel and, to a minor degree, the Ramada Plaza Hotel in Budapest with the net total impairment charge amounting to €15.2 million. The net positive impact of these valuation effects are reflected in the total comprehensive income for the year which amounted to a profit of €3.1 million (2009: €15.6 million).

At the end of 2010 the total asset value of the Group was €1.24 billion while the total equity value was €647 million. The gearing ratio was 37% (35% in 2009) and this level of gearing confirms the prudence of the Group's borrowing policy.

Corinthia Palace Hotel Company Limited **Condensed Consolidated Income Statement**

for the period ended 30 September 2011

| | Unaudited 1 Jan to 30 Sep '11 €'000 | Unaudited 1 Jan to 30 Sep '10 €'000 |
|-------------------------------|--|--|
| Turnover | 109,945 | 117,269 |
| Net operating expenses | <u>(91,733)</u> | <u>(96,882)</u> |
| Gross profit | 18,212 | 20,387 |
| Depreciation and amortisation | <u>(22,714)</u> | <u>(24,290)</u> |
| Operating loss | (4,502) | (3,903) |
| Finance costs (net) | (16,030) | (16,816) |
| Other expenses | <u>(1,682)</u> | <u>(1,441)</u> |
| Loss before tax | (22,214) | (22,160) |
| Tax income | <u>5,799</u> | <u>3,937</u> |
| Loss for the period | <u>(16,415)</u> | <u>(18,223)</u> |
| Attributable to: | | |
| Owners of CPHCL | (9,144) | (13,659) |
| Non-controlling interest | <u>(7,271)</u> | <u>(4,564)</u> |
| | <u>(16,415)</u> | <u>(18,223)</u> |



REGISTRATION DOCUMENT

Corinthia Palace Hotel Company Limited **Condensed Consolidated Balance Sheet** *at 30 September 2011*

| | Unaudited 30 Sep '11 €'000 | Audited 31 Dec '10 €'000 |
|---|----------------------------------|--------------------------------|
| ASSETS | | |
| Non-current | 1,147,836 | 1,166,125 |
| Current | 82,736 | 78,183 |
| Total assets | 1,230,572 | 1,244,308 |
| EQUITY | | |
| Equity pertaining to CPHCL's shareholders | 377,466 | 383,849 |
| Minority interest | 255,607 | 262,817 |
| Total equity | 633,073 | 646,666 |
| LIABILITIES | | |
| Non-current | 495,614 | 513,132 |
| Current | 101,885 | 84,510 |
| Total liabilities | 597,499 | 597,642 |
| Total equity and liabilities | 1,230,572 | 1,244,308 |

Corinthia Palace Hotel Company Limited **Condensed Consolidated Statement of Cash Flows** *for the period ended 30 September 2011*

| | Unaudited 1 Jan to 30 Sep '11 €'000 | Unaudited 1 Jan to 30 Sep '10 €'000 |
|---|--|--|
| Net cash from operating activities | 17,329 | 6,768 |
| Net cash used in investing activities | (5,739) | (9,066) |
| Net cash used in financing activities | (24,899) | (29,030) |
| Net decrease in cash and cash equivalents | (13,309) | (31,328) |
| Cash and cash equivalents at beginning of period | 27,660 | 55,120 |
| Cash and cash equivalents at end of period | 14,351 | 23,792 |

During the first nine months of 2011, the Group's turnover amounted to €109.9 million, representing a decrease of 6.3% on the turnover levels registered in the same period in 2010. However, the results for the current year have to be viewed within the context of the turmoil created in North Africa with the onset of the civil unrest.

With the exception of the hotels in Tunisia and Libya, all the other Group's hotel properties achieved a better performance in 2011 on the corresponding period in 2010, reflecting mainly the slow yet steady economic recovery in their source markets which had already started to be visible in the second part of 2010. The Group's internally developed global distribution system has also continued to yield positive results generating ever-increasing revenues since its launch in 2010.



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The Gross Operating Profit of the hotel in Tunisia decreased by €1 million this year over the corresponding period in 2010 as a result of the uprising that took place in December 2010, while that of the Corinthia Hotel Tripoli went down by €4.8 million following the start of the civil unrest in that country in February 2011 and which lasted until October 2011. The protracted conflict in Libya impacted negatively both the operational capacity and the financial performance of the Corinthia Hotel Tripoli. The Group took immediate and appropriate measures to protect its staff and its property and to minimise the impact on the operational results and remained open for business uninterrupted throughout the period of conflict. Apart from not suffering any material damage to the property, as a result of the strategy to remain operational, it is now also at an advantage in securing most of the hospitality business flowing back to Libya. Whilst direct costs increased on account of the improved hotel occupancy levels, other operating costs decreased mainly as a result of measures taken at the Corinthia Hotel Tripoli to reduce overhead costs and on account of the non-recurrence of one-time costs incurred in 2010. As a result, the Gross Profit of the Group went down by €1.7 million from the corresponding period in 2010, specifically from €20.4 million to €18.7 million.

The finance costs were negatively affected by a decrease in finance income and an increase in finance expenses due to the utilisation of bank balances and additional bank borrowings for the Group's investment in London and the equity stake in Medina Tower. On the other hand, in 2011 the fair value of the interest rate swaps held by the Group improved by €1.6 million over the same period in 2010.

The main components of the other expenses are the Group's share of losses amounting to €11.0 million (a loss of €1.8 million in the same period in 2010) from equity accounted investments mitigated by a profit of €9.2 million registered on the disposal of investments in two associate companies that own hotel properties in Turkey.

The share of losses from equity accounted investments primarily reflects the results of two important investments in which the Group has a 50% stake, namely the Corinthia Hotel London and the Palm City Residences in Libya. In April 2011 the Corinthia Hotel London received first paying guests. The Hotel's room stock was gradually released to operations in a programmed manner since the Hotel's opening while the adjoining twelve luxury apartments located in Whitehall Place should be completed by the end of the first quarter of 2012. The results of the Corinthia Hotel London were therefore negatively affected by three months of pre-operating activity and the associated marketing costs and an initial soft operational activity, culminating in a loss of €11.4 million. Although the Palm City Residences also remained open for business throughout the conflict in Libya it was inevitable that its operating performance would be negatively affected by the crisis with the result that the Group's share of losses of MIH, parent company of Palm City, for the period amounted to €0.5 million. Keeping the property operational during the period of conflict minimised the operating losses and damage to the property and, following the end of the conflict, a substantial number of leases with NGOs and international corporations returning to Libya have since been signed over the course of the end of 2011.

The profit of €9.2 million on the sale of investments was made up of €8.2 million realised on the disposal of the Group's 50% shareholding in the Tekirova Hotel, which had appreciated in value over the years, and €1.0 million from the disposal of the Group's 35% shareholding in another hotel owning company.

The loss after tax for the first nine months of 2011 is €16.4 million as against a loss of €18.2 million in the corresponding period in 2010.

At 30 September 2011 the total asset value of the Group was €1.23 billion, while the total equity value was €633 million. The gearing ratio was 38% (37% as at December 2010) and this level of gearing confirms the prudence of the Group's borrowing policy. In view of this low gearing ratio and as a result of an expected improvement in the performance of the Group's investment in Russia, the Group managed to secure a loan of €50 million on its Russian property which was fully drawn by the end of 2011.

The present economic climate in the countries in which the Group operates is characterised by different factors, being slow economic growth in some, uncertainty in others, and a debt crisis in a number of Eurozone countries. The Group continues to pursue a multi-faceted strategy intended to achieve growth in occupancy levels and in room rates whilst adopting a cost containment approach. However, the resolution of the conflict in Libya should result in a resurgence of business activity in that country.



7.4 LATEST DEVELOPMENTS OF THE GUARANTOR

The Guarantor, through its investments in subsidiary and associate companies, has over the last twenty-four months up to the date of the Prospectus, been focusing its activities on:

- The raising of further bonds at MIH level to undertake its second development in Libya, this being the Medina Towers mixed-used development in which MIH has a 25% equity stake. Its primary subsidiary, Palm City, has completed the Palm City Residences in the second half of 2010;
- The completion of the works on the Corinthia Nevskij Hotel and Commercial Centre in St Petersburg. During the first phase of this project, works included the total refurbishment and reorganisation of the existing hotel's foyer, restaurants, bar and public areas, the addition of 105 executive bedrooms, extensive conference facilities and 11,000 square metres of office and retail accommodation. These areas were completed and became fully operational in May 2009. The main focus is to lease the office and retail areas and significant progress has already been achieved in this regard. In the last quarter of 2011 a loan for €50 million was concluded with a Russian bank and this was fully drawn by December 2011 with the primary security offered being the hotel and the adjoining buildings;
- In 2008 the Group acquired two derelict properties in central London from The Crown Estate and subsequently developed them over a three-year investment program. They are (i) the former Metropole Building (the Ministry of Defence Head Quarters until 2002) in Whitehall Place and (ii) 10 Whitehall Place, which is located next door. Between them, the two properties form an island site within Whitehall. The Group set on materialising the development into a 297-room five star hotel, including a 3,300 square metre Spa on four floors managed by the hotel. The Group completed the reconstruction and proceeded to successfully launch the hotel in July 2011, returning the former Metropole Building back to its original use when first constructed in 1884 as a luxury hotel, today opening as a Corinthia. 10 Whitehall Place is being converted into a suite of 12 luxury stand-alone apartments due to be completed by the end of the first quarter of 2012. The apartments, which will be available for sale, will be supported with dedicated underground car parking and separate entrance, foyer, storage, concierge services including dedicated access to the hotel's spa from the apartments directly. This development is jointly owned by one of the Group's subsidiaries, IHI, and LFICO. In line with the Group's funding policy, this development has been funded on a 50:50 ratio through an equity injection by the shareholders of the joint venture company and bank financing procured by the joint venture company itself;
- The acquisition of a 75% interest in a joint venture company formed for the purpose of acquiring the derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya and developing same into a mixed-use project. Although IHI owns 75% of the joint venture company, it plans to downsize its holding to 55%, whilst the other 45% will be held directly by LFICO. IHI shall contribute its equity contribution when the sites are acquired by the joint venture company. The joint venture shall seek to obtain appropriate bank financing for the development of this project. It is anticipated that the funding required for the project shall be sourced from a combination of the said equity injection in the joint venture company and bank financing procured by the joint venture company itself. As explained earlier, the investors in the London and Benghazi projects plan to sell the residential elements of these projects in order to realise part of the capital appreciation and, in so doing, improve the return on their investment; and
- The acquisition of a 50% interest in a joint-venture company formed to carry out a 180,000 square metre development over a land plot measuring 13,000 square metres in the centre of Tripoli. Plans are in hand to carry out a mixed-use high-rise development comprising of residences for resale, offices, retail, conferencing and car park facilities for rental to third parties. Whilst the equity contribution required for the first phase of this project is already available, bank financing still needs to be procured.

