SUMMARY NOTE
DATED 10 APRIL 2015

This Summary Note is issued in accordance with the provisions of Chapter 4 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, as amended by Commission Delegated Regulation (EU) No. 486/2012 of the 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014.

In respect of an Issue of up to €45,000,000 5.75% Unsecured Bonds 2025
of a nominal value of €100 per Bond issued at par by

INTERNATIONAL HOTEL INVESTMENTS P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 26136

ISIN: MT0000111295

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

Joint Manager and Registrar	Joint Manager	Sponsor	Legal Counsel
BOV Bank of Valletta	HSBC	CHARTS WEALTH MANAGEMENT • CORPORATE BROKING	CAMILLERI PREZIOSI ADVOCATES

IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO INTERNATIONAL HOTEL INVESTMENTS P.L.C. (THE "**ISSUER**"), ITS BUSINESS AND THE SECURITIES BEING ISSUED IN TERMS OF THE PROSPECTUS. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT, (CAP. 386 OF THE LAWS OF MALTA) AND 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 (AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013) AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS 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 THE PROSPECTUS 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, ITS DIRECTORS, OR ADVISORS. THE ADVISORS ENGAGED BY THE ISSUER FOR THE PURPOSE OF THIS BOND ISSUE ARE ACTING EXCLUSIVELY FOR THE ISSUER.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT 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 SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY AND THE MSE, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES. APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE APPROVAL OF THE PROSPECTUS AND FOR THE ADMISSION OF THE ISSUER'S BONDS ON A REGULATED MARKET. APPLICATION HAS ALSO BEEN MADE TO THE MSE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MSE. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES ISSUED BY THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS DOCUMENT. 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 ANY FINANCIAL INSTRUMENTS AND SECURITIES ISSUED BY THE ISSUER.

ALL THE ADVISORS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISORS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE WITH RESPECT TO THE BOND ISSUE, YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION,

ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM, OR THE PROSPECTUS AS A WHOLE.

STATEMENTS MADE IN THIS DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

This Summary Note is prepared in accordance with the requirements of the Regulation.

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1– E.7). This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

In this Summary Note the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	the Companies Act (Cap. 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 and delivering same to any of the Authorised Financial Intermediaries;
Application Form/s	the two forms of application of subscription for Bonds, specimens of which are contained in Annex II of the Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex II of the Securities Note;
Bond(s)	a maximum of €45,000,000 unsecured bonds of a face value of €100 per bond bearing interest at the rate of 5.75% per annum and redeemable on the Redemption Date at their nominal value;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Corinthia Group	CPHCL and the companies in which CPHCL has a controlling interest;
CPHCL	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta with company registration number C 257 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
CSD	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063;
Cut-Off Date	close of business of 10 April 2015;
Directors or **Board**	the board of directors of the Issuer is composed of: Alfred Pisani, Frank Xerri de Caro, Abdulnaser M.B. Ahmida, Douraid Zaghouani, Hamad Mubarak Mohd Buamin, Abuagila Almahdi, Khaled Algonsel, Joseph Pisani, Michael Beckett and Joseph J. Vella;
EDREICO	Economic Development and Real Estate Investment Company, a company registered under the laws of Libya and having its registered office at 49, 4th Floor, Burj Al Fatah Tower, PO BOX 93142, Tripoli, Libya;
Euro or **€**	the lawful currency of the Republic of Malta;

Exchange, Malta Stock Exchange or **MSE**	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 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;
Exchangeable Bond Transfer	the subscription for Bonds by an Existing Bondholder settled, after submitting the appropriate pre-printed Application Form 'A' (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Exchangeable Bonds held by such Existing Bondholder as at the Cut-Off Date;
Exchangeable Bonds	the 6.25% bonds 2015-2019 redeemable on any day falling between and including 11 July 2015 and 9 July 2019, amounting as at the date of the Prospectus to €35,000,000, issued by the Issuer pursuant to a prospectus dated 12 June 2009;
Existing Bondholder	a holder of Exchangeable Bonds as at the Cut-Off Date;
Group	the Issuer (as parent company) and its Subsidiaries;
Issuer or **IHI**	International Hotel Investments p.l.c., a company registered under the laws of Malta with company registration number C 26136 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Interest Payment Date	13 May of each year between and including each of the years 2016 and the year 2025, 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 Date	expected on 22 May 2015;
Issue Period	4 May 2015 to 6 May 2015, both days included;
Istithmar	Istithmar Hotels FZE, a company registered under the laws of Dubai with company registration number 01256L and having its registered office at PO Box 262080, Level 38, Al Shatha Tower, Media City, Dubai, United Arab Emirates;
LFICO	Libyan Foreign Investment Company, a company registered under the laws of Libya with company registration number 9481 and having its registered office at Ghadem Aljabel, Gharian, P.O. Box 4538 Tripoli, Libya;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Medina Tower JSC (Libya)	Medina Tower Joint Stock Company for Real Estate and Development, a joint stock investment company registered under the commercial laws of Libya (in accordance with Law No. 5 (1997) as amended by Law No. 7 (2004) and Law No. 9 (2010)) having its registered office at Tripoli Tower, Suite 107, Tower 2, Level 10, Tripoli, Libya, and bearing privatisation and investment board number 343;
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
MIH	Mediterranean Investments Holding p.l.c., a company registered and existing under the laws of Malta with company registration number C 37513 and having its registered office situated at 22, Europa Centre, Floriana FRN 1400, Malta;
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;
Preplacement Offer	on 29 April 2015;
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
Prospectus Directive	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 and amending Directive 2001/34/EC, as may be amended from time to time;
QPM	QPM Limited, a company registered and existing under the laws of Malta with company registration number C 26148 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Redemption Date	13 May 2025;
Redemption Value	the nominal value of each Bond (€100 per Bond);

Registration Document	the Registration document issued by the Issuer dated 10 April 2015, 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 a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014;
Securities Note	the securities note issued by the Issuer dated 10 April 2015, 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;
Subsidiary	each of the following companies: Five Star Hotels Limited, Alfa Investimentos Turisticos Lda, IHI Lisbon Limited, IHI St. Petersburg LLC , IHI Benelux B.V. , IHI Hungary Zrt, IHI Zagreb d.d., CHI Limited, Corinthia Towers Tripoli Limited, IHI Towers s.r.o., IHI Benghazi Limited, Marina San Gorg Limited, Libya Hotels & Developments JSC, and the term 'Subsidiaries' shall collectively refer to the said companies;
Summary Note	this summary note issued by the Issuer dated 10 April 2015, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue, a summary of which is included in Element E.3.

SECTION A INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

i. This summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this document. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
ii. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
iii. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus: is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.

A.2 Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries; prospective investors are hereby informed that:

i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

   a. in respect of Bonds subscribed for through Authorised Financial Intermediaries during the Preplacement Offer and Issue Period;
   b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
   c. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

ii. **in the event of a resale or placement of Bonds by an Authorised Financial Intermediary subsequent to the Intermediaries' Offer, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale or placement at the time such is made.**

SECTION B ISSUER

B.1 The legal and commercial name of the Issuer is International Hotel Investments p.l.c.

B.2 The Issuer was registered in Malta in terms of the Act on 29 March 2000, as a public limited liability company. The Issuer is domiciled in Malta.

B.4b The Issuer was set up and promoted by the Corinthia Group as the principal vehicle for the international expansion of the Group's hotels and mixed use developments.

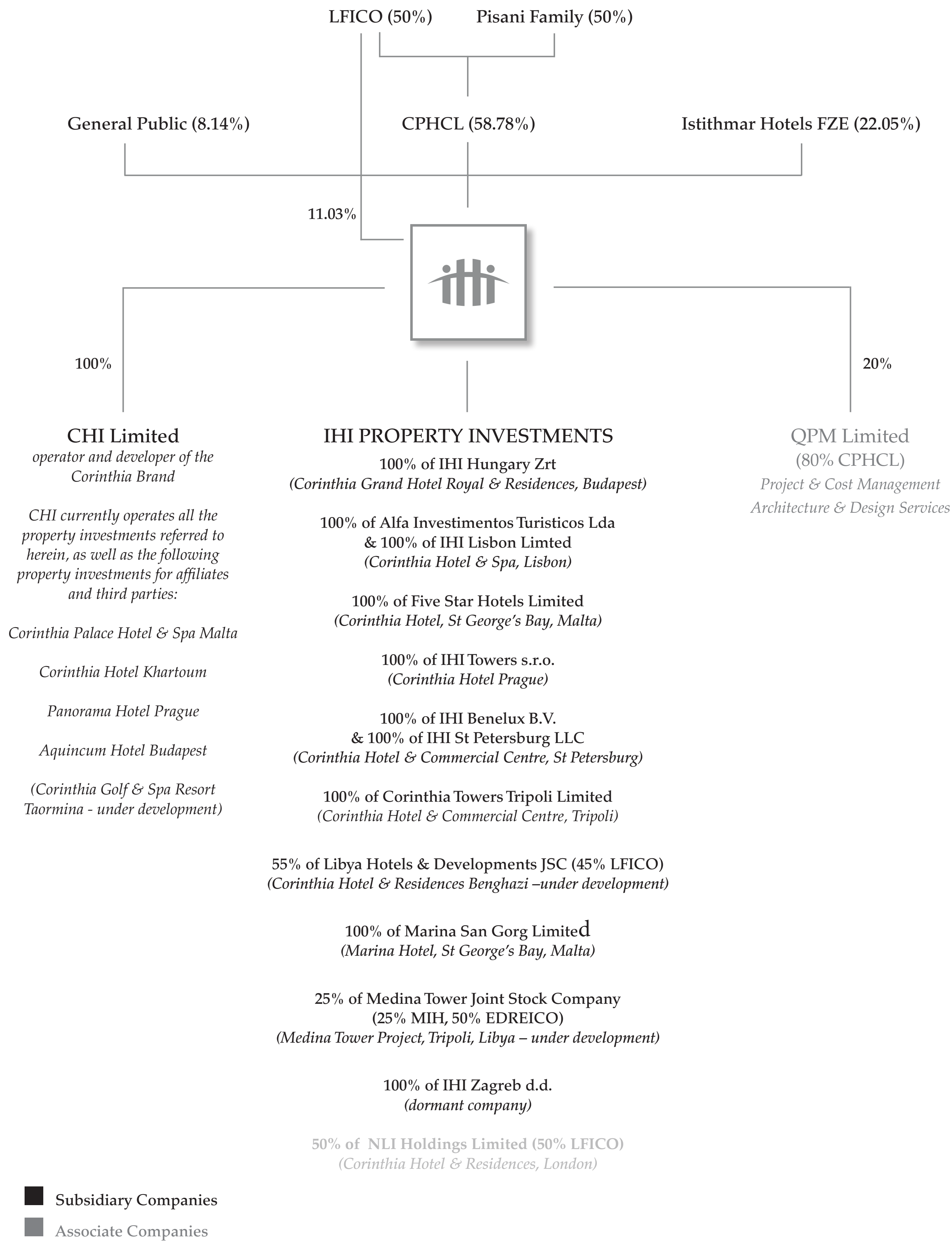
The Issuer owns and operates the Corinthia Hotel & Commercial Centre in Tripoli, Libya (hereinafter the "Corinthia Hotel Tripoli"). The performance of this operation during the course of 2011 was significantly lower than the performance in prior years. During this period of political conflict in North Africa, the Issuer's property in Tripoli remained operational, albeit at a lower level of activity, to match the demands for accommodation in Libya. As the former government was replaced and the political turmoil began to abate, the hotel experienced a gradual recovery of business activity in its operations, with revenues continuing to increase towards pre-2011 operating levels. In 2014 the Corinthia Hotel Tripoli remained operational and is currently the only international five star hotel open in the city. Despite the end of hostilities at the city outskirts which started in June 2014, management has continued to experience a period of low occupancies and has implemented extensive cost savings with the objective of minimising its losses over the 12-month period ended 2014.

On 27 January 2015, the Corinthia Hotel Tripoli was the scene of an armed attack. It is not for the Issuer to speculate on the motives behind the attack, but management has nothing to suggest that this was in any way directed against the Issuer. Since the attack, the hotel's management has returned to the premises and an assessment of the affected parts of the hotel has revealed that damages were contained. Whilst management is committed to resume the operation of the hotel within the shortest time possible, it is likely that the present situation of low occupancy at the Corinthia Hotel Tripoli will persist in 2015. Save for an area of 1,222 square metres which was vacated in 2013, the commercial centre of offices adjoining the hotel remains in full operation and occupancy, generating around €6 million in rent income annually.

The business of the Issuer in Western and Central Europe continued to operate in what, following the global financial crisis which took place in 2008, is at present still generally considered to be a subdued economic environment. Nonetheless, the Group's properties in this region registered a marginally improved performance in 2012 over the corresponding periods in 2011 and 2010. Similar growth patterns were evidenced in 2013 over 2012 and these were even more pronounced in 2014 over 2013 with a year-on-year growth of 32.9% in EBITDA earnings, notwithstanding the subdued economic and financial background. The Corinthia hotel in St Petersburg has been affected by a reduction in corporate travel to the Russian Federation and by a significant reduction in the value of the Rouble when expressed against the Euro and the tumbling oil prices which had a significant negative impact on the revenues generated by the Federation from the sale of this commodity.

The Issuer has announced that it has executed a preliminary conditional agreement with the majority shareholders in the Island Hotels Group Holdings p.l.c. (IHG Group), with a view to consider making a voluntary offer for the purchase of 100% of the issued share capital of the IHG Group. The Directors believe that the acquisition of the IHG Group will provide the Issuer with operational synergies and efficiencies which will benefit the Issuer and its overall operations, but at the date of this Prospectus the Issuer has not had the opportunity of undertaking a full due diligence exercise with respect to the IHG Group, its business and operations. Also, the amalgamation of IHG Group's hotel operation in St George's Bay with that of IHI's own neighbouring hotels would allow for enhanced development opportunities at the adjoining sites in St Julian's, where the Issuer has already intimated its intention to redevelop fully the combined land plots, in a phased project over several years.

B.5 The organisational structure of the Group is illustrated in the diagram below:



B.9 Not Applicable: The Registration Document forming part of the Prospectus does not contain any profit forecasts or estimates.

B.10 Not Applicable: the audit reports on the audited financial statements for each of the years ended 31 December 2011 to 2014 do not contain any material qualifications.

B.12 The historical financial information for the four financial years ended 31 December 2011 to 2014 as audited by Grant Thornton is set out in the consolidated financial statements of the Issuer. Such audited consolidated financial statements are available on the Issuer's website www.ihiplc.com.

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

There were no significant changes in the financial or trading position of the Issuer since the date of its last published audited consolidated financial statements.

Extracts of the historical financial information referred to above are set out below:

CONDENSED INCOME STATEMENT
For the years ended 31 December

	2014	**2013**	**2012**	**2011**
	€'000	**€'000**	**€'000**	**€'000**
Revenue	116,379	123,734	118,567	104,223
EBITDA	28,850	34,981	27,725	22,378
(Loss) profit before tax	(29,835)	(4,033)	(11,383)	(11,811)
(Loss) profit attributable to parent company	(16,266)	266	(10,263)	(10,398)

CONDENSED BALANCE SHEET
At 31 December

	2014	**2013**	**2012**	**2011**
ASSETS	**€'000**	**€'000**	**€'000**	**€'000**
Non-current	961,305	1,042,268	1,029,533	984,971
Current	50,735	50,404	59,150	81,858
Total assets	**1,012,040**	**1,092,672**	**1,088,683**	**1,066,829**
EQUITY AND LIABILITIES				
Total equity	**594,814**	**626,491**	**600,256**	**602,615**
Liabilities				
Non-current	354,402	390,061	410,385	399,119
Current	62,824	76,120	78,042	65,095
Total liabilities	**417,226**	**466,181**	**488,427**	**464,214**
Total equity and liabilities	**1,012,040**	**1,092,672**	**1,088,683**	**1,066,829**

In view of the prolonged instability in Libya and the political issues between Russia and Ukraine, revenue generated at Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg for the year ended 31 December 2014 was lower than the prior year by *circa* €16.1 million. Such reduction was however partly compensated by increased revenues at the other Group properties and therefore the overall decrease in income for the said financial year amounted to €7.4 million (a reduction of 6%). This reduction in income inevitably impacted the Group's EBITDA, which decreased by 18% from €35.0 million in 2013 to €28.9 million in 2014.

In April 2014, 11 apartments in Whitehall Place London adjacent to the Corinthia Hotel London, of which IHI holds a 50% stake, were sold to third parties. The penthouse apartment was retained and will be sold when the right opportunity arises. Except for one-off property costs resulting from the aforesaid sale of the apartments, the disposal had no effect on the Group financial statements since the apartments were already valued at their market price in 2013. A loss was registered from equity accounted investments (London Hotel and Residences) for 2014 of €14.6 million, in consequence of building taxes, depreciation, interest and the one-time selling costs of the 11 apartments as the hotel performance registered a marginal improvement in performance in 2014 over 2013.

After accounting for movements in fair value of properties described hereunder, the Group recorded a loss for the year ended 31 December 2014 of €16.3 million (2013: Profit of €0.3 million).

As at 31 December 2014, the Group had a working capital deficiency (current assets less current liabilities) of €12.1 million. This deficiency is being addressed by the Issuer as follows:

- In view of the prevailing situation in Libya, the lender of the €40 million loan on Corinthia Hotel Tripoli has confirmed its intention to postpone capital repayments due on this loan in 2015; and
- An agreement has been reached for the amount payable as dividend to the institutional shareholders of €5.1 million will be settled after the penthouse apartment in London is sold and paid for.

Analysis of Movements in Property Values
For the year ended 31 December 2014

	Income Statement €'000	Other Comprehensive Income €'000	Total €'000
Corinthia Hotel Lisbon	1,240	13,728	**14,968**
Lisbon Apartments	(156)	-	**(156)**
Corinthia Hotel Budapest	10,357	-	**10,357**
Marina Hotel	1,766	-	**1,766**
Corinthia Hotel Tripoli	(8,038)	(26,814)	**(34,852)**
Tripoli Commercial Centre	(5,659)	-	**(5,659)**
Corinthia Hotel St Petersburg	(3,243)	(15,867)	**(19,110)**
St Petersburg Commercial Centre	(9,577)	-	**(9,577)**
Corinthia Hotel London	-	17,933	**17,933**
Net movement in property values	**(13,310)**	**(11,020)**	**(24,330)**

On a yearly basis, a value in use assessment is carried out on the Issuer's hotels and investment properties by independent advisors. This process involves the preparation of 10-year future cash flows prepared by an expert in the hospitality industry and financial modeling by an independent accountancy firm. In 2014, the aforesaid process was performed on all Group properties other than the Corinthia Hotel Tripoli, due to the current uncertain environment prevailing in Libya which presented significant difficultly for such advisors to determine a value in use of the property.

As such, a value in use on the Corinthia Hotel Tripoli was determined after the independent advisors presented several scenarios and parameters to the Directors for their consideration. The Directors resolved to adopt the more prudent basis of valuation by applying to the model higher country and other risk premia, and assumed a weaker outlook on future performance. In consequence, the value of the property was impaired by €34.9 million in 2014.

As denoted in the above table, the Group was negatively impacted in 2014 by a reduction of €69.2 million in the values of its properties in Tripoli and St Petersburg (hotels and commercial centres) as a consequence of the force majeure situation prevailing in each of the said jurisdictions and the devaluation of the Russian Rouble. On the other hand, through the robust performance achieved by a number of the Group's European hotels, the Issuer registered an improvement of €44.9 million in the fair values of such properties, most notably of which is the uplift in London (limited to 50% share), in Lisbon and in Budapest.

B.13 Not Applicable: the Issuer is not aware of any recent events which are to a material extent relevant to the evaluation of its solvency.

B.14 The Issuer was set up and promoted by the Corinthia Group as the principal vehicle for the international expansion of the Group's hotels and mixed use developments. The Issuer's primary objective is to focus on strategic direction and development of the Group. Each hotel property is owned through a company established in the jurisdiction where the hotel is located. This is driven principally by two factors: firstly, retaining a corporate structure that provides efficient tax treatment to the Issuer, and secondly, ensuring that each hotel property is vested with its own management structure entrusted with its operation. The latter approach suitably adheres to each hotel's need to take account of the particular environment and market in which it operates, albeit subject to the overall direction and the strategic parameters and objectives established by the Issuer's Directors.

As the holding company of the Group, the Issuer is ultimately dependent upon the operations and performance of its subsidiaries and their respective operations.

B.15 As at the date of this Prospectus, the Issuer serves as the principle vehicle for the international expansion of the Group's hotels and mixed use developments. In terms of its Memorandum and Articles of Association, the principal object of the Issuer is to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of hotels, resorts, leisure facilities, tourism related activities and such other activities as may from time to time be ancillary or complimentary to the foregoing whether in Malta or overseas.

B.16 CPHCL holds directly 58.78% of the share capital in the Issuer, whilst Istithmar and LFICO both act as strategic investors in the company with direct holdings of 22.05% and 11.03% respectively. LFICO also owns 50% of CPHCL and half of its direct holding of 11.03% is subject to a call option in favour of CPHCL. The remaining shares in the Issuer are held by the general investing public

B.17 Not Applicable: The Issuer has not sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.

SECTION C SECURITIES

C.1 The Issuer shall issue an aggregate of €45,000,000 in Bonds having a face value of €100 per bond, subject to a minimum holding of €2,000 in Bonds. 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 CSD. On admission to trading the Bonds will have the following ISIN number MT0000111295. The Bonds shall bear interest at the rate of 5.75% per annum and shall repayable in full upon maturity unless they are previously re-purchased, cancelled or redeemed.

C.2 The Bonds are denominated in Euro (€).

C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

C.8 Investors wishing to participate in the Bonds will be able to do so by duly executing an Application Form in relation to the Bonds. Execution of the Application Form will entitle such Bondholder to:

(i) the payment of capital;
(ii) the payment of interest;
(iii) ranking with respect to other indebtedness of the Issuer in accordance with the status of the Bonds, as follows: The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt, if any. As at the date of the Prospectus, the Issuer does not have any subordinated indebtedness;
(iv) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
(v) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

As at 31 December 2014 the Group's indebtedness amounted to €299.3 million, comprising of bank loans (€205.0 million), corporate bonds (€88.9 million) and other borrowings from related companies (€5.4 million). The aforesaid bank borrowings are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with the other issued bonds, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

C.9 The Bonds shall bear interest from and including 13 May 2015 at the rate of 5.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 13 May 2016 (covering the period 13 May 2015 to 12 May 2016). 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.

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 5.75%.

The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.

C.10 Not Applicable: there is no derivative component in the interest payments on the Bonds.

C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 10 April 2015. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 22 May 2015 and trading is expected to commence on 25 May 2015.

SECTION D RISKS

Holding of a Bond involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to acquire Bonds. Prospective Investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part of all of their investment.

This document contains statements that are, or may be deemed to be, "forward-looking statements", which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its' Directors. 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 Issuer's Directors. No assurance is given that the future results or expectations will be achieved.

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary. Investors are therefore urged to consult their own financial or other professional advisors with respect to the suitability of investing the Bonds. The following is a summary of the principal risks:

D.2 Key information on the key risks specific to the Issuer:

i. The Issuer's business is reliant on mixed use developments having hotels as their principal component, spread across various countries. Severe competition in certain countries and changes in economic and market conditions could adversely affect the Issuer's business and operating results.

ii. The Issuer's business model remains primarily reliant on hotel assets, with a diversified strategy resulting in increased reliance on non-hotel assets, mainly in commercial and residential real estate. Accordingly the Issuer's prospects should be considered in light of the risks and difficulties generally encountered by companies operating in similar markets and industry sectors.

iii. A number of the companies forming part of the Group have operations situated in emerging markets, specifically Libya and the Russian Federation. Businesses in emerging markets may not be operating in a market-oriented economy as is generally associated with developed markets. 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.

iv. The room rates and occupancy levels of hotels forming part of the Group could be adversely impacted by a number of events including political, social and economic instability, amongst others, all of which could have the effect of reducing domestic or international travel and consequently decreasing the demand for hotel rooms, which may have an adverse impact on the Group's operations and financial results. With particular reference to the Group's operations in Libya and the Russian Federation:

Libya: **The continued instability and state of uncertainty prevailing since the 2011 uprising continues to have a negative effect on travel to Libya and accordingly on the performance and operation of the Group's hotel in Tripoli as well as on the financial results of the Group relative to that particular hotel. Economic, political and financial system risks remain high with prevalent threats to positive development. Security concerns resulting from the aforesaid, as well as regional instability, social unrest and lack of clarity on the political situation have also brought about a decline in investor confidence, investment (including foreign direct investment) and capital spending.**

The Russian Federation: **The intervention by the Russian Federation in Ukraine in 2014 had a negative effect on its international relations - particularly with the EU and the US - and on its prospects for growth. Moreover, the Russian Federation has been negatively impacted by falling prices of its largest export, oil. Reliance on tax revenues from the oil industry makes the Russian Federation particularly sensitive to price movements, and the Rouble has weakened significantly as a result of the foregoing. Such negative political or economic factors and trends may continue to negatively affect the operating results of the Group and could also have a material impact on the business of the Issuer in these regions.**

v. The legal and judicial system of certain countries in which the Group operates may be different from that which some investors may be more familiar with in certain civil and common law jurisdictions, and investors in Malta may consider such systems as not providing, in various aspects, the level of comfort for investment which they are used to under the Maltese legal system or other civil and common law jurisdictions, and accordingly they may consider that the Issuer may face difficulties in enforcing its legal rights relating to the properties owned in such countries.

vi. The Issuer's financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both translation risk and transaction risk. The Group is also exposed to the inherent risks of global and regional adverse economic developments. The implementation of austerity measures in an effort to reduce government deficits in a number of EU member states, as well as any further 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, and could potentially lead to increased costs through increased taxes in those particular countries, ultimately resulting in the deterioration of the Group's business and/or operating results in the affected countries.

vii. A significant portion of the Issuer's costs are fixed and the Issuer's operating results are vulnerable to short-term changes in its revenues. The Issuer'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.

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

ix. In 2010, the Group set up its own proprietary central reservations system. Lack of resilience or failure of the new central reservations system could lead to service disruption and may result in significant interruption in processing room bookings and reservations, which could negatively impact revenues. There can be no assurance that the continued stability of this system will not be disrupted and inadequate investment in this system or failure to maintain an effective e-commerce strategy may adversely affect the Group's competitiveness and its market share.

x. The Group is reliant upon technologies and operating systems developed by third parties for the running of its business. Whilst the Group has service level agreements 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 such 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.

xi. If one or more of the members of the executive management team and other key personnel 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.

xii. With respect to losses for which the Group is covered by its insurance policies, it may be difficult and may take time to recover such losses from insurers. 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.

xiii. The Issuer's business consists of the acquisition, development and operation of real estate projects having a hotel as their main component. Property acquisition and development projects are subject to a number of specific risks including, amongst others, the inability to source adequate opportunities, cost overruns and the insufficiency of resources to complete the projects. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance. Furthermore, the Group is subject to various counter-party risks. Such parties may fail to perform or default on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control. If such risks, many of which are common to the real estate industry, were to materialize, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

xiv. The Group may not be able to secure sufficient financing for its current and future investments. No assurance can be given that sufficient financing will be available on commercially reasonable terms. Any weakness in the capital markets may limit the Group's ability to raise capital for completion of projects that have commenced or for development of future properties.

xv. The Group has a material amount of debt and it expects to incur additional debt in connection with its future growth in terms of 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. 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 Issuer's bank debt impose and are likely to impose significant operating restrictions and financial covenants on the Issuer which could limit the Issuer'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.

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

D.3 Key information on the key risks specific to the Bonds:

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus.

i. The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, 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 or otherwise trade in 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.**

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 Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause, 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.**

vi. **In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders. The provisions relating to meetings of Bondholders 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.**

vii. **The Terms and Conditions of this Bond Issue are based on Maltese law in effect as at the date of this 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 this Prospectus.**

SECTION E OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €44,100,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

(i) a maximum amount of €35,000,000 will be used by the Issuer for the purpose of purchasing Exchangeable Bonds from Existing Bondholders, for cancellation, by way of Exchangeable Bond Transfer, and for the purpose of redeeming any Exchangeable Bonds remaining in issue as at 11 July 2015, being the first early date of redemption of the Exchangeable Bonds in terms of the prospectus dated 12 June 2009 (as at the date of the Prospectus the total value of Exchangeable Bonds in issue stands at €35,000,000); and

(ii) the remaining €9,100,000 balance of the net Bond Issue proceeds will be used by the Issuer to part finance the acquisition of the IHG Group. In the event that the Issuer decides not to proceed with the said acquisition, for any reason, then the remaining portion of net Bond Issue proceeds shall be applied to reduce the bank indebtedness of the Group.

In the event that the Issuer does not receive subscriptions for the full €45,000,000 in Bonds, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and it shall firstly apply the net proceeds received for the purpose mentioned in (i) above. In the event that the subscriptions received do not exceed the amount specified in (i) above, the Issuer will complete the redemption of any remaining Exchangeable Bonds through own funds on 11 July 2015, being the first early date of redemption of the Exchangeable Bonds in terms of the prospectus dated 12 June 2009.

E.3 The Bonds are open for subscription to all categories of investors including Authorised Financial Intermediaries, holders of Exchangeable Bonds and the general public. Authorised Financial Intermediaries shall be entitled through the Preplacement Offer to subscribe for Bonds up to an aggregate amount of €10,000,000.

Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Exchangeable Bonds at par value, subject to a minimum holding of €2,000 in Bonds. Any Existing Bondholders whose holding in Exchangeable Bonds as at the Cut-Off Date is less than €2,000 shall be required to pay the difference together with the submission of their Application Form 'A' ("**Cash-Top-Up**").

Existing Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Exchangeable Bonds held by them as at the Cut-Off Date shall be allocated Bonds for the corresponding nominal value of Exchangeable Bonds transferred to the Issuer (including Cash Top-Up where applicable). The transfer of Exchangeable Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Exchangeable Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Following the Preplacement Offer and preferred allocation referred to in the preceding paragraphs hereof, any remaining Bonds shall be allocated to: (i) Authorised Financial Intermediaries with respect to such unsatisfied excess amount that may result from an oversubscription in the Preplacement Offer; (ii) Existing Bondholders having applied for Bonds in excess of their respective holding in Exchangeable Bonds; and (iii) Applications submitted by the general public, without priority or preference and in accordance with the allocation policy as determined by the Issuer and Registrar.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

1. ***General***
   Each Bond forms part of a duly authorised issue of 5.75% Unsecured Bonds 2025 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €45 million.

2. ***Form, Denomination and Title***
   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 CSD. The Bonds will be issued without interest coupons, in denominations of any integral multiple of €100 provided that on subscription, other than on subscription in the Preplacement Offer, the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. As to a subscription in the Preplacement Offer, the Bonds will be issued for a minimum of €25,000 per individual Bondholder or underlying client, as the case may be. 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 in clause 8 of this Element E.3.

3. ***Interest***
   The Bonds shall bear interest from and including 13 May 2015 at the rate of 5.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 13 May 2016 (covering the period 13 May 2015 to 12 May 2016). 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. 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.

   An Exchangeable Bond Transfer shall be without prejudice to the rights of the holders of Exchangeable Bonds to receive interest on the Exchangeable Bonds up to and including 10 July 2015. The Issuer intends to settle the difference between the interest rates applicable to the Exchangeable Bonds and the interest rate of 5.75% applicable to the Bonds, from 13 May 2015 up to 10 July 2015, being the day prior to the date of redemption of the Exchangeable Bonds, to all persons holding Exchangeable Bonds who would have submitted their Application Forms by not later than 30 April 2015 and, consequently, exercising their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Exchangeable Bonds to the Issuer as mentioned above.

4. ***Status of the Notes and Negative Pledge***
   The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any.

5. ***Payments***
   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. Such payment shall be effected within seven (7) days of the Redemption Date.

   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. Such payment shall be effected within seven (7) days of the Interest Payment Date.