The injection of new equity has enabled the Guarantor to place less reliance on debt funding, in line with its cautious approach to its debt to equity ratios.



8 ORGANISATIONAL STRUCTURE

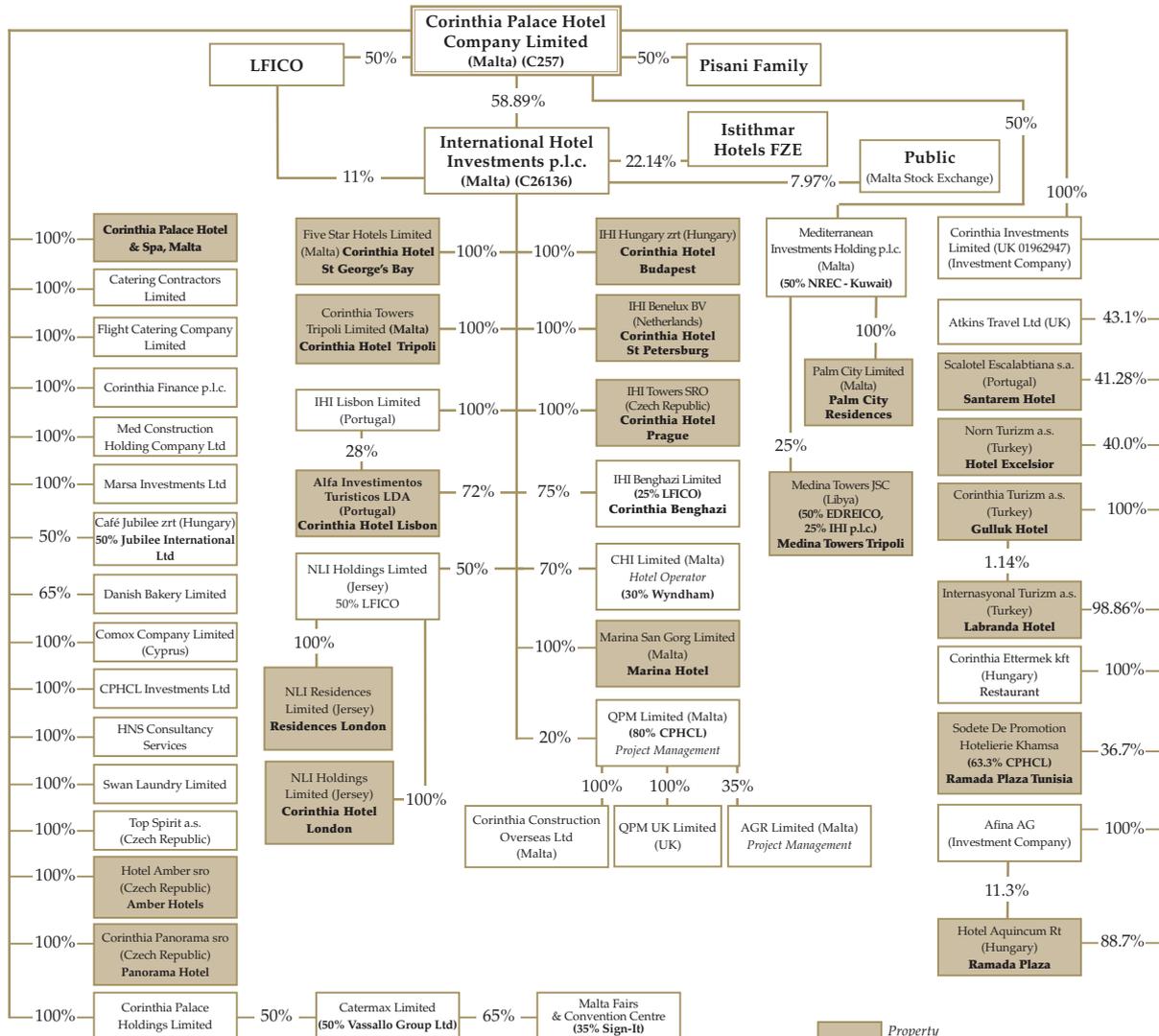
The Issuer is a wholly-owned subsidiary of CPHCL and is a special purpose vehicle set up for the raising of finance to be on-lent to its parent company.

CPHCL has established an organisational structure with the objective to operate the Group in an effective and efficient manner, which is considered to be instrumental in ensuring success. . This is due to the fact that it allows the Guarantor to keep the strategic direction and development of the Group as its primary focus, whilst allowing the respective Boards and management teams of the Group’s subsidiary companies to focus on achieving the Group’s operational objectives. This structure, as illustrated below, has expanded over the years in line with the Group’s development phases and growth.

The Group has adopted an autonomous organisational structure for each operation. The Group’s philosophy is based on the ownership of each property through a company established in the jurisdiction where the asset is located. This is driven principally by two factors: firstly, retaining a corporate structure that provides efficient tax treatment to the Guarantor and, secondly, ensuring that each operating asset is vested with its own management structure entrusted with its operation. The latter approach suitably adheres to each asset’s need to take account of the particular environment and market within which it operates, albeit subject to the overall direction and the strategic parameters and objectives established by the Guarantor’s directors.

The Guarantor’s business is increasingly being driven through public companies. In the first instance, this results in more accountability and stronger corporate governance structures that are most effective in safeguarding the ultimate shareholders’ interests. Secondly, this allows the Group to procure fresh capital injections both in terms of equity and debt funding in order to secure the financing required in fulfilling its ambitious plans. Thirdly, it achieves the objective of turning CPHCL into an investment company that holds investments in other companies rather than operating assets in its own name or indirectly through wholly-owned subsidiaries.

The following graphically depicts the Group’s organisational structure:





9 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 THE ISSUER

9.1.1 Directors

The Memorandum of Association of Corinthia Finance p.l.c. provides that the Board of directors shall be composed of four directors. The business address of each director is the registered office of the Issuer. As at the date of this Registration Document, the Board of directors of the Issuer is constituted by the following persons:

| | |
|---------------------|------------------------|
| Joseph Fenech | Chairman |
| Anthony R. Curmi | Non-executive director |
| Frank Xerri de Caro | Non-executive director |
| Joseph J. Vella | Non-executive director |

Joseph Fenech is a Fellow of the Chartered Association of Certified Accountants of the United Kingdom and a Fellow of the Malta Institute of Accountants. Mr Fenech joined the Corinthia Group in 1980 after having spent a few years as senior auditor with a local auditing firm. His first appointment was as Group Accountant responsible for all financial and accounting matters of the Corinthia Group operations and in 1990 he was appointed a member of the executive board. Mr Fenech is the Managing Director of IHI and Chairman of the Issuer.

Anthony R. Curmi is a Fellow of the Chartered Institute of Bankers and was appointed as a non-executive director of the Issuer in August 2007. Mr Curmi is a former CEO of Mid-Med Bank Limited and was the first General Manager of the Malta International Business Authority.

Frank Xerri de Caro has previously been Chief Executive Officer of Bank of Valletta p.l.c., besides serving on the Boards of several major financial, banking and insurance institutions. Mr Xerri de Caro, in addition to being a director of IHI and a number of its subsidiaries, is also a director of the Issuer and is currently the Chairman of the Issuer's Audit Committee.

Joseph J. Vella is a lawyer by profession. He was admitted to the bar in 1973 and has since then been in private practice. He is currently senior partner of the law firm GVTH Advocates. Dr Vella advises a number of leading commercial organisations both in the public and private sector and has been a legal adviser of the Corinthia Group for more than fifteen years. In addition to being a director of the Issuer and a director of IHI and a number of its subsidiary companies, Dr Vella also acts as a director on several other companies.

Alfred Fabri occupies the position of company secretary.

The persons listed under the heading "Advisers to the Issuer" in section 4 of this Registration Document have advised and assisted the directors in the drafting and compilation of the Prospectus.

9.1.2 Directors' service contracts

None of the directors of the Company have a definitive service contract with the Company. All directors may be removed by the shareholder appointing them or by an ordinary resolution of the shareholders in general meeting.

9.1.3 Aggregate emoluments of directors

For the year ending 31 December 2010, the Company paid an aggregate of €18,640 to its directors.

9.1.4 Loans to directors

There are no loans outstanding by the Company to any of its directors, nor any guarantees issued for their benefit by the Company.



REGISTRATION DOCUMENT

9.2 THE GUARANTOR

9.2.1 Directors

The Memorandum of Association of Corinthia Palace Hotel Company Limited provides that the Board of directors shall be composed of six directors. The business address of each director is the registered office of the Guarantor. As at the date of this Registration Document, the Board of directors of the Guarantor is constituted by the following persons:

| | |
|-----------------------------|------------------------|
| Alfred Pisani | Chairman |
| Yousef Abdelmaula | Vice-Chairman |
| Joseph M. Pisani | Executive director |
| Victor Pisani | Executive director |
| Mustafa T. Mohamed Khattabi | Non-executive director |
| Farag Gheryani | Non-executive director |

Alfred Pisani is the founder of the Corinthia Group and has been the Chairman and Chief Executive Officer since the incorporation of CPHCL in 1966. He was responsible for the construction of the Group's first hotel, the Corinthia Palace in Attard. He has led the Corinthia Group from a one hotel company to a diversified group having significant interests. Such interests vary from equity participations, management or both in several geographical areas and include interests in three hotels in Malta, five hotels in Turkey, two hotels in Hungary, eight hotels in the Czech Republic, two hotels in Portugal and one in each of Libya, Tunisia, the United Kingdom and the Russian Federation.

Yousef Abdelmaula is the Vice-Chairman of Corinthia Palace Hotel Company Limited, nominated by the Libyan Foreign Investment Company (LFICO). He has been a director of LFICO since 1981. He is also a member of the Board of directors of Arab Banking Corporation and of the Libyan Arab Foreign Bank. He holds a Masters Degree in Management from the University of Hartford (USA).

Joseph M. Pisani has been a director of CPHCL since 1966 and is also a director on a number of its subsidiaries. He has ever since been intimately involved in the growth and evolution of the Corinthia Group. He is also the Chairman of the Guarantor's Monitoring Committee.

Victor Pisani has been a director of CPHCL since 1966 and is a director of companies within the Corinthia Group. He is also the Chairman of Pisani Flour Mills Ltd.

Mustafa T. Mohamed Khattabi has been a director of CPHCL since 15 November 2011. He holds a master's degree in engineering and is the former Chairman of the Electricity Corporation in Tripoli. In 1982 he joined the LFICO and in 1984 moved to Malta, where he chaired the Jerma Palace Hotel management committee where he held that post for ten years. He later moved back to Tripoli and held the position as general manager of the participation department of LFICO, managing and supervising all LFICO's investments. In 1997 he was appointed Chairman of the Libyan Arab African Investment Company, responsible for that company's investments in Africa. In 2004 he moved to Egypt to manage LFICO's tourism investments in the country, which include Sheraton Cairo, Hilton Hurgada, Swiss in Dahabas, as well as its participation in Conrad, Marriott and Hilton Sharm. Mr Khattabi is a former director of IHI.

Farag Gheryani has been a director of CPHCL since 15 November 2011. He is a graduate from the University of Benghazi and has held a number of senior management positions, including Administration Manager at the Benghazi Cable Factory, Manager of International Co-operation Department at LFICO, General Manager of Mediterranean Trading and Technical Services Malta, Manager at Lafitrade Holdings Malta and Chairman of the International Investment Services Company. He is currently the General Manager of Administration at LFICO. Mr Gheryani has also served for a number of years on the Libya Malta Joint Commission.

Alfred Fabri occupies the position of company secretary.

9.2.2 Directors' service contracts

None of the directors of the Guarantor have a definitive service contract with the company.



REGISTRATION DOCUMENT

9.2.3 Loans to directors

There are no loans outstanding by the Guarantor to any of its directors, nor any guarantees issued for their benefit by the Guarantor.

9.2.4 Other general information

The directors have appointed Alfred Pisani as the Chairman and Chief Executive Officer of the Guarantor. He is supported by the executives employed in the subsidiary companies in the execution of the overall strategy.

On 29 May 2007, CPHCL entered into a corporate management services agreement with IHI whereby the latter company was appointed to provide CPHCL with the corporate management and administrative support services that its Chairman and CEO requires in running the business.

IHI is managed by a board consisting of nine directors entrusted with its overall direction and management, including the establishment of strategies for future development. Its responsibilities include the oversight of its internal control procedures and financial performance, as well as the review of its business risks, thus ensuring such risks are adequately identified, evaluated, managed and minimised. All the directors have access to independent professional advice at the expense of IHI, should they so require.

The board of IHI consists of three executive directors and six non-executive directors. The directors have appointed Alfred Pisani as the Chairman and Chief Executive Officer, Joseph Fenech as the Managing Director and Simon Naudi as an Executive Director responsible for acquisitions and development.

The non-executive directors are Nagmeddin Mokhtar, Michael Beckett, Andrew Watson, Hamza Mustafa, Joseph J. Vella and Frank Xerri de Caro. These non-executive directors are independent of IHI and constitute a majority on the company's board. The non-executive directors' main functions are to monitor the operations of the executive directors and their performance, as well as to review any investment opportunities that are proposed by the executive directors. All proposed acquisitions of IHI are brought to its board for approval.

The business address of each director is 22, Europa Centre, Floriana, FRN 1400, Malta.

Alfred Fabri occupies the position of company secretary of IHI.

IHI employs a number of executives and engages third party consultants to support its executive directors in fulfilling their role as officers of the company.

9.2.5 Non-executive directors

The non-executive directors' main functions are to monitor the operations of the executive directors and their performance, as well as to review any investment opportunities that are proposed by the executive directors. All proposed acquisitions of the Guarantor are brought to its Board for approval.

9.2.6 Boards of subsidiary companies

Each property is owned through a subsidiary company located in the jurisdiction where that property is located and such subsidiary company is required to comply with all the laws and regulations of that jurisdiction. Accordingly, a Board of directors is entrusted with the responsibility of the direction and management of each subsidiary within the strategic parameters established by the Guarantor's Board. In some jurisdictions, the Guarantor has adopted the structure of a dual board in line with the requirements of the legislation prevalent under those jurisdictions. These involve the concept of a Board of directors that is entrusted with setting the policies and strategies of each respective subsidiary to be implemented by management in the day-to-day operations and executive decisions, and a supervisory board that is entrusted with monitoring the policy implementation within that subsidiary by management.

The Board of each subsidiary is, within the strategic parameters established by the Board of the Guarantor, autonomous in the determination of the appropriate policies for the respective property and, in the case of hotels, is entrusted with handling the relations with the hotel operating company. Each property, in turn, has its own management structure and employees that have the function of implementing the policies and directions of the subsidiary boards.



10 BOARD PRACTICES

10.1 THE ISSUER

10.1.1 Compliance with the Corporate Governance regime

The Issuer supports the Code of Principles of Good Corporate Governance (the “Code”) forming part of the Listing Rules and is confident that the adoption of the Code has resulted in positive effects accruing to it.

The Board deems that, during the reporting periods referred to in this Registration Document, the Issuer has fully complied with the requirements of the Code, except as outlined in section 10.1.3 below. Furthermore, the Board has resolved to disclose directors’ fees in the financial statements in aggregate rather than as separate figures for each director as required by provision 8.6.4 of the Code. The Issuer is a special purpose vehicle set up to raise finance for CPHCL and all its Directors are non-executives. There are no arrangements in place for the payment of any pension, retirement or benefit in kind to any Director or officer of the Company and none of the Directors have a contract of service or employment with the Company, the termination of which would entitle them to any benefits upon termination from their directorship post. During the financial year 2010, the Directors collectively received €18,640 in remuneration, which is considered non-significant to warrant further disclosure in the financial statements.

With reference to Principle 12 of the Code entitled “Corporate Social Responsibilities”, the Company understands that it has an obligation towards society at large to put into practice sound principles of Corporate Social Responsibility (CSR). It achieves this through the commitments of the Corinthia Group as a whole, of which the Company is a wholly owned subsidiary. The Group has embarked on several initiatives which support the community, its culture, as well as sports and the arts. The Group recognises the importance of good CSR principles within the structure of its dealings with its employees. In this regard, the Group actively encourages initiative and personal development, and consistently creates opportunities based on performance. The Group is committed towards a proper work-life balance and the quality of life of its work force and their families, and of the environment in which it operates.

10.1.2 Audit Committee

The Audit Committee’s primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of directors.

The terms of reference of the Audit Committee have been formally set out in a separate Charter. Frank Xerri de Caro, a non-executive director, acts as Chairman and Joseph Fenech and Anthony R. Curmi as members, whilst Alfred Fabri performs the duties of secretary to the Audit Committee.

The Audit Committee’s role principally involves the monitoring and review of the financial reporting process and internal controls. Additionally, it is responsible for monitoring the performance of the entities borrowing funds from the Company and also carries out the oversight of related party transactions to ensure that these are carried out on an arm’s length basis.

In terms of Listing Rule 5.117, the Board of directors has identified Anthony R. Curmi as the independent member of the Audit Committee who is competent in accounting and/or auditing matters. Mr Curmi is a Fellow of the Chartered Institute of Bankers, he is a former CEO of Mid-Med Bank Limited and a former General Manager of the Malta International Business Authority.

10.1.3 Nomination and Remuneration Committee

In view of its very nature as a special purpose vehicle, the Board considers that the size and operation of the Company does not warrant the setting up of a Nomination and Remuneration Committee, as recommended by the Code. It is expected that the Company will not maintain a remunerations committee, given that the Board of Directors of the Company are all non-executive directors and that the vote of a Director will not be considered when determining his or her level of remuneration. It is also improbable that the Company will incorporate a nominations committee and thus will leave the nomination of potential directors solely to the shareholders of the Company.



REGISTRATION DOCUMENT

The Board performs a self-evaluation of its own performance on a regular basis during Board meetings, and the Board's performance is always under the scrutiny of the shareholders. The Board considers the present evaluation procedure to suffice and therefore does not consider it necessary to formalise the evaluation process through the setting up of an evaluation committee.

10.1.4 Internal audit

The role of the internal auditor is to carry out systematic risk-based reviews and appraisals of the operations of the Issuer (as well as of the subsidiaries and associates of the Group) for the purpose of advising management and the Board, through the Audit Committee, on the efficiency and effectiveness of internal management policies, practices and controls. The function is expected to promote the application of best practices within the organisation. The internal auditor reports directly to the Audit Committee.

10.2 THE GUARANTOR

10.2.1 Compliance with the Corporate Governance regime

Whilst it is not a requirement on the Guarantor to adopt the Code of Principles of Good Corporate Governance (the "Code") forming part of the Listing Rules, it has out of its own accord chosen to introduce disciplines that are recommended in the Code.

10.2.2 Audit Committee

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of directors.

The terms of reference of the Audit Committee have been formally set out in a separate Charter. Joseph F.X. Zahra acts as Chairman and Joseph J. Vella and Tonio Depasquale as members, whilst Alfred Fabri performs the duties of secretary to the Audit Committee.

The Audit Committee's role principally involves the review of the financial reporting process and internal controls. Additionally, it is responsible for monitoring the performance of the entities borrowing funds from the company and also carries out the oversight of related party transactions to ensure that these are carried out on an arm's length basis.

10.2.3 Internal audit

The role of the internal auditor is to carry out systematic risk-based reviews and appraisals of the operations of the Guarantor (as well as of the subsidiaries and associates of the Group) for the purpose of advising management and the Board, through the Audit Committee, on the efficiency and effectiveness of internal management policies, practices and controls. This function is expected to promote the application of best practices within the organisation. The internal auditor reports directly to the Audit Committee.

10.2.4 Hotel operations

Day-to-day hotel operations are the responsibility of CHI, the Group's hotel operating company that directs each subsidiary's management and staff in day-to-day operations. The responsibility of the operational performance of each hotel is that of the operating company, whose performance is monitored and evaluated on a regular basis by the board of each subsidiary, which in turn reports on performance and operations to the Guarantor's Board.



REGISTRATION DOCUMENT

10.2.5 Monitoring Committee

The rationale underlying this Committee is to monitor, on behalf of the Guarantor as owner, the performance, quality of service and standards in the underlying hotels. It consists of three individuals, one of whom is completely independent of the Corinthia Group, and reports directly to the directors of the Guarantor on a quarterly basis. This Committee reports not only on the performance of the appointed operator of the hotel properties, but also on the management of the subsidiary companies.

Currently the members of the Monitoring Committee are: Joseph M. Pisani, an Executive director on the board of CPHCL, who acts as Chairman; Joseph C. Caruana, a former General Manager of Mid-Med Bank who is also independent of the Group; and Eugenio Privitelli, the director of internal audit.

10.2.6 Property Audit

Regular property audits are carried out by QPM. These audits, which are unannounced, comprise a full review of each property twice a year when a physical inspection of the building and the assets is undertaken by experienced engineers. A detailed report is submitted to the owners, including a review of the maintenance systems and quality of the maintenance works and recommendations on the replacement of plant and equipment.