6. ***Redemption and Purchase***
   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 13 May 2025. Subject to the provisions of this paragraph, the Issuer may at any time purchase Bonds in the open market or otherwise at any price and any purchase by tender shall be made available to all Bondholders alike. All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

7. ***Events of Default***
   The Bonds shall become immediately due and repayable, at their principal amount together with accrued interest, in an event of default. Subject to agreed exceptions, materiality qualifications, reservations of law and grace periods, an event of default shall occur if: (i) the Issuer fails to pay any interest on any Bond when due; or (ii) the Issuer is in breach of any material obligation contained in the terms and conditions of the Bonds; or (iii) the Issuer is *inter alia* dissolved, liquidated or bankrupt; or (iv) the Issuer stops or suspends payments, or announces to do so, to all or any class of its debts or ceases or threatens to cease to carry on its business or a substantial part thereof; or (v) the Issuer is unable to pay its debts; or (vi) a judgment by a court is made against the Issuer for the payment in excess of €5 million; or (vii) any default occurs relating to any financial indebtedness of the Issuer in excess of €5 million.

8. *Transferability of the Bonds*
The Bonds are freely transferable and, once admitted to the Official List shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. 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. 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.

9. *Further Issues*
The Issuer may, from time to time, without the consent of the 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.

10. *Meetings of Participation Bondholders*
The provisions of the Prospectus may be amended with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

11. *Governing Law and Jurisdiction*
The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Act. From their inception the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

E.4 Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes Charts Investment Management Service Limited, Bank of Valletta p.l.c. and HSBC Bank Malta p.l.c.), and any fees payable in connection with the Bond Issue to Charts Investment Management Service Limited as Sponsor, Bank of Valletta p.l.c. as Joint Manager and Registrar, and HSBC Bank Malta p.l.c. as Joint Manager, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

E.7 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 €900,000.

TIME-TABLE

1.	Application Forms mailed to holders of Exchangeable Bonds as at the Cut-Off Date	15 April 2015
2.	Application Forms available to the general public	20 April 2015
3.	Preplacement Offer	29 April 2015
4.	Closing date for Applications to be received from holders of Exchangeable Bonds as at the Cut-Off Date	30 April 2015
5.	Issue Period (opening and closing of subscription lists, respectively)	4 May 2015 to 6 May 2015, both days included
6.	Commencement of interest on the Bonds	13 May 2015
7.	Announcement of basis of acceptance	13 May 2015
8.	Refunds of unallocated monies	20 May 2015
9.	Expected dispatch of allotment advices	20 May 2015
10.	Expected date of admission of the securities to listing	22 May 2015
11.	Expected date of commencement of trading in the securities	25 May 2015

The Issuer reserves the right to close the Bond Issue before 6 May 2015 in the event of over-subscription, in which case the events set out in steps 7 to 11 above shall be brought forward, although the number of workings days between the respective events shall not be altered.

REGISTRATION DOCUMENT
DATED 10 APRIL 2015

This Registration Document is issued in accordance with the provisions of Chapter 4 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 as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014.

by

INTERNATIONAL HOTEL INVESTMENTS P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 26136

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

Joint Manager and Registrar	Joint Manager	Sponsor	Legal Counsel
BOV Bank of Valletta	HSBC	CHARTS WEALTH MANAGEMENT • CORPORATE BROKING	CAMILLERI PREZIOSI ADVOCATES

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON INTERNATIONAL HOTEL INVESTMENTS P.L.C. IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND 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 AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012 COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS 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 OR ITS DIRECTORS OR ADVISORS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES: BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR 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 SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN 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 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.

ALL THE ADVISORS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS" IN SECTION 3.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS 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.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. 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 ADVISORS.

TABLE OF CONTENTS

1. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Corinthia® Brand	any and all intellectual property associated with the Corinthia® brand for hotel and property operations the legal and beneficial ownership of which is held by the Issuer;
Corinthia Group	CPHCL and the companies in which CPHCL has a controlling interest;
CPHCL	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta with company registration number C 257 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Directors or **Board**	the directors of the Issuer whose names are set out under the heading "Identity of Directors, Senior Management, Advisors and Auditors";
EDREICO	Economic Development and Real Estate Investment Company, a company registered under the laws of Libya and having its registered office at 49, 4th Floor, Burj Al Fatah Tower, PO BOX 93142, Tripoli, Libya;
Euro or **€**	the lawful currency of the Republic of Malta;
Group	the Issuer (as parent company) and its Subsidiaries;
Issuer or **IHI**	International Hotel Investments p.l.c., a company registered under the laws of Malta with company registration number C 26136 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Istithmar	Istithmar Hotels FZE, a company registered under the laws of Dubai with company registration number 01256L and having its registered office at PO Box 262080, Level 38, Al Shatha Tower, Media City, Dubai, United Arab, Emirates;
LFICO	Libyan Foreign Investment Company, a company registered under the laws of Libya with company registration number 9481 and having its registered office at Ghadem Aljabel, Gharian, P.O. Box 4538 Tripoli, Libya;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Malta Stock Exchange or **MSE**	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Marina San Gorg Limited	a company registered and existing under the laws of Malta with company registration number C 4852 and having its registered office situated at 22, Europa Centre, Floriana FRN 1400, Malta;
Medina Tower JSC (Libya)	Medina Tower Joint Stock Company for Real Estate and Development, a joint stock investment company registered under the commercial laws of Libya (in accordance with Law No. 5 (1997) as amended by Law No. 7 (2004) and Law No. 9 (2010)) having its registered office at Tripoli Tower, Suite 107, Tower 2, Level 10, Tripoli, Libya, and bearing privatisation and investment board number 343;

MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
MIH	Mediterranean Investments Holding p.l.c., a company registered and existing under the laws of Malta with company registration number C 37513 and having its registered office situated at 22, Europa Centre, Floriana FRN 1400, Malta;
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
QPM	QPM Limited, a company registered and existing under the laws of Malta with company registration number C 26148 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Registration Document	this document 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 a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus;
Securities Note	the securities note issued by the Issuer dated 10 April 2015, forming part of the Prospectus;
Subsidiary	each of the following companies:- i. Five Star Hotels Limited (incorporated under the laws of Malta); ii. Alfa Investimentos Turisticos Lda (incorporated under the laws of Portugal); iii. IHI Lisbon Limited (incorporated under the laws of Malta); iv. IHI St. Petersburg LLC (incorporated under the laws of the Russian Federation); v. IHI Benelux B.V. (incorporated under the laws of the Netherlands); vi. IHI Hungary Zrt (incorporated under the laws of Hungary); vii. IHI Zagreb d.d. (incorporated under the laws of Croatia. This company is currently dormant); viii. CHI Limited (incorporated under the laws of Malta); ix. Corinthia Towers Tripoli Limited (incorporated under the laws of Malta); x. IHI Towers s.r.o. (incorporated under the laws of the Czech Republic); xi. IHI Benghazi Limited (incorporated under the laws of Malta); xii. Marina San Gorg Limited (incorporated under the laws of Malta), xiii. Libya Hotels & Developments JSC (incorporated under the laws of Libya) and the term 'Subsidiaries' shall collectively refer to the said companies;
Summary Note	the summary note issued by the Issuer dated 10 April 2015, forming part of the Prospectus.

2. RISK FACTORS

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. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES. NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.1 Forward-looking Statements

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's Directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus. If any of the risks described were to materialise, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued. Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by such statements and no assurance is given that the future results or expectations will be achieved.

2.2 Risks relating to the Group and its Business

General

The Issuer started trading in 2000 undertaking a strategy of rapid expansion. The Issuer's business is reliant on mixed use developments having hotels as their principal component. The hotel industry globally is characterised by strong and increasing competition. Many of the Issuer's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Issuer. Severe competition in certain countries and changes in economic and market conditions could adversely affect the Issuer's business and operating results.

The Issuer's business interests cover a wide geographical spread that includes operations in new and rapidly developing markets as well as more stabilised locations. The Issuer's business model remains primarily reliant on hotel assets, with a diversified strategy resulting in increased reliance on non-hotel assets, mainly in commercial and residential real estate. Accordingly the Issuer's prospects should be considered in the light of the risks and difficulties generally encountered by companies operating in similar markets and industry sectors.

The Issuer's operations and the results of its operations 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.

Risks relating to the political, economic and social environment of the countries in which the Group operates

A number of the companies within the Group have operations situated in emerging markets, specifically Libya and the Russian Federation. Emerging markets present economic and political conditions which differ from those of the more developed markets, thereby possibly resulting in less social, political and economic stability, which could render investments in such markets more risky than investments in more developed markets. Businesses in emerging markets may not be operating in a market-oriented economy as is generally associated with developed markets. The emerging markets in which part of the Group's operations are situated are undergoing and may continue to undergo substantial political, economic and social reform, and the implications and consequences of reform may not be entirely clear at the outset. As the political, economic and social environments in certain countries in which the Group operates 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. The consequences may be profound and accordingly prospective investors should take into account the unpredictability associated therewith.

Specific country risks more often associated with emerging markets 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. Furthermore, the legal and judicial systems of certain countries in which the Group operates may be different from those which some investors may be more familiar with in certain civil and common law jurisdictions, and investors in Malta may consider such systems as not providing, in various aspects, the level of comfort for investment which they are used to under the Maltese legal system or other civil and common law jurisdictions, and accordingly they may consider that the Issuer may face difficulties in enforcing its legal rights relating to the properties owned in such countries.

The room rates and occupancy levels of hotels forming part of the Group could be adversely impacted by the events set out in this risk factor, all of which could have the effect of reducing domestic or international travel and consequently decreasing the demand for hotel rooms, which may have an adverse impact on the Group's operations and financial results. At present two jurisdictions in which the Group has substantial investments are subject to an increasingly unstable political, economic and social environment. In this regard investors' attention is drawn to the information set out in the following paragraphs of this risk factor with specific reference to Libya and the Russian Federation.

Libya:

The continued instability and state of uncertainty prevailing since the 2011 uprising continues to have a negative effect on travel to Libya and accordingly on the performance and operation of the Group's hotel in Tripoli as well as on the financial results of the Group relative to that particular hotel. Economic, political and financial system risk remain high in Libya with prevalent threats to positive development, including the rising incidence of violent acts resulting from conflicts in several parts of the country. At present extremist groups are proving to be particularly active in the eastern and south-western regions of the country, with a number of attacks targeting locations visited by foreigners, including diplomatic interests and other symbolic targets. The Corinthia Hotel Tripoli is commonly frequented by foreign diplomats, government officials, United Nations personnel and foreign companies.

Practically all foreign embassies in Libya have suspended operations and withdrawn their diplomatic staff, and have advised their respective nationals against all unnecessary travel to the country.

Security concerns resulting from the above, as well as regional instability, social unrest and lack of clarity on the political situation have also brought about a decline in investor confidence, investment (including foreign direct investment) and capital spending.

The Russian Federation:

The intervention by the Russian Federation in Ukraine in 2014 had a negative effect on its international relations - particularly with the EU and the US - and on its prospects for growth. The Russian Federation's actions in Ukraine have elicited international criticism and resulted in the imposition of a series of European and international sanctions on the Russian Federation's financial, defence and energy sectors, which are expected to have an adverse effect on both the political and economic development of the country. These sanctions include, a travel ban imposed to prevent named Russian and Crimean officials, prominent members of the Russian business community and politicians travelling to Canada, the United States, and the European Union; a ban on business transactions with certain specified companies; trade restrictions relating to the Russian energy and defence industries and the freezing of funds and economic resources of certain specified natural and legal persons.

The Russian Federation has been negatively impacted by falling prices of its largest export, oil. Reliance on tax revenues from the oil industry makes the Russian Federation particularly sensitive to price movements. The Rouble has weakened significantly as a result of the foregoing.

The abovementioned negative political or economic factors and trends may continue to negatively affect the operating results of the Group and could also have a material impact on the business of the Issuer in these regions.

Natural disasters, contagious disease, terrorist activity and war have in the past adversely affected the hotel industry and similar events could adversely affect the industry in the future

Natural disasters, the spread of contagious disease, industrial action, travel-related accidents, terrorist activity and war and the targeting of hotels and popular tourist destinations in particular, have in the past had a significant negative impact on the hotel industry globally and such events could have a similarly negative impact in the future. The Corinthia Hotel Tripoli was itself the subject of an armed attack on 27 January 2015.

Events such as the aforementioned in locations where the Group owns or operates hotels could directly or indirectly affect travel patterns and reduce the number of business and leisure travellers in affected countries and reduce the demand for hotel accommodation at the Group's hotels. In addition, concerns about air travel safety could substantially decrease the overall amount of air travel, including premium business travel, which is generally associated with the highest average daily rates at hotels. Such a decrease could have an adverse impact on occupancy levels in hotels owned or operated by the Group. Actual or threatened war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty may also reduce overall demand for business and leisure travel. Furthermore, because hotels in major city centres tend to be more vulnerable to these types of events and concerns, and most of the hotels owned and operated by the Group are located in city centres, the occurrence of any of these events or increasing concerns about these events could have a material adverse impact on the business, financial condition, results of operations and prospects of the Group.

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

The Issuer's financial statements, which are presented in Euro, can be affected 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, a number of European Union member states 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 income. The economic downturn, and measures such as the aforesaid which have been adopted as a consequence, as well as any further 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, and could potentially lead to increased costs through increased taxes in those particular countries, ultimately resulting in the deterioration of the Group's business and/or operating results in the affected countries.

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

A significant portion of the Issuer's costs are fixed and the Issuer's operating results are vulnerable to short-term changes in its revenues. The Issuer'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.

Liquidity risk

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

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 Issuer's control.

The Group is exposed to the risk of failure of its proprietary reservations system and increased competition in reservations infrastructure

In 2010 the Group set up its own proprietary central reservations system to serve as a central repository for all of the Group's hotel room inventories. The system provides an electronic link between and to multiple sales channels, including Group websites, third-party internet intermediaries and travel agents, Group reservations offices and the Group's hotels. Lack of resilience or failure of the new central reservations system could lead to service disruption and may result in significant interruption in processing room bookings and reservations, which could negatively impact revenues. There can be no assurance that the continued stability of this system will not be disrupted. In addition, inadequate investment in this system or failure to maintain an effective e-commerce strategy may adversely affect the Group's competitiveness and its market share, thereby materially adversely affecting the business, financial condition, results of operations and prospects of the Group.

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 is exposed to the risk of failure in such systems. Whilst the Group has service agreements and disaster recovery plans with third party providers of these systems to ensure their continuity and stability, 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.

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.

The Group's insurance policies

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the business in which the Group operates. 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. 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.

2.3 Risks relating to the Issuer's Acquisition Strategy

The Group may not be able to realise the benefits it expects from investments made in its properties under development

The Issuer's business consists of the acquisition, development and operation of mixed use real estate projects having a hotel as their main component and a supporting commercial and/or residential component. 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, sales transactions not materialising at the prices and the tempo envisaged resulting in a liquidity strain, rental of commercial areas not being affected at the prices and within the timeframes envisaged, higher interest costs, and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

Renovating, refurbishing or otherwise improving existing properties to maintain the standards of the Corinthia® brand, and acquiring and developing new and commercially viable properties, is key to the Group's business and growth strategy. The development and/or improvement of the Group's properties in the future presents a number of risks, including: market disruption or oversupply, which may result in the Group being unable to achieve appropriate room rates or sell residential units at the prices it anticipates, potentially requiring changes in the Group's pricing strategy that could result in significant losses or charges; and construction delays, cost overruns, lender financial defaults or "acts of God" such as earthquakes, hurricanes, floods or fires, which could increase overall project costs or result in project cancellations.

Furthermore, the Group is subject to various counter-party risks, including the risk of counter-parties, such as contractors and subcontractors engaged in the demolition, excavation, construction and finishing of developments in which the Group may be involved, and prospective lessors and/or purchasers defaulting on their obligations with the Group. Such parties (which may include both third parties as well as related parties) may default or fail to perform on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control. If such risks, many of which are common to the real estate industry, were to materialise, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

The Group's ability to realise the full benefits that it expects from investments made in properties will depend in turn on its ability to assess and minimise these risks in an efficient and cost effective manner. No assurance can be given that the Group will be able to deal with these risks in an efficient and cost effective manner.

2.4 Risks emanating from the Issuer's Financing Strategy

The Group may not be able to obtain the capital it requires for development or improvement of existing or new properties on commercially reasonable terms, or at all

The Group may not be able to secure sufficient financing for its current and future investments. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within the timeframes required by the Group, also taking into account the need from time to time for the Group's hotel properties to undergo renovation, refurbishment or other improvements in the future. Any weakness in the capital markets may limit the Group's ability to raise capital for completion of projects that have commenced or for development of future properties. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments and refurbishment projects on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

The Issuer's indebtedness could adversely affect its financial position

The Group has a material amount of debt and it expects to incur additional debt in connection with its future growth in terms of acquisitions and developments. Although the amount of debt funding of the Issuer is expected to increase due to its new projects, the Issuer's policy is such that it intends to maintain its debt to equity ratio at prudent levels with corresponding equity being injected at levels considered to be adequate and prudent under current banking practices. 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 Issuer's bank debt may impose significant financial covenants on the Issuer. These covenants could limit the Issuer'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 Subsidiaries' operations is utilised to repay their debt obligations pursuant to the terms of the facilities provided. The financial covenants to which such facilities are subject give rise to a reduction in the amount of cash available for distribution to the Issuer which would otherwise be available for funding of the Issuer's working capital, capital expenditure, development costs and other general corporate costs, or for the distribution of dividends. The Issuer may in certain cases also be required to provide guarantees for debts contracted by its Subsidiaries. Defaults under financing agreements could lead to the enforcement of security over property, where applicable, and/or cross-defaults under other financing agreements.

The Issuer may be unable to effectively hedge against interest rates

Although the Issuer 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 counterparties. An increase in interest rates which is not hedged by the Issuer may have a material adverse effect on its business, financial condition and results of operations.

3. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS

As at the date of this Registration Document, the Board of Directors of the Issuer is constituted by the following persons:

3.1 Directors

Alfred Pisani	Chairman
Frank Xerri de Caro	Senior Independent Director
Abdulnaser M.B. Ahmida	Non-Executive Director
Douraid Zaghouani	Non-Executive Director
Hamad Mubarak Mohd Buamin	Non-Executive Director
Abuagila Almahdi	Non-Executive Director
Khaled Algonsel	Non-Executive Director
Joseph Pisani	Non-Executive Director
Michael Beckett	Independent Non-Executive Director
Joseph J. Vella	Independent Non-Executive Director

Alfred Fabri is the company secretary of the Issuer.

THE DIRECTORS OF THE ISSUER ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

The persons listed under the sub-heading "Advisors" have advised and assisted the Directors in the drafting and compilation of the Prospectus.

3.2 Senior Management

On 31 October 2014 the Issuer announced that Joseph Fenech and Simon Naudi, both previously executive directors of the Issuer, were jointly appointed to the post of Chief Executive Officer. Alfred Pisani retains his post as Executive Director and Chairman of the Issuer. Joseph Galea and Neville Fenech were appointed as Group Chief Financial Officer and Director of Finance of the Issuer, respectively. The joint Chief Executive Officers, together with Alfred Pisani and other senior members of the executive team, are responsible for the Issuer's day to day management.

3.3 Advisors

Legal Counsel to the Issuer	
Name:	Camilleri Preziosi
Address:	Level 3, Valletta Buildings, South Street Valletta VLT 1103 – MALTA
Sponsor	
Name:	Charts Investment Management Service Limited
Address:	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913 – MALTA
Registrar and Joint Manager	
Name:	Bank of Valletta p.l.c.
Address:	BOV Centre, Cannon Road, Santa Venera SVR 9030 – MALTA
Joint Manager	
Name:	HSBC Bank Malta p.l.c.
Address:	111, Archbishop Street, Valletta VLT 1444 – MALTA

3.4 Auditors

Name:	Grant Thornton
Address:	Grant Thornton Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013 -MALTA

The annual statutory consolidated financial statements of the Issuer for each of the financial years ended 31 December 2011 to 2014 have been audited by Grant Thornton. Grant Thornton is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the Laws of Malta).

4. INFORMATION ABOUT THE ISSUER

4.1. Historical Development

4.1.1 Introduction

Full Legal and Commercial Name of the Issuer:	International Hotel Investments p.l.c.
Registered Address:	22, Europa Centre, Floriana FRN 1400, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 26136
Date of Registration:	29 March 2000
Legal Form	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone Numbers:	+356 21 233 141
Fax:	+356 21 234 219
Email:	ihi@corinthia.com
Website:	www.ihiplc.com

The Issuer was set up and promoted by the Corinthia Group as the principal vehicle for the international expansion of the Group's hotels and mixed use developments. In 2000, following a successful initial public offering, the Issuer's shares were listed on the Official List of the Malta Stock Exchange.

Whilst CPHCL holds directly 58.78% of the share capital in the Issuer, Istithmar and LFICO both act as strategic investors in IHI with direct holdings of 22.05% and 11.03% respectively. LFICO also owns 50% of CPHCL, whilst half of its direct holding of 11.03% in the Issuer is subject to a call option in favour of CPHCL. The remaining shares in the Issuer are held by the general investing public.

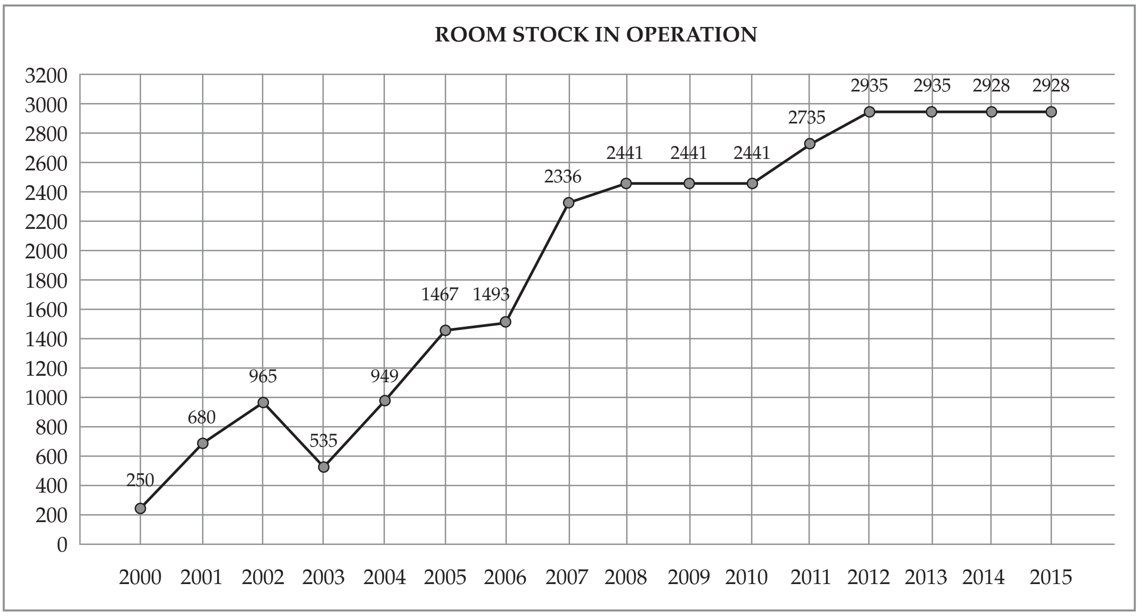
4.1.2 *Investment Objective*

IHI is in the business of developing, owning and operating five-star hotels and commercial real estate in several countries. The principal objective of the Issuer is to achieve above average long-term returns for its shareholders, principally through its long-term growth via investment in a balanced portfolio of mixed use developments having hotel properties as their main component, and hotel operations in a balanced mix between mature and emerging markets.

Over the years the Issuer has varied its investments with a view to achieving a healthy balance between capital appreciation and cash-flow generation. It has managed to generate significant appreciation in value through its involvement in the development of landmark properties and the refurbishment of under-performing hotels making it possible to re-position them at the top-end of their respective markets. The Issuer has also acquired hotels which at the time were already operating at a level close to their maximum potential thereby significantly improving its cash flow generation.

In seeking to achieve its principal objective, the Issuer invests in, acquires and develops real estate projects with a principal focus on hotel assets. To date, the Issuer has acquired landmark five star hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russian Federation) and St George's Bay (Malta). In addition it owns 50% of a joint venture company that acquired and developed a landmark hotel property in London (United Kingdom). In 2012 IHI acquired, from CPHCL, the Marina Hotel in St George's Bay, Malta, the Issuer's second property in this location. The Issuer also owns 55% of a joint venture company (the remaining 45% being held by LFICO) formed for the purpose of acquiring a site in Benghazi (Libya) earmarked for the development of a five star hotel and mixed use development. IHI also fully owns CHI, a hotel management company whose main objective is to provide professional hotel management services to the Group's hotels and to third party hotel owners and acts as the exclusive manager of hotels under the Corinthia® Brand.

The following table describes room stock in operation:



- IHI was incorporated on 29 March 2000 and immediately acquired the 250-bedroom Corinthia Hotel situated in St George's Bay, Malta, and the derelict shell of the Grand Hotel Royal in Budapest.
- IHI acquired the 430-bedroom Alfa Hotel in Lisbon on 16 August 2001.
- IHI acquired the 285-bedroom Corinthia Hotel, St Petersburg on 16 January 2002 together with adjoining buildings for development.
- IHI closed the Alfa Hotel, Lisbon on 24 February 2003 for refurbishment and extension.
- IHI inaugurated the 414-bedroom Corinthia Grand Hotel Royal, Budapest on 30 April 2003.
- The Corinthia Hotel, Lisbon re-opened on 1 May 2004 with 518 bedrooms.
- In 2006, IHI inaugurated 26 penthouse apartments situated at the Corinthia Grand Hotel Royal in Budapest.

- IHI acquired, in May 2007, the 544-bedroom Corinthia Hotel, Prague, and the 299-bedroom Corinthia Hotel & Commercial Centre Tripoli.
- IHI completed, in May 2009, the extension of the Corinthia Hotel St Petersburg by increasing the inventory by a further 105 bedrooms, together with a retail mall and office complex.
- In April 2009, IHI and its joint venture partners acquired the landmark Metropole Building and 10, Whitehall Place in London from the Crown Estate and initiated plans to develop a 296-bedroom luxury hotel and 12 residential apartments. The hotel commenced operations in April 2011 while the residential apartments achieved practical completion in November 2012. In March 2014, 11 of the 12 residential apartments were sold on the open market.
- In December 2007, IHI and LFICO entered into a preliminary agreement to jointly develop a mixed-use project including a 330-room luxury hotel in Benghazi, Libya. Subsequently IHI and LFICO agreed to re-configure the distribution of space within the development, allocating additional space to office use whilst reducing the number of hotel rooms from 330 to 228 and eliminating the luxury apartment component. In light of the current state of affairs prevailing in Libya, which have resulted in works on the Benghazi development being put on hold on an indefinite basis, the aforementioned room stock allocation previously earmarked for 2015 is not reflected in the above table.
- IHI acquired the 200-bedroom Marina Hotel in St George's Bay, Malta on 13 February 2012.

The aforementioned properties are described in further detail below:

Operating Assets	**Location**	**No. of Hotel Rooms**	**Other Components of the Development**	**% Ownership**
Corinthia Hotel St. George's Bay	Malta	250		100%
Corinthia Grand Hotel Royal & Residences Budapest	Hungary	414	26 luxury residences	100%
Corinthia Hotel & Spa Lisbon	Portugal	518		100%
Corinthia Hotel & Commercial Centre St Petersburg	Russia	388	3,700 sq. m. retail space and 9,340 sq. m. offices	100%
Corinthia Hotel Prague	Czech Republic	539		100%
Corinthia Hotel & Commercial Centre Tripoli	Libya	299	10,000 sq. m. offices	100%
Marina Hotel St George's Bay	Malta	200		100%
Corinthia Hotel and Residences London	UK	294	Penthouse residence forming part of an original set of 12 apartments	50%

The Medina Tower, Tripoli, and the Corinthia Hotel & Commercial Centre, Benghazi, are described in section 4.1.4 below.

4.1.3 *Organisational Structure*

The Issuer has adopted a streamlined and cost-effective organisational structure which has expanded over the years in line with its development phases and growth. The Group's organisational structure as illustrated overleaf is considered to be instrumental in ensuring success. This is due to the fact that it allows the Issuer to keep the strategic direction and development of the Group as its primary focus, whilst allowing the respective boards and management teams of the Subsidiaries to focus on achieving the Group's operational objectives. CHI, the hotel management company, provides the necessary support, expertise and guidance to the Subsidiaries with respect to operations of each hotel.

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

QPM, the company specialised in construction and project management in which the Issuer holds a 20% stake, supports the Issuer in the execution of its development plans.

As the holding company of the Group, the Issuer is ultimately dependent upon the operations and performance of its subsidiaries and their respective operations.

The organisational structure of the Group is illustrated in the diagram overleaf:

LFICO (50%) Pisani Family (50%)

General Public (8.14%) CPHCL (58.78%) Istithmar Hotels FZE (22.05%)

11.03%

100%

20%

CHI Limited

operator and developer of the Corinthia Brand

CHI currently operates all the property investments referred to herein, as well as the following property investments for affiliates and third parties:

Corinthia Palace Hotel & Spa Malta

Corinthia Hotel Khartoum

Panorama Hotel Prague

Aquincum Hotel Budapest

(Corinthia Golf & Spa Resort Taormina - under development)

IHI PROPERTY INVESTMENTS

100% of IHI Hungary Zrt
(Corinthia Grand Hotel Royal & Residences, Budapest)

100% of Alfa Investimentos Turisticos Lda
& 100% of IHI Lisbon Limted
(Corinthia Hotel & Spa, Lisbon)

100% of Five Star Hotels Limited
(Corinthia Hotel, St George's Bay, Malta)

100% of IHI Towers s.r.o.
(Corinthia Hotel Prague)

100% of IHI Benelux B.V.
& 100% of IHI St Petersburg LLC
(Corinthia Hotel & Commercial Centre, St Petersburg)

100% of Corinthia Towers Tripoli Limited
(Corinthia Hotel & Commercial Centre, Tripoli)

55% of Libya Hotels & Developments JSC (45% LFICO)
(Corinthia Hotel & Residences Benghazi –under development)

100% of Marina San Gorg Limited
(Marina Hotel, St George's Bay, Malta)

25% of Medina Tower Joint Stock Company
(25% MIH, 50% EDREICO)
(Medina Tower Project, Tripoli, Libya – under development)

100% of IHI Zagreb d.d.
(dormant company)

50% of NLI Holdings Limited (50% LFICO)
(Corinthia Hotel & Residences, London)

QPM Limited

(80% CPHCL)

Project & Cost Management

Architecture & Design Services

Subsidiary Companies

Associate Companies

4.1.4 *Business Development Strategy*

At inception, the Issuer owned a 250-room hotel in Malta and a derelict hotel in Budapest. Today it has expanded into a company that fully owns and operates two hotels in Malta (and operates a third for a majority shareholder through its management company CHI), and a hotel in each of Hungary, the Czech Republic, Portugal, Russia and Libya. It also owns 50% of a hotel in the United Kingdom operated by the Issuer's hotel management company, CHI. Through CHI the Issuer also operates a number of other hotels in various jurisdictions for the principal shareholder of the Issuer, CPHCL, as well as for third parties.

In 2007, IHI attracted significant new equity from Istithmar which led the Board to re-assess its future investment strategy. Whilst the Issuer continues to target investments in under-performing properties in emerging markets, today it seeks to further diversify its portfolio of investments both geographically as well as in terms of business segments, in the following manner:

- geographic spread:
  - not only limiting itself to emerging markets but also focusing on key and mature capital cities; and

- business segments:
  - growing ancillary business lines such as hotel management;
  - undertaking developments that are not solely related to hotel properties but that could contain other real estate components such as retail, offices and residential accommodation;
  - acting as developer on hotel and mixed use real estate projects for and on behalf of third party investors.

This diversification is aimed at improving the Group's profitability, cash generation capabilities and return on investment, as well as reducing the overall risk profile of the Issuer. In fact, apart from undertaking the projects that are currently in hand, the Issuer is actively considering its possible involvement as developer in third party owned real estate projects in other major cities and locations. IHI would provide a development service to secure opportunities for such third party investors and lead such projects all the way from land acquisition through to financing, design, construction and delivery, in return for development fees. Other than generating income from the development of such projects, once these are completed the Issuer, through CHI, would also manage the hotels forming part of such developments. Apart from generating fee income through project development and hotel operation, the Issuer would also be fulfilling one of its key objectives of becoming a global player in the provision of hotel management services. Discussions on these grounds are taking place in respect of locations such as Rome and within the USA.

On 28 December 2010 IHI acquired the legal and beneficial ownership of all intellectual property associated with the Corinthia® Brand for hotel and property operations from CPHCL. IHI has, accordingly, taken active steps to protect the significant goodwill that has become inherent in the Corinthia® name, and has registered its intellectual property rights in several jurisdictions. The Corinthia® trademark, including related logos, is registered as a Community Trademark in the European Union, providing protection throughout the territory of all European Union member states. IHI has also extended the registration of the Corinthia® trademark to other countries outside the European Union where it operates 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, including registrations in China, Japan, Australia and the United States. Apart from Community Trademarks throughout the European Union, a number of national trade marks have been secured for the Corinthia® name in a large number of countries including the United States, China, Kazakhstan, the Russian Federation, Turkey, Nigeria, Libya, Tunisia, Sudan, Egypt, Bahrain, Jordan, Oman, Qatar, Saudi and the UAE. 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 Marina Hotel in St George's Bay, Malta, through the transfer of all of the issued share capital of Marina San Gorg Limited.

When originally set up, CHI's activities were limited to the management of hotels that were owned by the Corinthia Group. 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 reservations and distribution capabilities, in 2010 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 an interactive website and a central reservations system complete with customer relationship management capabilities, centralised voice booking facilities, loyalty programmes and revenue management functions. This development has increased 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, Amadeus, Galileo and Travelport). IHI's creation of a GDS allows increased accessibility to the leading distribution systems and provides an adequate contingency against the Group's potential exposure to failures in, or non-continuance of use of, the Wyndham distribution platform which, up until the creation of the Group's own GDS, was its sole means of access to a GDS. The Group chose not to remain reliant upon the Wyndham distribution platform and in 2012 bought the 30% equity participation of Wyndham in CHI.

Since gaining full control of CHI in 2012 the Issuer has focused on investing in the Corinthia® Brand and the distribution system without any third party restraints on operations or royalty dues. This drive has resulted in significant improvements in room revenues generated by the reservations system and website. In 2014 CHI's reservations system produced *circa* €42 million in room revenue, representing a 50% increase on 2013 (*circa* €28 million), and Corinthia.com delivered *circa* €10.5 million in room revenue to Corinthia hotels as compared to *circa* €9.2 million registered in 2013 (+14%). CHI's reservations system powers its inventory and rates in the GDS systems, the Issuer's branded website Corinthia.com and connections to the Online Travel Agencies (OTA's) such as Booking.com and Expedia. The reservations system is fully integrated with the company's guest loyalty system, Corinthia Discovery.

The Group 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.

In April 2014 the Corinthia hotels in London, Budapest, St Petersburg, Tripoli, Khartoum, Lisbon, Prague, St George's and Attard joined the Global Hotel Alliance[1] and its Ultratravel[2] Collection and Travel Leader Group[3]. Under this arrangement select Corinthia hotels will obtain access to the services and benefits offered by the Global Hotel Alliance on a platform that in turn offers resources to allow the product and/or services of Corinthia and its hotels to be shown under Corinthia's own brand, logo, look & feel. Ultratravel Collection was created to give independent luxury hotels access to a larger customer base, more revenue streams and ultimately enable them to compete more effectively with the global luxury brands.

Whereas the Issuer is 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 that share synergies with the hotel market. On this basis, on 9 June 2009 IHI entered into a joint venture with MIH and EDREICO for the development of the Medina Tower project in Tripoli comprising a 200,000 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 is planned to comprise residences for resale, offices, retail, conferencing and car park facilities for rental to third parties. MIH[4] and IHI each have a 25% equity stake in this development through their respective 25% shareholding in Medina Tower JSC (Libya), the joint venture company which owns the Medina Tower project. This project was placed on hold in light of the prevailing situation in Libya.

[1] The Global Hotel Alliance was established in 2004 and is today the world's largest alliance of independent luxury hotel brands with over 400 hotels across 23 brands in 61 countries, including landmark properties such as Hotel Adlon Kempinski in Berlin, Emirates Palace in Abu Dhabi, Lungarno Portrait Suites in Rome, The Leela Palace in New Delhi, Grace Hotel in Santorini and Alila Villas Uluwatu in Bali. Over 4 million members participate in its global loyalty programme. Source: www.ultratravelcollection.com

[2] Ultratravel is a multi-platform showcase for the world's best luxury travel products and experiences and the Ultratravel Collection. Established in 2013, it is an exclusive association of independent ultra-luxury hotel brands and properties as a marketing platform. Four of CHI's hotels, as members, will share an integrated global platform for guest recognition and loyalty with guests across the collection bringing further exposure of the brand to a collection of select customers who are loyal to a number of brands. Source: www.ultratravelcollection.com

[3] Travel Leaders Group is the largest network of luxury travel agents in the world. Established in 2008, Travel Leaders Group now includes brands such as Pro-Travel, Tzell Travel and the Luxury Travel Network and generates US$17 billion in annual sales. Source: www.ultratravelcollection.com

[4] MIH is itself a joint venture between CPHCL and the National Real Estate Company of Kuwait, each holding a 50% stake. MIH's principal objective is to acquire, develop and operate real estate projects in North Africa. MIH's principal asset is Palm City Residences in Zanzour, Tripoli, Libya, which it owns through its fully owned subsidiary Palm City Limited. Palm City Residences is a fully serviced 413 high specification residential complex that is tenanted out mainly to the expat community in Tripoli.

The Issuer also owns a 20% stake in QPM, with the remaining 80% held by CPHCL. QPM operates independently of, and at arm's length to, IHI and offers a range of project, construction and cost management services to a number of international clients in various countries. Since its inception in March 2000, it became increasingly clear that, given the real estate focus of the Group, this company would be able to add value to the Group as a whole and progressively source projects independently. In August 2012 the offices of David Xuereb and Associates and QPM merged to provide a more comprehensive list of professional services within the construction industry, including project and construction management. Whilst continuing to provide services for the Group, QPM is increasing its third party client base. In 2014, the majority of QPM's income was derived from third party clients' engagements.

The Issuer continues 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. In doing so, the Issuer constantly seeks to maintain the standards of quality and innovation inherent in its properties. For instance, between 2007 and 2009 the Corinthia Hotel & Commercial Centre St Petersburg underwent its second of three phases of major works, which included the total refurbishment and re-organisation of the existing hotel's foyer, restaurants, bar and public areas and the addition of 105 executive bedrooms, extensive conference facilities and over 11,600 square metres of retail and office space. These areas have been fully operational since May 2009. Occupancy level at the commercial properties has improved at a constant rate and in 2013 registered occupancy of 45% (2012: 28%) and increased further in 2014 to 48%. The third and final phase which is yet to be commenced will include works relating to the creation of a car park and further office space to the rear of the hotel, apart from the refurbishment of a number of hotel bedrooms and an upgrade of the food and beverage facilities. This project has been put on hold temporarily in view of the effect the US and EU sanctions are having on international business in, and travel to, the Russian Federation.

A major change in the Issuer's strategy resulted from the willingness and ability of its principal shareholders to invest, alongside the Issuer, in acquisitions and developments that it would otherwise not have been in a position to acquire on its own. This re-defined strategy was first put to the test through the principal shareholders' willingness to invest alongside the Issuer in IHI's most recent hotel development, completed in central London in 2011. In 2008 the Issuer embarked on a joint venture project to acquire two disused properties in central London from The Crown Estate and subsequently develop them over a three-year investment program. The Issuer has a 50% equity participation, together with LFICO which owns the remaining 50%, in the company that acquired (i) the former Metropole Building (used by the Ministry of Defence until 2002) in Whitehall Place and (ii) 10 Whitehall Place, which is adjacent to the hotel property. Together, the two properties form an island site within Whitehall. The Issuer and LFICO (the "Investors") set on converting the development into a 296-room five star hotel, including a 3,300 square metre spa on four floors managed by the hotel. The Investors completed the reconstruction and proceeded to 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, now operating as a Corinthia Hotel. CHI entered into a 20 year management agreement for the operation of the hotel since its launch. 10 Whitehall Place was converted into 12 luxury stand-alone and fully serviced apartments, which are supported with dedicated underground car parking and separate entrance, foyer, storage, dedicated 24/7 porter and concierge services including dedicated direct access to the hotel's spa directly from the lobby of the apartment block. These apartments are also serviced by CHI subject to the aforementioned 20 year management agreement. 11 of the apartments were sold in April 2014 by NLI Holdings Limited ("NLI"), in which the Issuer has a 50% shareholding, while the remaining penthouse was retained by the aforesaid company. In line with the Group's prudent funding policy, this development has been funded on a 50:50 ratio through an equity injection by the shareholders in the joint venture company and bank financing procured by the joint venture company itself.

The Issuer is also involved in the following projects:

- On 14 October 2008 the Issuer subscribed to a 55% equity participation in a joint venture company, Libya Hotels and Developments JSC. LFICO holds the remaining 45% stake in this joint venture. The land upon which the project is to be developed is in the process of being transferred by LFICO to Libya Hotels and Developments JSC. Libya Hotels and Developments JSC was set up for the purpose of acquiring the derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya and its eventual development into a mixed use project designed to comprise a 259 room five star hotel, 2,000 square metres of retail space and 10,000 square metres of office space. Original plans comprised a 228 room five star hotel, 700 square metres of retail space, 3,700 square metres of office space and 30 luxury apartments). Whilst the necessary planning permits for the project were issued by the Benghazi planning authorities and demolition works commenced in January 2014, in light of the prevailing situation in Libya all works on this development have been put on hold, and current plans are due for reconsideration depending on future developments in Libya. So far the activities of this company have been limited to acquiring title to the sites from LFICO and demolishing the derelict El-Jazeera Hotel. It is anticipated that the funding required for the project, once resumed, shall be sourced from a combination of equity injected in the joint venture company by the shareholders and bank financing procured by the joint venture company itself. On completion, CHI will be entrusted with the management of the hotel operation under the Corinthia® Brand. In this respect, IHI and LFICO have binding commitments to award CHI a 20 year pre-opening and operating agreement under the Corinthia Brand.

- The Issuer subscribed to a 25% equity participation in a joint venture company set up by virtue of a Memorandum of Incorporation dated 20 May 2010 and registered under no. 343 at the investment register in Tripoli, Libya on 7 August 2010. This joint venture was set up together with MIH, which holds a 25% equity participation, and EDREICO, a Libyan investment company, which holds the remaining 50% equity participation, for the purpose of developing the Medina Tower mixed-used project comprising a 200,000 square metre development over a plot of land measuring 13,000 square metres in the centre of Tripoli. Plans were completed, and the architect and the main contractor for the project were appointed, to carry out a mixed-use high-rise development comprising 336 residences for resale, 25,000 square metres of office space for rental, 20,000 square metres for retail and leisure, as well as conference and car park facilities for rental to third parties. As in the case of the Benghazi development, however, in light of the prevailing situation in Libya existing plans are due for reconsideration depending on future developments in Libya. The equity contribution required for the first phase of this project is already available, and bank funding for the entire development has also been secured, although as indicated above in light of the prevailing situation in Libya works on this development have been put on hold.

4.1.5 *The Proposed IHG Group Acquisition*

The Issuer has already announced[1] that it has executed a preliminary conditional agreement with the majority shareholders in the Island Hotels Group Holdings p.l.c. (IHG Group), with a view to consider making a voluntary offer for the purchase of 100% of the issued share capital of the IHG Group.

On the basis of publicly available information and IHI's analysis, IHI has indicated a tentative enterprise value and net equity value of the IHG Group of €106.5 million and €50 million respectively. Subject to the satisfaction of the conditions described in the aforesaid agreement, and the confirmation of the indicative value of the IHG Group, IHI intends to make a voluntary offer for the shares constituting 100% of the issued share capital of the IHG Group. It is contemplated in the preliminary agreement with shareholders that IHI shall, if and when it makes the voluntary offer, settle the net consideration of €50 million for the acquisition of all the shares of the IHG Group as detailed hereafter. A consideration of €1 per share shall be payable in cash and split into two tranches. The first tranche amounting to €0.55 per share (in aggregate *circa* €20 million) shall be payable on execution of the transaction. The remaining amount of €0.45 per share, making up the second tranche, shall be settled 12 months thereafter (in aggregate *circa* €16 million). Furthermore, as part of the consideration, IHG Group shareholders will also receive 0.246 IHI shares for each IHG Group share through the issuance of 9 million IHI ordinary shares.

[1] Company announcement no: IHI 174, dated 16 January 2015.

Part of the Bond proceeds, not exceeding €10 million, are being earmarked to part finance the first tranche of that acquisition if, following a due diligence exercise to be undertaken by the Issuer and other compliance and regulatory requirements, it is determined that IHI ought to proceed with that acquisition. The Issuer is currently negotiating with financial institutions the sanctioning of a new bank loan facility to finance the remaining balance of the first tranche of *circa* €10 million. In the event that the Issuer decides not to proceed with that acquisition, for any reason, then the proceeds from the Bond not exceeding €10 million shall be applied to reduce the bank indebtedness of the Group[1].

The Directors believe that the acquisition of the IHG Group will provide the Issuer with operational synergies and efficiencies which will benefit the Issuer and its overall operations, but at the date of this Prospectus the Issuer has not had the opportunity of undertaking a full due diligence exercise with respect to the IHG Group, its business and operations. Also, the amalgamation of IHG Group's hotel operation in St George's Bay with that of IHI's own neighbouring hotels would allow for enhanced development opportunities at the adjoining sites in St Julian's, where the Issuer has already intimated its intention to redevelop fully the combined land plots, in a phased project over several years[2]. Further details on this sizeable project will be announced in due course.

In light of the aforesaid, at this stage the Issuer is not in a position to make a full assessment of the impact that the acquisition of the IHG Group will have on the Issuer and its financial position. The Directors will conduct such an assessment as and when the IHG Group is in a position to lawfully disclose to the Issuer and its advisors sufficient information, including price sensitive information, to enable them to conduct a proper due diligence exercise on the IHG Group.

Accordingly, this Prospectus does not take into account the IHG Group acquisition at all nor does it consider the effect that the IHG Group acquisition may have on the Issuer or its Group and does not make any reliance on that transaction being completed.

5. TREND INFORMATION AND FINANCIAL PERFORMANCE

5.1 Trend Information

Save for the downturn in business arising as a direct consequence of the civil unrest in Libya and the imposition of international sanctions on the Russian Federation, there has been no material adverse change in the prospects of the Issuer since the date of its last published audited consolidated financial statements.

In 2011 the North African region was affected by substantial political change. Civil unrest started in Tunisia, followed in Egypt and ultimately spread to Libya. In these three countries the existing governments either stepped down or were removed. 2012 was also characterised by turmoil in Egypt. Whilst the unrest in Libya had largely subsided in the first quarter of 2013, the second and third quarters have seen various protests and episodes of violence, with security concerns and fragmented governance in many areas of the country. The period during the conflict and its aftermath were characterised by political and economic instability and a curtailment of business activity. Civil unrest was also prevalent in the second half of 2014, culminating in a highly unstable political setting featuring two groups claiming legitimacy to govern the country.

[1] See "Reasons for the Bond Issue and Use of Proceeds" section 4.1 of the Securities Note.

[2] Company Announcement no: IHI 176, dated 17 February 2015.

The Issuer owns and operates the Corinthia Hotel & Commercial Centre in Tripoli, Libya (hereinafter the "Corinthia Hotel Tripoli"). The performance of this operation during the course of 2011 was significantly lower than the performance in prior years. During this period of political conflict in North Africa, the Issuer's property in Tripoli remained operational, albeit at a lower level of activity, to match the demands for accommodation in Libya. This ensured that the Issuer's property did not become the focus of the disorder and turmoil that subsisted. As the former government was replaced and the political turmoil began to abate, the hotel experienced a gradual recovery of business activity in its operations, with revenues continuing to increase towards pre-2011 operating levels.

In 2014 the Corinthia Hotel Tripoli remained operational and is currently the only international five star hotel open in the city. Despite the end of hostilities at the city outskirts which started in June 2014, management has continued to experience a period of low occupancies and has implemented extensive cost savings with the objective of minimising its losses over the 12-month period ended 2014.

On 27 January 2015, the Corinthia Hotel Tripoli was the scene of an armed attack. It is not for the Issuer to speculate on the motives behind the attack, but management has nothing to suggest that this was in any way directed against the Issuer. The Corinthia Hotel Tripoli is commonly frequented by foreign diplomats, government officials, United Nations personnel and foreign companies. Since the attack, the hotel's management has returned to the premises and an assessment of the affected parts of the hotel has revealed that damages were contained. The estimated cost of repairs, which are currently underway, is in the region of €1 million. Whilst management is committed to resume the operation of the hotel within the shortest time possible, it is likely that the present situation of low occupancy at the Corinthia Hotel Tripoli will persist in 2015. As such, it is the hotel management's objective during the course of the said year to incur a marginal loss on the operation of the hotel, and to ensure payroll and other operating costs are matched to operating income and contribute in some manner towards general overheads such as utilities, security and maintenance. Save for an area of 1,222 square metres which was vacated in 2013, the commercial centre of offices adjoining the hotel remains in full operation and occupancy, generating around €6 million in rent income annually.

The business of the Issuer in Western and Central Europe continued to operate in what, following the global financial crisis which took place in 2008, is at present still generally considered to be a subdued economic environment. Nonetheless, the Group's properties in this region registered a marginally improved performance in 2012 over the corresponding periods in 2011 and 2010. Similar growth patterns were evidenced in 2013 over 2012 and these were even more pronounced in 2014 over 2013 with a year-on-year growth of 32.9% in EBITDA earnings, notwithstanding the subdued economic and financial background. The Corinthia hotel in St Petersburg has been affected by a reduction in corporate travel to the Russian Federation and by a significant reduction in the value of the Rouble when expressed against the Euro as a result of the international political issues described earlier in this document and the tumbling oil prices which had a significant negative impact on the revenues generated by the Federation from the sale of this commodity. The challenges set to and so far acted upon by this hotel's management team have been to source alternative markets, targeting in particular as much business as possible from within the Russian Federation itself, and to operate the hotel with a wide range of room rates targeting upscale corporate to luxury travellers. A sales office has been opened in Moscow with Russian-language online marketing being given prominence.

The Corinthia hotel in London, which has since opening in 2012 nurtured a strong high-end US-based clientele, has been accepted into the exclusive American Express Fine Hotel and Resorts program as well as in the upscale consortium of travel agencies known as Virtouso, also principally based in the USA.

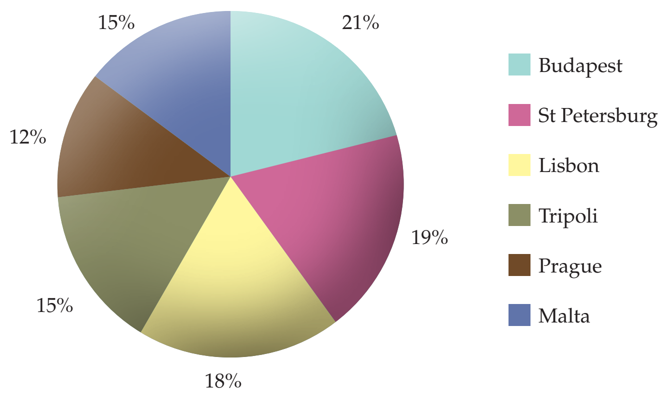
The Issuer has, throughout the years, adopted a strategy aimed at increasing its resilience during challenging times, the likes of which are being experienced at present. In this regard, the results of this strategy have been particularly effective in acting as buffers against the adverse effects of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

- Firstly, the Issuer has distributed its investments across various geographic locations (as shown in the chart overleaf) 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, and furthermore ensures that the Group's earnings provide a healthy mix between active income (hotel business) and passive income (long-term rental income) thereby ensuring a more balanced profit and cash generation.

- Whereas the Issuer remains primarily a hotel owning company all its hotel assets contain significant retail, office and/or residential components meaning that it has through the years managed to put its competences in hotel management and real estate development to profitable use. By end 2014, €9.4 million (2013: €9.8 million; 2012: €9 million), or the equivalent of 33% (2013: 28%; 2012: 31%) of its EBITDA, were generated from these ancillary business lines.

- The Issuer 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 payment.

Geographical mix of operating profits



5.2. Key Financial Review

The financial information about the Issuer is included in the consolidated financial statements for each of the financial years ended 31 December 2011 to 2014, highlights of which are set out hereunder. The said statements have been published and are available on the Issuer's website (www.ihiplc.com) and at its registered office.

CONDENSED INCOME STATEMENT
For the years ended 31 December

	2014	**2013**	**2012**	**2011**
	€'000	**€'000**	**€'000**	**€'000**
Revenue	116,379	123,734	118,567	104,223
Direct costs	(61,147)	(64,152)	(63,554)	(53,863)
Gross profit	**55,232**	**59,582**	**55,013**	**50,360**
Other operating costs	(26,382)	(24,601)	(27,288)	(27,982)
EBITDA	**28,850**	**34,981**	**27,725**	**22,378**
Depreciation and amortisation	(18,390)	(23,763)	(24,208)	(24,429)
Increase in fair value of investment property	(15,391)	571	4,154	5,448
Net impairment reversal (loss) on hotel properties	2,081	5,000	(7,796)	(2,497)
Results from operating activities	**(2,850)**	**16,789**	**(125)**	**900**
Share of (loss) profit from equity accounted investments	(14,537)	(5,788)	4,970	1,155
Net finance costs	(13,035)	(15,940)	(16,783)	(13,899)
Net fair value gain on interest rate swaps	1,466	1,789	1,009	432
Movement in reimbursement assets	(879)	(883)	(454)	(399)
(Loss) profit before tax	**(29,835)**	**(4,033)**	**(11,383)**	**(11,811)**
Taxation	13,549	4,299	950	1,079
(Loss) profit for the year	**(16,286)**	**266**	**(10,433)**	**(10,732)**
Non-controlling interest	20	-	170	334
(Loss) profit attributable to parent company	**(16,266)**	**266**	**(10,263)**	**(10,398)**
Loss per share	**(0.03)**	**(0.02)**	**(0.02)**	**(0.02)**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

	2014 €'000	2013 €'000	2012 €'000	2011 €'000
(Loss) profit for the year	**(16,286)**	**266**	**(10,433)**	**(10,732)**
Other comprehensive income				
Net impairment of hotel properties	(28,953)	(8,200)	(10,889)	(12,703)
Fair value movement on available-for-sale investments	632	-	-	-
Translation difference	6,741	(1,580)	1,270	1,236
Share of other comprehensive income of equity accounted investments	18,380	41,616	19,695	(5,218)
Income tax relating to components of other comprehensive income	3,797	(5,867)	(1,752)	3,287
Other comprehensive income (expense) for the year, net of tax	**597**	**25,969**	**8,324**	**(13,398)**
Total comprehensive (expense) income for the year	**(15,689)**	**26,235**	**(2,109)**	**(24,130)**
Attributable to:				
Owners of the parent	(15,669)	26,235	(1,939)	(23,796)
Non-controlling interest	(20)	-	(170)	(334)
	(15,689)	26,235	(2,109)	(24,130)

CONDENSED BALANCE SHEET

At 31 December

	2014 €'000	2013 €'000	2012 €'000	2011 €'000
ASSETS				
Non-current	961,305	1,042,268	1,029,533	984,971
Current	50,735	50,404	59,150	81,858
Total assets	**1,012,040**	**1,092,672**	**1,088,683**	**1,066,829**
EQUITY AND LIABILITIES				
Total equity	**594,814**	**626,491**	**600,256**	**602,615**
Liabilities				
Non-current	354,402	390,061	410,385	399,119
Current	62,824	76,120	78,042	65,095
Total liabilities	**417,226**	**466,181**	**488,427**	**464,214**
Total equity and liabilities	**1,012,040**	**1,092,672**	**1,088,683**	**1,066,829**

CONDENSED STATEMENT OF CASH FLOWS

For the years ended 31 December

	2014 €'000	2013 €'000	2012 €'000	2011 €'000
Net cash from operating activities	30,016	42,078	30,145	14,430
Net cash from investing activities	(4,190)	(4,284)	(21,187)	(10,275)
Net cash from financing activities	(13,467)	(43,666)	(23,837)	(3,163)
Net movement in cash and cash equivalents	**12,359**	**(5,872)**	**(14,879)**	**992**
Cash and cash equivalents at beginning of year	5,491	11,363	26,242	25,250
Cash and cash equivalents at end of year	**17,850**	**5,491**	**11,363**	**26,242**

In **2012** the Group registered an increase in consolidated revenues of 14% when compared with those of 2011. The Marina Hotel in St George's Bay, which was acquired from CPHCL in early 2012, accounted for almost half of this increase. All hotels owned by the Group, with the exception of the Corinthia Hotel & Spa Lisbon, registered increases in revenues over 2011. The Group's top performer for the year under review was the Corinthia Hotel & Commercial Centre in St Petersburg. Throughout 2012 the business of the Corinthia Hotel Tripoli continued to be affected by the sustained instability and state of uncertainty prevailing in Libya since the end of the 2011 uprising. A significantly encouraging performance was registered for the Corinthia Hotel London (in view of the fact that this is an associate investment the results of this operation are reported with the share of equity accounted investments).

In the financial year ended 31 December **2013**, revenue increased by 4% (+€5.2 million) from €118.6 million in 2012 to €123.7 million in 2013. With the exception of the Corinthia Hotel Prague, all the hotels in the Group registered increases in revenues over the corresponding period. With a growth in turnover of 18%, the best performer was the Corinthia Hotel and Commercial Centre in St Petersburg. Corinthia Hotel Tripoli, while still affected by the uncertainty in the country, managed an income growth of 12%. Corinthia Hotel London recorded an encouraging performance in its second full year of operation, however, since the London hotel is an associate, its results are reflected in the income statement within share of equity accounted investments.

Direct and other operating costs increased on account of improved occupancies, additional payroll costs in Libya in consequence of changes in work practices, and a general rise in the cost base in line with enhanced brand service standards being introduced across the Group. The comparative figure for 2012 included one-time costs amounting to €1 million related to the acquisition of the Marina Hotel.

The 2013 Group's EBITDA at €35.0 million represents an improvement of €7.3 million on the €27.7 million reported in 2012, which translates to a year-on-year growth in excess of 25%.

Fair value of hotel properties amounted to a positive €5.0 million as a result of the improved outlook for the Corinthia Hotel Lisbon.

Finance costs in the year under review were lower than the corresponding period last year as regular capital repayments reduced the outstanding balance of bank loans. From a balance sheet perspective, the loan-to-equity ratio, which has historically been set at conservative levels, continued to improve even further during the course of 2013. The fair value of the interest rate swaps held by the Group improved by €1.8 million from the position recorded at 31 December 2012. Furthermore, the interest rate swap agreement which had been entered on the Lisbon property matured in April 2013 and was not renewed, whilst the interest rate swap on the Prague property matured in October 2014 and was likewise not renewed.

The share of profit from equity accounted investments mainly represents the 50% share of IHI in the Corinthia Hotel and Residences in London. The significant improvement in the operating profit of the hotel at £14.0 million compares very favorably with the £8.0 million registered in 2012 and reflects the Hotel's continued market penetration. A loss after tax of £9.8 million was however recorded after accounting for depreciation, financing costs and valuation movements on the Residences.

During 2013 the Group registered a profit after tax of €0.27 million compared to a loss of €10.4 million in 2012.

The income of €26 million recognised in the Statement of Comprehensive Income mainly relates to the Group's share of a revaluation uplift of €39.5 million, net of tax, on Corinthia Hotel London less an impairment charge of €8.2 million, also net of tax, on Corinthia Hotel St Petersburg. Total Comprehensive Income for 2013 amounted to €26.2 million compared to an expense of €2.1 million registered in 2012, a year-on-year turnaround of €28.3 million.

In view of the prolonged instability in Libya and the political issues between Russia and Ukraine, revenue generated at Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg for the year ended 31 December **2014** was lower than the prior year by *circa* €16.1 million. Such reduction was however partly compensated by increased revenues at the other Group properties and therefore the overall decrease in income for the said financial year amounted to €7.4 million (a reduction of 6%). This reduction in income inevitably impacted the Group's EBITDA, which decreased by 18% from €35.0 million in 2013 to €28.9 million in 2014. The depreciation charge for 2014 declined by more than €5.4 million (from €23.8 million in 2013 to €18.4 million in 2014) as no provision was made on assets that were fully depreciated.

In April 2014, 11 apartments in Whitehall Place London adjacent to the Corinthia Hotel London, of which IHI holds a 50% stake, were sold to third parties. The penthouse apartment was retained and will be sold when the right opportunity arises. Except for one-off property costs resulting from the aforesaid sale of the apartments, the disposal had no effect on the Group financial statements since the apartments were already valued at their market price in 2013. A loss was registered from equity accounted investments (London Hotel and Residences) for 2014 of €14.6 million, in consequence of building taxes, depreciation, interest and the one-time selling costs of the 11 apartments as the hotel performance registered a marginal improvement in performance in 2014 over 2013.

There has also been a reduction of approximately €2.9 million in finance costs in 2014 (from €15.9 million in 2013 to €13.0 million in 2014) as a result of reduced EURIBOR rates in 2014 coupled with the further reduction of the Group's debt in consequence of scheduled repayments of bank loans.

After accounting for movements in fair value of properties described hereunder, the Group recorded a loss for the year ended 31 December 2014 of €16.3 million (2013: Profit of €0.3 million).

As at 31 December 2014, the Group had a working capital deficiency (current assets less current liabilities) of €12.1 million. This deficiency is being addressed by the Issuer as follows:

- In view of the prevailing situation in Libya, the lender of the €40 million loan on Corinthia Hotel Tripoli has confirmed its intention to postpone capital repayments due on this loan in 2015; and

- An agreement has been reached for the amount payable as dividend to the institutional shareholders of €5.1 million will be settled after the penthouse apartment in London is sold and paid for.

Analysis of Movements in Property Values
For the year ended 31 December 2014

	Income Statement €'000	Other Comprehensive Income €'000	Total €'000
Corinthia Hotel Lisbon	1,240	13,728	**14,968**
Lisbon Apartments	(156)	-	**(156)**
Corinthia Hotel Budapest	10,357	-	**10,357**
Marina Hotel	1,766	-	**1,766**
Corinthia Hotel Tripoli	(8,038)	(26,814)	**(34,852)**
Tripoli Commercial Centre	(5,659)	-	**(5,659)**
Corinthia Hotel St Petersburg	(3,243)	(15,867)	**(19,110)**
St Petersburg Commercial Centre	(9,577)	-	**(9,577)**
Corinthia Hotel London	-	17,933	**17,933**
Net movement in property values	**(13,310)**	**(11,020)**	**(24,330)**

Classified in the financial statements as follows:

Movement in fair value of investment property	(15,391)	-	**(15,391)**
Net impairment reversal (loss) on hotel properties	2,081	(28,953)	**(26,872)**
Revaluation of hotel property (equity accounted investments)	-	17,933	**17,933**
Net movement in property values	**(13,310)**	**(11,020)**	**(24,330)**

On a yearly basis, a value in use assessment is carried out on the Issuer's hotels and investment properties by independent advisors. This process involves the preparation of 10-year future cash flows prepared by an expert in the hospitality industry and financial modeling by an independent accountancy firm. In 2014, the aforesaid process was performed on all Group properties other than the Corinthia Hotel Tripoli, due to the current uncertain environment prevailing in Libya which presented significant difficulty for such advisors to determine a value in use of the property.

As such, a value in use on the Corinthia Hotel Tripoli was determined after the independent advisors presented several scenarios and parameters to the Directors for their consideration. The Directors resolved to adopt the more prudent basis of valuation by applying to the model higher country and other risk premia, and assumed a weaker outlook on future performance. In consequence, the value of the property was impaired by €34.9 million in 2014.

As denoted in the above table, the Group was negatively impacted in 2014 by a reduction of €69.2 million in the values of its properties in Tripoli and St Petersburg (hotels and commercial centres) as a consequence of the *force majeure* situation prevailing in each of the said jurisdictions and the devaluation of the Russian Rouble. On the other hand, through the robust performance achieved by a number of the Group's European hotels, the Issuer registered an improvement of €44.9 million in the fair values of such properties, most notably of which is the uplift in London (limited to 50% share), in Lisbon and in Budapest.

Overall, during the year under review, the Group reported a net impairment (before tax) in the fair value of its properties of €24.3 million (2013: +€36.8 million) which is reported as to €13.3 million in the Income Statement and €11.0 million in the Comprehensive Income Statement as detailed above.