11 MAJOR SHAREHOLDERS

11.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of the Company is €2,500,000 divided into 2,500,000 ordinary shares of a nominal value of €1 each share. The issued share capital of the Company is €250,000 divided into 250,000 ordinary shares of €1 each share. The share capital has been fully issued, subscribed and fully paid up, as follows:

| Shareholder | Ordinary shares |
|---|-----------------|
| 1. Corinthia Palace Hotel Company Limited (C 257) | 249,999 |
| 2. CPHCL Investments Limited (C 1245) | 1 |

11.2 SHARE CAPITAL OF THE GUARANTOR

The authorised share capital of CPHCL is €20,000,000 divided into 20,000,000 ordinary shares of a nominal value of €1 each. The share capital has been fully issued, subscribed and fully paid up, as follows:

| Shareholder | Ordinary shares |
|--|-----------------|
| 1. A. & A. Pisani and Company Limited (C 6430) | 1,666,667 |
| 2. J & H Pisani Company Limited (C 6817) | 1,666,667 |
| 3. PAKA Limited (C 6969) | 1,666,667 |
| 4. VAC Company Limited (C 6818) | 1,666,667 |
| 5. Rosanne Fenech | 1,666,666 |
| 6. Intakur Limited (C 7038) | 1,666,666 |
| 7. Libyan Foreign Investment Company (LFICO) | 10,000,000 |

At present, in terms of the Memorandum and Articles of Association, the Board of the Guarantor is to consist of six directors. A shareholder or a number of members who individually or between them hold 16.5% plus one share of the issued share capital of the Guarantor shall be entitled to appoint one director. In practice, the Pisani Family is collectively (represented through the shareholders numbered 1 to 6 above) entitled to elect three directors and LFICO (numbered 7 above) is entitled to elect the other three. All issues arising at Board of directors meetings are to be decided by a majority of votes and in the case of equality of votes the Chairman shall not have a second or casting vote.



12 FINANCIAL INFORMATION CONCERNING THE ISSUER'S AND GUARANTOR'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information of the Issuer and the Guarantor for the two financial years ended 31 December 2009 and 31 December 2010 have been audited by Grant Thornton, Malta.

Grant Thornton is an independent firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the Laws of Malta).

On 23 August 2011, the Issuer published the unaudited interim financial information for the six months ended 30 June 2011.

The financial information detailed above, and the unaudited interim financial information of the Issuer and Guarantor for the nine months ended 30 September 2011, are available for inspection as set out in section 15 below.

12.2 AGE OF LATEST FINANCIAL INFORMATION

The latest audited financial statements available in respect of the Issuer and the Guarantor relate to the financial year ended 31 December 2010 as approved for issuance by the respective Boards of directors on 18 April 2011 and 2 May 2010. These are available on the Group's website at www.corinthiacorporate.com

12.3 SIGNIFICANT CHANGES IN FINANCIAL OR TRADING POSITION

There were no significant changes to the financial or trading position of the Issuer or Guarantor since the end of the financial period to which the last audited financial statements relate.

13 ADDITIONAL INFORMATION

13.1 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

13.1.1 Incorporation

The Company was incorporated on 9 September 1999 as a public company with limited liability in terms of the Companies Act, 1995, with company registration number C 25104.

In terms of clause 3(e) of its Memorandum of Association, the Issuer is authorised to issue bonds, commercial paper or other instrument creating or acknowledging indebtedness and to sell or offer same to the public.

13.1.2 Share capital

The authorised share capital of the Company is €2,500,000 divided into 2,500,000 ordinary shares of a nominal value of €1 each share. The issued share capital of the Company is €250,000 divided into 250,000 ordinary shares of €1 each share.

There is more than 10% of the Company's authorised share capital which is unissued. However, in terms of the Company's Memorandum and Articles of Association, none of such capital shall be issued in such a way as would effectively alter the control of the Company or the nature of its business without the prior approval of the Company in general meeting.

The shares of the Company are not listed on the MSE, nor has an application ever been filed for the shares of the Company to be quoted on the MSE Official List. There is no capital of the Company which has been issued to the public during the two years immediately preceding the publication of the Prospectus, nor is it expected that the Company issues during the next financial year any shares, whether fully or partly paid up, in consideration or cash or otherwise. There is no capital of the Company which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Company is to be put under option.



REGISTRATION DOCUMENT

13.1.3 Appointment and removal of directors

In terms of the Memorandum and Articles of Association of the Company, the directors of the Company shall be appointed as follows:

- (a) The appointment of directors to the Board is reserved to shareholders or a number of members who individually or between them have a holding of 25% of the total issued share capital of the Company having voting rights;
- (b) A shareholder or a number of members who individually or between them hold 25% of the issued share capital of the Company are entitled to appoint one director for every such 25% shareholding held. Any shareholder who does not appoint a director or directors as described above will participate in the annual election of directors at the Annual General Meeting of the Company. Shareholders who are entitled to appoint directors pursuant to their 25% holding shall be entitled to participate in the annual election of directors, provided that in such an election they only use such shares not otherwise used to appoint a director as described above; and
- (c) All directors may be removed from their post by the shareholder appointing them or by an ordinary resolution of the shareholders in general meeting. Unless appointed for a longer or shorter period or unless they resign or are removed, the directors shall, unless otherwise specified in the letter of their appointment, hold office for a period of one year. Directors are eligible for re-appointment upon the lapse of the period stated in their letter of appointment.

Further details on the appointment of directors may be found in the Memorandum and Articles of Association of the Company, a copy of which may be inspected during the lifetime of the Prospectus at the registered office of the Issuer.

13.1.4 Powers of directors

The directors are vested with the management of the Issuer and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The directors are empowered to act on behalf of the Issuer and, in this respect, have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association, they may do all such things that are not by the Memorandum and Articles of Association reserved for the shareholders in general meeting.

13.1.5 Commissions

There were no commissions, discounts, brokerages or other special terms granted during the two years immediately preceding the publication of the Prospectus in connection with the issue or sale of any capital of the Company.

13.1.6 Directors' interests

The directors of the Company have no beneficial interests in the share capital of the Company as at the date of the Prospectus. There are no assets which have been leased or otherwise transferred by or to the Company in which any of the directors have any interest, direct or indirect, nor are any such leases or transfers being proposed.

13.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

13.2.1 Incorporation

The Guarantor was incorporated on 21 June 1966 as a private company with limited liability in terms of the Companies Act, 1995, with company registration number C 257.



REGISTRATION DOCUMENT

In terms of clause 4.6 of its Memorandum of Association, the Guarantor is, amongst other things, authorised to borrow, raise or secure the payment of money for the purpose of or in connection with the company's business and to secure the repayment of any moneys borrowed by hypothecation, charge or lien upon the whole or part of the movable and immovable property or assets of the company. Furthermore, the Guarantor is authorised to give guarantees or become security for any such persons, firms and companies as the directors may deem fit and proper and on such terms as may seem expedient and, in particular, to companies in which the company has an interest.

13.3 HOLDINGS IN EXCESS OF 5% OF SHARE CAPITAL

On the basis of the information available to the Company as at the date of the Prospectus, CPHCL holds 249,999 shares in the Company, equivalent to 99.999% of its total issued share capital. No persons hold an indirect shareholding in excess of 5% of its total issued share capital. Apart from raising finance, the Issuer's business is restricted to transactions with CPHCL. In view of this state of affairs, the Audit Committee of the Issuer ensures that any such related party transaction entered into by the Company is made on an arm's length basis.

13.4 LITIGATION

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantor are aware) during a period covering twelve months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer or Guarantor.

13.5 CONFLICT OF INTEREST

Joseph Fenech, Frank Xerri de Caro and Joseph J. Vella, in addition to sitting on the Board of directors of the Issuer, also act as directors of other listed companies within the Group. Furthermore, Joseph J. Vella is also a senior partner of GVTH Advocates, the legal counsel of the Issuer. Alfred Pisani, in addition to sitting on the board of directors of the Guarantor, also acts as director of other listed companies within the Group. The audit committees of the Issuer and the Guarantor have the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by directors are handled in the best interest of the Issuer and Guarantor respectively. To the extent known or potentially known to the Issuer and the Guarantor as at the date of the Prospectus, there are no other potential conflicts of interest between any duties of the directors of the Issuer and of the Guarantor and their private interests and/or their other duties which require disclosure in terms of the Regulation.

14 MATERIAL CONTRACTS

The Issuer and Guarantor have not entered into any material contracts which are not in the ordinary course of their business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet their obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note forming part of the Prospectus.

15 DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document, the following documents or certified copies thereof, where applicable, shall be available for physical inspection at the registered address of the Issuer at 22, Europa Centre, Floriana, FRN 1400:

- (a) The Issuer's and Guarantor's Memorandum and Articles of Association;
- (b) The audited financial statements of Corinthia Finance p.l.c. for the years ended 31 December 2009 and 2010;
- (c) The consolidated audited financial statements of Corinthia Palace Hotel Company Limited for the years ended 31 December 2009 and 2010;
- (d) The unaudited interim financial statements of Corinthia Finance p.l.c. for the six-month period ended 30 June 2011;
- (e) The unaudited interim financial statements of Corinthia Finance p.l.c. for the nine-month period ended 30 September 2011;
- (f) The unaudited interim consolidated financial statements of Corinthia Palace Hotel Company Limited for the nine-month period ended 30 September 2011; and
- (g) The loan agreement entered into between CPHCL and the Company in respect of the bonds issued pursuant to the Prospectus.

Document (b) above is also available for inspection in electronic form on the Guarantor's website at www.corinthiacorporate.com



SECURITIES NOTE

This document is a Securities Note issued in accordance with the provisions of Listing Rule 4.14 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements and contains information about the Bonds being offered by the Issuer as described in this document.

Application has been made to the Listing Authority in its capacity as the competent authority under the Financial Markets Act (Chapter 345 of the Laws of Malta) for the Bonds to be admitted to listing on a regulated market and to the Malta Stock Exchange for the Bonds to be admitted to the Official List.

A prospective investor should be aware of the potential risks in investing in such bonds and should make the decision to invest only after careful consideration of all the information contained in the Prospectus as a whole and consultation with his or her own independent financial adviser.

The Listing Authority accepts no responsibility for and makes no representations as to the contents, accuracy or completeness of this Securities Note and expressly disclaims any liability whatsoever for any loss, howsoever arising, from or in reliance upon the whole or any part of the contents of this Securities Note.