Interest and Debt Service Cover

	2014	**2013**	**2012**	**2011**
Interest cover[1]	2.21	2.19	1.65	1.61
Debt service cover [2]	0.83	0.73	0.77	0.90

[1] *Interest cover is calculated by dividing net interest payable by EBITDA.*
[2] *Debt service cover is calculated by dividing net interest paid and capital loan repayments by EBITDA.*

The interest cover ratio determines the ability of a company to pay interest on its outstanding borrowings. In the years under review, the Group's interest cover has gradually improved from 1.61 times in 2011 to 2.21 times in the current financial year.

The debt service cover ratio measures a company's ability to service its current debts by comparing EBITDA to total debt service obligations. In 2014, the Group registered a debt service cover ratio of 0.83 times (2013: 0.73), being marginally below the target ratio of 1.0. The Group was adversely impacted by the difficult political and operating climate in both Libya and Russia and the devaluation of the local currency in the Russian Federation. This situation caused significant declines in revenue and operating profit generated by the Corinthia Hotel Tripoli and the Corinthia Hotel St Petersburg, and therefore was the primary reason for the Group's debt service cover ratio to remain below 1.0. On the other hand, in 2014, the Issuer's other hotel properties performed better in terms of EBITDA earnings relative to 2013, and this partly mitigated the above mentioned decrease in EBITDA.

When compared to 2013 the debt service cover ratio has improved from 0.73 to 0.83 in in 2014. Such recovery was principally the result of a reduction in the Group's indebtedness from €320.5 million (in 2013) to €299.3 million in 2014, and a decrease in borrowing costs due to the decline in EURIBOR rates in the past few years. As to annual net interest payable, this amount decreased by €2.9 million from €15.9 million (in 2013) to €13.0 million in 2014.

5.3 Latest Developments

The Issuer's activities have, over the recent past, been focused on:

- The acquisition and development of the Corinthia Hotel and Residences London: the acquisition and development of the project was fully funded on a 50:50 ratio through an equity injection by the shareholders in the joint venture company and bank financing procured by the joint venture company itself.

- Acquisition of the Issuer's 55% interest in the joint venture company Libya Hotels & Developments JSC formed in Libya for the purpose of acquiring the derelict El-Jazeera Hotel and adjoining site in Benghazi, Libya. On its part, LFICO, the 45% shareholder of this joint venture company, completed the acquisition of the site in question and transferred the land to the joint venture company.

- The 25% equity participation in the Medina Towers mixed-used project as explained in section 4.1.4 (Business Development Strategy).

- The Issuer's acquisition of the full ownership of the Hotel Marina in St George's Bay, Malta on 13 February 2012.

- The Issuer's acquisition of Wyndham's 30% shareholding in CHI on 9 May 2012 and the direct investment by the Issuer in the Corinthia Brand, the corinthia.com website and its now fully owned hotel operator CHI without further reliance on Wyndham.

- The sale of 11 of the 12 residential apartments adjoining the Corinthia Hotel London in March 2014.

- The Issuer's fully owned subsidiary CHI Limited joining the membership and loyalty program of the Global Hotel Alliance in April 2014.

The Issuer adopts a conservative approach to its debt to equity balance. This strategy, particularly within the context of a global economic downturn, has enabled the Group to record a debt to equity ratio as at 31 December 2014 of 50% (2013: 51%), thus maintaining its debt servicing requirements within sustainable levels whilst at the same time minimising its finance costs.

6. MANAGEMENT

6.1 General

In aggregate, the Group employs 2,366 employees in eight different jurisdictions. The following table shows the manner in which these employees are deployed by the hotels of the Issuer as at 31 December 2014:

Hotel Operation / Issuer	Management and Administration	Operational	Total
Corinthia Hotel St. George's Bay Malta	18	232	250
Corinthia Hotel & Spa Lisbon	54	222	276
Corinthia Hotel & Commercial Centre St Petersburg	45	180	225
Corinthia Grand Hotel Royal & Residences Budapest	64	320	384
Corinthia Hotel & Commercial Centre Tripoli	26	280	306
Corinthia Hotel Prague	81	139	220
CHI Limited	54	2	56
Corinthia Hotel & Residences London	76	413	489
Marina Hotel	31	109	140
The Issuer	20	0	20
Total	**469**	**1,897**	**2,366**

6.2 The Board of Directors

The Issuer is currently managed by a Board consisting of ten Directors entrusted with its overall direction and management, including the establishment of strategies for future development. Its responsibilities include the oversight of the Issuer's internal control procedures and financial performance, and the review of the Issuer's business risks, thus ensuring such risks are adequately identified, evaluated, managed and minimized. All the Directors have access to independent professional advice at the expense of the Issuer, should they so require.

The Chairman of the board of directors of the Issuer and the Chief Executive Officers, together with the Group's executive team, are responsible for acquisitions and development and are entrusted with the Issuer's day-to-day management. The business address of each Director is the registered office of the Issuer.

6.2.1 Executive

The Chairman of the board of directors of the Issuer and the Chief Executive Officers are mainly responsible for the identification and execution of new investment opportunities and the funding of the Issuer's acquisitions. They are also responsible for ensuring the establishment of appropriate management contracts of the hotel properties in the case of operational properties, and negotiating and awarding project contracts in the case of the development or refurbishment of new properties. The Chairman of the board of directors of the Issuer and the Chief Executive Officers are also directors or officers of other companies within the Corinthia Group, bringing with them the necessary proficiency and experience in this industry sector, and providing their expertise throughout the entire Group. They are supported in this role by several third party consultants and other officers of the Issuer.

6.2.2 Non-Executive Directors

Of the non-executive Directors sitting on the Board of the Issuer, three are independent directors. The non-executive directors' main function is to monitor the operations and performance of the Chairman and the Chief Executive Officers, as well as to review any investment opportunities that are proposed by the executives. All proposed acquisitions of the Issuer are brought to the Board for approval.

6.2.3 Boards of Subsidiary Companies

Each hotel property is owned through a subsidiary company located in the jurisdiction where that hotel property is located, and 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 Board. In some jurisdictions, the Issuer has adopted the structure of a dual board in line with the requirements of the legislation of those jurisdictions. These involve the concept of a board of directors that is entrusted with setting the policies and strategies of the company 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 the company by management.

The board of each Subsidiary is, within the strategic parameters established by the Board of the Issuer, autonomous in the determination of the appropriate policies for the respective hotels and is entrusted with handling the relations with the hotel operating company. Each hotel, in turn, has its own management structure and employees who carry out the function of implementing the policies and directions of the subsidiary boards under the direction of the hotel operating company.

6.2.4 *Curriculum Vitae of Directors*

Alfred Pisani is the founder of the Corinthia Group and has been the Chairman and Chief Executive Officer since the inception of Corinthia in 1962. 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, nine hotels in the Czech Republic, two hotels in Portugal and Libya and one in each of Tunisia, the United Kingdom, The Russian Federation, The Gambia and Togo. Mr Pisani is also the Chairman of the Issuer.

Michael Beckett has considerable expertise in international mining, industrial and leisure companies. He is a former independent non-executive chairman of Thomas Cook prior to which he was Deputy Chairman and Senior Independent Director at Thomas Cook. He was Chairman of MyTravel Group plc between 2004 and 2007. Other positions previously held include Chairman of London Clubs International plc, Ashanti Goldfields Company Limited and Clarkson plc, and he was formerly Managing Director of Consolidated Gold Fields plc. Current external appointments include Non-Executive Chairman of Endeavour Mining Corporation (Canada) and Non-Executive Director of Northam Platinum Ltd (South Africa).

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 & Associates. Dr Vella advises a number of leading commercial or ganisations both in the public and private sector and has been a legal advisor of the Corinthia Group for more than fifteen years. Dr Vella is also a director on several companies in addition to being a director of the Issuer and a number of its Subsidiaries, and is also a director of Corinthia Finance p.I.c. another subsidiary company of the Corinthia Group.

Frank Xerri de Caro, senior Independent Director of the Issuer, joined the Board of the Issuer in 2004, having previously been Chief Executive Officer of Bank of Valletta p.I.c., besides serving on the Boards of several major financial, banking and insurance institutions. Mr Xerri de Caro is currently the Chairman of the Issuer's Audit Committee.

Abdulnaser M.B. Ahmida is head of the Financial Analysis Department at LIFCO where he also served from 1997 to 2007. He was previously a senior executive at Corporate and Investment Banking Group and at Pak Libya Holding Company. Mr Ahmida holds a degree in computer engineering from Naser University and a master's degree in financial accounting and management from Bradford University School of Management.

Abuagila Almahdi joined LIFCO in 1999 and has served as Deputy Managing Director until he was appointed Vice Chairman of CPHCL in February 2014. He is also Chairman of Medelec Switchgear Limited. Mr Almahdi holds a Bachelor of Accounting degree from Tripoli University, a postgraduate diploma in accounting from the Academy of Graduate Economic Studies Tripoli and a master's degree in Finance, Accounting and Management from Bradford University School of Management.

Hamad Mubarak Mohd Buahim is President and CEO of the Dubai Chamber of Commerce and Industry and serves as the Deputy Chairman of the World Chambers Federation – ICC- in Paris. He is a member of the board of directors of the United Arab Emirates Central Bank, Chairman of National General Insurance and a board member of Union Properties. He previously served as Chairman of Emirates Financial Services, Chairman of Emirates NBD Capital and board member of Emirates NBD Bank and Network International. Mr Buahim holds a degree in electrical engineering magna cum laude from the University of Southern California, Los Angeles and an MBA with honours in finance from the University of Missouri, Kansas City.

Douraid Zaghouani is Chief Operating Officer of the Investment Corporation of Dubai (the "ICD"). In this role, he supports the CEO Office in corporate strategy development and is responsible for the efficient operational management of the organisation, with the aim of optimising business performance. He manages the areas of strategy, government relations, marketing, corporate communications, legal and compliance, finance and funding, risk and information technology. Prior to joining ICD Mr Zaghouani was with Xerox for more than 25 years during which he held a number of senior general management, sales and marketing roles in both Europe and North America. He has also been Chairman of the Board of several Xerox companies, his last appointment being Corporate Officer and President, Channel Partners Operations for Xerox based in New York. Mr Zaghouani has a degree in civil engineering from the Ecole Nationale des Travaux Publics de L'Etat and is also a graduate in business administration from the ESSEC business school in Paris.

Khaled Algonsel joined LFICO in 1993. He was Manager of the Treasury and Financial Planning Department and was appointed Managing Director in 2012. He is Chairman of Libya Investment Company, Egypt since 2013 and Vice Chairman of Arab Petroleum Investments Corporation, Saudi Arabia since 2012. He has a bachelor's degree in financial accounting from Gharian Accounting College, a master's degree in financial accounting from The Libyan Academy in Tripoli and a master's degree in banking and finance from The European University.

Joseph Pisani is a founder director and member of the main board of CPHCL as from 1962, and has served on a number of boards of subsidiary companies, and from 2000 to 2014 he served as Chairman of the Monitoring Committee of CPHCL and IHI. He was educated at St Edward's College and the University of Malta.

6.2.5 Curriculum Vitae of the Joint Chief Executive Officers

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. On 31 October 2014 Joseph Fenech was appointed joint Chief Executive Officer of the Issuer.

Simon Naudi joined the Board of the Issuer in 2005, having joined the Corinthia Group in a senior executive role in 1998. He has since been responsible for corporate strategy, including business development, particularly hotel and real estate acquisitions and project developments. On 31 October 2014 Simon Naudi was appointed joint Chief Executive Officer of the Issuer.

6.3 Directors' Service Contracts

Save for Mr Alfred Pisani none of the Directors of the Issuer have a service contract with the Issuer. A copy of such service contract will be available for inspection at the registered office of the Issuer in accordance with the requirements of the Listing Rules.

All Directors may be removed from their posts of Director by ordinary resolution of the shareholders in general meeting.

6.4 Aggregate Emoluments of Directors

For the financial year ended 31 December 2014 the Group paid an aggregate of €529,000 to its Directors (2013: €600,000).

6.5 Loans to Directors

There are no loans outstanding by the Issuer to any of its Directors nor any guarantees issued for their benefit by the Issuer.

6.6 Removal of Directors

A Director may unless he resigns, be removed by ordinary resolution of the shareholders as provided in sections 139 and 140 of the Act.

6.7 Powers of Directors

By virtue of the Articles of Association of the Issuer the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting.

7. MANAGEMENT STRUCTURE

7.1 General

The Directors have appointed Joseph Fenech and Simon Naudi as the joint Chief Executive Officers of the Issuer and, together with the Chairman of the Board of Directors of the Issuer, they are the only executive officers of the Issuer. The Issuer has recruited a number of executives that were previously employed by CPHCL and recruited new executives in line with the requirements of the management structure. The executives support the joint Chief Executive Officers of the Issuer in fulfilling their role as officers of the Issuer.

7.2 Hotel Operations

Day-to-day hotel operations are the responsibility of CHI Limited, 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 Issuer's Board.

7.3 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.

7.4 Executive Team

The Issuer had, on inception, entered into an Administrative Support Services Agreement with CPHCL. The agreement ensured that in its initial phase of development the Issuer could sustain its streamlined organizational structure at a senior level by having continued guaranteed access to the top executive staff and support personnel of the Corinthia Group of which the Issuer is a member.

This agreement was terminated on 29 May 2007 in view of the fact that the board of directors of the Issuer of the time determined that the Issuer had reached a stage in its development wherein it could sustain a top executive structure of its own. The key executives and employees previously employed with CPHCL were transferred as full-time executives and employees of the Issuer.

At the subsidiary level, the Directors believe that the current organisational structures are adequate and shall continue to build the organisation's structure at this level on the same model adopted so far. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

7.5 Holdings in excess of 5% of Share Capital

On the basis of information available to the Issuer as at the date of this document, CPHCL holds 325,777,026 shares equivalent to 58.78%, Istithmar holds 122,226,668 shares equivalent to 22.05% and LFICO holds 61,113,332 shares equivalent to 11.03% of the Issuer's total issued share capital (half of this 11.03% is subject to a call option in favour of CPHCL). As far as the Issuer is aware, no persons hold an indirect shareholding in excess of 5% of its total issued share capital.

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that the relationship with CPHCL and Istithmar is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the Audit Committee.

7.6 Conflict of Interest

Alfred Pisani, in addition to sitting on the board of directors of the Issuer, also acts as director of CPHCL. Joseph Fenech and Simon Naudi, in addition to occupying the post of joint Chief Executive Officers of the Issuer, provide management services to CPHCL pursuant to a management support services agreement between IHI and CPHCL. Accordingly, conflicts of interest could potentially arise in relation to transactions involving both the Issuer and CPHCL.

The Audit Committee has the task of ensuring that any such potential conflicts of interest are handled in the best interests of the Issuer. To the extent known or potentially known to the Issuer as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the Directors and of executive officers of the Issuer and their private interests and/or their other duties, which require disclosure in terms of the Regulation.

8. AUDIT COMMITTEE PRACTICES

8.1 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 include support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of: risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Briefly, the Committee is expected to deal with and advise the Board on:

(a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
(b) maintaining communications on such matters between the Board, management and the external auditors; and
(c) preserving the Issuer's assets by assessing the Issuer's risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party, to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer.

The Committee is made up of a majority of Non-Executive Directors who are appointed for a period of three years. Frank Xerri de Caro, non-executive and senior independent director of the Issuer, acts as Chairman, whilst Michael Beckett and Joseph J. Vella act as members. The Issuer's Company Secretary, Alfred Fabri, acts as secretary to the Committee. In compliance with the Listing Rules, Frank Xerri de Caro is considered by the Board to be the Director competent in accounting and/or auditing matters.

8.2 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.

8.3 Nominations and Remuneration Committee

The nominations and remuneration committee is charged with enhancing the quality of nominees to the board and ensuring the integrity of the nominating process, and with proposing the remuneration package of directors and senior executives of the Issuer and its subsidiaries. The Committee's responsibilities include making recommendations to the Board annually with respect to the composition, size and needs of the Board, recommend criteria for Board membership, including the minimum qualifications for a nominee and the qualities and skills that the committee believes are necessary or desirable for a Board member to possess, and propose adequate remuneration packages.

The Committee is made up of Michael Beckett (who acts as chairman of the committee), Frank Xerri de Caro and Joseph J. Vella. The Issuer's Secretary, Alfred Fabri, acts as secretary to the Committee.

9. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

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

The Board considers that during the financial year ended 31 December 2014, the Issuer was in compliance with the Code save as set out hereunder.

As at 29 March 2015, being the date of approval of the latest audited consolidated financial statements, the Issuer was not fully in compliance with the said Principles of Good Corporate Governance specifically by virtue of the following:

- Principle 7 "Evaluation of the Board's Performance": under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Issuer's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

10. HISTORICAL INFORMATION

The historical financial information for each of the financial years ended 31 December 2011 to 2014 as audited by Grant Thornton are set out in the consolidated financial statements of the Issuer. Such audited consolidated financial statements are available on the Issuer's website www.ihiplc.com.

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

11. LITIGATION

There is no governmental, legal or arbitration proceedings against the Issuer, including any pending or threatened proceedings, which the Issuer is aware and considers could have significant effects on the financial position or profitability of the Issuer or the Group.

12. ADDITIONAL INFORMATION

12.1 Share Capital

The Authorised share capital of the Issuer is €1,000,000,000. The issued share capital is €554,238,573 divided into 554,238,573 ordinary shares of a nominal value of €1 each, fully paid up.

The Issuer's ordinary shares were first admitted to the Official List of the MSE on 2 June 2000, and trading commenced on 5 June 2000.

More than 10% of the Issuer's authorised share capital remains unissued. However, in terms of the Issuer'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 Issuer or nature of its business without the prior approval of the shareholders in general meeting.

There is no capital of the Issuer which is currently under option, save for half of the 11.03% of the issued share capital of the Issuer (61,113,332 ordinary shares) that LFICO bought from Istithmar on 22 April 2010, which is currently subject to a call option in favour of CPHCL.

12.2 Memorandum and Articles of Association

12.2.1 Objects

The Memorandum and Articles of Association of the Issuer are registered with the Register of Companies. The main object of the Issuer is to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of hotels, resorts, leisure facilities, tourism related activities and such other activities as may from time to time be ancillary or complimentary to the foregoing whether in Malta or overseas. Clause 3 of the Memorandum of Association contains the full list of objects of the Issuer. A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and at the Registry of Companies.

12.2.2 Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of not less than four and not more than ten directors.

The Directors themselves or a committee appointed by the Directors (the "Designated Committee"), may make recommendations and nominations to the members for the appointment of Directors at a general meeting. Such recommendations may be made either pursuant to recommendations received from any member holding not less than 2% of the issued share capital having voting rights or by the Directors' or Designated Committee's own recommendations, of a fit and proper person for appointment as a Director, which the Directors or the Designated Committee may then recommend to the members for appointment as Director at the annual general meeting.

12.2.3 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.
Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.

The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit the Directors shall have the power to vote remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the Issuer in the general meeting.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security therefor, subject to the limit established in the Memorandum and Articles of Association. That limit is currently three times the Issuer's capital and reserves. The shareholders in general meeting have the overriding authority to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

13. MATERIAL CONTRACTS

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

14. INTEREST OF EXPERTS AND ADVISORS

Save for the financial analysis report set out as Annex III of the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The financial analysis report has been included in the form and context in which it appears with the authorisation of Charts Investment Management Service Limited of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta, that has given and has not withdrawn its consent to its inclusion herein. Charts Investment Management Service Limited does not have any material interest in the Issuer. The Issuer confirms that the financial analysis report has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

15. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer:

(a) Memorandum and Articles of Association;
(b) Audited Consolidated Financial Statements of the Issuer for the years ended 31 December 2011 to 2014;
(c) The letter of confirmation drawn up by Grant Thornton dated 10 April 2015; and
(d) Financial Analysis Summary prepared by Charts Investment Management Service Limited dated 10 April 2015.

These documents are also available for inspection in electronic form on the Issuer's website www.ihiplc.com.

SECURITIES NOTE
DATED 10 APRIL 2015

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published 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, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by International Hotel Investments p.l.c. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an Issue of up to €45,000,000 5.75% Unsecured Bonds 2025
of a nominal value of €100 per Bond issued at par by

INTERNATIONAL HOTEL INVESTMENTS P.L.C.
A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 26136

ISIN: MT0000111295

TTHE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

Joint Manager and Registrar	Joint Manager	Sponsor	Legal Counsel
BOV Bank of Valletta	HSBC	CHARTS WEALTH MANAGEMENT • CORPORATE BROKING	CAMILLERI PREZIOSI ADVOCATES

TABLE OF CONTENTS

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY INTERNATIONAL HOTEL INVESTMENTS PLC (THE "**ISSUER**") OF A MAXIMUM OF €45,000,000 UNSECURED BONDS 2025 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5.75% PER ANNUM, PAYABLE ANNUALLY ON 13 MAY OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 13 MAY 2025. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

IN ACCORDANCE WITH THE ALLOCATION POLICY TO BE DETERMINED AND PUBLISHED BY THE ISSUER BONDS SHALL ALSO BE ALLOCATED TO HOLDERS OF 6.25% BONDS 2015-2019 ISSUED BY THE ISSUER PURSUANT TO A PROSPECTUS DATED 12 JUNE 2009 (THE "**EXCHANGEABLE BONDS**") WHO, IN CONSIDERATION FOR THE BONDS APPLIED FOR PURSUANT TO THIS PROSPECTUS ELECT TO SURRENDER EXCHANGEABLE BONDS IN FAVOUR OF THE ISSUER.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND 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 OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS 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 OR ITS DIRECTORS OR ADVISORS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS 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 PROSPECTUS.

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 IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR 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 SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN 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 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 ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'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.

ALL THE ADVISORS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS" UNDER SECTION 3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY 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. 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 ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

1. DEFINITIONS

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms 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:

Act	the Companies Act (Cap 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 and delivering same to any of the Authorised Financial Intermediaries;
Application Form/s	the two forms of application of subscription for Bonds, specimens of which are contained in Annex II of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond(s)	a maximum of €45,000,000 unsecured bonds of a face value of €100 per bond bearing interest at the rate of 5.75% per annum and redeemable on the Redemption Date at their nominal value;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Company, IHI or **Issuer**	International Hotel Investments p.l.c., a public limited liability company registered under the laws of Malta with Company registration number C 26136 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
CSD	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Cut-Off Date	close of business of 10 April 2015;
Euro or **€**	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or **MSE**	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 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;
Exchangeable Bond Transfer	the subscription for Bonds by an Existing Bondholder settled, after submitting the appropriate pre-printed Application Form 'A' (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Exchangeable Bonds held by such Existing Bondholder as at the Cut-Off Date;
Exchangeable Bonds	the 6.25% bonds 2015-2019 redeemable on any day falling between and including 11 July 2015 and 9 July 2019, amounting as at the date of the Prospectus to €35,000,000, issued by the Issuer pursuant to a prospectus dated 12 June 2009;

Existing Bondholder	a holder of Exchangeable Bonds as at the Cut-Off Date;
Interest Payment Date	13 May of each year between and including each of the years 2016 and the year 2025, 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 Date	expected on 22 May 2015;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Preplacement Offer	shall have the meaning set out in section 7.5 of this Securities Note;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Redemption Date	13 May 2025;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 10 April 2015, 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 a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus;
Securities Note	this document 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 10 April 2015, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue, including the terms contained in this Securities Note.

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 ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED.

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 ADVISORS, 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 BELOW ARE LISTED 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 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 Issuer's Directors. 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 but not limited to the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, 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 or otherwise trade in 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 Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause (section 5.7 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 Bond it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 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 this 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 this Prospectus.**

3 PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer. All of the directors of the Issuer, whose names appear under the sub-heading "Directors" under the heading 'Identity of Directors, Senior Management, Advisors and Auditors' in section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note.

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 Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer accept responsibility accordingly.

3.1 Consent for Use of Prospectus

Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

(i) in respect of Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of this Securities Note during the Preplacement Offer and the Issue Period;

(ii) to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;

(iii) to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

Neither the Issuer nor the Sponsor has any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

Other than as set out above, neither the Issuer nor the Sponsor has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor and neither the Issuer nor the Sponsor has any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should obtain legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsor. The Issuer does not accept responsibility for any information not contained in this Prospectus.

In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

Any resale, placement or other offering of Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor has any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: http://www.ihiplc.com.

4 ESSENTIAL INFORMATION

4.1 Reasons for the Issue and Use of Proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €44,100,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

(i) a maximum amount of €35,000,000 will be used by the Issuer for the purpose of purchasing Exchangeable Bonds from Existing Bondholders, for cancellation, by way of Exchangeable Bond Transfer, and for the purpose of redeeming any Exchangeable Bonds remaining in issue as at 11 July 2015, being the first early date of redemption of the Exchangeable Bonds in terms of the prospectus dated 12 June 2009 (as at the date of the Prospectus the total value of Exchangeable Bonds in issue stands at €35,000,000); and

(ii) the remaining €9,100,000 balance of the net Bond Issue proceeds will be used by the Issuer to part finance the acquisition of the IHG Group, which is subject to the satisfaction of various conditions as further described in section 4.1.5 of the Registration Document. In the event that the Issuer decides not to proceed with the said acquisition, for any reason, then the remaining portion of net Bond Issue proceeds shall be applied to reduce the bank indebtedness of the Group.

In the event that the Issuer does not receive subscriptions fo r the full €45,000,000 in Bonds, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and it shall firstly apply the net proceeds received for the purpose mentioned in (i) above. In the event that the subscriptions received do not exceed the amount specified in (i) above, the Issuer will complete the redemption of any remaining Exchangeable Bonds through own funds on 11 July 2015, being the first early date of redemption of the Exchangeable Bonds in terms of the prospectus dated 12 June 2009.

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 €900,000. There is no particular order of priority with respect to such expenses.

4.3 Issue Statistics

Amount:	€45,000,000;
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 CSD;
Denomination:	Euro (€);
ISIN:	MT0000111295;
Minimum amount per subscription, other than a subscription in the Preplacement Offer:	Minimum of €2,000 and multiples of €100 thereafter;
Minimum amount per subscription in the Preplacement Offer:	Minimum of €25,000 and multiples of €100 thereafter;
Redemption Date:	13 May 2025;
Plan of Distribution:	The Bonds are open for subscription by all categories of investors including holders of Exchangeable Bonds and the general public;
Preferred Allocation to holders of Exchangeable Bonds:	Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Exchangeable Bonds at par value, subject to a minimum holding of €2,000 in Bonds. Any Existing Bondholders whose holding in Exchangeable Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form 'A' ("**Cash Top-Up**"). Existing Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Exchangeable Bonds held by them as at the Cut-Off Date shall be allocated Bonds for the corresponding nominal value of Exchangeable Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Exchangeable Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Exchangeable Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Application Forms available:	20 April 2015;

Preplacement Offer:	The Issuer shall enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of Bonds up to an aggregate amount of €10,000,000 whereby it will bind itself to allocate Bonds to participating investors during the Preplacement Offer period;
Closing date for Applications:	30 April 2015 in the case of Existing Bondholders and 6 May 2015 for the general public;
Issue Period:	4 May 2015 to 6 May 2015, both days included;
Interest:	5.75% per annum;
Interest Payment Date(s):	Annually on 13 May as from 13 May 2016 (the first interest payment date);
Governing Law of 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

Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes Charts Investment Management Service Limited, Bank of Valletta p.l.c. and HSBC Bank Malta p.l.c.), and any fees payable in connection with the Bond Issue to Charts Investment Management Service Limited as Sponsor, Bank of Valletta p.l.c. as Joint Manager and Registrar, and HSBC Bank Malta p.l.c. as Joint Manager, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

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 5.75% Unsecured Bonds 2025 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €45,000,000 (except as otherwise provided under section 5.12 "Further Issues").

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 ISIN MT0000111295.

5.1.4 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par on the Redemption Date.

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 4 May 2015 and 6 May 2015, both days included.

5.1.7 The Bond Issue is not underwritten.

5.1.8 In the event that the Bond Issue is not fully subscribed, the Issuer will proceed to: list the Bonds subscribed for; and effect cancellation of the Exchangeable Bonds received from Existing Bondholders electing to acquire Bonds by Exchangeable Bonds Transfer. Any Exchangeable Bonds remaining in issue are due to be redeemed by the Issuer on 11 July 2015, being the first early date of redemption of the Exchangeable Bonds in terms of the prospectus dated 12 June 2009.

5.2 Ranking of the Bonds

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following sets out a summary of Group indebtedness which as at 31 December 2014 amounted to €299.3 million (2013: €320.4 million), and includes bank loans, corporate bonds and other borrowings from related companies. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with the other issued bonds, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

Further details on bank borrowings, including, *inter alia*, respective term, security and repayment schedule, are found in the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2014, which have been published and are available on the Issuer's website (www.ihiplc.com) and at its registered office.

IHI Group Borrowings & Bonds	**31 Dec'14 (€'000)**	**31 Dec'13 (€'000)**	**31 Dec'12 (€'000)**
Bank Borrowings	205,013	215,533	232,279
Bonds	88,912	91,393	97,087
Other interest bearing borrowings	5,326	13,528	16,605
Total borrowings and bonds	**299,251**	**320,454**	**345,971**

5.3 Rights attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to:
(i) the payment of capital;
(ii) the payment of interest;
(iii) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 hereof;
(iv) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
(v) enjoy all such other rights attached to the Bonds emanating from this Prospectus.

5.4 Interest

5.4.1 The Bonds shall bear interest from and including 13 May 2015 at the rate of 5.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 13 May 2016 (covering the period 13 May 2015 to 12 May 2016). 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. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

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.

5.4.3 An Exchangeable Bond Transfer (as defined in section 7.2.1 below) shall be without prejudice to the rights of the holders of Exchangeable Bonds to receive interest on the Exchangeable Bonds up to and including 10 July 2015. The Issuer will settle the difference between the interest rates applicable to the Exchangeable Bonds and the interest rate of 5.75% applicable to the Bonds, from 13 May 2015 up to 10 July 2015, being the day prior to the first early date of redemption of the Exchangeable Bonds, to all persons holding Exchangeable Bonds who would have submitted their Application Form 'A' by not later than 30 April 2015 and, consequently, exercising their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Exchangeable Bonds to the Issuer as mentioned above.

5.5 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 5.75%.

5.6 Registration, Form, Denomination and Title

5.6.1 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, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

5.6.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

5.6.3 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription, other than on subscription in the Preplacement Offer, the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. As to a subscription in the Preplacement Offer, the Bonds will be issued for a minimum of €25,000 per individual Bondholder or underlying client, as the case may be.

5.6.4 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 the heading "**Transferability of the Bonds**" in section 5.11 of this Securities Note.

5.7 Negative Pledge

The Issuer undertakes, 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 its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, 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;

"**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, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 105.75% of the aggregate principal amount of the Bonds still outstanding;

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

5.8 Payments

5.8.1 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 or any charges in connection therewith. 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.

5.8.2 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 or any charges in connection therewith.

5.8.3 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.

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

5.9 Redemption and Purchase

5.9.1 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 13 May 2025.

5.9.2 Subject to the provisions of this section 5.9, 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.

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

5.10 Events of Default

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

5.10.1 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

5.10.2 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

5.10.3 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

5.10.4 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

5.10.5 the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or

5.10.6 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 made for the payment of money in excess of five million Euro (€5,000,000) 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

5.10.7 any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of five million Euro (€5,000,000) or its equivalent at any time.

5.11 Transferability of the Bonds

5.11.1 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.

5.11.2 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.

5.11.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

5.11.4 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.

5.11.5 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.

5.12 Further Issues

The Issuer may, from time to time, without the consent of the 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.

5.13 Meeting of Bondholders

5.13.1 The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.

5.13.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

5.13.3 The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

5.13.4 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 at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

5.13.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

5.13.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

5.13.7 The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.

5.13.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 65% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

5.13.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

5.14 Authorisations and Approvals

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 26 April 2015.

5.15 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 prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

6 TAXATION

6.1 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. The following 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.

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. 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 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.

6.2 Malta Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, 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, (Cap. 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 (Cap. 123 of the Laws of Malta). 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.

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 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.

6.3 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 Commissioner 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.

6.4 Maltese Taxation on Capital Gains on Tansfer 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.

6.5 Duty on Documents and Transfers

In terms of article 50 of the Financial Markets Act (Cap. 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.

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.

7 TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 Expected Timetable of the Bond Issue

1.	Application Forms mailed to holders of Exchangeable Bonds as at the Cut-Off Date	15 April 2015
2.	Application Forms available to the general public	20 April 2015
3.	Preplacement Offer	29 April 2015
4.	Closing date for applications to be received from holders of Exchangeable Bonds as at the Cut-Off Date	30 April 2015
5.	Issue Period (opening and closing of subscription lists, respectively)	4 May 2015 to 6 May 2015, both days included
6.	Commencement of interest on the Bonds	13 May 2015
7.	Announcement of basis of acceptance	13 May 2015
8.	Refunds of unallocated monies	20 May 2015
9.	Expected dispatch of allotment advices	20 May 2015
10.	Expected date of admission of the securities to listing	22 May 2015
11.	Expected date of commencement of trading in the securities	25 May 2015

The Issuer reserves the right to close the Bond Issue before 6 May 2015 in the event of over-subscription, in which case the events set out in steps 7 to 11 above shall be brought forward, although the number of workings days between the respective events shall not be altered.

7.2 Terms and Conditions of Application

7.2.1 Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by completing a pre-printed Application Form 'A' indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Exchangeable Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for, subject to a minimum application of €2,000 ("**Exchangeable Bond Transfer**"). Any Existing Bondholders whose holding in Exchangeable Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form 'A' ("**Cash Top-Up**").

7.2.2 In addition to the aforesaid, holders of Exchangeable Bonds transferring all of the Exchangeable Bonds held by them as at the Cut-Off Date pursuant to section 7.2.1 above may apply for an amount of Bonds in excess of the amount of Exchangeable Bonds being transferred. In such case the holders of Exchangeable Bonds may subscribe for additional Bonds, in multiples of €100, by completing the appropriate section of Application Form 'A'. The completed Application Form 'A' is to be lodged with any of the Authorised Financial Intermediaries by not later than 14.00 hours on 30 April 2015, together with payment of the Cash Top-Up referred to section 7.2.1 above and the full price of the additional Bonds applied for, in Euro and in clear funds. Payment may be made in cash or cheque payable to "**The Registrar – IHI Bond Issue**".

7.2.3 All other Applicants, not being holders of Exchangeable Bonds, may subscribe for Bonds by submitting an Application Form 'B'. The completed Application Form 'B' is to be lodged with any of the Authorised Financial Intermediaries. All Application Forms 'B' must be accompanied by the full price of the Bonds applied for and payment may be made either in cash or by cheque payable to "**The Registrar – IHI Bond Issue**".

7.2.4 By submitting a signed Application Form 'A' indicating that the Exchangeable Bond Transfer is being selected (whether in whole or in part consideration for the Bonds being applied for), the Applicant is thereby confirming:

i. that all or part (as the case may be) of the Exchangeable Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, if applicable;

ii. that the pre-printed Application Form 'A' constitutes the Applicant's irrevocable mandate to the Issuer to:

  a. cause the transfer of the said Exchangeable Bonds in the Issuer's name in consideration of the issue of Bonds; and

  b. 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 said Exchangeable Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;

iii. the obligations of the Issuer with respect to the Exchangeable Bonds being transferred to the Issuer are extinguished, replaced by obligations on the part of the Issuer under the Bonds to be issued upon acceptance by the Issuer of the application in question.

7.2.5 By submitting a signed Application Form in terms of sections 7.2.2 and 7.2.3 above, the Applicant is thereby confirming that: (i) the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Registrar (which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).

7.2.6 Where the Applicant is the holder of Exchangeable Bonds which as at the Cut-Off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form 'A'.

7.3 General Terms and Conditions

7.3.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, no Exchangeable Bond Transfers (see section 7.2 above) shall take effect, and any Application monies (in the case of a Cash Top-Up being required) received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.

7.3.2 The subscription lists during the Issue Period will open at 08:30 hours on 4 May 2015 and will close soon thereafter as may be determined by the Issuer, but in any event no later than 16:00 hours on 6 May 2015.

7.3.3 In view of the fact that the proceeds of the Bond Issue are intended to be applied to the redemption of the outstanding amount of the Exchangeable Bonds, the Company has not established an aggregate minimum subscription level for the Bond Issue.

As indicated in section 4.1 above under the heading "Reasons for the Issue and Use of Proceeds", the Exchangeable Bonds forming the subject of Exchangeable Bond Transfers shall be redeemed out of the proceeds of the Bond Issue, for cancellation by the Issuer. Any Exchangeable Bonds remaining in issue thereafter are due to be redeemed by the Issuer on 11 July 2015, being the first early date of redemption of the Exchangeable Bonds in terms of the prospectus dated 12 June 2009.

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.

7.3.4 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.

7.3.5 If an 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 duly 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 representative 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 Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.

7.3.6 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted 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.

7.3.7 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, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).

7.3.8 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. 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 parents / 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.

7.3.9 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.

7.3.10 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.

7.3.11 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.

7.3.12 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, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. 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 Application Forms will be accepted and photocopies/ facsimile copies will not be accepted.

7.3.13 The Bonds will be issued in multiples of €100. Other than in the Preplacement Offer, the minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000. In the Preplacement Offer, the minimum subscription amount of Bonds that can be subscribed for by Applicants is €25,000.

7.3.14 Within five (5) Business Days from closing of the subscription lists, the Issuer shall announce the result of the Issue and shall determine, and issue a company announcement setting out, the basis of acceptance of applications and allocation policy to be adopted.

7.3.15 Other than in the case of an Exchangeable Bond Transfer, in the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five Business Days from the date of final allocation. The Issuer shall not be responsible for any charges or delay arising in connection with such credit transfer.

7.3.16 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 MSE 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 (Cap. 440 of the Laws of Malta) for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.

7.3.17 By completing and delivering an Application Form, whether 'A' or 'B', the Applicant:

a agrees and acknowledges 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 warrants that the information submitted by the Applicant 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 Applicant. 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 authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 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 Issuer 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 confirms 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 what is contained in the Prospectus and accordingly agree/s 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 agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance or surrender of the Exchangeable Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

f agrees 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;

g warrants, 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 the Applicant 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 Bond or his/her Application;

h warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

i represents that the Applicant 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;

j agrees that Charts Investment Management Service Limited will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Charts Investment Management Service Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;

k agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's 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;

l renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.4 Plan of Distribution and Allotment

The Bonds are open for subscription to all categories of investors, which may be broadly split as follows:

i. Authorised Financial Intermediaries shall be entitled to subscribe for Bonds up to an aggregate amount of €10,000,000 as detailed in section 7.5 below;

ii. Holders of Exchangeable Bonds may apply for Bonds and settle the consideration due by the transfer to the Issuer of all or part of the Exchangeable Bonds held by such Applicant as at the Cut-Off Date by submitting an Application Form 'A'.

iii. Holders of Exchangeable Bonds shall also have the option to apply for Bonds in excess of their respective holding in Exchangeable Bonds as at the Cut-Off Date by completing the appropriate section of Application Form 'A';

iv. The general public may subscribe for Bonds through any of the Authorised Financial Intermediaries by submitting an Application Form 'B'.

Other than subscriptions in relation to clause (i) above (Preplacement Offer), the minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000. As to the Preplacement Offer, the minimum subscription amount of Bonds that can be subscribed for by Applicants is €25,000. In each case, subscription amounts shall be in multiples of €100.

It is expected that an allotment advice will be dispatched to Applicants 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 or surrender of the Exchangeable Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, (Cap. 373 of the Laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

7.5 Preplacement Offer

An aggregate amount of €10,000,000 of Bonds is being reserved for Authorised Financial Intermediaries participating in the Preplacement Offer. The Issuer shall enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of Bonds whereby it will bind itself to allocate Bonds thereto during the Preplacement Offer period, up to the amount of €10,000,000 as aforesaid.

In the event that subscriptions exceed the reserved portion of €10,000,000, the unsatisfied excess amount of such subscriptions will be considered for allocation purposes with the Applications submitted by the general public without priority or preference.

In terms of each Subscription Agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe to, the number of Bonds indicated therein. 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.

The minimum which each Authorised Financial Intermediary may apply for in terms of the Subscription Agreement is €1,000,000 in Bonds and the amount per underlying application must be for a minimum of €25,000 (and in multiples of €100 thereafter).

7.6 Pricing

The Bonds are being issued at par, that is, at €100 per Bond.

7.7 Allocation Policy

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

i. An aggregate amount of €10,000,000 has been reserved for subscription by Authorised Financial Intermediaries participating through the Preplacement Offer in accordance with section 7.5 above.

ii. Up to an aggregate amount of €35,000,000 shall be allocated to Existing Bondholders applying for Bonds by way of Exchangeable Bond Transfer in accordance with section 7.2.1 above and subject to a minimum application of €2,000;

iii. Following the allocation referred to in paragraphs (i) and (ii) hereof, any remaining Bonds shall be allocated to:

a. Authorised Financial Intermediaries with respect to such unsatisfied excess amount that may result from an oversubscription in the Preplacement Offer detailed in section 7.5 above;

b. Existing Bondholders having applied for Bonds in excess of their holding in Exchangeable Bonds; and

c. Applications submitted by the general public;

without priority or preference and in accordance with the allocation policy as determined by the Issuer and Registrar.

7.8 Admission to Trading

7.8.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 10 April 2015.

7.8.2 Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List.

7.8.3 The Bonds are expected to be admitted to the MSE with effect from 22 May 2015 and trading is expected to commence on 25 May 2015.

ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE
APS Bank Ltd	17, Republic Street, Valletta VLT 1111	25671719
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri & Co Ltd	Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103	25688688
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Crystal Finance Investments Ltd	10, First Floor, City Gate, Valletta VLT 1010	21226190
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	23426000
Fexserv Investment Services Ltd	Alpine House, Naxxar Road, San Gwann SGN 9032	25762001
Financial Planning Services Ltd	4, Marina Court No. 1, G. Calì Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	21342342
Growth Investments Ltd	Customer Service Centre, Pjazza Papa Giovanni XXIII, Floriana FRN 1420	25909000
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	21322872
HSBC Bank Malta p.l.c.	116, Archbishop Street, Valletta VLT 1444	23802381
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265690
Joseph Scicluna Investment Services Ltd	Bella Vista Court, Level 3, Gorg Borg Olivier Street, Victoria, Gozo VCT 2517	21565707
Lombard Bank Malta p.l.c.	67. Republic Street, Valletta VLT 1117	25581114
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574400
Mercieca Financial Investment Services Ltd	Mercieca, John F. Kennedy Square, Victoria, Gozo VCT 2580	21553892
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	21332200
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550	21554492
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000

ANNEX II – SPECIMEN APPLICATION FORMS

INTERNATIONAL HOTEL INVESTMENTS P.L.C.

€45,000,000 5.75% UNSECURED BONDS 2025
APPLICATION FORM "A"

Application Number

Please read the notes overleaf before completing this Application Form. **Mark 'X' if applicable.**

A **APPLICANT** *(See notes 2 to 4)*

TEL. NO.	MOBILE NO.

This Application Form is not transferable and entitles you to a preferential treatment as holder of International Hotel Investments p.l.c. 6.25% Bonds 2015 – 2019 (the "**Exchangeable Bonds**") and is to be submitted as a method of payment where the Applicant selects to apply for the International Hotel Investments p.l.c. 5.75% Unsecured 2025 (the "**Bonds**") so as to transfer to the Issuer all or part of the holding in Exchangeable Bonds held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel B hereunder. By submitting this signed Application Form, the Applicant is thereby confirming that:

a. all or part (as the case may be) of the Exchangeable Bonds held by the Applicant as at the Cut-Off Date are being transferred to the Issuer as a form of payment at their nominal value, thereby releasing the Issuer from all and any obligations with respect to such Exchangeable Bonds; and
b. this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to cause the transfer of the Exchangeable Bonds in the Issuer's name in consideration of the issue of the Bonds

B

BOX 1 - Nominal Value of the Exchangeable Bonds.

AMOUNT IN FIGURES **Box 1**
€

BOX 2 - I/We wish to purchase and acquire the amount set out in Box 2 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 10 April 2015 (minimum €2,000 and in multiples of €100 thereafter).

AMOUNT IN WORDS

AMOUNT IN FIGURES **Box 2**
€

BOX 3 - Amount of Bonds applied for less the nominal holding in Exchangeable Bonds, payable in full upon application under the Terms and Conditions set out in the Prospectus.

AMOUNT IN FIGURES **Box 3**
Difference payable on Application
Box 2 - Box 1
€

C **RESIDENT - WITHHOLDING TAX DECLARATION** *(See note 7)* (to be completed ONLY if the Applicant is a Resident of Malta)

☐ I/We elect to have Final Withholding Tax deducted from my/our interest.

☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

D **NON-RESIDENT - DECLARATION FOR TAX PURPOSES** *(See note 8)* (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE

☐ I/We am/are **NOT** Resident in Malta but I/we am/are Resident in the European Union.

☐ I/We am/are **NOT** Resident in Malta and I/we am/are **NOT** Resident in the European Union.

E **INTEREST, REFUND & REDEMPTION MANDATE** *(See note 9)* Completion of this Panel is **MANDATORY**

BANK	IBAN

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 (as contained therein) which I/we fully accept.

Signature/s of Applicant/s

Date

(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 the case of holdings of Exchangeable Bonds that are subject to usufruct)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

AUTHORISED FINANCIAL INTERMEDIARY'S CODE

ANNEX II – SPECIMEN APPLICATION FORMS

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 10 April 2015 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of Application contained in Section 7.2 of the Securities Note dated 10 April 2015 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.

2. This Application Form is to be completed in BLOCK LETTERS.

3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.

4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 10 April 2015 (trading session of the 8 April 2015). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

5. In the case where a holder of Exchangeable Bonds is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.

6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by holders of Exchangeable Bonds up to their full amount held as at the Cut-Off Date, subject to a minimum application of €2,000.

   Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of Exchangeable Bonds set out in Box 1 of Panel B, the Applicant may do so by including such higher amount in Box 2 in Panel B. In such case, the 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 Exchangeable Bonds being transferred. Payment of the amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, **must be made in Euro in cleared funds to "The Registrar - IHI Bond Issue".** In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have Final Witholding 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 will then be obliged to declare interest so received in the tax 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.

   In terms of Section 6.1.2 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 (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

8. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the"**Directive**") 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 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.

   The contents of 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.

9. If any Application is not accepted, after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.

10. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note during normal office hours by not later than 14:00 on 30 April 2015. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being 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 Bonds as contained in the Prospectus. Any Applications received by the Registrar after 14:00 on 30 April 2015 will be rejected.

11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
    a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act 2001(Cap. 440 of the Laws of Malta);
    b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
    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 requests must be made in writing and addressed to the Issuer. The request must 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 an independent financial advisor, licensed under the Investments Services Act (Cap. 370 of the Laws of Malta), for advice.

ANNEX II – SPECIMEN APPLICATION FORMS

INTERNATIONAL HOTEL INVESTMENTS P.L.C.

€45,000,000 5.75% UNSECURED BONDS 2025
APPLICATION FORM "B"

Application Number

Please read the notes overleaf before completing this Application Form. Mark "X" if applicable.

APPLICANT *(see notes 2 to 7)*

☐ Non-Resident ☐ Minor (under 18) ☐ Body Corporate/ Body of Persons ☐ CIS-Prescribed Fund

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME / REGISTERED NAME		
ADDRESS			
			POSTCODE
MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.

ADDITIONAL (JOINT) APPLICANTS *(see note 3)* *(please use additional Application Forms if space is not sufficient)*

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.

MINOR'S PARENTS / LEGAL GUARDIAN/S *(see note 4)* *(to be completed **ONLY** if the Applicant is a minor)*

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.

I/WE APPLY TO PURCHASE AND ACQUIRE *(see notes 8 & 9)*:

AMOUNT IN FIGURES €	AMOUNT IN WORDS

International Hotel Investments p.l.c. 5.75% Unsecured Bonds 2025 (the "Bonds") (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 10 April 2015 (the '**Prospectus**'), payable in full upon application under the Terms and Conditions as defined in the said Prospectus.

RESIDENT - WITHHOLDING TAX DECLARATION *(see note 10)* *(to be completed ONLY if the Applicant is a Resident of Malta)*

☐ I/We elect to have Final Withholding Tax deducted from my/our interest.

☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

NON-RESIDENT - DECLARATION FOR TAX PURPOSES *(see note 12)* *(to be completed ONLY if the Applicant is a Non-Resident)*

TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE

☐ I/We am/are **NOT** resident in Malta but I/we am/are resident in the European Union

☐ I/We am/are **NOT** resident in Malta and I/we am/are **NOT** resident in the European Union

INTEREST,REFUND AND REDEMPTION MANDATE *(see note 11)* *Completion of this panel is **MANDATORY***

BANK	IBAN

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 as contained therein 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)

Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE

ANNEX II – SPECIMEN APPLICATION FORMS

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 10 April 2015 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of Application contained in Section 7.2 of the Securities Note dated 10 April 2015 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.

2. The Application Form is to be completed in BLOCK LETTERS.

3. Applicants who are Non-Residents In Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.

4. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals, including I.D. card numbers, must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).**

5. 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 and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or 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 proceeds shall be payable 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. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.

7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**

8. Applications must be for a minimum of €2,000 and thereafter in multiples of €100.

9. Payment must be made in Euro, in cleared funds to 'The Registrar - IHI Bond Issue'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

10. 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 will be obliged to declare interest so received in the tax 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 (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.

    In terms of Section 6.1.2 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 (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax,(currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

11. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Directive**") 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 said Directive applies (called a "specified territory") then the interest paid will be reported.

    The contents of 10 and 11 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.

12. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel H. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.

13. Subscription lists will open at 08:30 hours on 4 May 2015 and will close as soon thereafter as may be determined by the Issuer, but not later than 16.00 hours on 6 May 2015. The Issuer reserves the right to close the Bond Issue before 6 May 2015, in the event of over-subscription. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Bonds as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will be rejected. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.

14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
    a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
    b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
    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 requests must be made in writing and addressed to the Issuer. The request must 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 an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

ANNEX III – FINANCIAL ANALYSIS SUMMARY

INTERNATIONAL HOTEL INVESTMENTS P.L.C.

FINANCIAL ANALYSIS SUMMARY

10 APRIL 2015

CHARTS
WEALTH MANAGEMENT ▪ CORPORATE BROKING

CHARTS
WEALTH MANAGEMENT ▪ CORPORATE BROKING

CHARTS INVESTMENT MANAGEMENT SERVICE LTD
VALLETTA WATERFRONT ▪ VAULT 17
PINTO WHARF ▪ FLORIANA FRN 1913 ▪ MALTA

tel +356 2122 4106 ▪ 2124 1121 ▪ fax +356 2124 1101
www.charts.com.mt ▪ info@charts.com.mt

The Directors
International Hotel Investments p.l.c.
22, Europa Centre
Floriana FRN 1400
Malta

10 April 2015

Dear Sirs

IHI p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to International Hotel Investments p.l.c. (the "**Group**", the "**Company**" or "**IHI**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the six years ended 31 December 2009 to 31 December 2014 has been extracted from audited consolidated financial statements of the Company for the six years in question.

(b) The forecast data for the years ending 31 December 2015 and 2016 has been provided by management of the Company.

(c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by IHI.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 5 of the Analysis.

(e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or web sites providing financial data.

The Analysis is meant to assist investors in IHI's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Group and should not be interpreted as a recommendation to invest in any of the Group's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek independent professional advice before investing in the Group's securities.

Yours faithfully,

Wilfred Mallia
Director

TABLE OF CONTENTS

PART 1

1. COMPANY'S KEY ACTIVITIES

International Hotel Investments p.l.c. ("**IHI**", "**Issuer**" or the "**Group**"), a company listed on the Malta Stock Exchange, is principally engaged in the ownership, development and operation of hotels and ancillary real estate in Europe and North Africa.

To date, IHI has acquired and/or developed hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russia) and St Julians (Malta). IHI also has a 50% shareholding in a 294 roomed luxury hotel and residential development in London (UK), the latter property consisting of 12 residential apartments located within the same building as the hotel. In April 2014, 11 of the aforesaid apartments were sold to third parties with the holding company retaining ownership of the penthouse apartment.

Revenue and earnings are derived primarily from hotel operations, which include operation of owned hotels, and management and other fees earned by CHI Limited, a wholly owned subsidiary of the Company, from hotels managed pursuant to management contracts with third parties. At 31 December 2014 CHI Limited managed eight hotels (of which one is fifty per cent owned) on behalf of the Group and another five hotels on behalf of third-party owners.

2. DIRECTORS AND KEY EMPLOYEES

IHI is managed by a Board consisting of ten directors entrusted with its overall direction and management, including the establishment of strategies for future development.

Board of Directors

Alfred Pisani	Chairman
Frank Xerri de Caro	Senior Independent Non-Executive Director
Abdulnaser M.B. Ahmida	Non-Executive Director
Douraid Zaghouani	Non-Executive Director
Hamad Mubarak Mohd Buamin	Non-Executive Director
Abuagila Almahdi	Non-Executive Director
Khaled Algonsel	Non-Executive Director
Joseph Pisani	Non-Executive Director
Michael Beckett	Independent Non-Executive Director
Joseph J. Vella	Independent Non-Executive Director

The Chairman and the Joint Chief Executive Officers (Joseph Fenech and Simon Naudi) are responsible for the identification and execution of new investment opportunities. They are also responsible for ensuring the establishment of appropriate management contracts of the hotel properties in the case of operational properties, and negotiating and awarding project contracts in respect of the development or refurbishment of new properties.

The weekly average number of employees engaged at IHI's corporate office and in its owned hotels during FY2014 amounted to 1,877 persons (FY2013: 1,988).

3. MAJOR ASSETS OWNED BY THE ISSUER & OPERATIONAL DEVELOPMENT

3.1 HOTEL PROPERTIES

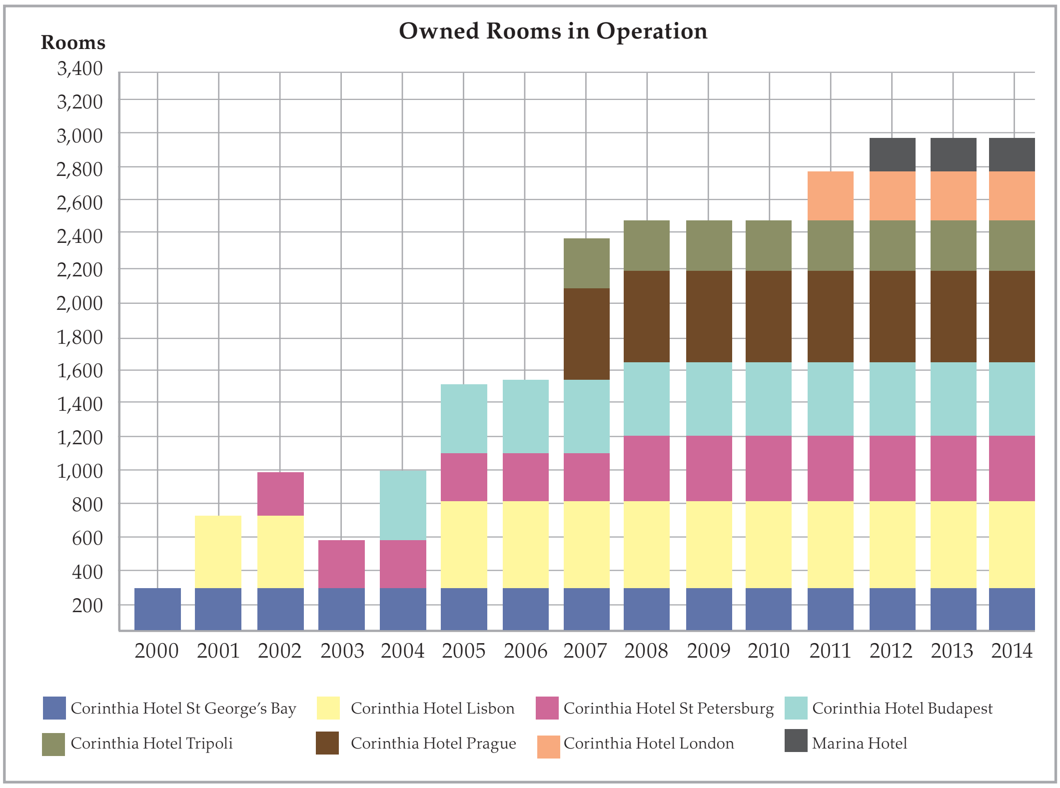
3.1.1 Valuation

The table below illustrates the fair value of the Group's hotel properties included in the audited financial statements of IHI for the years ended 31 December 2011 to 2014. The 50% investment in Corinthia Hotel London & Apartments is excluded from the list since it is classified as an investment in associate and consequently is accounted for using the equity method. All other hotel properties are held through wholly owned subsidiary companies and are therefore consolidated with the parent company in its annual audited financial statements.

Valuation of Hotel Properties	**FY2014**	**FY2013**	**FY2012**	**FY2011**
	€'000	**€'000**	**€'000**	**€'000**
Corinthia Hotel Budapest	95,231	85,984	87,700	92,400
Corinthia Hotel St Petersburg	90,729	113,448	126,400	141,426
Corinthia Hotel Lisbon	92,168	79,725	77,125	84,807
Corinthia Hotel Prague	74,039	76,700	79,420	77,813
Corinthia Hotel Tripoli	86,687	124,090	131,509	137,062
Corinthia Hotel St George's Bay	27,557	28,327	29,661	30,100
Marina Hotel St George's Bay, Malta	22,499	20,896	21,000	
	488,910	529,170	552,815	563,608

Source: Consolidated audited financial statements of IHI for the years ended 31 December 2011, 2012, 2013 and 2014.

The following chart sets out the growth in room stock of the Group since inception to the date of this report. During the period under review, this increased from 250 to 2,928 rooms.



Source: Management information

3.1.2 Corinthia Hotel Budapest

Introduction

IHI Hungary Zrt (a fully-owned subsidiary of the Company) owns the 414-room five-star Corinthia Hotel located in Budapest, Hungary ("**Corinthia Hotel Budapest**"). The hotel was acquired as a vacant building in 2000 for €27 million. The property was subsequently demolished except for the historic facade and ballroom and rebuilt at a cost of €90 million. It was officially opened in April 2003. In 2006, 26 self-catering apartments were added to its stock of rooms and a health spa was opened. The carrying value of the Corinthia Hotel Budapest as at 31 December 2014 is €95.2 million (FY2013: €86.0 million).

Market Overview

i. *Economic update*

Hungary grew at the fastest pace in eight years in 2014 as the economy expanded 3.6% (which was up from the 1.5% expansion recorded in 2013), supported by strong fiscal and monetary stimulus and its improved ability to absorb funding from the European Union (EU). Following a moderation in Q3, the economy sped up slightly in the final quarter of the year primarily as the result of increasing exports and consumption. More recent indicators, however, send mixed signals about the state of the economy. While industrial production recorded the largest gain in six months in January 2015, economic sentiment moderated for a fourth consecutive month in February 2015. Meanwhile, the government pledged to reduce the EU's highest bank tax next year to boost spending and avoid implementing additional measures that would reduce the banking sector's profitability. Hungary's growth is poised to slow in 2015 as the fiscal and monetary stimulus that drove the economy in 2014 is fading. The Central Bank expects the economy to expand 2.3% in 2015 and 2.1% in 2016.

ii. Tourism market

In 2014, the tourism market continued to perform at a record level, registering y-o-y increases in tourist arrivals (+7.2%), guest nights (+5.4%) and expenditure on accommodation (+12.4%). The yearly performance of Hungary's tourism sector exceeded all expectations, especially in the last month of the year. Compared to December 2013 – in the same period – foreign overnight stays increased by 14.9%, while room revenues increased by 27.1%. Domestic tourism also increased with overnight stays increasing by 10.1% while the room revenues generated by these tourists increased by 18.5% compared to December 2013. In the aforesaid month, tourist traffic increased by 12.5%. Key markets that are contributing to such growth include Germany, Austria, Russia, UK and the US. While statistics are encouraging, the long-term success of Hungarian tourism is linked to its capacity to overcome its traditional challenges, namely seasonality, low revenues and weak internal demand.

The market in Budapest has been recovering gradually, after the decline in overall hotel performance in 2008/09 with the focus being on increasing occupancy levels albeit at the expense of discounted room rates. The increase in volume can be attributed mainly to tour groups and leisure individuals taking advantage of discounted prices and a favourable exchange rate. The spike in leisure business in recent years is however not sustainable in the longer term and the market will need to replace this demand from alternative sources. Effort is being made by the industry to focus on thematic product development including: (i) health, heritage & culture, conferences & events: (ii) festivals, religious events, gastronomy; and (iii) products which can extend the average length of stay such as adventure tourism.

As to conference & events business, the city has experienced a decline in the number of international standard conferences. In 2011, Budapest hosted 108 international meetings (2010: 87) and ranked 9th on a European level. In 2012, its ranking declined to 15th place as it hosted 98 meetings during the year, but improved marginally to 14th place in FY2013 as 106 meetings were hosted by the city. In the near term Budapest will continue to face stiff competition in this market from other destinations such as Prague.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	22,171	21,496	20,404	18,477	18,069	17,030
Rooms (€'000)	14,869	14,477	13,624	11,998	11,567	10,758
Food & Beverage, and other revenue (€'000)	7,302	7,019	6,780	6,479	6,502	6,272
Occupancy level (%)	76	76	75	72	71	69
Average room rate (€)	123	120	114	103	100	98
Revenue per available room (RevPAR) (€)	93	91	85	74	71	68
Gross operating profit before incentive fees (€'000)	7,624	7,024	6,500	5,572	5,503	5,350
Gross operating profit margin (%)	34	33	32	30	30	31

Source: Management information

In FY2013, the Corinthia Hotel Budapest registered increases in both occupancy (from 71% to 72%) and average room rate (from €100 to €103), which contributed to a 4.2% increase in RevPAR. Gross operating profit before incentive fees remained flat at *circa* €5.5 million. In line with the market, demand from the conference & events segment remained subdued in FY2013. On the other hand, group leisure and groups business performed well in FY2013 and accounted for 37% of total room nights sold. Positive results were achieved in FY2014, in which, the Hotel registered a 15% increase in RevPAR and a growth in revenue of €1.9 million to €20.4 million. This increase resulted in a €0.9 million improvement in gross operating profit. Looking forward, management's revenue strategy focuses on increasing leisure, corporate and conferences & events segments with a progressive decrease in the volume of low rated sectors such as groups and tour operator business. As such, it is projected that average room rate will grow further by 5% from €114 in FY2014 to €120 in FY2015, and RevPAR will increase by 7% to €91 in FY2015. With a projected improvement in gross operating profit margin to 33%, gross operating profit is expected to increase by €0.5 million to €7.02 million in FY2015 over the corresponding figure in FY2014. In the projected year (FY2016), management anticipates RevPAR to increase from €91 (FY2015) to €93, and gross operating profit is expected to increase by 8.5% to €7.6 million.

Market Positioning

Key Performance Indicators (KPIs)	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Corinthia Hotel Budapest						
Occupancy level (%)	76	76	75	72	71	69
Average room rate (€)	123	120	114	103	100	98
Revenue per available room (RevPAR) (€)	93	91	85	74	71	68
Performance of Competitive Set						
Occupancy level (%)	75	75	74	72	72	71
Average room rate (€)	113	109	104	102	101	99
Revenue per available room (RevPAR) (€)	85	81	77	73	73	70
Market Penetration Rate						
Occupancy	1.01	1.01	1.01	1.00	0.99	0.97
Rate	1.09	1.10	1.10	1.01	0.99	0.99
Revenue Generating Index	**1.09**	**1.12**	**1.10**	**1.01**	**0.97**	**0.97**

Source: Management information

The above table outlines the historical performance of the Hotel and its competitive set, and expectations for FY2015 and FY2016. The Hotel's competitive set includes Kempinski, Le Meridien, InterContinental, Marriott and Hilton Budapest. As from FY2014, Le Meridien has been replaced with Sofitel and the Boscolo.

The Revenue Generating Index (RGI), which measures a hotel's fair market share of its segment's revenue per available room, indicates that the Corinthia Hotel Budapest has performed broadly in line with its competitive set in FY2011 to FY2013 but outperformed its market by 10% in FY2014 (RGI below 1 means the hotel is underperforming its segment, whilst RGI above 1 denotes that the hotel is outperforming its market).

Management is currently implementing a strategy of increasing occupancy and average rate by: (i) improving performance of its conference & events business, and (ii) progressively decreasing low-rated segments such as group leisure. In FY2014 the Hotel performed at a similar level to its competitive set as to occupancy, but achieved a marginally higher average room rate than its competitors. Overall, the Hotel performed much better than its competitive set in FY2014 (RGI: 1.10) and same trend is projected for FY2015 (RGI: 1.12) and FY2016 (RGI: 1.09).