This Securities Note is dated 27 February 2012

**In respect of an Issue of €7,500,000 6% Bonds 2019-2022
of a nominal value of €1,000 per Bond issued at par by**



CORINTHIA FINANCE plc

A member of the Corinthia Group of Companies

A public limited liability company registered in Malta with registration number C 25104

Guaranteed by

CORINTHIA PALACE HOTEL COMPANY LIMITED

A private limited liability company registered in Malta with registration number C 257

ISIN: MT0000101254

LEGAL COUNSEL



SPONSORING STOCKBROKER
MANAGER & REGISTRAR





IMPORTANT INFORMATION

This Securities Note contains information on an issue by Corinthia Finance p.l.c. (the “Issuer”), as guaranteed by Corinthia Palace Hotel Company Limited (the “Guarantor”), of €7,500,000 Bonds 2019-2022 of a nominal value of €1,000, issued at par and bearing interest at the rate of 6% per annum, payable annually on 29 March of each year. The nominal value of the Bonds will be repayable in full at maturity on 29 March 2022, unless otherwise previously redeemed or cancelled. The Issuer shall redeem the Bonds on the Redemption Date, unless it exercises the option to redeem all or part of the Bonds on any of the Early Redemption Dates, by giving not less than 30 days written notice.

This Securities Note contains information about the Issuer, the Guarantor and the Bonds in accordance with the requirements of the Listing Rules of the Listing Authority, the Act and the Regulation. This Securities Note should be read in conjunction with the Registration Document issued by the Issuer.

No broker, dealer, salesman or other person has been authorised by the Issuer, the Guarantor or their respective directors to issue any advertisement or to give any information or to make any representations in connection with the sale of securities of the Issuer other than those contained in this Securities Note and in the documents referred to herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or their respective directors or advisers.

The Prospectus does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for Bonds by any person in any jurisdiction (i) in which such offer or invitation is not authorised or (ii) in which the person making such offer or invitation is not qualified to do so or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of this document and any persons wishing to apply for any Bonds issued by the Issuer to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for any securities that may be issued by the Issuer should inform themselves as to the legal requirements of applying for any such Bonds and any applicable exchange control requirements and taxes in the country of their nationality, residence or domicile.

Save for the issue in the Republic of Malta, no action has been or will be taken by the Issuer that would permit an offering of the Bonds or the distribution of the Prospectus (or any part thereof) or any offering material in any country or jurisdiction where action for that purpose is required. In relation to each Member State of the European Economic Area (other than Malta) which has implemented Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading or which, pending such implementation, applies article 3.2 of the said Directive, the Bonds can only be offered to “qualified investors” (as defined in the said Directive) as well as in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to article 3 of the said Directive.

The Bonds have not been, nor will they be, registered under the United States Securities Act, 1933 as amended, or under any federal or state securities law and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States of America, its territories or possessions, or any area subject to its jurisdiction (the “U.S.”) or to or for the benefit of, directly or indirectly, any U.S. person (as defined in regulation “S” of the said act). Furthermore, the Issuer will not be registered under the United States Investment Company Act, 1940 as amended and investors will not be entitled to the benefits set out therein.

A copy of this document has been submitted to the Listing Authority in satisfaction of the Listing Rules, the Malta Stock Exchange in satisfaction of the Malta Stock Exchange Bye-Laws and has been duly filed with the Registrar of Companies, in accordance with the Act.

Statements made in the Prospectus are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

The contents of the Guarantor’s website or any website directly or indirectly linked to the Guarantor’s website do not form part of the Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such websites as the basis for a decision to invest in the Bonds.



SECURITIES NOTE

All the advisers to the Issuer named in section 4 of the Registration Document forming part of the Prospectus under the heading “Advisers to the Issuer”, acting in their capacity of advisers, have acted and are acting exclusively for the Issuer in relation to this intermediaries’ offer and will, acting in such capacity, not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Prospectus.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity or any of the Early Redemption Dates, as applicable. Prospective investors should carefully consider all the information contained in the Prospectus as a whole and should consult their own independent financial and other professional advisers before deciding to make an investment in the Bonds.

Authorised Financial Intermediaries shall carry out a suitability or appropriateness test on prospective Bondholders and shall be satisfied that investment in the Bonds is suitable and/or appropriate for the respective client prior to affecting the purchase of the Bonds for said client. In the case of non-advisory services, the Authorised Financial Intermediary shall not accept any requests to purchase Bonds on an ‘execution-only’ basis and shall only accept requests to purchase Bonds if the Intermediary is satisfied that the client has passed the appropriateness test.



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SECURITIES NOTE

1 DEFINITIONS

Words and expressions used in this Securities Note in their capitalised form shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words and expressions as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

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| Act | the Companies Act, 1995, Chapter 386 of the Laws of Malta; |
| Applicant/s | a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form; |
| Application/s | the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries as applicable in accordance with the terms of this Securities Note; |
| Application Form | the form of application of subscription for Bonds, a specimen of which is contained in Annex III of this Securities Note; |
| Authorised Financial Intermediaries | all the licensed stockbrokers and financial intermediaries listed in Annex II of this Securities Note; |
| Bond/s | the €7,500,000 bonds of a face value of €1,000 per bond redeemable on the Redemption Date, bearing interest at the rate of 6% per annum and redeemable at their nominal value; |
| Bondholder | a holder of Bonds; |
| Bond Issue | the issue of the Bonds; |
| Bond Issue Price | the price of €1,000 per Bond; |
| Company or Issuer | Corinthia Finance p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 25104; |
| Corinthia Group or Group | CPHCL and the companies in which CPHCL has a controlling interest; |
| CPHCL or Guarantor | Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 257. CPHCL acts as the parent company of the Corinthia Group; |
| CSD | the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye- Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063; |
| Cut-off Date | close of business of 27 February 2012; |
| Early Redemption Date/s | any day falling between and including 30 March 2019 and 29 March 2022; |
| Euro or € | the lawful currency of the Republic of Malta; |
| Exchange or MSE | Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063 and company registration number C 42525; |
| Interest Payment Date | 29 March of each year between and including each of the years 2013 and 2022, provided that, if any such day is not a business day, such Interest Payment Date will be carried over to the next following day that is a business day; |
| Issue Period | the period between 1 March 2012 and 22 March 2012 both days included; |
| Listing Authority | the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003; |
| Maturing Bonds | the €14,644,885 6.75% bonds due to mature on 8 April 2012 issued by the Issuer pursuant to an offering memorandum dated 11 March 2002; |
| MFSA | the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the Laws of Malta); |



SECURITIES NOTE

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| Official List | the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws; |
| Prospectus | collectively the Summary Note, the Registration Document and this Securities Note all dated 27 February 2012; |
| Redemption Date | 29 March 2022, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates; |
| Redemption Value | the nominal value of each Bond (€1,000 per Bond); |
| Registration Document | the registration document issued by the Issuer dated 27 February 2012, forming part of the Prospectus; |
| Regulation | Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements; |
| Securities Note | this document dated 27 February 2012 in its entirety; |
| Sponsor | Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE; |
| Summary Note | the summary note issued by the Issuer dated 27 February 2012, forming part of the Prospectus; |
| Terms and Conditions | the terms and conditions of the Bond Issue as contained in section 6 of this Securities Note. |

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and vice-versa;
- (b) words importing the masculine gender shall include the feminine gender and vice-versa; and
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.



2 RISK FACTORS

2.1 GENERAL

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity unless the Bonds are previously re-purchased, cancelled or redeemed. The Issuer shall redeem the Bonds on the Redemption Date falling in 2022, subject to the right of the Issuer to redeem all or part of the Bonds on any of the Early Redemption Dates, by giving not less than thirty (30) days' notice.

An investment in the Bonds involves certain risks, including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to make an investment in the Bonds. The sequence in which the risks are listed below is not intended to be indicative of any order of priority or of the extent of their consequences.

Neither this Securities Note, nor any other parts of the Prospectus or any other information supplied in connection with the Bonds (i) is intended to provide the basis of any credit or other evaluation, or (ii) should be considered as a recommendation by the Issuer or the Guarantor or the Sponsor or Authorised Financial Intermediaries that any recipient of this Securities Note or any other part of the Prospectus or any other information supplied in connection with the Prospectus or any Bonds, should purchase any Bonds.

Accordingly, prospective investors should make their own independent evaluation of all risk factors and should consider all other sections in this document.

2.2 FORWARD-LOOKING STATEMENTS

This Securities Note contains forward-looking statements which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the directors of the Issuer or Guarantor. No assurance is given that the future results or expectations will be achieved.

2.3 RISKS RELATING TO THE BONDS

- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Furthermore, trading in the Bonds shall take place in multiples of €1,000 subject to a minimum holding of €10,000, which may reduce the liquidity in the market for the Bonds. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Moreover, there can be no assurance that an investor will be able to sell the Bonds at or above the Bond Issue Price or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of section 5.10 of this Securities Note), together with any accrued interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.



SECURITIES NOTE

- The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer that are guaranteed by the Guarantor and shall, at all times, rank *pari passu*, without any priority or preference among themselves and with other guaranteed debt. Furthermore, subject to the negative pledge clause (section 5.8 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds, it shall call a meeting of Bondholders in accordance with the provisions of section 5.15 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- The Terms and Conditions of this Bond Issue are based on Maltese law in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.

3 PERSONS RESPONSIBLE

This Securities Note includes information prepared in compliance with the Listing Rules of the Listing Authority for the purpose of providing prospective investors with information with regard to the Issuer and the Guarantor. Each and all of the directors of the Issuer whose names appear under the heading “Administrative, Management and Supervisory Bodies” in section 9.1.1 of the Registration Document forming part of the Prospectus accept responsibility for the information contained in this Prospectus.

To the best of the knowledge and belief of the directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer hereby accept responsibility accordingly.

4 KEY INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The net proceeds from the Bonds amounting to €7,375,000 will be advanced by the Issuer to the Guarantor to be used for the Group’s general corporate funding purposes, including the use thereof by the Issuer to redeem part of the outstanding amount of the Maturing Bonds which as at the date of the Prospectus stands at €14,644,885.

The remaining balance of Maturing Bonds shall be redeemed out of cash reserves specifically earmarked for the purpose of funding the redemption of Maturing Bonds and which amounts to 50% of the outstanding amount as at the date of the Prospectus. In the event that the Bond Issue is not fully subscribed by holders of the Maturing Bonds, the residual balance of Maturing Bonds will be funded from cash flows generated from the recent disposal of properties by CPHCL.

4.2 EXPENSES

Professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €125,000. There is no particular order of priority with respect to such expenses.