3.1.3 Corinthia Hotel St Petersburg

Introduction

IHI Benelux B.V. (a fully-owned subsidiary of the Company) owns the 388-room five-star Corinthia Hotel located in St Petersburg, Russia ("**Corinthia Hotel St Petersburg**"), which was acquired in 2002 for €35 million. The company also purchased properties adjacent to the hotel, which were subsequently demolished and rebuilt as a hotel extension and a commercial centre including retail and office space. This project, which was completed in May 2009, also involved the refurbishment of the lobby and the public areas of the existing hotel. It is the intention of the Group to refurbish the rooms of the existing hotel and to develop, in the near future, an area measuring *circa* 1,500 square metres situated behind the Hotel and which will consist of the creation of a car park and further office space. The carrying amount of the Corinthia Hotel St Petersburg and the commercial centre as at 31 December 2014 is €90.7 million (FY2013: €113.4 million) and €77.8 million (FY2013: €87.4 million) respectively.

Market Overview

i. Economic update

Toward the end of 2014, the Russian economy experienced a sizeable deterioration due to a rapid fall in oil prices, a sharp depreciation of the Rouble, high interest rates and the impact of Western sanctions. Recent data suggest that economic conditions have grown considerably worse in the outset of 2015. In order to protect key sectors of the economy and to provide a cushion against a potential economic collapse, the government announced an anti-crisis plan in January 2015. The plan will be financed by the National Wealth Fund. In spite of the announcement, ratings agencies Standard & Poor's and Moody's both cut Russia's sovereign credit rating to junk status on 26 January 2015 and 20 February 2015, respectively, citing the conflict in Ukraine, low oil prices and the slide of the Rouble, as the reason for this downgrade.

The Central Bank pointed out that, "structural factors continue to exert a restraining influence in economic growth," although it did recognise that the economic slowdown is becoming more cyclical. Monetary authorities warned that economic activity will contract in the coming months, which, will contribute to lower inflation. Economic activity is expected to deteriorate going forward mainly due to low oil prices - on average, oil prices are significantly lower compared to last year - more difficult financial conditions for Russian borrowers, and the fact that Russian firms are increasingly finding foreign capital markets to be inaccessible. Consequently, investment is expected to deteriorate and drag on growth. However, an increase in exports will partially mitigate this drag as exports will become more competitive due to the depreciation of the Rouble. The Central Bank expects GDP to contract between 3.5% and 4.0% in 2015.

ii. Tourism market

Demand for hotel accommodation in St Petersburg is predominantly leisure driven and concentrated during the summer months (May to August), in which hotels experience very high demand levels. This strong seasonality has typically restricted the annual average occupancy for five-star hotels at 60 – 65%. Corporate travel represents approximately 40% of the total demand. The conference & events segment remains underdeveloped although a brand new convention facility at the Expo Forum was opened in 2013.

In June 2011, the government launched a new programme aimed at developing the city into a year-round tourist destination, to increase the average length of stay in St Petersburg to five days and to encourage repeat visits. The main challenges for the development of the destination remain the lack of direct flights, entry regulation and visa requirements and limited tourism promotion. With respect to travelling to the city, a €340 million renovation and expansion of Pulkovo Airport is currently underway. Furthermore, the direct high-speed train link that connects Moscow to St Petersburg has also improved transport links to the city from the capital.

Unfortunately, the progress in enhancing tourist numbers has been hampered with the situation in Ukraine and Crimea, presenting tour operators and hoteliers with a gap in projected revenues. Russia's interference in Ukraine in 2014 has caused a sharp drop in foreign tourism arrivals in Russia, with a number of bookings (including conferences & events) being either cancelled or their attendances significantly reduced, for political and security reasons ahead of the peak summer season. Most Russian tour operators have reported declines in sales, with cancellations coming in from around the world, including regions that were traditionally considered loyal to Russia.

In 2014, the number of inbound tourists to Russia declined from all European countries and the United States. On the other hand, the number of Chinese tourists in Russia grew to 1.125 million visitors. China has now surpassed Germany as the lead country for the Russian inbound tourism market. Overall, arrivals declined by more than 20% (equivalent to 6 million passengers) to around 24.6 million. To partly compensate for the decline in European and US travellers, the Russian government has become more focused on domestic tourism. Due to the instability of the local currency, trips abroad for Russians are less affordable and there is a shift to domestic over outbound travel.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	13,082	11,421	14,229	18,997	17,645	15,459
Rooms (€'000)	9,409	8,298	10,199	13,834	12,056	10,454
Food & Beverage, and other revenue (€'000)	3,673	2,123	4,030	5,163	5,589	5,005
Occupancy level (%)	49	59	52	54	52	41
Average room rate (€)	135	100	139	180	165	181
Revenue per available room (RevPAR) (€)	66	59	72	98	86	74
Gross operating profit before incentive fees (€'000)	4,302	3,873	3,007	7,619	6,775	5,400
Gross operating profit margin (%)	33	34	21	40	38	35

Source: Management information

The Corinthia Hotel St Petersburg registered a gross operating profit of €7.6 million in FY2013, which represents an increase of €0.8 million (12%) on FY2012. Occupancy levels reached 54% in the same year, mainly due to a marked increase in leisure business (+5,200 room nights), whilst the other business segments registered occupancies in line with FY2012 levels. The Hotel's average room rate increased by 9%, from €165 in FY2012 to €180 in FY2013, and RevPAR increased by 14%, from the corresponding period, to €98. FY2013 has been an exceptional year for the Hotel in terms of performance, as two major citywide events (the Economic Forum and the G20 Summit) that took place during the summer months.

In 2013, management approved a major renovation programme, amounting to €23.5 million, that principally includes the refurbishment of all the 284 rooms and suites in the main building and a reconceptualisation of the F&B outlets. The said programme was set to commence in Q4 2014 but, in view of the economic slowdown in the country, was put on hold. Management has assumed that works on this renovation project will commence during FY2016.

As for FY2014, revenue declined by 25% to €14.2 million due to a decrease in demand (both leisure and conference business) as a result of the political situation between Russia and Ukraine. Management's strategy for the year was to maintain occupancy rate at above 50%, which was achieved at the expense of a reduction in average room rate (from €180 in FY2013 to €139 in FY2014), mainly in consequence of the tumbling Rouble.

Occupancy level is forecasted to improve in FY2015 by 13% on the expectation that the Hotel will be able to capture a higher share of the domestic market. However, the average room rate is estimated to decrease by 28% from €139 to €100 in FY2015 mainly as a result of a weaker Rouble which will affect 2015 for a full year as opposed to a restricted affect in FY2014. The challenges set to and so far acted upon by the Hotel's management team have been to source alternative markets, targeting in particular as much business as possible from within the Russian Federation itself, and to operate the Hotel with a wide range of room rates targeting upscale corporate to luxury travellers. A sales office has been opened in Moscow with Russian-language online marketing being given prominence. RevPAR will remain under pressure in the near term, because of competition in the market and the increasing supply of new hotels. Consequently, the strategy adopted by the Hotel will remain focused on securing a base demand and driving occupancy rather than building average room rate.

In FY2016, it is expected that parts of the Hotel will be closed for refurbishment in the winter and shoulder months and as such occupancy is projected to decline from 59% in FY2015 to 49%. On the other hand, management anticipates that the Hotel will be able to command an improved RevPAR of €66 as compared to €59 in the prior year, partly as a result of a refreshed product and due to a projected recovery of the local currency. Gross operating profit is expected to improve by €0.4 million in FY2016 to €4.3 million.

Market Positioning

Key Performance Indicators (KPIs)	**FY2016 Projection**	**FY2015 Forecast**	**FY2014 Actual**	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**
Corinthia Hotel St Petersburg						
Occupancy level (%)	49	59	52	54	52	41
Average room rate (€)	135	100	139	180	165	181
Revenue per available room (RevPAR) (€)	66	59	72	98	86	74
Performance of Competitive Set						
Occupancy level (%)	49	46	44	56	52	48
Average room rate (€)	173	144	193	212	213	218
Revenue per available room (RevPAR) (€)	84	66	85	118	111	105
Market Penetration Rate						
Occupancy	1.00	1.34	1.18	0.96	1.00	0.85
Rate	0.78	0.69	0.72	0.85	0.77	0.83
Revenue Generating Index	**0.79**	**0.92**	**0.85**	**0.83**	**0.77**	**0.70**

Source: Management information

The above table outlines the historical performance of the Hotel and its competitive set, and expectations for FY2015 and FY2016. The Hotel's competitive set includes Kempinski Moika Hotel, Hotel Astoria, Grand Hotel Europe, Radisson SAS Royal and the Hotel Angleterre.

Although the Hotel registered improvements in FY2013, its overall performance was below that achieved by competition and therefore the RGI for the year remained below 1 at 0.83. The Hotel has performed broadly at par with its market piers as to occupancy, but the average room rate achieved was well below its competitors at €180 as compared to €212 (-15%).

Similar to the Hotel, its competitive set registered a decrease in RevPAR in FY2014 of 28% (Hotel: -26%), principally as a consequence of the conflict with Ukraine, and also because two major events were organised in FY2013 which increased average rates above normal levels. In FY2015, the Hotel's performance is expected to decrease further, and hence it is projected that RevPAR will decrease by 18% as compared to a decline of 22% for the competitive set. Overall, the RGI is set to increase from the current 0.85 to 0.92 in FY2015. Beyond FY2015, provided the political situation in Russia is resolved, management expects to initiate the refurbishment of the property. This should enable the Hotel to command improved occupancy levels and room rates in the near to medium term. The recovery in KPIs will likely occur in FY2017, since the focus in FY2016 will be on progress of works at the Hotel and the completion thereof.

Commercial Operations

The following table sets out the turnover of the commercial properties adjacent to the Corinthia Hotel St Petersburg for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	5,050	4,000	4,209	4,740	2,459	892

Source: Management information

The commercial properties comprise a mix of commercial areas, shops and office space, with total rentable area in excess of 11,600 square metres. In FY2011, approximately 3,770 square metres were rented to third parties for a limited period in the year, at a total aggregate amount of €892,000. Rental income nearly trebled in FY2012 due to the charging of one full year of rent to tenants who took up occupancy during FY2011, and as a result of further rental agreements coming into force which were signed by the company during the year. In FY2013, occupancy level improved from 28% to 45% and the company achieved a growth in income of 93% from €2.5 million to €4.7 million. Occupancy in FY2014 increased to 48% and is projected to remain constant in FY2015 and FY2016. Projected income is reflective of agreements reached with respective tenants and a recovery in the exchange rate of the Russian Rouble.

3.1.4 Corinthia Hotel Lisbon

Introduction

Alfa Investimentos Lda (a fully-owned subsidiary of the Company) owns the 518-room five-star Corinthia Hotel located in Lisbon, Portugal ("**Corinthia Hotel Lisbon**"), which was acquired in 2001 for €45 million. The Corinthia Hotel Lisbon required significant renovation and following an extensive refurbishment was re-opened in May 2004. The carrying amount of the Corinthia Hotel Lisbon as at 31 December 2014 is €92.2 million (FY2013: €79.7 million). Alfa Investimentos Lda also owns a block of 5 apartments in Lisbon for rental purposes, valued at €1.1 million as at 31 December 2014 (FY2013: €1.2 million).

Market Overview

i. Economic update

The Portuguese economy accelerated in the final quarter of 2014 on the back of strong growth in exports, which more than offset a slight contraction in domestic demand. In annual terms, the economy expanded for the first time in four years in 2014 by 0.9% (2013: -1.3%), underpinned by a strong recovery in both private consumption and investment. Meanwhile, in February 2015, the government unveiled a plan to repay IMF bailout loans ahead of schedule. The government, which ended a three-year €78 billion bailout program in May 2014, plans to repay nearly half of IMF loans in the next 30 months. The move is aimed at taking advantage of record-low bond interest rates. The Central Bank of Portugal expects the economy to expand 1.5% in 2015 and 1.6% in 2016. Looking forward, growth is expected to be driven by stronger export growth and steady domestic demand. However, large public debt still presents a downside risk to growth.

ii. Tourism market

In 2014, tourism accommodation establishments hosted 16.1 million guests (2013: 14.4 million, +11.8%) and registered 46.1 million overnight stays (2013: 41.7 million, +10.6%). The internal market grew by 13.0%, reversing the trend from the previous years, having attained 13.8 million overnight stays. Non-residents spent 10.2% more overnight stays in 2014, which is the highest growth since 2011 (2013: +7.7%, 2012: +4.8%). On a regional basis, growth was registered in all regions of mainland Portugal, with the emphasis on the Alentejo region and Lisbon (+17.2% and +15.0%). In the Azores the number of overnight stays changed slightly (+0.9%) and in Madeira the results were up by 4.7%. The coordination between tourism and aviation authorities to expand available routes turned out to be crucial for Portugal's success in the tourism industry. In 2014, total revenue reached €2.20 billion and revenue from accommodation amounted to €1.56 billion, corresponding to increases of 12.8% and 13.5% respectively on the previous year.

In recent years, the Lisbon market has shifted from a leisure-oriented market to a business destination. The continuing popularity of cruise tourism and golf tourism and an increased awareness of Lisbon in the conference & events sector have aided demand growth, particularly in the five-star segment.

According to an HVS Market Intelligence Report about Lisbon's 4 and 5 star hotels, it is predicted that this segment will see the completion of new hotels over the next three years that should provide an additional 1,076 rooms. The majority of these hotels were scheduled to be opened by the end of 2012 or early 2013, but progress on these projects has been very slow due to the economic crisis. Existing hotels are therefore benefiting from the delay in the delivery of the additional supply of hotel rooms through better occupancy levels and average room rates.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	21,499	20,584	19,597	17,769	16,187	18,727
Rooms (€'000)	14,606	13,826	13,167	11,751	10,764	12,240
Food & Beverage, and other revenue (€'000)	6,893	6,758	6,430	6,018	5,423	6,487
Occupancy level (%)	72	72	71	66	63	67
Average room rate (€)	107	101	98	94	89	97
Revenue per available room (RevPAR) (€)	77	73	70	62	57	65
Gross operating profit before incentive fees (€'000)	6,440	5,841	5,674	4,322	3,565	5,158
Gross operating profit margin (%)	30	28	29	24	22	28

Source: Management information

The Corinthia Hotel Lisbon registered a gross operating profit of €4.3 million in FY2013, which represents an improvement of €0.7 million (+20%) on FY2012. RevPAR increased by 9% to €62 with concurrent increases in occupancy (+5%) and average room rate (+6%). The Hotel also registered an increase in its F&B operations (11%) due to higher conference & events business. Occupancy level for FY2013 recovered to FY2011 level at 66%. The Hotel improved its performance in FY2013 as it sold more rooms in the Leisure (+4,200 room nights), conference & events (+2,900 room nights) and corporate segments (+1,300 room nights). Due to the increased business in the higher yielding segments, the Hotel registered an improved average room rate of €94 (2012: €89).

Overall results have improved further in FY2014 as the Hotel registered an increase in revenue of €1.8 million (+10%) mainly as a consequence of an increase in RevPAR from €62 to €70. This positive movement resulted in an increase in gross operating profit of €1.4 million. Management plans to continue to focus on higher yielding segments (leisure and conference & events) and considers that due to the size of the Hotel, there should not be any displacement of leisure guests when signing larger conference & events business. It is estimated that revenue will increase by 5% and 4.4% in FY2015 and FY2016 respectively, and gross operating profit is expected to grow by 3% in FY2015 and 10% in the subsequent year to €6.4 million.

Market Positioning

Key Performance Indicators (KPIs)	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Corinthia Hotel Lisbon						
Occupancy level (%)	72	72	71	66	63	67
Average room rate (€)	107	101	98	94	89	97
Revenue per available room (RevPAR) (€)	77	73	70	62	57	65
Performance of Competitive Set						
Occupancy level (%)	70	69	68	66	64	68
Average room rate (€)	107	102	98	96	96	104
Revenue per available room (RevPAR) (€)	75	70	67	63	61	71
Market Penetration Rate						
Occupancy	1.03	1.04	1.04	1.00	0.98	0.99
Rate	1.00	0.99	1.00	0.98	0.93	0.93
Revenue Generating Index	**1.03**	**1.03**	**1.04**	**0.98**	**0.92**	**0.92**

Source: Management information

The above table outlines the historical performance of the Hotel and its competitive set, and expectations for FY2015 and FY2016. The Hotel's competitive set includes Marriott, Sheraton, Tiara Park Atlantic and Tivoli.

Compared to its competitive set, the Hotel managed to do well in terms of occupancy, with a FY2013 penetration rate of 0.98 (FY2012: 0.92). The Hotel's strategy is to continue to improve its average occupancy and expects to reach 72% in FY2015 and FY2016 from 71% in FY2014.

Although the Hotel has performed better in FY2013 as a result of attracting higher yielding clients, its average room rate still remained marginally below its competitive set at 0.98. In FY2014, the Hotel's performance surpassed that of its competitors principally as a result of a higher occupancy level. As for FY2015 and FY2016, the Hotel is projected to marginally perform better than its competitive set in terms of growth and thereby achieve an RGI above 1.00.

3.1.5 Corinthia Hotel Prague

Introduction

IHI Towers s.r.o. (a fully-owned subsidiary of the Company) owns the 539-room five-star Corinthia Hotel located in Prague, Czech Republic ("**Corinthia Hotel Prague**"), which was acquired in 2007 for €105 million. The carrying amount of the Corinthia Hotel Prague as at 31 December 2014 is €74.0 million (FY2013: €76.7 million).

Market Overview

i. *Economic update*

The Czech Republic returned to growth in 2014 following two years in recession with a 2.0% expansion. Increasing exports, growing private consumption and a recovery in investment were behind the pickup. However, Q4 GDP growth marked a four-quarter low, resulting from slower growth of investment and declining inventories. More recent indicators suggest that the economy started 2015 on a solid footing. In February 2015, the Manufacturing PMI rested comfortably in expansionary territory and economic sentiment was high again in the same month. The Czech National Bank expects the economy to expand 2.6% in 2015.

ii. *Tourism market*

The tourism sector witnessed strong growth in 2014, particularly in terms of inbound arrivals and tourist expenditure. Inbound tourist arrivals grew by 7.1% in 2014, totalling 10.4 million while expenditure expanded by 7.5% reaching CZK130.3 billion (equivalent to €6.1 billion). The Czech government is increasingly prioritising to move tourism beyond concentration in the capital, Prague, and increase the potential of undiscovered places in the country. Most significant source markets are Germany, Russia, Italy, UK, US, Slovakia and Poland, while demand is also increasing from other markets such as China and South Korea.

Prague has seen a number of hotels enter the market over recent years, leading to a large growth in hotel room stock (principally upscale and luxury rooms). As a result of this increase in room supply, hotels in Prague have been suffering declines in performance both in terms of occupancies and rates since supply exceeds demand, which was further impacted by the economic crisis. There was a reversal in this trend in 2011 and was sustained thereafter, as the overall hotel market in Prague registered yearly increases in both occupancy levels and average room rates.

Although Prague remains an important meeting and convention destination, its primary market remains tour operator business and this mismatch between supply and demand continues to exert significant pressure on room rates. Apart from the oversupply of hotel rooms, other challenges experienced by the market in Prague include the absence of high-spending leisure clientele, low demand on weekends and the dependence on the domestic corporate market.

During 2014 the Czech capital registered an all-time high of 6.1 million tourists (+11% on 2013), of which, 0.8 million were domestic trips and 5.3 million represented inbound visits. The total number of nights in accommodation establishments in Prague reached 14.8 million in 2014, which is up 8% compared to 2013. The top inbound market for Prague in terms of number of visits in 2014 was Germany, with Russia and Slovakia taking second and third place respectively.

Hotel performance in Prague is generally expected to continue to improve in the coming years as the market gradually absorbs the current oversupply of hotel rooms, leveraging on its image as an attractive and corporate destination. The number of inbound trips is expected to grow at a volume CAGR of 3% over the near term and this growth will be driven by arrivals from Russia and China. The performance of inbound tourism will be supported by a second airport in the Czech capital, Prague (Vodochody), which is planned to be operational by the end of 2015. This will bring cheaper flights for tourists as several low cost carriers have shown interest in operating flights to Prague.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	17,010	16,118	15,740	14,310	16,611	16,445
Rooms (€'000)	10,505	9,769	9,024	8,467	9,805	9,319
Food & Beverage, and other revenue (€'000)	6,505	6,349	6,716	5,843	6,806	7,126
Occupancy level (%)	72	71	65	60	67	64
Average room rate (€)	74	70	71	72	75	74
Revenue per available room (RevPAR) (€)	53	50	46	43	50	47
Gross operating profit before incentive fees (€'000)	4,666	4,090	4,064	2,846	3,066	3,036
Gross operating profit margin (%)	27	25	26	20	18	18

Source: Management information

The Corinthia Hotel Prague recorded a gross operating profit before incentive fees of €2.85 million in 2013 (-7% on 2012). RevPAR decreased by 14% to €43, following a decline in occupancy (from 67% to 60%) and average room rates (from €75 to €72). The deterioration in performance is largely attributable to a weaker performance in conference & events business, with rooms sold in this segment contracting by 33% on FY2012. The effect of this reduction in room revenue was substantially mitigated by increased cost efficiencies in both room and F&B operations and other savings.

In the near term, management will continue to work towards displacing tour operator bookings with the more profitable conference & events and leisure business in an effort to improve RevPAR. In FY2014, the Hotel registered a satisfactory performance as it managed to improve occupancy by 8% whilst broadly maintaining an average room rate above €70. The projections for FY2015 and FY2016 principally assume that the Hotel will maintain this trend and expects to register RevPAR of €50 (+9%) in FY2015 and €53 (+6%) in FY2016, and gross operating profit of €4.1 million (+1%) and €4.7 million (+14%) respectively.

Market Positioning

Key Performance Indicators (KPIs)	**FY2016 Projection**	**FY2015 Forecast**	**FY2014 Actual**	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**
Corinthia Hotel Prague						
Occupancy level (%)	72	71	65	60	67	64
Average room rate (€)	74	70	71	72	75	74
Revenue per available room (RevPAR) (€)	53	50	46	43	50	47
Performance of Competitive Set						
Occupancy level (%)	72	71	71	67	68	67
Average room rate (€)	110	106	102	96	106	103
Revenue per available room (RevPAR) (€)	79	75	73	65	72	69
Market Penetration Rate						
Occupancy	1.00	1.00	0.92	0.90	0.99	0.95
Rate	0.67	0.66	0.70	0.75	0.71	0.72
Revenue Generating Index	**0.67**	**0.66**	**0.64**	**0.66**	**0.69**	**0.68**

Source: Management information

The above table outlines the historical performance of the Hotel and its competitive set, and expectations for FY2015 and FY2016. The Hotel's competitive set includes InterContinental, Hilton Prague, Marriott Prague and Crowne Plaza.

In recent years, the Hotel has consistently underperformed its competitive set, principally in terms of room rates. This gap in room rates is largely linked to the Hotel's location just outside the City centre in Prague making it more challenging to compete for market share. Consistent with recent performance, management expects to continue to match its competitive set in terms of occupancy and recover part of the gap in room rates. The Hotel is forecasting room rates to increase through, *inter alia*, the generation of more room nights from higher-rated segments, improved segmentation and the expected increase in conference & events business organised at the (neighbouring) Prague Congress Centre.

In FY2013, the competitive set registered declines in occupancy (-1%) and average room rate (-9%). The result was a RevPAR of €65, which is 10% lower than the previous year. The Hotel's performance during the same year was slightly weaker at an RGI of 0.66 (FY2012: 0.69). The current gap in relation to the hotel's peers is largely arising from the variance in room rates. The Hotel's average room rate in FY2013 was *circa* 25% below that of its competitive set. In FY2014, the Hotel increased its market share as occupancy expanded from 60% to 65%. This was achieved however at the expense of average room rate which remained 30% below the Hotel's competitive set. In FY2015 and FY2016, management is aiming to match its competitive set in terms of occupancy. However, average room rate is expected to remain at the current level which is approximately 34% below the rate of the competitive set. Overall, minimal progress is expected to be made when compared to the competitive set and as such the Hotel's revenue generating index will be maintained at *circa* 0.66.

3.1.6 Corinthia Hotel Tripoli

Introduction

Corinthia Towers Tripoli Limited (a fully-owned subsidiary of the Company) owns the 299-room five-star Corinthia Hotel located in Tripoli, Libya ("**Corinthia Hotel Tripoli**"), and a commercial centre measuring *circa* 10,000 square metres and a tract of undeveloped land both of which are adjacent to the hotel. The said properties were acquired in 2007 for a total consideration of €207 million analysed as follows: Corinthia Hotel Tripoli (€139 million); the commercial centre (€62 million); and the undeveloped land (€6 million). The carrying amounts of the Corinthia Hotel Tripoli, commercial centre and the adjacent plot as at 31 December 2014 are €86.7 million (FY2013: €124.1 million), €68.9 million and €28.8 million respectively (FY2013: €73.6 million, €28.8 million), or a combined total of €184.4 million.

Market Overview

Prior to the commencement of the revolution in February 2011, the hotel market was starting to develop with a number of internationally branded hotel chains planning to open hotels in Tripoli in view of the continued increase in business and leisure travelers. The revolution in 2011 halted hotel development in Tripoli and only three internationally branded hotels remained open during the period – Corinthia Tripoli, Rixos and Radisson Blu Al Mahary. At present, the Corinthia Tripoli with a number of small unbranded four star hotels are the only hotels operating in Tripoli. The purpose of stay at the hotels is mainly related to corporate business travel and ambassadors and diplomats on embassy-related business. Leisure demand is currently non-existent.

When Libya was liberated from the previous regime in 2011, there was a sudden surge of interest in the country on the part of foreigners wanting to invest. Libya's economic activity began to recover in 2012 mainly due to the nearly full resumption of oil production, an increase in construction and infrastructure activity, and the prospects of reduced political instability. By September 2012, Libya's oil production had nearly reached its pre-revolution levels of 1.6 million barrels per day.

However, by the end of 2012 incidents related to civil unrest became more frequent and have since been a hindrance to increasing economic activity. Oil fields and ports have been disabled, with the consequence of a reduction in oil output to under 300,000 barrels/day. To exacerbate matters, the international price of oil has plummeted, causing a tremendous squeeze on the reserves of the Central Bank of Libya.

The security situation is at a critical level due to the formation of two rival governments and parliaments (in Tobruk and Tripoli), each claiming to be legitimate. It is hoped that representatives of all sides take up the recent offer made by the UN to sit down for peace talks. It may mark the last realistic opportunity to form a unity government to resolve Libya's political crisis before it descends, once again, into more conflict. One reason for hope is that all sides have now amply demonstrated their failure to master the situation on their own.

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	9,275	5,518	8,345	19,705	16,526	13,372
Rooms (€'000)	5,718	3,351	5,105	13,357	11,137	8,968
Food & Beverage, and other revenue (€'000)	3,557	2,167	3,240	6,348	5,389	4,404
Occupancy level (%)	25	15	22	59	48	35
Average room rate (€)	209	205	212	208	212	229
Revenue per available room (RevPAR) (€)	52	31	47	122	102	82
Gross operating profit before incentive fees (€'000)	887	(852)	(1,211)	6,568	4,917	4,667
Gross operating profit margin (%)	10	n/a	n/a	33	30	35

Source: Management information

The Corinthia Hotel Tripoli registered a gross operating profit before incentive fees of €6.6 million in FY2013, an improvement of €1.7 million on FY2012 (+34%). The Hotel registered a RevPAR of €122 (+21% on FY2012) with occupancy increasing to 59%. The demand remained predominantly corporate, with this segment accounting for 88% of the total rooms sold in FY2013 (FY2012: 90%). On the other hand, average room rate came in lower by 2% at €208, probably due to increasing competitive in the market.

The results for FY2014 and projections for FY2015 and FY2016 reflect the prevailing difficult political environment in the country due to the persistent conflicts, unstable political situation and the closure of the international airport. In FY2014, revenue declined by 58% to €8.3 million and a gross operating loss of €1.2 million was registered.

On 27 January 2015, the Corinthia Hotel Tripoli was the scene of an armed attack. The Hotel's management has returned to the premises and an assessment of the affected parts of the hotel has revealed that damages were contained. The estimated cost of repairs, which are currently underway, is in the region of €1 million. Whilst management is committed to resume the operation of the Hotel within the shortest time possible, it is likely that the present situation of low occupancy at the Corinthia Hotel Tripoli will persist in FY2015. As such, it is the hotel management's objective during the course of the said year to incur a marginal loss on the operation of the hotel, and to ensure payroll and other operating costs are matched to operating income and contribute in some manner towards general overheads such as utilities, security and maintenance. It is assumed that FY2016 will be broadly similar to FY2015, with occupancy level increasing from 15% to 25%.

Market Positioning

There are currently no statistics published in terms of hotel performance in Tripoli.

Commercial Operations

The following table sets out the turnover of the Commercial Centre adjacent to the Corinthia Hotel Tripoli for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	5,868	5,593	5,863	5,868	6,263	5,969

Source: Management information

The Commercial Centre which is fully occupied, save for an area of 1,222 square metres which was vacated in 2013, includes rentable office space having a gross area of 7,249 square metres. It also comprises 306 square metres of storage space and 235 of internal and external car spaces. To date, the performance of the Commercial Centre remains largely unaffected by the political conflicts that the country is witnessing.

3.1.7 Corinthia Hotel St George's Bay

Introduction

Five Star Hotels Limited (a fully-owned subsidiary of the Company) owns the 250-room five-star Corinthia Hotel located in St Julians, Malta ("**Corinthia Hotel St George's Bay**"), which was acquired in 2000 for €32 million. In 2006 a major refurbishment programme was carried out which included the upgrade of the entire room stock, the lobby and the technological equipment. The refurbishment was completed in the first quarter of 2007 at a total cost of *circa* €4 million. The carrying amount of the Corinthia Hotel St George's Bay as at 31 December 2014 is €27.6 million (FY2013: €28.3 million).

Market Overview

i. *Economic update*

Economic activity in Malta continued to grow robustly in the last quarter of 2014, with real GDP increasing by 4.0% on a year earlier (Q3 2014: +3.7%), driven mainly by domestic demand (mainly private and government consumption). On an annual basis, real GDP improved by 3.5% in 2014 (2013: +2.7%).

According to the Central Bank of Malta, real GDP should ease slightly in 2015 to 2.8%. Private consumption is projected to increase to 3.1%, supported by disposable income growth, as a result of a buoyant labour market and a further reduction in income tax rates for households. Government consumption (which includes compensation to employees) is expected to rise further in 2015. However, this expenditure will be reduced as receipts in connection with the Individual Investor Programme (IIP) will be offset against Government consumption. Investment is expected to gather momentum in 2015, boosted by private investment. A major project underpinning private capital expenditure is the new gas-fired power plant, which is expected to gather pace in 2015 and be completed in the following year. Private dwelling investment is expected to grow moderately in 2015, in response to a recovery in the number of building permits granted in the third quarter of 2014 and expectations that robust foreign demand for property in Malta will support investment in the luxury segment of the market.

ii. *Tourism market*

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2014 as well. Inbound tourism in 2014 amounted to 1.7 million guests, an increase of 7.8% over the same period in 2013. Total nights spent by inbound tourists went up by 4.9%, reaching 13.5 million room nights. During the period under review, total tourism expenditure was estimated at €1.5 billion, 6.1% higher than that recorded for the same period in 2013.

The majority of incoming tourists were leisure guests, predominantly from the European Union. However, an increase of 2.7% was registered in tourists originating from non-EU countries. Non-package travel was higher than package travel, with a 54% share of the total market. Nonetheless, package travel still advanced by 5.3% when compared to 2013. Total room nights spent by tourists during 2014 were estimated at 13.5 million, up by 4.9% over the previous year, while average length of stay remained flat at 8.0 nights. Expenditure by inbound tourists was also on the increase during the period under review and reached €1.5 billion (+6.1%).