SECURITIES NOTE

4.3 ISSUE STATISTICS

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| Amount: | €7,500,000; |
| Form: | the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the Malta Stock Exchange; |
| Denomination: | Euro (€); |
| ISIN: | MT0000101254; |
| Minimum amount per subscription: | a minimum of €10,000 and multiples of €1,000 thereafter; |
| Transferability of the Bonds: | trading in the Bonds shall take place on the MSE in multiples of €1,000 subject to the retention of a minimum holding of €10,000 by each individual Bondholder, which shall be maintained at all times throughout his/her investment in the Bonds. If Bonds are held by financial intermediaries on behalf of clients under one or more nominee accounts, the minimum holding of €10,000 shall apply to each underlying beneficial owner; |
| Redemption Date: | 29 March 2022, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates; |
| Early Redemption Date/s: | any day falling between and including 30 March 2019 and 29 March 2022; |
| Plan of Distribution: | the Bonds are open for subscription to holders of Maturing Bonds and to Authorised Financial Intermediaries; |
| Allocation Preference: | Applications made by persons holding Maturing Bonds at the Cut-off Date completing a pre-printed Application Form and stating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of Maturing Bonds, shall be for the par value of the Maturing Bonds being transferred to the Issuer rounded upwards to the nearest thousand subject to a minimum application of €10,000. Bonds applied for by way of transfer as described above shall be allocated prior to any further allocation of Bonds; |
| Bond Issue Price: | at par (€1,000 per Bond); |
| Status of the Bonds: | the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer guaranteed by the Guarantor and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other guaranteed debt; |
| Listing: | application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List; |
| Issue Period: | the period between 1 March 2012 and 22 March 2012, both days included; |
| Interest: | 6% per annum; |
| Interest Payment Date/s: | annually, with the first interest date falling on 29 March 2013; |
| Redemption Value: | at par (€1,000 per Bond); |
| Governing law of the Bonds: | the Bonds are governed by and shall be construed in accordance with Maltese law; |
| Jurisdiction: | the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds. |

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Joseph Fenech, Frank Xerri de Caro and Joseph J. Vella, in addition to sitting on the Board of directors of the Issuer, also act as directors of other listed companies within the Group. Furthermore, Joseph J. Vella is also a senior partner of GVTH Advocates, the legal counsel of the Issuer. Alfred Pisani, in addition to sitting on the board of directors of the Guarantor, also acts as director of other listed companies within the Group. The audit committees of the Issuer and Guarantor have the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by directors are handled in the best interests of the Issuer and Guarantor respectively. To the extent known or potentially known to the Issuer and the Guarantor as at the date of the Prospectus, there are no other potential conflicts of interest between any duties of the directors of the Issuer and of the Guarantor and their private interests and/or their other duties which require disclosure in terms of the Regulation.



5 INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

5.1 GENERAL

5.1.1 Each Bond forms part of a duly authorised issue of 6% Bonds of a nominal value of €1,000 per Bond issued by the Issuer at par up to the principal amount of €7,500,000 (except as otherwise provided under section 5.14 of this Securities Note).

5.1.2 The currency of the Bonds is Euro (€).

5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned the following ISIN: MT0000101254.

5.1.4 All outstanding Bonds shall be redeemed by the Issuer at par on the Redemption Date, unless otherwise redeemed at the option of the Issuer on any of the Early Redemption Dates.

5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act and the Regulation.

5.1.6 The Issue Period of the Bonds is between 1 March 2012 and 22 March 2012, both days included.

5.1.7 The Bond Issue is not underwritten.

5.2 RANKING OF THE BONDS

The Bonds are guaranteed by the Guarantor to the claims of all holders of senior indebtedness. The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer guaranteed by the Guarantor and shall at all times rank *pari passu*, without any priority or preference among themselves and with other guaranteed debt.

5.3 RIGHTS ATTACHED TO THE BONDS

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest in accordance with the ranking specified in section 5.2 hereof.

5.4 INTEREST

5.4.1 The Bonds shall bear interest from and including 29 March 2012 at the rate of 6% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be paid on 29 March 2013. Provided that any Interest Payment Date which falls on a day other than a business day will be carried over to the next following day that is a business day.

5.4.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed.

5.5 INTEREST TOP-UP TO HOLDERS OF MATURING BONDS

A Maturing Bond Transfer shall be without prejudice to the rights of the holders of Maturing Bonds to receive interest on the Maturing Bonds up to and including 28 March 2012.

The Issuer intends to settle the difference between the coupon rates of 6.75% on the Maturing Bonds and 6% on the Bonds, from 29 March 2012 up to 8 April 2012, being the date of redemption of the Maturing Bonds, to all persons holding Maturing Bonds who would have submitted their Application Forms by not later than 16 March 2012 and, consequently, exercising their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Maturing Bonds to the Issuer as mentioned above.



SECURITIES NOTE

5.6 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 6%.

5.7 REGISTRATION, FORM, DENOMINATION AND TITLE

5.7.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively. The Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD at Garrison Chapel, Castille Place, Valletta, VLT 1063 for the purpose of inspecting information held on their account.

5.7.2 The CSD will issue, upon a request by the Bondholder, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.

5.7.3 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €1,000 provided that on subscription the Bonds will be issued for a minimum of €10,000 per individual Bondholder, which is to be maintained at all times throughout his/her investment in the Bonds. Financial intermediaries subscribing to the Bonds through nominee accounts, for and on behalf of clients, shall apply the minimum subscription amount of €10,000 to each underlying client.

5.7.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under section 5.12 of this Securities Note.

5.8 NEGATIVE PLEDGE

The Issuer and Guarantor undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer and Guarantor, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

"Financial Indebtedness" means any indebtedness in respect of (a) monies borrowed; (b) any debenture, bond, note, loan stock or other security; (c) any acceptance credit; (d) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (e) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (f) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (g) any guarantee, indemnity or similar assurance against financial loss of any person;

"Security Interest" means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer or the Guarantor;

"Permitted Security Interest" means (a) any Security Interest arising by operation of law; (b) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (c) any other Security Interest (in addition to (a) and (b) above) securing Financial Indebtedness of the Issuer or the Guarantor, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the Guarantor and the aggregate principal amount of Bonds outstanding at the time net of any monies set aside for sinking fund purposes.

Provided that the aggregate Security Interests referred to in (b) and (c) above do not result in the unencumbered assets of the Issuer and Guarantor being less than one hundred and six per cent (106%) of the aggregate principal amount of the Bonds still outstanding net of any monies set aside for sinking fund purposes;

"unencumbered assets" means assets which are not subject to a Security Interest.



SECURITIES NOTE

5.9 PAYMENTS

5.9.1 Payment of the principal amount of a Bond will be made in euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

5.9.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

5.9.3 All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

5.9.4 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

5.10 REDEMPTION AND PURCHASE

5.10.1 Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 29 March 2022, provided that the Issuer reserves the right to redeem all or any part of the Bonds on any of the Early Redemption Dates. The Issuer shall give at least thirty (30) days' notice in writing to all Bondholders of its intention to affect such earlier redemption, stating the number of Bonds that will be redeemed on that Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.

5.10.2 Subject to the provisions of this section 5.10, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

5.10.3 All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

5.11 EVENTS OF DEFAULT

The Bonds shall become immediately due and repayable at their principal amount together with accrued interest if any of the following events ("Events of Default") shall occur:

5.11.1 The Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.11.2 The Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.11.3 An order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or



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- 5.11.4 The Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- 5.11.5 The Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 5.11.6 There shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of €1,250,000 or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- 5.11.7 Any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in section 5.8 of this Securities Note) of the Issuer in excess of €1,250,000 or its equivalent at any time.

5.12 TRANSFERABILITY OF THE BONDS

- 5.12.1 The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- 5.12.2 **TRADING IN THE BONDS SHALL TAKE PLACE ON THE MSE IN MULTIPLES OF €1,000 SUBJECT TO THE RETENTION OF A MINIMUM HOLDING OF €10,000 BY EACH INDIVIDUAL BONDHOLDER, WHICH SHALL BE MAINTAINED AT ALL TIMES THROUGHOUT HIS/HER INVESTMENT IN THE BONDS. IF BONDS ARE HELD BY FINANCIAL INTERMEDIARIES ON BEHALF OF CLIENTS UNDER ONE OR MORE NOMINEE ACCOUNTS, THE MINIMUM HOLDING OF €10,000 SHALL APPLY TO EACH UNDERLYING BENEFICIAL OWNER.**
- 5.12.3 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.
- 5.12.4 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 5.12.5 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.
- 5.12.6 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

5.13 TAXATION

5.13.1 General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal. What follows is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.



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The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Prospective investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of prospective investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

5.13.2 Interest

Since interest is payable in respect of a Bond which is the subject of an issue to holders of Maturing Bonds and to Authorised Financial Intermediaries, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the Laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income. However, tax withheld shall in no case be available to any person for a credit against that person’s tax liability or for a refund, as the case may be.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally, in this latter case, the Issuer will advise the Inland Revenue Department on an annual basis in respect of all interest paid gross and of the identity of all such recipients, unless the beneficiary is a non-resident of Malta. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

5.13.3 European Union Savings Directive

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Malta Commissioner of Inland Revenue who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the EU Savings Directive 2003/48/EC.

5.13.4 Capital gains on transfer of the Bonds

On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, no tax on capital gains is chargeable in respect of transfer of the Bonds.

5.13.5 Duty on documents and transfers

In terms of article 50 of the Financial Markets Act (Chapter 345 of the Laws of Malta), as the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.



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INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

5.14 FURTHER ISSUES

The Issuer may, from time to time, without the consent of Bondholders, create and issue further debentures, debenture stock, bonds, loan notes or any other debt securities either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds), and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

5.15 MEETINGS OF BONDHOLDERS

- 5.15.1 The Terms and Conditions contained herein may be amended with the approval of Bondholders at a meeting called for that purpose in accordance with the terms hereunder.
- 5.15.2 In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bonds it shall call a meeting of Bondholders by giving such Bondholders not less than fourteen (14) days' notice in writing setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat.
- 5.15.3 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, a quorum shall be considered present if there are Bondholders present, in person or by proxy, accounting for at least 50% in nominal value of the Bonds then outstanding.
- 5.15.4 Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the regulations of the Issuer would chair a general meeting of shareholders), the meeting may then proceed to business and the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that the Terms and Conditions of Issue of the Bonds ought to be amended as proposed by the Issuer. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present.
- 5.15.5 The voting process shall be managed by the company secretary under the supervision of the auditors of the Issuer.
- 5.15.6 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.
- 5.15.7 Save for the above, the rules generally applicable to the Issuer during general meetings of shareholders shall apply.

5.16 AUTHORISATIONS AND APPROVALS

The Board of directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 18 January 2012.

5.17 NOTICES

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted and, in proving such service, it shall be sufficient to prove that a pre-paid letter containing such notice was properly addressed to such Bondholder at his registered address and posted. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in the Application Form and in any other document issued pursuant to the Prospectus.



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5.18 SINKING FUND

The Issuer hereby undertakes that as from the financial year ending 31 December 2014 it shall, over a period of eight (8) years therefrom, build a sinking fund the value of which will by the Redemption Date be equivalent to 50% of the value of the issued Bonds.