Malta International Airport has announced that it expects to host some 4.4 million passengers in 2015, forecasting a 2% growth over the previous year. Focus will be maintained on increasing traffic during the winter months and attracting more visitors from new markets to Malta. This bodes well for the Maltese hospitality industry to continue to grow revenues and increase profitability. Beyond 2015, Malta' EU Presidency in 2017 together with Valletta serving as the European City of Culture in 2018 are widely expected to generate increased demand for hotels and enhance Malta's image as a tourist destination, which would in turn generate future growth.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	13,817	14,154	13,339	11,721	11,196	10,647
Rooms (€'000)	8,681	9,072	8,378	6,852	6,267	6,003
Food & Beverage, and other revenue (€'000)	5,136	5,082	4,961	4,869	4,929	4,644
Occupancy level (%)	77	81	79	71	68	70
Average room rate (€)	124	123	117	107	100	93
Revenue per available room (RevPAR) (€)	95	100	92	75	69	66
Gross operating profit before incentive fees (€'000)	2,929	3,299	3,049	1,501	1,518	1,413
Gross operating profit margin (%)	21	23	23	13	14	13

Source: Management information

The Corinthia Hotel St George's Bay registered a gross operating profit before incentive fees of €1.5 million in FY2013, a performance which was at par with FY2012. The Hotel recorded a higher occupancy levels (+4%) at better average room rates (+7%), which resulted in a 9% increase in RevPAR. This positive movement in RevPAR was primarily due to a marked increase in leisure business (+20% on FY2012). The effect of the increased room revenue was however largely offset by a reduction in F&B contribution and increases in indirect costs, resulting in a gross operating profit similar to FY2012.

In FY2014, the Hotel registered a 14% increase in revenue over FY2013 to €13.3 million. This positive performance had a significant effect on gross operating profit of +103% from €1.5 million recorded in FY2013 to €3.0 million in FY2014, also on account of substantial savings in operating and administrative costs. As for FY2015, the Hotel will continue with the revenue management strategy of increasing rates and driving business through its largest growing segment (leisure), principally by undertaking more web-based online and other marketing initiatives. RevPAR is therefore estimated to increase from €92 in FY2014 to €100 in FY2015 (+9%) through a marginal increase in occupancy of 3% and an improvement in average room rate of 5% from €117 in FY2014 to €123 in FY2015. This should translate in an increase in both revenue and gross operating profit of €0.8 million (+6%) and €0.3 million (+8%) respectively.

Market Positioning

Key Performance Indicators (KPIs)	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Corinthia Hotel St George's Bay						
Occupancy level (%)	77	81	79	71	68	70
Average room rate (€)	124	123	117	107	100	93
Revenue per available room (RevPAR) (€)	95	100	92	75	69	66
Performance of Competitive Set						
Occupancy level (%)	75	75	74	72	72	69
Average room rate (€)	139	135	130	120	116	111
Revenue per available room (RevPAR) (€)	104	101	96	86	84	77
Market Penetration Rate						
Occupancy	1.03	1.08	1.07	0.99	0.94	1.01
Rate	0.89	0.91	0.90	0.89	0.86	0.84
Revenue Generating Index	**0.91**	**0.98**	**0.96**	**0.87**	**0.82**	**0.86**

Source: Management information

The above table outlines the historical performance of the Hotel and its competitive set, and expectations for FY2015 and FY2016. The Hotel's competitive set includes Hilton Malta, Westin Dragonara, InterContinental and Radisson Blu.

The Hotel's competitive set has registered a 39% growth in RevPAR over the four year period (FY2011 – FY2014), which improvement was mainly driven by increases in room rates. Occupancy level for FY2013 was broadly similar to FY2012, but increased by 8 percentage points to 79% in FY2014. An occupancy level of 81% and 77% is projected for FY2015 and FY2016 respectively. Average room rate improved 9% from €107 in FY2013 to €117, and is expected to increase by a further 5% in FY2015 and remain flat in FY2016. Overall, RevPAR for FY2015 is projected to grow by 9% from €92 in FY2014 to €100 in FY2015, but is likely to decrease to €95 in the subsequent year.

In terms of occupancy, the Hotel has been performing reasonably well against its competitive set. In FY2015, it is projected that the Hotel's occupancy will be 8% higher than the market at circa 81%. As to average room rate, the Hotel is expected to achieve an average rate of €123, which is 9% below same of the competitive set.

Since FY2012, the Hotel has implemented measures to attract more higher-yielding revenue, in particular, from conference & events and leisure segments to significantly increase its RevPAR and improve its competitiveness in the market. This strategy is yielding results as the Hotel is progressively reducing the gap with its competitors – RGI has improved from 0.86 in FY2011 to almost par in FY2014, and is projected that the Hotel will maintain such RGI in FY2015. As to FY2016, while the competitive set is expected to increase average room rate by 3%, the Hotel is projected to maintain average room rate at FY2015 level. In this regard, the RGI of the Hotel is anticipated to decrease from almost par to 0.91 in FY2016.

3.1.8 Marina Hotel

Introduction

Marina San Gorg Limited (a fully-owned subsidiary of the Company) owns the 200-room four-star Hotel located in St Julians, Malta ("**Marina Hotel**"), adjacent to the Corinthia Hotel St George's Bay. It was acquired in early 2012 for €23 million. A number of facilities at the Hotel are shared with the Corinthia Hotel St George's Bay, which provides guests with a larger product variety, especially with regards to food and beverage offering and swimming pool areas. Being a four-star hotel with access to five-star conference and meeting space at the Corinthia Hotel St George's Bay is another unique selling point of the property. The carrying amount of the Marina Hotel as at 31 December 2014 is €22.5 million (2013: €20.9 million).

Market Overview

The market overview relating to tourism in Malta is included in section 3.1.7 above.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	8,337	8,440	7,852	6,886	6,655	6,254
Rooms (€'000)	5,493	5,584	5,182	4,266	4,016	3,886
Food & Beverage, and other revenue (€'000)	2,844	2,856	2,670	2,620	2,639	2,368
Occupancy level (%)	81	82	81	76	76	76
Average room rate (€)	93	93	87	77	72	68
Revenue per available room (RevPAR) (€)	75	76	71	59	55	53
Gross operating profit before incentive fees (€'000)	2,177	2,333	1,822	1,343	1,446	1,386
Gross operating profit margin (%)	26	28	23	20	22	22

Note: The Marina Hotel was acquired by IHI with effect from 1 January 2012 and therefore the financial information for 2011 has been included in the table above for analysis purposes only.

Source: Management information

The Hotel registered a gross operating profit of €1.34 million in FY2013, a decrease of €0.1 million (-7%) on the results of FY2012. Occupancy level was stable at 76% at better average room rates (+7%), which resulted in a 7% increase in RevPAR. The increase in room revenue was however offset by a decrease in contribution from non-accommodation operations and increases in indirect costs.

During the year there was a decrease in rooms sold in the tour operator, conference & events and corporate segments, and a significant increase in rooms sold to the higher-yielding leisure segment. The tour operator sector remains the principal business segment of the Hotel (38% of rooms sold in FY2013).

The focus as from FY2013 is on yield management, with a drive towards achieving higher rates by increasing business levels in the higher yielding segments including leisure and corporate. This change in strategy has been reflected in FY2014 as the average room rate reached €87 (+13%) and RevPAR improved by 20% to €71. A further increase in RevPAR (+7%) is being projected for FY2015. In consequence of the projected growth in revenue from €7.9 million in FY2014 to €8.4 million in FY2015 (+7%), with only a corresponding increase in variable costs, gross operating profit is expected to increase by 28% from €1.8 million to €2.3 million (+€0.5 million). This should result in an improved gross profit margin from 23% (FY2014) to 28% (FY2015). FY2016 is projected as a flat year for the Hotel, with revenue, KPIs and gross operating profit remaining broadly similar to FY2015.

Market Positioning

Key Performance Indicators (KPIs)	**FY2016 Projection**	**FY2015 Forecast**	**FY2014 Actual**	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**
Marina Hotel						
Occupancy level (%)	81	82	81	76	76	76
Average room rate (€)	93	93	87	77	72	68
Revenue per available room (RevPAR) (€)	75	76	71	59	55	53
Performance of Competitive Set						
Occupancy level (%)	76	76	75	74	75	77
Average room rate (€)	97	94	90	84	80	77
Revenue per available room (RevPAR) (€)	74	71	68	62	60	59
Market Penetration Rate						
Occupancy	1.07	1.08	1.08	1.03	1.01	0.99
Rate	0.96	0.99	0.97	0.92	0.90	0.88
Revenue Generating Index	**1.01**	**1.07**	**1.04**	**0.95**	**0.92**	**0.90**

Source: Management information

The above table outlines the historical performance of the Hotel and its competitive set, and expectations for FY2015 and FY2016. The Hotel's competitive set includes Hotel Phoenicia, Radisson SAS Bay Point Resort, Maritim Antonine Hotel & Spa and Le Meridien, which are mainly five star properties.

The Hotel outperformed its competitive set in terms of occupancy in FY2014, reaching an occupancy penetration of 1.08. In the same year, the Hotel managed to grow its average rate from €77 to €87 (+13%), resulting in a RevPAR increase of 20%. In terms of revenue penetration, the target of 1.00 has been surpassed in FY2014, from a low of 0.90 in FY2011 to 1.04 in FY2014. The focus in FY2014 has been on the leisure segment as last-minute business and online bookings are becoming more important. The Hotel's strategy is to increase rates by shifting to individual leisure as much as possible, whilst being selective with tour operators and increasing package deals. It is expected that the Hotel occupancy level will exceed the market average in FY2015 (+8%) and FY2016 (+7%), and will continue to improve average room rate to achieve a revenue penetration rate of 1.07 in FY2015. The RGI for FY2016 will be at par to the market as it is assumed that average room rate will remain stable at €93 as opposed to a growth of 3% for the competitive set.

3.1.9 Corinthia Hotel London

Introduction

NLI Holdings Limited (equally owned by the Libyan Foreign Investment Company (LFICO) and IHI) owns the 294-room luxury Corinthia Hotel located in London, United Kingdom ("**Corinthia Hotel London**") together with a penthouse apartment (FY2013: 12 apartments - the remaining 11 residential apartments were sold in April 2014). In 2008, NLI Holdings Limited acquired the former Metropole Building and its adjoining 10 Whitehall Place for £136 million (*circa* €160 million) and after raising a €150 million bank facility in April 2009, embarked on a two-year project to redevelop and reconstruct the said properties to the luxury Corinthia Hotel and Residences. The carrying amount of the Corinthia Hotel London (excluding the Residences) as at 31 December 2014 was €537.1 million (FY2013: €480.1 million).

Market Overview

i. Economic update

The economy decelerated slightly in the fourth quarter of last year and registered a GDP growth of 0.5% quarter-on-quarter. The external sector acted as the main driver of the expansion, while domestic demand performed worse compared to the previous quarter. Despite Q4's slowdown, output expanded at the strongest rate in seven years in 2014, significantly outpacing 2013's result. Over the course of the year, strong GDP growth was consistent with robust labour demand. In December, the unemployment rate fell to its lowest level in over six years. A range of monthly indicators from the start of 2015 is allaying fears of a more pronounced slowdown. In January 2015, growth in retail sales accelerated and consumers were significantly more optimistic. It is forecasted that the economy is likely to expand by 2.5% and 2.3% in 2015 and 2016 respectively.

ii. Tourism market

In 2014, overseas visitors spent a record £21.7 billion while in the UK. According to the Office of National Statistics, overseas visitors made 34.8 million trips to the UK, an increase of 6% on the 2013 total with spend up 3%. Of these visits, 3.69 million were North American visitors and 25.83 million were Europeans – a rise of 4% and 7% respectively. It is forecasted that in FY2015, total visits to the UK will amount to 35.1 million and visitors are expected to spend £22.2 billion.

Two years after the Olympics, London's booming tourism industry is still setting remarkable new highs. In the three-month summer tourism peak from July to the end of September, 5.0 million foreigners arrived (+3% on 2013), while spending was 6% higher. Over the first nine months of 2014, spending in London reached £8.9 billion (+6.6%). Blockbuster exhibitions (such as Tate Modern, Imperial War Museum, Historic Royal Palaces and the National Gallery) and long periods of warm summer weather helped to draw visitors from all over the world.

In 2012, London experienced the largest increase in room supply through new developments, with the Olympics being the main catalyst for development. This brought about the concern of a post Olympic supply overhang with another 5,000 rooms supplied in 2013 in addition to those which opened ahead of the event (the long term historical average is 1,500 rooms per year). The strong growth referred to in the preceding paragraph has eliminated such fear. Nevertheless, despite London being one of the most popular tourist destinations globally, a constant growth in tourism is required to maintain current hotel occupancy levels.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (£'000)	59,045	57,905	47,494	46,401	38,424	14,013
Rooms (£'000)	39,090	38,269	31,756	31,660	25,695	8,159
Food & Beverage, and other revenue (£'000)	19,955	19,637	15,738	14,741	12,729	5,854
Occupancy level (%)	79	80	73	72	63	29
Average room rate (£)	461	447	404	407	380	353
Revenue per available room (RevPAR) (£)	363	358	295	293	239	74
Gross operating profit before incentive fees (£'000)	18,288	17,588	14,374	14,012	7,820	(4,652)
Gross operating profit margin (%)	31	30	30	30	20	(33)

Note: IHI owns 50% of the Corinthia Hotel London and as such its share of profits or losses is included in the consolidated financial statements of IHI under the heading 'Share of profit from equity accounted investments' of the income statement.

Source: Management information

The Hotel registered a gross operating profit of £7.8 million in FY2012, which was its first full year of operation. Occupancy levels reached an average of 63% as management focused on achieving volume penetration in order to establish market presence. The additional business came at the expense of rates, which averaged £380 in FY2012.

In FY2013, the Hotel generated £46.4 million in revenue (+21%) and a gross operating profit of £14.0 million (+£6.2 million on FY2012). RevPAR increased by 23% to £293 with concurrent increases in occupancy (+14%) and average room rate (+7%). The Hotel's performance in FY2014 was broadly similar to the results achieved in FY2013. Revenue increased by 3% to £47.8 million reflecting a slight increase in occupancy by one percentage point and a £3 dip in the average room rate to £404. Management is targeting a 22% increase in gross operating profit in FY2015 from £14.4 million in FY2014 to £17.6 million, principally through an increase in both occupancy (+10%) and average room rate (+11%). A further 4% growth is being projected in gross operating profit for FY2016 to £18.3 million. The Hotel is aiming to achieve and maintain an average occupancy level of *circa* 80% as more visitors utilise the Hotel and the Corinthia brand becomes more known in London and the UK, thus moving closer to its stabilised level of operation.

Market Positioning

Key Performance Indicators (KPIs)	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Corinthia Hotel London						
Occupancy level (%)	79	80	73	72	63	29
Average room rate (£)	461	447	404	407	380	353
Revenue per available room (RevPAR) (£)	363	358	295	293	239	74
Performance of Competitive Set						
Occupancy level (%)	80	81	78	77	79	60
Average room rate (£)	576	562	539	509	562	534
Revenue per available room (RevPAR) (£)	459	453	421	394	444	320
Market Penetration Rate						
Occupancy	0.99	0.99	0.94	0.94	0.80	0.48
Rate	0.80	0.80	0.75	0.80	0.68	0.66
Revenue Generating Index	**0.79**	**0.79**	**0.70**	**0.74**	**0.54**	**0.23**

Source: Management information

The above table outlines the historical performance of the Hotel and its competitive set, and expectations for FY2015 and FY2016. The Hotel's competitive set includes Four Seasons Park Lane, Claridge's and The Dorchester.

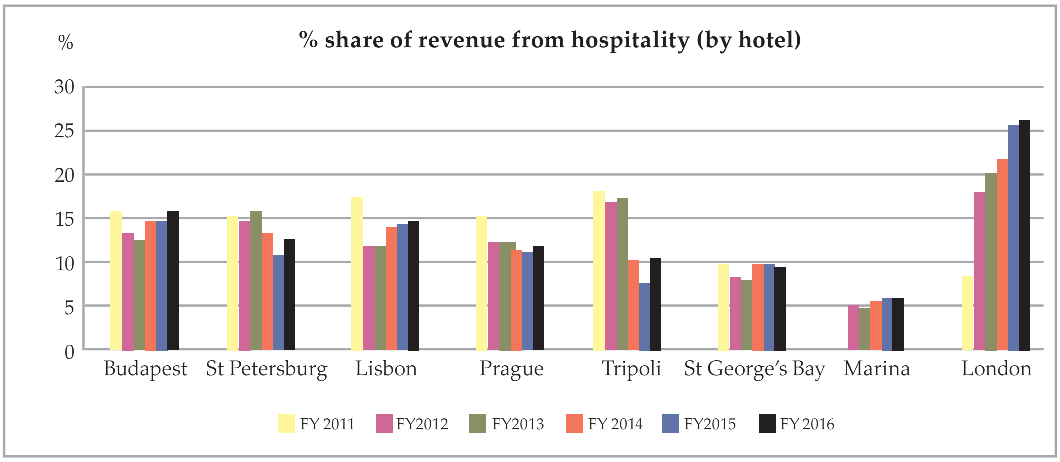
In FY2013, the Hotel continued to gain market share and thus narrow the gap with its competitive set. In its second full year of operations (FY2013), the Hotel achieved an occupancy level of 72% as compared to 77% for its competitive set and derived an average room rate of £407 (competitive set: £509). The Hotel's RevPAR growth of 23% improved the Hotel's RGI from 0.54 to 0.74. In FY2014, the Hotel performed at the same level as in the previous year. On the other hand, its competitive set registered an increase in RevPAR of 7% over FY2013, which resulted in a marginal decline in the Hotel's RGI from 0.74 to 0.70.

The Hotel is expected to perform better in FY2015 and FY2016 by achieving a similar occupancy rate as its competitor set (approx. 80%). Moreover, management is expected to place particular emphasis on improving the Hotel's average room rate, which is still more than 20% below its competitor set.

3.1.10 Aggregate Hotel Revenue and Operating Profit

Revenue geographic distribution

The chart below depicts total revenue generated by each hotel as a percentage of aggregate hotel revenue generated by the Group's hotels. In the case of Corinthia Hotel London the amounts included for each year is 50% of actual revenue, reflecting the 50% shareholding of IHI in the Hotel.



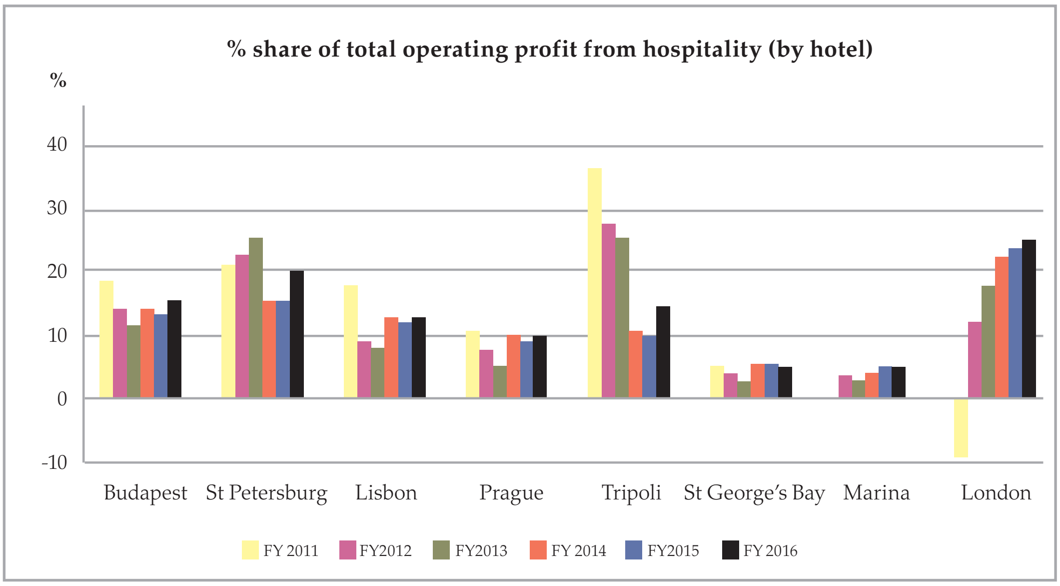
In FY2011, income contributed by each of the following five hotels - Budapest, St Petersburg, Lisbon, Prague and Tripoli – averaged 16% of total revenue, whilst Corinthia Hotel St George's Bay achieved a 10% share. Corinthia Hotel London initiated operations in FY2011 and the Marina Hotel was not part of IHI in FY2011 (acquired in FY2012). Thereafter, Corinthia Hotel Budapest, Corinthia Hotel St Petersburg, Corinthia Hotel St George's Bay and the Marina Hotel have maintained their respective share in FY2012 and FY2013. Corinthia Hotel Lisbon and Corinthia Hotel Prague registered declines in FY2012 (from 17% to 12% and 15% to 12% respectively) but have stabilised since. As to FY2014, the Corinthia Hotels in Budapest, Lisbon, Prague, St George's Bay and the Marina Hotel each increased their share by 1 to 3 percentage points, but Corinthia St Petersburg lost 3 percentage points from 16% in FY2013 to 13%. Similar levels are projected for FY2015 and FY2016, except for Corinthia St Petersburg, which is projected to decline by a further 2 percentage points in FY2015 but should re-establish its share of 13% in FY2016 if the Russian Rouble recoups some of its loss against the Euro.

The share of revenue from Corinthia Hotel Tripoli was broadly stable between FY2011 and FY2013, but in view of the instability in Libya, the Hotel's share has decreased substantially in FY2014 and will decline further in FY2015. It is assumed that performance of the Tripoli hotel in FY2016 will remain low but marginally higher than FY2015 results.

On the other hand, since opening for business in FY2011 Corinthia Hotel London has recorded significant increases in revenue and has become an important component of the IHI Group, although only accounting for the Group's 50% share of this investment. It is projected that income generated in FY2015 and FY2016 by the London Hotel will equate to *circa* 26% of Group revenue.

Operating profit geographic distribution

The chart below shows operating profit generated by each hotel as a percentage of the Group's hotel operating profit. The amounts relating to the Corinthia Hotel London are only 50% of the hotel's actual performance, reflecting the 50% shareholding of IHI in this investment.



Until FY2013, the primary contributors to operating profit included Corinthia Hotel Tripoli, Corinthia Hotel St Petersburg, Corinthia Hotel Budapest and Corinthia Hotel London. Thereafter, and particularly in FY2014, operating profits generated by Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg declined substantially for country specific reasons mentioned elsewhere in this report. Such decreases have had a material adverse effect on the consolidated operating profit of the Group, which was however partly mitigated by the improvement in the operating results of the Group's European hotels.

The other hotels all registered improvements in their respective operating profit results relative to the previous year. With respect to Corinthia Hotel London, although the said hotel is achieving positive operating growth, it is an associated company (IHI has a 50% shareholding in the Hotel) and is therefore not consolidated with other Group hotels for statutory financial reporting purposes. As such, its operating profit is not accounted for with the operating results of the rest of the IHI Group.

3.2 MANAGEMENT COMPANY

CHI Limited (a fully-owned subsidiary of the Company) manages and operates a number of hotel properties, predominantly owned by IHI and Corinthia Palace Hotel Company Limited (the ultimate shareholder of the Corinthia Group). IHI acquired the shares of CHI in three tranches: a 20% shareholding was purchased in 2000 at a cost of *circa* €750,000, a further 50% was acquired in October 2006 at a cost of €20.15 million, and in May 2012 IHI acquired the remaining 30% from Wyndham for an aggregate consideration of €250,000 in terms of an agreement signed in 2006.

Operational Performance
The following table sets out the turnover of CHI Limited for the years indicated therein:

	FY2016 Projection	FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (€'000)	13,939	13,273	11,305	10,875	8,475	6,089
IHI Properties (owned and associate) (€'000)	11,912	11,286	9,463	8,378	6,430	4,644
Other Properties (€'000)	2,027	1,987	1,842	2,497	2,045	1,445

Source: Management information

In FY2011 most of the IHI properties registered improvements when compared to the previous year and as a result, total fee revenue received by CHI during the year increased to €6.1 million from €4.4 million (+40%). Included in the turnover figure for FY2011 is revenue derived from Corinthia Hotel London which commenced operations in April 2011. On a like-for-like basis (that is, excluding Corinthia Hotel London which was still under construction in FY2010 and therefore was not operating during the year), turnover increased by 28% from €4.4 million in FY2010 to €5.6 million in FY2011.

In order to support CHI's sales and marketing team and improve its room reservation and distribution capabilities, in FY2010, IHI created its own global distribution system ('GDS') to enable direct bookings through the major GDS companies (Sabre, Apollo and Travelport) for all Corinthia branded hotels managed by CHI. To further optimise bookings through its GDS, IHI revamped its websites and implemented a new central reservations system. A main objective of management is to improve average room rates in its hotels and its short term strategy is to replace low yielding bookings (primarily tour operator business) by higher yielding reservations channelled directly through its GDS. Bookings generated from Corinthia branded channels represented 9% and 19% of room revenue in FY2011 and FY2012 respectively and increased further to 23% in FY2013.

During the financial year 2012, total revenue increased by €2.4 million to €8.5 million (+39%). This increase reflects the revenue from the first full year of operation of the Corinthia Hotel London, which contributed €2.2 million to income generated by CHI. Similarly, the results of CHI for FY2013 show an increase in turnover of €2.4 million on the previous year and the primary contributor of this increase is Corinthia Hotel London. Income generated from the other Hotels was broadly stable apart from a decrease in income from Corinthia Hotel Prague reflecting a reduction in gross revenue for the year under review.

Revenue in FY2014 increased over the previous year by 4% (+€0.4 million) principally due to further improvement in results of the London property which however was mitigated by revenue declines at Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg. As for FY2015 and FY2016, CHI is targeting turnover at €13.3 million and €13.9 million respectively which assumes a subdued operating environment at the Tripoli Hotel and Corinthia Hotel St Petersburg, and a robust performance in revenue at the London hotel. Further improvements are also expected in the performance of the other European hotels owned by the Group.

3.3 OTHER ASSETS

In December 2010, IHI acquired the 'Corinthia' brand from Corinthia Palace Hotel Company Limited. The transaction provides for a two tier settlement whereby: (i) IHI initially paid the amount of €19.6 million for the existing room stock operated under the Corinthia brand; and (ii) IHI will also pay a pre-agreed price to Corinthia Palace Hotel Company Limited every time a Corinthia hotel opens for business until 2020. The amount of €19.6 million is recognised as an intangible asset in the balance sheet of the Group.

IHI has a 55% equity participation in Libya Hotel Development and Investment JSC, a company set up to acquire a derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya. Libya Hotel Development and Investment JSC will eventually develop a mixed-use project consisting of a 228-room five-star hotel, 2,000 square metres of retail space and 10,000 square metres of office space. Whilst the necessary planning permits for the project were issued by the Benghazi planning authorities and demolition works commenced in January 2014, in light of the prevailing situation in Libya all works on this development have been put on hold, and current plans are due for reconsideration depending on future developments in Libya. It is anticipated that the funding required for the project, once resumed, will be sourced from a combination of equity injected by the shareholders and appropriate bank financing.

IHI owns 25% of the share capital of Medina Tower Joint Stock Company, a company set up for the purpose of owning and developing the Medina Tower. IHI has to date injected €13 million in the company as its equity participation. The parcel of land measures *circa* 11,000m^2 and is situated in Tripoli's main high street. The architectural concept stems from a 4-storey podium that will include a mix of residential, retail, commercial and conference space. A curved tower rises from the 6th level and peaks at the 40th level. The development will comprise a total gross floor area of *circa* 199,000m^2.

The project designs of the Medina Tower are complete and all development approvals have been obtained from the relevant authorities. As to the financing of the project, the equity contribution for the first phase of this project is already fully paid up and will comprise 40% of the capital requirement for the said project. The remaining 60% of funding is expected to be raised through a bank loan, which the company has finalised with a Libyan financial institution. A sanction letter has already been approved and signed, and once Medina Tower Joint Stock Company has registered in favour of the financing bank a first hypothec over the property, it will be able to start making drawdowns under the loan facility. However, like the Benghazi project, this development will not commence before the prevailing situation in Libya improves and the political impasse is resolved.

IHI owns 20% of QPM Limited, which specialises in construction and the provision of project management services, both locally and overseas. QPM operates independently of, and at arm's length to, IHI and offers a range of project, construction and cost management services to a number of international clients in various countries. In August 2012 the offices of David Xuereb and Associates and QPM merged to provide a more comprehensive list of professional services within the construction industry, including project and construction management. Whilst continuing to provide services to the Group, QPM is increasing its third party client base. In FY2014, the majority of QPM's income was derived from third party clients' engagements.

3.4 PROPOSED ACQUISITION OF THE IHG GROUP

The Issuer announced on 16 January 2015 that it has executed a preliminary conditional agreement with the majority shareholders in Island Hotels Group Holdings p.l.c. ("**IHG Group**"), with a view to consider making a voluntary offer for the purchase of 100% of the issued share capital of the IHG Group.

The business of the IHG Group largely relates to: the ownership, management and operation of five-star hotels in Malta (namely, the Radisson Blu Resort St Julians and the Radisson Blu Resort & Spa, Golden Sands); the operating of a vacation ownership marketing business for the aforesaid hotels; the operation of retail and event catering business (Island Caterers and Papillion Caterers); and the development and operation of Costa Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands. The IHG Group also owns a plot of land measuring 83,000m^2 located next to the Golden Bay, Mellieha with permits to develop this land into a luxury tourist complex. The IHG Group's revenue and EBITDA for the financial year ended 31 October 2014 amounted to €36.6 million (FY2013: €30.7 million) and €8.8 million (FY2013: €6.0 million) respectively.

On the basis of publicly available information and IHI's analysis, IHI has indicated a tentative enterprise value and net equity value of the IHG Group of €106.5 million and €50 million respectively. Subject to the satisfaction of the conditions described in the preliminary conditional agreement, and the confirmation of the indicative value of the IHG Group, IHI intends to make a voluntary offer for the shares constituting 100% of the issued share capital of the IHG Group. It is contemplated in the said agreement with shareholders that IHI shall, if and when it makes the voluntary offer, settle the net consideration of €50 million for the acquisition of all the shares of the IHG Group as detailed hereafter. A consideration of €1 per share shall be payable in cash and split into two tranches. The first tranche amounting to €0.55 per share (in aggregate *circa* €20 million) shall be payable on execution of the transaction. The remaining amount of €0.45 per share, making up the second tranche, shall be settled 12 months thereafter (in aggregate *circa* €16 million). Furthermore, as part of the consideration, IHG Group shareholders will also receive 0.246 IHI shares for each IHG Group share through the issuance of 9 million IHI ordinary shares.

Part of the Bond proceeds, not exceeding €10 million, are being earmarked to part finance the first tranche of that acquisition if, following a due diligence exercise to be undertaken by the Issuer and other compliance and regulatory requirements, it is determined that IHI ought to proceed with that acquisition. The Issuer is currently negotiating with financial institutions the sanctioning of a new bank loan facility to finance the remaining balance of the first tranche of *circa* €10 million. In the event that the Issuer decides not to proceed with that acquisition, for any reason, then the proceeds from the Bond not exceeding €10 million shall be applied to reduce the bank indebtedness of the Group.

The Directors believe that the acquisition of the IHG Group will provide the Issuer with operational synergies and efficiencies which will benefit the Issuer and its overall operations, but at the date of the Prospectus the Issuer has not had the opportunity of undertaking a full due diligence exercise with respect to the IHG Group, its business and operations. Also, additional development opportunities may arise as a result of an amalgamation of IHG Group's hotel operation in St George's Bay with that of IHI's own neighbouring hotels. Accordingly, it is not in a position to make a full assessment of the impact that the acquisition of the IHG Group will have on the Issuer and its financial position. The Directors will conduct such an assessment as and when the IHG Group is in a position to lawfully disclose to the Issuer and its advisors sufficient information, including price sensitive information, to enable them to conduct a proper due diligence exercise on the IHG Group.