The Guarantor has, pursuant to the loan agreement dated 27 February 2012 (Loan V), agreed to make periodic repayments to enable the Issuer to build up this sinking fund. Below is a table with the minimum amounts to be paid by the Guarantor to the sinking fund of the Issuer:

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| | € | € | € | € | € | € | € | € | € |
| Transfers to sinking fund | 105,000 | 210,000 | 315,000 | 420,000 | 525,000 | 630,000 | 735,000 | 810,000 | 3,750,000 |

The Issuer has appointed Charts Investment Management Service Limited ("Charts") as Sinking Fund Custodian. Charts is an investment service licence holder having a Category 3 licence issued by the Malta Financial Services Authority and is independent of the Issuer and Guarantor. The assets constituting the sinking fund shall be transferred to Charts Investment Management Service Limited's Clients Account and shall be registered in the name of the Issuer. For clarification purposes, the sinking fund assets shall remain the assets of the Issuer.

Charts in its role as Sinking Fund Custodian shall undertake the following activities:

- i. Take control of the assets of the sinking fund which shall be segregated from the other assets of the Issuer;
- ii. Monitor the Issuer's obligation to effect yearly payments to the sinking fund;
- iii. Seek to ensure that by Redemption Date, the sinking fund would have accumulated at least 50% of the nominal amount of the Bonds still outstanding. In the event of a shortfall, Charts is to ensure that such discrepancy, caused by the Issuer, would be due to justifiable reasons;
- iv. In the event where the Issuer pledges assets to the sinking fund, Charts is to audit that the Issuer has applied the assets in accordance with Listing Authority Policies;
- v. Monitor that the portfolio of assets within the sinking fund is being managed within the parameters indicated in the subsequent paragraph;
- vi. To authorise the release of sinking fund assets in the event that the Issuer requires the use of such assets due to temporary liquidity problems as detailed below; and
- vii. Draw up an annual report addressed to the Listing Authority, as to the extent of compliance by the Issuer with the provisions of section 5.18 and the Listing Authority Policies. A copy of the report shall be published through a company announcement and shall be included in the annual financial statements of the Issuer.

The Board of directors of the Issuer reserves the right to invest the funds allocated to the sinking fund, provided that the investment of these proceeds will only be made either for the purpose of the Issuer buying back Bonds for cancellation in terms of section 5.10 of this Securities Note, or for investing in admissible assets as follows:

- i. at least 25% of the total amount shall be maintained in an interest bearing bank account denominated in the same currency as the Bonds and held with a bank established in the EEA (European Economic Area) or invested in Malta treasury bills; and
- ii. not more than 75% of the total amount shall be invested as follows:
 - a. at least 50% (that is 37.5% of the total sinking fund) shall be invested in Malta Government Stocks or in local SICAVs that principally invest in Malta Government Stocks; and
 - b. the balance may be invested in debt instruments denominated in the same currency as the Bonds and quoted on an investment exchange, issued by local or international entities which are unrelated to the Issuer and which are rated as 'A' or better by a reputable credit rating agency.

The Issuer may not create or permit to subsist security over the sinking fund assets, other than the creation of a general hypothec or privilege with a credit institution in the event that the Issuer is facing temporary liquidity problems. Prior to the utilisation of the sinking fund assets for such temporary use, the consent of Charts must be requested after approval by the Board.

The Issuer shall, on a half-yearly basis in its interim and annual financial statements, explain the Issuer's compliance with the sinking fund requirements as detailed in this section 5.18 and, in line with the comply or explain policy, explain the reasons for non-compliance, if any. The Bondholders will be informed on the publication of the said financial statements through the issuance of a company announcement by the Issuer. The financial information will be available for inspection at the registered office of the Issuer and in electronic form on the Guarantor's website at www.corinthiacorporate.com



6 TERMS AND CONDITIONS OF THE ISSUE

6.1 EXPECTED TIMETABLE OF THE BOND ISSUE

| | | |
|----|---|--|
| 1. | Application Forms mailed to holders of Maturing Bonds as at Cut-off Date | 1 March 2012 |
| 2. | Issue Period | 1 March 2012 to 22 March 2012, both days included |
| 3. | Closing date for Applications to be received from holders of Maturing Bonds | 16 March 2012 |
| 4. | Placement Period | 20 March 2012 to 22 March 2012 |
| 5. | Commencement of interest on the Bonds | 29 March 2012 |
| 6. | Announcement of basis of acceptance | 29 March 2012 |
| 7. | Expected dispatch of allotment advices and refunds of unallocated monies | 10 April 2012 |

6.2 GENERAL

6.2.1 The Bonds will be issued in multiples of €1,000. The minimum subscription amount of Bonds that can be subscribed for at any time during the Issue Period is €10,000. Financial intermediaries subscribing to the Bonds through nominee accounts, for and on behalf of clients, shall apply the minimum subscription amount of €10,000 to each underlying client.

6.2.2 In view of the fact that the proceeds of the Bond Issue are intended to be advanced by the Issuer to the Guarantor to be used for the Group's general corporate funding purposes, including for the redemption of part of the outstanding amount of the Maturing Bonds, the Company has not established an aggregate minimum subscription level for the Bond Issue. In the event that the Bond Issue is not fully taken up, the subscribed portion of the Bond shall be advanced to the Guarantor in accordance with the terms of this Prospectus.

The Maturing Bonds shall be redeemed partly out of the proceeds of the Bond Issue, as indicated in section 4.1 above under the heading "Reasons for the Issue and Use of Proceeds", and partly out of cash reserves specifically earmarked for the purpose of funding the redemption of Maturing Bonds and which amounts to 50% of the outstanding balance of the said bonds. In the event that the Bond Issue is not fully subscribed by holders of the Maturing Bonds, the residual balance of Maturing Bonds will be funded from cash flows generated from the recent disposal of properties by CPHCL.

6.2.3 The contract created by the acceptance of an Application shall be subject to the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.

It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

6.2.4 The Bonds have not been, and will not be, registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.

It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.



6.3 TERMS AND CONDITIONS OF APPLICATION FOR HOLDERS OF MATURING BONDS

6.3.1 The consideration payable by an Applicant for the Bonds may be settled after submitting a pre-printed Application Form, by the transfer of all or part of the Maturing Bonds held by such Applicant on the Cut-off Date together with the payment of such additional amount in cash as may be required for the purpose of rounding up to the nearest thousand, subject to a minimum application of €10,000 (the "Maturing Bond Transfer"). Payment may be made either in cash or by cheque payable to "Charts Ltd - The Registrar Corinthia Bond Issue". In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

6.3.2 By submitting a signed pre-printed Application Form indicating that the Maturing Bond Transfer is being selected (whether in whole or in part consideration for the Bonds being applied for), the Applicant is thereby confirming that:

- (a) all or part (as the case may be) of the Maturing Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer; and
- (b) the pre-printed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
 - i. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
 - ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

6.3.3 The amount of the Bond Issue is €7,500,000.

6.3.4 If the Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have bound his principal, or the relative corporation, corporate entity, or association of persons and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such intermediary may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar.

In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant and liability therefor is joint and several. The person whose name is in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

Where the Applicant is the holder of Maturing Bonds held subject to usufruct on the Cut-off Date, both the signatures of the bare owner, as well as that of the usufructuary, will be required in the Application Form. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner.

Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parent/s / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder; provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.

6.3.5 All Applications for the subscription of Bonds being affected by Maturing Bond Transfer must be submitted on a pre-printed Application Form by not later than 14.00 hours on 16 March 2012. The completed pre-printed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. The Intermediaries shall carry out a suitability or appropriateness test on prospective Bondholders and shall be satisfied that investment in the Bonds is suitable and/or appropriate for the respective client prior to affecting the purchase of the Bonds for said client. In the case of non-advisory services, the Authorised Financial Intermediary shall not accept any requests to purchase Bonds on an 'execution-only' basis and shall only accept requests to purchase Bonds if the Intermediary is satisfied that the client has passed the appropriateness test.



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6.3.6 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original pre-printed Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, the balance of the amount paid on Application will be returned by the Issuer, without interest, by direct credit into the Bondholder's bank account as indicated by the Bondholder on the Application Form. The Issuer shall not be responsible for any loss or delay in transmission.

6.3.7 As already indicated by the Issuer elsewhere in the Prospectus, holders of Maturing Bonds applying for Bonds indicating their agreement to settle the consideration for the Bonds by surrendering in the Issuer's favour Maturing Bonds of an equivalent nominal value (subject to the payment of such additional amount as may be required for the purpose of rounding up to the nearest thousand subject to a minimum of €10,000), shall be allocated Bonds in accordance with the allocation policy detailed in section 6.7 below.

6.3.8 Within 5 working days from the closing of the Issue Period, the Issuer shall announce the result of the Issue by means of a company announcement.

6.3.9 By not later than 29 March 2012, the Issuer shall determine and announce the basis of acceptance of applications and allocation policy, in accordance with the criteria detailed in section 6.7 below, through a company announcement and a press release in at least one local newspaper.

6.3.10 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Chapter 440 of the Laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.

6.3.11 By completing and delivering an Application Form, an Applicant shall:

- (a) agree to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- (b) warrant that the information submitted in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the person completing the Application Form. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- (c) confirm that the Issuer and the MSE may process the personal data that is provided in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for in accordance with the Data Protection Act (Chapter 440 of the Laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Company and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- (d) confirm that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in the Prospectus and, accordingly, agree that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- (e) agree to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application/s;



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- (f) warrant, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory and that he/she has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her Application;
- (g) warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (h) represent that he/she is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (i) agree that Charts Investment Management Service Limited will not, in their capacity of Sponsoring Stockbrokers, treat him/her as their customer by virtue of his/her making an Application for the Bonds and that Charts Investment Management Service Limited will owe him/her no duties or responsibilities concerning the price of the Bonds or their suitability for him/her;
- (j) agree that all documents in connection with the issue of the Bonds will be sent at his/her own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
- (k) renounce to any rights he/she may have to set-off any amounts he/she may, at any time, owe the Issuer against any amount due under the terms of these Bonds.

6.4 PLAN OF DISTRIBUTION AND ALLOTMENT

During the Issue Period, applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription to holders of Maturing Bonds and to Authorised Financial Intermediaries.

It is expected that an allotment advice to Applicants will be dispatched within five (5) business days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (and regulations made thereunder). Such monies will not bear interest while retained as aforesaid.

Dealing shall commence upon admission to trading of the Bonds by the MSE, and subsequent to the above mentioned notification.

6.5 PRICING

The Bonds are being issued at par, that is, at €1,000 per Bond.

6.6 INTERMEDIARIES' OFFER

The Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of the Bonds whereby it will bind itself to allocate Bonds to such investors subsequent to closing of the Issue Period. In terms of each subscription agreement the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List of the Malta Stock Exchange. The subscription agreements will become binding on each of the Issuer and the Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

Such arrangements will come into force subsequent to 16 March 2012, being the closing date for holders of Maturing Bonds, for any Bonds not taken up. Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.



SECURITIES NOTE

6.7 ALLOCATION POLICY

The Issuer shall allocate the Bonds on the basis of the following policy:

- i. The Issuer shall allocate the Bonds to Applicants in exchange for Maturing Bonds in accordance with section 6.3.1 above;
- ii. Given that the issue of Bonds is *circa* 50% of the outstanding amount of Maturing Bonds, in the event of over-subscription, the Issuer shall scale down each Application subject to a minimum subscription amount of €10,000. If, following the scaling down, the amount of Bonds applied for exceeds the number of Bonds on offer, the Issuer shall proceed by allocating Bonds to Applicants through a ballot. As a result, there is the possibility that not all Applicants would be allocated Bonds;
- iii. In the event that following the allocations made pursuant to paragraph (i) above there still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries' Offer as detailed in section 6.6 above.

6.8 ADMISSION TO TRADING

6.8.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 27 February 2012.

6.8.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.

6.8.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 11 April 2012 and trading is expected to commence on 12 April 2012.

7 DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Securities Note, the following documents or certified copies thereof, where applicable, shall be available for physical inspection at the registered address of the Issuer at 22, Europa Centre, Floriana, FRN 1400:

- (a) The Issuer's and Guarantor's Memorandum and Articles of Association;
- (b) The audited financial statements of Corinthia Finance p.l.c. for the years ended 31 December 2009 and 2010;
- (c) The consolidated audited financial statements of Corinthia Palace Hotel Company Limited for the years ended 31 December 2009 and 2010;
- (d) The unaudited interim financial statements of Corinthia Finance p.l.c. for the six-month period ended 30 June 2011;
- (e) The unaudited interim financial statements of Corinthia Finance p.l.c. for the nine-month period ended 30 September 2011;
- (f) The unaudited interim consolidated financial statements of Corinthia Palace Hotel Company Limited for the nine-month period ended 30 September 2011;
- (g) The loan agreement entered into between CPHCL and the Company in respect of the Bonds issued pursuant to the Prospectus; and
- (h) The letter of guarantee by CPHCL in respect of the Bond Issue which is contained in Annex I of this Securities Note.

Document (b) above is also available for inspection in electronic form on the Guarantor's website at www.corinthiacorporate.com



THE GUARANTEE



CORINTHIA GROUP

To All Bondholders:

We make reference to the issue of €7,500,000 6% Bonds 2019-2022 (the "Bonds") by Corinthia Finance p.l.c. (the "Issuer") pursuant to and subject to the terms and conditions contained in the Prospectus dated 27 February 2012.

Now therefore by virtue hereof, we, Corinthia Palace Hotel Company Limited, hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which may become due and payable should the Issuer default in paying the Bondholders under the Bonds.

All words and expressions used in this guarantee in their capitalised form shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

This guarantee shall be governed by the Laws of Malta.

Signed and executed on this the 27th day of February 2012, after approval of the Board of directors of Corinthia Palace Hotel Company Limited at its meeting of the same date.

Alfred Pisani
Chairman and Chief Executive Officer



ANNEX II

AUTHORISED FINANCIAL INTERMEDIARIES

| Name | Address | Telephone | Fax |
|--|---|------------------|------------|
| Atlas JMFS Investment Services Ltd | 67/3, South Street, Valletta VLT 1105 | 21322590 | 23265691 |
| Bank of Valletta p.l.c. | BOV Centre, Cannon Road, St Venera SVR 9030 | 21312020 | 22751733 |
| Calamatta Cuschieri & Co Ltd | Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103 | 25688688 | 25688256 |
| Charts Investment Management Service Ltd | Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913 | 21224106 | 21241101 |
| Curmi & Partners Ltd | Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102 | 21347331 | 21347333 |
| Financial Planning Services Ltd | 4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421 | 21344244 | 21341202 |
| FINCO Treasury Management Ltd | Level 5, The Mall Complex, The Mall, Floriana FRN 1470 | 21220002 | 21243280 |
| GlobalCapital Financial Management Ltd | Testaferrata Street, Ta'Xbiex XBX 1403 | 22796283 | 22796284 |
| Hogg Capital Investments Ltd | Regent House, Suite 33, Bizazza Street, Sliema SLM 1641 | 21322872 | 21342760 |
| Lombard Bank Malta p.l.c. | 59, Republic Street, Valletta VLT 1117 | 25581114 | 25581815 |
| Rizzo, Farrugia & Co (Stockbrokers) Ltd | Airways House, Third Floor, High Street, Sliema SLM 1549 | 22583000 | 22583001 |



SPECIMEN APPLICATION FORM



CORINTHIA FINANCE plc

A member of the Corinthia Group of Companies

€7,500,000
6% BONDS 2019 – 2022
APPLICATION FORM

Application
Number

Please read the notes overleaf before completing this Application Form

| | | |
|--|--|----------------|
| A APPLICANT | | |
| | | |
| | TEL. NO. <input type="text"/> MOBILE NO. <input type="text"/> | |
| B | | |
| Nominal value of Corinthia Finance p.l.c. 6.75% Bonds 2012: | | |
| | AMOUNT IN FIGURES Box 1 € <input type="text"/> | |
| I/We apply to purchase and acquire the amount set out below in Corinthia Finance p.l.c. 6% Bonds 2019-2022 at the Bond Issue Price (at €1,000) pursuant to the Prospectus (minimum €10,000 and in multiples of €1,000 thereafter). | | |
| | AMOUNT IN FIGURES Box 2 € <input type="text"/> | |
| The amount to be included in Box 2 shall not exceed € <input type="text"/> | AMOUNT IN FIGURES Box 3 <i>Difference payable on Application</i> Box 2 - Box 1 € <input type="text"/> | |
| Amount of 6% Bonds 2019-2022 applied for less the nominal value of 6.75% Bonds 2012, payable in full upon application under the Terms and Conditions as defined in the said Prospectus. | | |
| C RESIDENT - WITHHOLDING TAX DECLARATION (See note 9) (to be completed ONLY if the Applicant is a Resident of Malta) | | |
| <input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax). | | |
| D NON-RESIDENT - DECLARATION FOR TAX PURPOSES (to be completed ONLY if the Applicant is a Non-Resident) | | |
| TAX COUNTRY | TOWN OF BIRTH | |
| T I N (Tax Identification Number) | COUNTRY OF BIRTH | |
| PASSPORT/NATIONAL I.D. CARD COUNTRY OF ISSUE | NUMBER ISSUE DATE | |
| <input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. | | |
| <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union. | | |
| E INTEREST MANDATE (see note 9) Completion of this Panel is MANDATORY | | |
| BANK | BRANCH | ACCOUNT NUMBER |
| F | | |
| This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the Corinthia Finance p.l.c. 6% Bonds 2019-2022 being applied for, to transfer to the Issuer all or part of the Bonds issued by Corinthia Finance p.l.c. (6.75% Bonds 2012) held by the Applicant as at the Cut-Off Date for the nominal value of which is set out in Box 1 of Panel B above. By submitting this signed Application Form, the Applicant is thereby confirming that: | | |
| (a) all or part of 6.75% Bonds 2012 held by the Applicant at the Cut-Off Date are being transferred to the Issuer at their nominal value; and | | |
| (b) this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to: | | |
| i. cause the transfer of the said 6.75% Bonds 2012 in the Issuer's name in consideration of the issue of Corinthia Finance p.l.c. 6% Bonds 2019-2022; and | | |
| ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant. | | |
| G | | |
| I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions which I/we fully accept. | | |
| Signature/s of Applicant/s (Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in case of Bondholdings that are subject to usufruct) | | Date |
| AUTHORISED INTERMEDIARY'S STAMP | | |



ANNEX III

SPECIMEN APPLICATION FORM

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus regulating the Bond Issue

1. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. This Application Form is not transferable and entitles you to a preferential treatment as a bondholder of Corinthia Finance p.l.c. 6.75% Bonds 2012 (See note 6 below).
4. Interest and redemption proceeds will be issued in the name of the person as shown in Panel A overleaf.
5. This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the Corinthia Finance p.l.c. 6% Bonds 2019-2022 being applied for, to transfer to the Issuer all or part of the Bonds issued by Corinthia Finance p.l.c. ("Maturing Bonds") held by the Applicant as at the Cut-Off Date for the nominal value of which is set out in Box 1 of Panel B overleaf. By submitting this signed Application Form, the Applicant is thereby confirming that:
 - (a) all or part of the Maturing Bonds held by the Applicant at the Cut-Off Date are being transferred to the Issuer at their nominal value; and
 - (b) this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
 - i. cause the transfer of the Maturing Bonds in the Issuer's name in consideration of the issue of Corinthia Finance p.l.c. 6% Bonds 2019-2022; and
 - ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the appropriate number of 6% Bonds 2019-2022 in the Applicant's name.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €1,000. The Issuer will be giving preference to Applications made by holders to Maturing Bonds up to their full amount held at the Cut-Off Date rounded up to the nearest €1,000 subject to a minimum application of €10,000.

TRADING IN THE BONDS SHALL TAKE PLACE ON THE MALTA STOCK EXCHANGE IN MULTIPLES OF €1,000 SUBJECT TO THE RETENTION OF A MINIMUM HOLDING OF €10,000 BY EACH INDIVIDUAL BONDHOLDER, WHICH SHALL BE MAINTAINED AT ALL TIMES THROUGHOUT HIS/HER INVESTMENT IN THE BONDS. FINANCIAL INTERMEDIARIES SUBSCRIBING TO THE BONDS THROUGH NOMINEE ACCOUNTS, FOR AND ON BEHALF OF CLIENTS, SHALL APPLY THE MINIMUM SUBSCRIPTION AMOUNT OF €10,000 TO EACH UNDERLYING CLIENT.

An Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of the Maturing Bonds being transferred. The amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, may be made by cheque payable to "Charts Ltd - The Registrar Corinthia Bond Issue" which is to be attached to the Application Form being submitted to any Authorised Financial Intermediary listed in Annex II of the Securities Note. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Applicants who are Non-Resident in Malta for tax purposes, must complete Panel D overleaf.
8. In the case where a holder of Maturing Bonds is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have Final Withholding Tax, currently 10% deducted from interest payments. Applicants will receive their interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel E overleaf.

In terms of Section 5.13.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act.
10. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
11. The MSE account number has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 27 February 2012. **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
12. Completed Application Forms are to be delivered at any of the Authorised Financial Intermediaries listed in the Prospectus, during normal office hours by not later than 14:00 on 16 March 2012. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any Applications received by the Registrar after 14:00 on 16 March 2012, will not be accepted.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge/s that:
 - a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
 - b. the pre-printed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
 - i. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
 - ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such request must be made in writing and addressed to the Issuer. The request must further be signed by yourself, as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult a licensed stockbroker or an investment adviser, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.