PART 2

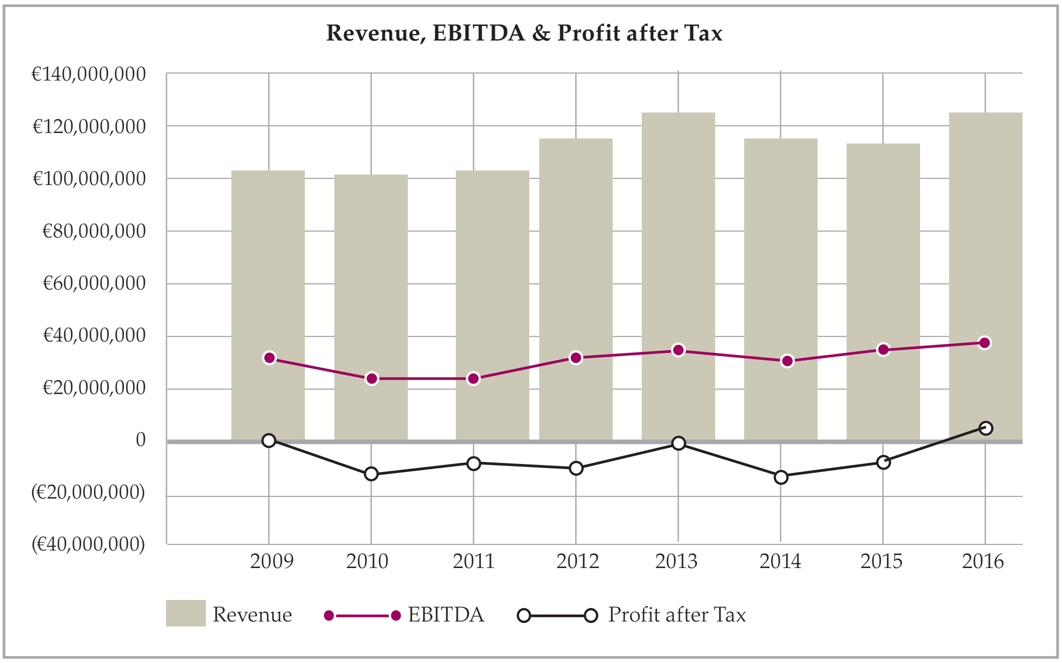
4. GROUP PERFORMANCE REVIEW

4.1 INCOME STATEMENT

The following financial information is extracted from the audited consolidated financial statements of IHI for each of the years ended 31 December 2011 to 31 December 2014. The forecasted financial information for the years ending 31 December 2015 and 2016 has been provided by management of the Company. **The projected financial statements relate to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.**

IHI Group Income Statement (€'000)	**FY2016 Projection**	**FY2015 Forecast**	**FY2014 Actual**	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**
Revenue	123,888	114,971	116,379	123,734	118,567	104,223
Direct costs	(52,969)	(49,997)	(61,147)	(64,152)	(63,554)	(53,863)
Gross profit	**70,919**	**64,974**	**55,232**	**59,582**	**55,013**	**50,360**
Other operating costs	(35,095)	(33,655)	(26,382)	(24,601)	(27,288)	(27,982)
EBITDA [1]	**35,824**	**31,319**	**28,850**	**34,981**	**27,725**	**22,378**
Depreciation and amortisation	(18,814)	(18,482)	(18,390)	(23,763)	(24,208)	(24,429)
Movement in fair value of investment property	-	-	(15,391)	571	4,154	5,448
Net impairment of hotel properties	-	-	2,081	5,000	(7,796)	(2,497)
Results from operating activities	**17,010**	**12,837**	**(2,850)**	**16,789**	**(125)**	**900**
Share of (loss) profit from equity accounted investments	(94)	(4,042)	(14,537)	(5,788)	4,970	1,155
Net finance costs	(12,025)	(12,392)	(13,035)	(15,940)	(16,783)	(13,899)
Net fair value loss on interest rate swaps	-	-	1,466	1,789	1,009	432
Movement in reimbursement assets	(880)	(880)	(879)	(883)	(454)	(399)
Profit (loss) before tax	**4,011**	**(4,477)**	**(29,835)**	**(4,033)**	**(11,383)**	**(11,811)**
Taxation	(1,430)	(2,049)	13,549	4,299	950	1,079
Profit (loss) for the year	**2,581**	**(6,526)**	**(16,286)**	**266**	**(10,433)**	**(10,732)**
Non-controlling interest	-	-	20	-	170	334
Profit (loss) attributable to parent company	**2,581**	**(6,526)**	**(16,266)**	**266**	**(10,263)**	**(10,398)**

[1] *EBITDA – Earnings before interest, tax, depreciation and amortisation*



The key accounting ratios are set out below:

	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011
Gross profit margin *(Gross profit/revenue)*	57%	57%	47%	48%	46%	48%
Operating profit margin *(EBITDA/revenue)*	29%	27%	25%	28%	23%	21%
Interest cover (times) *(EBITDA/net finance cost)*	3.0	2.5	2.2	2.2	1.7	1.6
Net profit margin *(Profit after tax/revenue)*	2%	-6%	-14%	0%	-9%	-10%
Earnings per share (€)1 *(Profit after tax/number of shares)*	0.00	-0.01	-0.02	0.00	-0.02	-0.02
Return on equity *(Profit after tax/shareholders' equity)*	1%	-1%	-3%	0%	-2%	-2%
Return on capital employed *(Operating profit/total assets less current liabilities)*	4%	3%	3%	3%	3%	2%
Return on assets *(Profit after tax/total assets)*	1%	-1%	-2%	0%	-1%	-1%

[1] *Earnings per share calculation set out above has been based on the current number of shares in issue of the Company of 554,238,573 shares of €1 each.*

Source: Charts Investment Management Service Limited

In **FY2011**, the Corinthia Hotel Tripoli was affected by the revolution in Libya and revenues decreased by 35% (equivalent to €10.6 million) relative to FY2010. All the other Group hotel properties achieved increases in revenues amounting to €13.1 million, principally due to enhanced marketing by CHI, an increase in conference & events business in a number of Hotels and an increase in higher yielding room bookings registered through the Group's global distribution system which was launched in FY2010. For the second year, CHI continued to implement its strategy of replacing low yielding bookings generally derived through tour operators by higher yielding reservations through its GDS. Bookings generated from Corinthia branded channels represented 9% of room revenue in FY2011 (FY2010: 5.8%). The percentage increases in revenue over FY2010 were as follows: Corinthia Hotel St Petersburg (24%), Corinthia Hotel Lisbon and Corinthia Hotel Prague (18%), Corinthia Hotel Budapest (13%) and Corinthia Hotel St George's Bay (8%). In FY2011, expenses amounting to €1.8 million incurred during prior years in connection with the Company's possible listing on the London Stock Exchange were written off. Excluding these one-off costs, EBITDA for FY2011 would have totalled €24.2 million, an improvement of 5.7% over FY2010.

The valuation of the Group's investment properties resulted in a net uplift of €5.5 million mainly through the increase in value of the commercial centre in St Petersburg. However, the valuation of the Group's hotel properties resulted in a net impairment of €2.5 million (Corinthia Hotel Prague: +€4.5 million, Corinthia Hotel Budapest: -€4.3 million, Corinthia Hotel St George's Bay: -€2.7 million). The share of profit of €1.2 million from equity accounted investments primarily related to IHI's 50% investment in Corinthia Residences in London.

Results from the respective hotel operations in **FY2012** were generally positive. The Group financial statements for the said year also reflected the acquisition of the Marina Hotel and the first full year of operation of the Corinthia Hotel London. However the results of the Corinthia Hotel, as mentioned elsewhere in this report are not consolidated in the Group's results. Group revenue for FY2012 increased by €14.4 million (+14%) to €118.6 million when compared to FY2011 (€104.2 million). The main factors included the contribution from the Marina Hotel (+€6.6 million) and significant improvements at Corinthia Hotel St Petersburg (+23%) and Corinthia Hotel Tripoli (+18%). The remaining hotels registered broadly similar revenue as in FY2011, except for Corinthia Hotel Lisbon which showed a decrease in income of 13% from €18.7 million in FY2011 to €16.2 million in FY2012. Countries such as Portugal and Hungary were severely affected by the adverse economic situation in a number of their feeder markets, increased competition, and a decline in consumer spending.

In FY2012, gross operating profit improved at Corinthia Hotel St Petersburg (43%), Corinthia Hotel Tripoli (5%) and Corinthia Hotel St George's Bay (7%). At Corinthia Hotel Tripoli, operating costs increased by more than the proportionate growth in revenue and therefore, gross operating profit was relatively disappointing. Overall, Group EBITDA for FY2012 increased by €5.35 million to €27.7 million, which also reflects the impact from the initial year of the Marina Hotel within the Group (+€1.4 million).

During the year under review net property revaluation adjustments, through the income statement and comprehensive income statement, amounted to a positive balance of €3.9 million (FY2011: -€15.1 million). The fair value of the Commercial Centre in St Petersburg was increased by €4.2 million (FY2011: -€5.6 million) on account of growth in lease income streams. This uplift was offset by impairments totalling €18.7 million (FY2011: €15.2 million) in the valuation of the hotel properties, mainly, Corinthia Hotel Lisbon (€6.4 million), Corinthia Hotel Budapest (€3.0 million) and Corinthia Hotel St Petersburg (€10.9 million). The impairments resulted from an oversupply of hotel rooms in the respective markets and increased competition which has restricted improvements in both occupancy rate and average room rate, and in the case of the former two hotels the respective countries' economic situation and associated risks. On the other hand, there has been a positive uplift in the value of the 50% share in the Corinthia Residences of €18.5 million (FY2011: -€5.4 million).

The Corinthia Hotel London registered an operating profit of €9.59 million in FY2012, which is a significant improvement to the operating loss of €5.54 million incurred in FY2011. However, this positive performance was more than offset by substantial charges of depreciation and finance costs. Since the hotel is 50% owned by the Group, its results are included in the income statement as share of profit from equity accounted investments. In this line item the operating results have been netted with an uplift in the value of the 12 apartments amounting to €31.9 million (FY2011: €37.6 million).

IHI's revenue for **FY2013** amounted to €123.7 million, reflecting an improvement of €5.2 million (+4%) on turnover registered in FY2012. This increase in revenue was mainly due to better results at the Group's properties in Tripoli (+19% y-o-y), Lisbon (+10% y-o-y) and St Petersburg (+8% y-o-y). In contrast, Corinthia Hotel Prague experienced a decline of 14% in revenue as a result of a lower occupancy level (-10%) and achieved average room rate (-4%) primarily in consequence of a 33% contraction in the conference & events business. The drop in turnover at Corinthia Hotel Prague was however mitigated by substantial cost savings at operational level. The other Hotels recorded modest gains when compared to prior year. Overall, in FY2013 there was a significant increase in EBITDA of €7.3 million (+26%) over the results achieved in FY2012.

In FY2013, the property valuation of the Corinthia Hotel Lisbon was revised upwards by €5 million in view of the improved outlook at the Hotel. In addition, a net uplift of €571,000 in the fair value of investment properties was recorded in the year under review (commercial property St Petersburg: +€400,000; commercial property Tripoli: +€200,000; apartments in Lisbon: -€29,000).

"Share of results from equity accounted investments" represents IHI's 50% equity shareholding in Corinthia Hotel London. As highlighted in section 3.1.9 of this document, operating profit generated by the Hotel in its second year of operation improved significantly to £14.0 million (equivalent to €18 million) (FY2012: £7.8 million, equivalent to €10 million). However, after accounting for depreciation, property charges and finance costs the Hotel incurred a loss for the year, of which, IHI's 50% share of such loss amounted to €5.8 million.

Net finance costs for FY2013 was lower by €1.6 million when compared to prior year, primarily reflecting (i) the continued reduction of Group indebtedness through regular repayments of borrowings; and (ii) the recognition of fair value gains on interest rate swaps. Overall, IHI registered a profit for the year ended 31 December 2013 of €0.3 million (FY2012: net loss of €10.4 million).

In view of the prolonged instability in Libya and the political issues between Russia and Ukraine, revenue generated at Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg in **FY2014** was lower than the prior year by *circa* €16.1 million. Such reduction was however partly compensated by increased revenues at the other Group properties and therefore the overall decrease in income for the said financial year amounted to €7.4 million (a reduction of 6%). This reduction in income inevitably impacted the Group's EBITDA, which decreased by 18% from €35.0 million in 2013 to €28.9 million in 2014. The depreciation charge for 2014 reduced by more than €5.4 million (from €23.8 million in 2013 to €18.4 million in 2014) as no provision was made on assets that were fully depreciated.

Management believes that the situation in St Petersburg and Libya will prolong further in FY2015 and FY2016. As such, it is projected that revenue generated in FY2015 by the Corinthia St Petersburg and Corinthia Tripoli will decrease by 20% and 34% respectively, but should be higher by an aggregate amount of €5.4 million in FY2016. The other properties are expected to increase their respective turnover principally through the achievement of better average room rates. Group EBITDA should achieve a recovery in FY2015 of €2.5 million to €31.3 million, and a further €4.5 million to €35.8 million in FY2016.

In April 2014, 11 apartments in Whitehall Place London adjacent to the Corinthia Hotel London, of which IHI holds a 50% stake, were sold to third parties. The penthouse apartment was retained and will be sold when the right opportunity arises. Except for one-off property costs resulting from the aforesaid sale of the apartments, the disposal had no effect on the Group financial statements since the apartments were already valued at their market price in 2013. A loss was registered from equity accounted investments (London Hotel and Residences) for 2014 of €14.6 million, in consequence of building taxes, depreciation, interest and the one-time selling costs of the 11 apartments as the hotel performance registered a marginal improvement in performance in 2014 over 2013. A smaller loss is expected from equity accounted investments (London Hotel) for FY2015 of €4.0 million and should breakeven in the subsequent year.

There has also been a reduction of approximately €2.9 million in finance costs in 2014 (from €15.9 million in 2013 to €13.0 million in 2014) as a result of reduced EURIBOR rates in 2014 coupled with the further reduction of the Group's debt in consequence of scheduled repayments of bank loans.

After accounting for movements in fair value of properties described hereunder, the Group recorded a loss for the year ended 31 December 2014 of €16.3 million (2013: Profit of €0.3 million).

Analysis of Movements in Property Values
For the year ended 31 December 2014

	Income Statement €'000	**Other Comprehensive Income €'000**	**Total €'000**
Corinthia Hotel Lisbon	1,240	13,728	**14,968**
Lisbon Apartments	(156)	-	**(156)**
Corinthia Hotel Budapest	0,357	-	**10,357**
Marina Hotel	1,766	-	**1,766**
Corinthia Hotel Tripoli	(8,038)	(26,814)	**(34,852)**
Tripoli Commercial Centre	(5,659)	-	**(5,659)**
Corinthia Hotel St Petersburg	(3,243)	(15,867)	**(19,110)**
St Petersburg Commercial Centre	(9,577)	-	**(9,577)**
Corinthia Hotel London	-	17,933	**17,933**
Net movement in property values	**(13,310)**	**(11,020)**	**(24,330)**
Classified in the financial statements as follows:			
Movement in fair value of investment property	(15,391)	-	**(15,391)**
Net impairment reversal (loss) on hotel properties	2,081	(28,953)	**(26,872)**
Revaluation of hotel property (equity accounted investments)	-	17,933	**17,933**
Net movement in property values	**(13,310)**	**(11,020)**	**(24,330)**

On a yearly basis, a value in use assessment is carried out on the Issuer's hotels and investment properties by independent advisors. This process involves the preparation of 10-year future cash flows prepared by an expert in the hospitality industry and financial modeling by an independent accountancy firm. In 2014, the aforesaid process was performed on all Group properties other than the Corinthia Hotel Tripoli, due to the current uncertain environment prevailing in Libya which presented significant difficulty for such advisors to determine a value in use of the property.

As such, a value in use on the Corinthia Hotel Tripoli was determined after the independent advisors presented several scenarios and parameters to the Directors for their consideration. The Directors resolved to adopt the more prudent basis of valuation by applying to the model higher country and other risk premia, and assume a weaker outlook on future performance. In consequence, the value of the property was impaired by €34.9 million.

As denoted in the above table, the Group was negatively impacted in 2014 by a reduction of €69.2 million in the values of its properties in Tripoli and St Petersburg (hotels and commercial centres) as a consequence of the *force majeure* situation prevailing in each of the said jurisdictions and the devaluation of the Russian Rouble. On the other hand, through the robust performance achieved by a number of the Group's European hotels, the Issuer registered an improvement of €44.9 million in the fair values of such properties, most notably of which is the uplift in London (limited to 50% share), in Lisbon and in Budapest.

Overall, during the year under review, the Group reported a net impairment (before tax) in the fair value of its properties of €24.3 million (2013: +€36.8 million) which is reported as to €13.3 million in the Income Statement and €11.0 million in the Comprehensive Income Statement.

The estimates for the forward years as presented in this document assume that the carrying values of hotel properties will remain constant in FY2015 and FY2016, and therefore no adjustment has been made as to possible impairment or uplift of assets that may be booked and which may materially affect the consolidated income statement.

4.2 CASH FLOW STATEMENT

IHI Group Cash Flow Statement (€'000)	**FY2016 Projection**	**FY2015 Forecast**	**FY2014 Actual**	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**
Net cash from operating activities	30,599	41,884	30,016	42,078	30,145	14,430
Net cash from investing activities	(11,575)	(8,439)	(4,160)	(4,284)	(21,187)	(10,275)
Net cash from financing activities	(29,879)	(15,946)	(13,467)	(43,666)	(23,837)	(3,163)
Net movement in cash and cash equivalents	**(10,855)**	**17,499**	**12,359**	**(5,872)**	**(14,879)**	**992**
Cash and cash equivalents at beginning of year	35,349	17,850	5,491	11,363	26,242	25,250
Cash and cash equivalents at end of year	**24,494**	**35,349**	**17,850**	**5,491**	**11,363**	**26,242**

Net cash from operating activities improved in FY2012 by €15.7 million to €30.1 million and further increased to €42.1 million in FY2013, primarily due to an improvement in results at most hotels and better working capital management. In addition, €3.1 million of advances made in prior years to Corinthia Hotel London were repaid in FY2013. Country issues in Libya and Russia reduced cash inflows in FY2014 which were partially mitigated as a result of progress in operating performance at the other hotels. As such, net cash from operating activities amounted to €30.0 million in FY2014, a decrease of €12.1 million (-29%) when compared to FY2013. Expectation of improved results in FY2015 and FY2016 are being projected which will have a positive impact on cash inflows.

During FY2012 the Group settled the outstanding amount of €4.3 million due to CPHCL in relation to the acquisition of the Marina Hotel and contributed €9.1 million towards the Medina Tower project. No significant investment was effected by IHI in FY2013 and FY2014, and the cash outflows of €4.3 million and €4.2 million respectively principally related to payments for tangible fixed assets and general upkeep of the Group properties. In FY2015 and FY2016, the Group is projecting to spend €20.1 million in similar expenditure and, in particular, plans to implement a refurbishment programme at Corinthia Hotel Budapest, Corinthia Hotel Lisbon and Corinthia St Petersburg.

The principal movements in financing activities in FY2013 included: (i) the repayment on bank borrowings, related party loans and bonds totalling €34.6 million; and (ii) bank financing increased by €8.5 million. Interest paid during the year decreased from €18.1 million in FY2012 to €17.4 million. In FY2014, net borrowings decreased by €23.4 million and an amount of €41.0 million of loans receivable from an associate was received by the Group. Interest paid during the reviewed year totalled €15.1 million. During FY2014 IHI paid a dividend of €11.5 million to its shareholders and affected a payment of €5.0 million to sinking fund reserves for the benefit of bondholders.

In FY2015, the Company is expected to receive €9.1 million being the net cash difference (after expenses) from the issuance of a €45 million bond and the redemption of a €35 million bond, and a net cash inflow of €3.1 million from release of funds held in the sinking fund reserve relating to the maturing bond. Net cash outflows for the said year are projected to amount to €28.2 million representing repayment of borrowing (€16.1 million) and interest payments (€12.1 million). As to FY2016, the Group is expected to utlise €29.9 million in respect of repayment of borrowings (€15.7 million), payments to sinking fund reserves (€2.3 million) and interest payments (€11.9 million).

4.3 BALANCE SHEET

IHI Group Balance Sheet (€'000)	**31 Dec'16 Projection**	**31 Dec'15 Forecast**	**31 Dec'14 Actual**	**31 Dec'13 Actual**	**31 Dec'12 Actual**	**31 Dec'11 Actual**
Assets						
Non-current						
Intangible assets	40,992	42,274	43,556	44,856	46,095	47,415
Reimbursement assets	19,926	20,806	21,687	22,566	23,449	22,432
Investment properties	176,675	176,675	176,675	191,964	191,393	187,239
Property, plant and equipment	480,202	486,084	494,971	534,558	555,482	565,568
Investments in associates	199,128	199,223	213,241	201,689	167,441	132,867
Loan receivable	-	-	3,208	44,332	43,450	29,450
Cash proceeds from Bond Issue	9,100	9,100	-	-	-	-
Cash held by trustee	7,323	5,046	7,967	2,303	2,223	-
	933,346	939,208	961,305	1,042,268	1,029,533	984,971
Current						
Inventories	5,534	5,408	5,307	5,454	5,294	5,382
Loan receivable	-	-	-	-	-	11,500
Trade and other receivables	23,976	21,698	23,309	31,819	36,997	36,561
Taxation	21	21	2,639	2,883	436	407
Cash and cash equivalents	15,394	26,255	19,480	10,248	16,423	28,008
	44,925	53,382	50,735	50,404	59,150	81,858
Total assets	**978,271**	**992,590**	**1,012,040**	**1,092,672**	**1,088,683**	**1,066,829**

Intangible assets as at 31 December 2014 amounted to €43.6 million and included (i) goodwill on the purchase of CHI with a carrying value of €9.7 million; (ii) the Corinthia brand of €19.6 million; and (iii) the website development costs and the value attributable to CHI's management agreements with a carrying value of €14.3 million.

Reimbursement assets represent any tax that may become reimbursable by CPHCL in relation to the transfer of shares of IHI Towers s.r.o. (Corinthia Hotel Prague) and Corinthia Tripoli Towers Ltd (Corinthia Hotel Tripoli) to IHI in 2007, and the transfer of shares of Marina San Gorg Limited to IHI in 2012, but which was deferred. This tax will only become due in the eventuality that IHI sells its shares in these companies or properties to unrelated third parties.

Investment properties include commercial centres in Tripoli and St Petersburg and apartments in Lisbon. The carrying values as at 31 December 2014 were: (i) Commercial Centre Tripoli: €68.9 million; (ii) vacant plot of land Tripoli: €28.8 million; (iii) Commercial Centre St Petersburg: €77.8 million; and (iv) an apartment block in Lisbon: €1.1 million. At 31 December 2014, the fair value of the commercial centres in St Petersburg and Tripoli were reduced by €9.6 million and €5.7 million respectively, and the fair value of the Lisbon apartments was lowered by €0.2 million (aggregate movement: -€15.4 million).

Property, plant and equipment principally consist of the hotel properties, the aggregate value of which decreased by €70.6 million between 31 December 2011 and 31 December 2014 mainly due to depreciation charges and impairments, net of the assets of Marina Hotel acquired in FY2012 amounting to €23 million.

Investments in associates include investments in non-controlling companies, namely NLI Holdings Limited (Corinthia Hotel London), Medina Towers J.S.C. and QPM Limited. In 2009, IHI increased its shareholding in NLI Holdings Limited from 33.3% to 50% between 2009 and 2010 at a total cost of €35.9 million. The carrying value of this investment has increased from €188.7 million in FY2013 to €199.5 million in FY2014. During the financial year ended 31 December 2010, IHI acquired a 25% stake in Medina Towers S.J.C. for a total consideration of €3.9 million. In FY2012, the Group invested a further €9.1 million in Medina Towers (FY2014: €12.7 million in total). The carrying value of QPM Limited as at 31 December 2014 is €1.0 million.

Loan receivable comprises amounts advanced to NLI Holdings Ltd which as at 31 December 2014 amounted to €3.2 million (2013: €44.3 million). The loan is unsecured, bears interest at 3% and is subordinated to bank borrowings. Amounts advanced to NLI Holdings Ltd were almost fully repaid during FY2014 through the disposal proceeds of 11 London apartments which took place in April 2014. The balance of €3.2 million should be settled in FY2015.

Current assets are principally made up of working capital assets including: (i) inventories of food and beverage, consumables, room supplies and maintenance stocks; and (ii) amounts receivable from tour operators, corporate customers and credit card companies.

IHI Group Balance Sheet ***(cont.)*** **(€'000)**	**31 Dec'16 Projection**	**31 Dec'15 Forecast**	**31 Dec'14 Actual**	**31 Dec'13 Actual**	**31 Dec'12 Actual**	**31 Dec'11 Actual**
Equity and liabilities						
EQUITY						
Called up share capital	554,238	554,238	554,239	554,238	554,238	554,238
Reserves and other equity components	88,886	88,886	88,886	88,701	63,842	56,628
Retained earnings	(52,886)	(55,467)	(48,941)	(16,448)	(17,824)	(14,171)
Minority interest	630	630	630	-	-	5,920
	590,868	**588,287**	**594,814**	**626,491**	**600,256**	**602,615**
LIABILITIES						
Non-current						
Borrowings and bonds	253,511	271,791	271,464	292,729	312,995	300,413
Other non-current liabilities	79,608	81,107	82,938	97,332	97,390	98,706
	333,119	352,898	354,402	390,061	410,385	399,119
Current						
Borrowings and bonds	18,805	15,979	27,787	27,725	32,976	25,782
Other current liabilities	35,479	35,426	35,037	48,395	45,066	39,313
	54,284	51,405	62,824	76,120	78,042	65,095
	387,403	**404,303**	**417,226**	**466,181**	**488,427**	**464,214**
Total equity and liabilities	**978,271**	**992,590**	**1,012,040**	**1,092,672**	**1,088,683**	**1,066,829**

As at 31 December 2014, the Group had a working capital deficiency (current assets less current liabilities) of €12.1 million. This deficiency is being addressed by the Issuer as follows:

- In view of the prevailing situation in Libya, the lender of the €40 million loan on Corinthia Hotel Tripoli has confirmed its intention to postpone capital repayments due on this loan in 2015; and

- An agreement has been reached for the amount payable as dividend to the institutional shareholders of €5.1 million will be settled after the penthouse apartment in London is sold and paid for.

Other than equity, the Group is financed through bank loans, corporate bonds and other borrowings from related companies, analysed as follows:

IHI Group Borrowings (€'000)	**31 Dec'16 Projection**	**31 Dec'15 Forecast**	**31 Dec'14 Actual**	**31 Dec'13 Actual**	**31 Dec'12 Actual**	**31 Dec'11 Actual**
Bank borrowings						
Corinthia Hotel St George's Bay	-	-	1,271	2,143	2,968	3,760
Corinthia Hotel Budapest	24,490	26,937	29,235	31,383	33,396	35,283
Corinthia Hotel St Petersburg	52,745	54,146	55,248	55,999	49,095	49,995
Corinthia Hotel Lisbon	26,358	28,959	31,622	34,181	35,722	37,220
Corinthia Hotel Tripoli	33,333	36,667	36,917	42,000	51,500	52,000
Corinthia Hotel Prague	26,255	28,586	30,840	33,018	40,126	42,162
Marina Hotel	7,545	8,295	9,150	833	1,112	
CHI	301	674	1,000			
IHI p.l.c.	2,500	5,000	8,100	11,200	13,300	9,900
Bank overdrafts	-	6	1,630	4,760	5,060	1,767
	173,527	**189,270**	**205,013**	**215,533**	**232,279**	**232,087**
Bonds						
6.3% Bonds 2013					4,054	13,966
6.2% - 6.8% Bonds 2013					1,690	8,070
6.5% Bonds 2012 - 2014				2,500	12,475	12,456
6.25% Bonds 2015 - 2019			34,762	34,678	34,600	34,527
6.25% Bonds 2017 - 2020	24,817	24,717	24,641	24,758	24,711	24,667
5.8% Bonds 2021	19,803	19,679	19,633	19,592	19,557	
5.8% Bonds 2023	9,858	9,868	9,876	9,865		
5.75% Bonds 2025	44,077	44,002				
	98,555	**98,266**	**88,912**	**91,393**	**97,087**	**93,686**
Other interest bearing borrowings						
Parent company	-	-	5,092	13,236	16,089	-
Related companies	234	234	234	292	516	422
	234	**234**	**5,326**	**13,528**	**16,605**	**422**
Total borrowings and bonds	**272,316**	**287,770**	**299,251**	**320,454**	**345,971**	**326,195**

The key accounting ratios are set out below:

	FY2016	**FY2015**	**FY2014**	**FY2013**	**FY2012**	**FY2011**
Net assets per share (€)[1]	1.07	1.06	1.07	1.13	1.08	1.08
(Net asset value/number of shares)						
Liquidity ratio (times)	0.83	1.04	0.81	0.66	0.76	1.26
(Current assets/current liabilities)						
Gearing ratio	46%	49%	50%	51%	58%	55%
(Total debt/shareholders' equity)						
Debt service cover ratio (times)	1.30	1.22	0.83	0.73	0.77	0.90
(Net interest payable + capital loan repayments/EBITDA)						

[1]*Net assets per share calculation set out above has been based on the current number of shares in issue of the Company of 554,238,573 shares of €1 each.*

Source: Charts Investment Management Service Limited

The debt service cover ratio measures a company's ability to service its current debts by comparing EBITDA to total debt service obligations. In FY2014, the Group registered a debt service cover ratio of 0.83 times (FY2013: 0.73), being marginally below the target ratio of 1.0. The Group was adversely impacted by the difficult political and operating climate in both Libya and Russia and the devaluation of the local currency in the Russian Federation. This situation caused significant declines in revenue and operating profit generated by the Corinthia Hotel Tripoli and the Corinthia Hotel St Petersburg, and therefore was the primary reason for the Group's debt service cover ratio to remain below 1.0. On the other hand, in FY2014, the Issuer's other hotel properties performed better in terms of EBITDA earnings relative to FY2013, and this partly mitigated the above mentioned decrease in EBITDA.

When compared to 2013 the debt service cover ratio has improved from 0.73 to 0.83 in in 2014. Such recovery was principally the result of a reduction in the Group's indebtedness from €320.5 million (in 2013) to €299.3 million in 2014, and a decrease in borrowing costs due to the decline in EURIBOR rates in the past few years. As to annual net interest payable, this amount decreased by €2.9 million from €15.9 million (in 2013) to €13.0 million in 2014.

4.4 SINKING FUND

In terms of the Prospectuses of each of the bonds detailed hereunder, the Company is required to build a sinking fund for each of the said bonds, the value of which will by the respective redemption date of each bond be equivalent to 50% of the outstanding value of the bonds. Below is a table outlining the contributions paid/payable by the Company for the purpose of building up each of the three sinking funds.

Contributions to Sinking Fund	**31 Dec'16 (€'000)**	**31 Dec'15 (€'000)**	**31 Dec'14 (€'000)**	**31 Dec'13 (€'000)**	**31 Dec'12 (€'000)**	**31 Dec'11 (€'000)**
€35 million 6.25% Bonds 2015 - 2019	-	-	4,999	2,267	2,137	50
€25 million 6.25% Bonds 2017 - 2020	6,250	4,688	2,972	36	36	-
€20 million 5.8% Bonds 2021[1]	1,073	358				
	7,323	**5,046**	**7,967**	**2,303**	**2,173**	**50**

[1] The contributions to the sinking fund will commence as from 31 December 2015.

The balance of €8.0 million as at 31 December 2014 is held in an account administered by Bank of Valletta plc as an independent trustee for the repayment of above bonds on maturity.

4.5 RELATED PARTY LISTED DEBT

Corinthia Palace Hotel Company Limited ("**CPHCL**") is the parent company and owns 58.78% of the issued share capital of IHI. CPHCL, through its wholly owned subsidiary Corinthia Finance p.l.c., has the following outstanding debt securities listed on the Malta Stock Exchange:

Security ISIN	Amount Listed	Security Name	Currency
MT0000101239	39,967,600	6.25% Corinthia Finance plc 2016 – 2019	EUR
MT0000101254	7,500,000	6% Corinthia Finance plc 2019 – 2022	EUR

Source: Malta Stock Exchange

CPHCL owns 50% of Mediterranean Investments Holding p.l.c. ("**MIH**"), a company principally involved in the Palm City Residences Project and the Medina Tower Project and which are both situated in Libya. MIH has the following outstanding debt securities listed on the Malta Stock Exchange:

Security ISIN	Amount Listed	Security Name	Currency
MT0000371220	19,649,600	7.5% MIH 2015	EUR
MT0000371238	28,519,400	7.15% MIH 2015 - 2017	EUR
MT0000371246	4,351,100	7.15% MIH 2015 - 2017	GBP
MT0000371253	7,120,300	7.15% MIH 2015 - 2017	USD
MT0000371261	12,000,000	6% MIH 2021	EUR

Source: Malta Stock Exchange

PART 3

5. GLOBAL HOTEL COMPARABLES

The table below highlights the financial performance of IHI's peer group as compared to the Company for the year ended 31 December 2014 (being the latest available annual financial information). Although the hotel operators in the peer group are much larger in terms of market capitalisation when compared to IHI, their hotels compete directly with IHI's hotels in cities in which both have a presence.

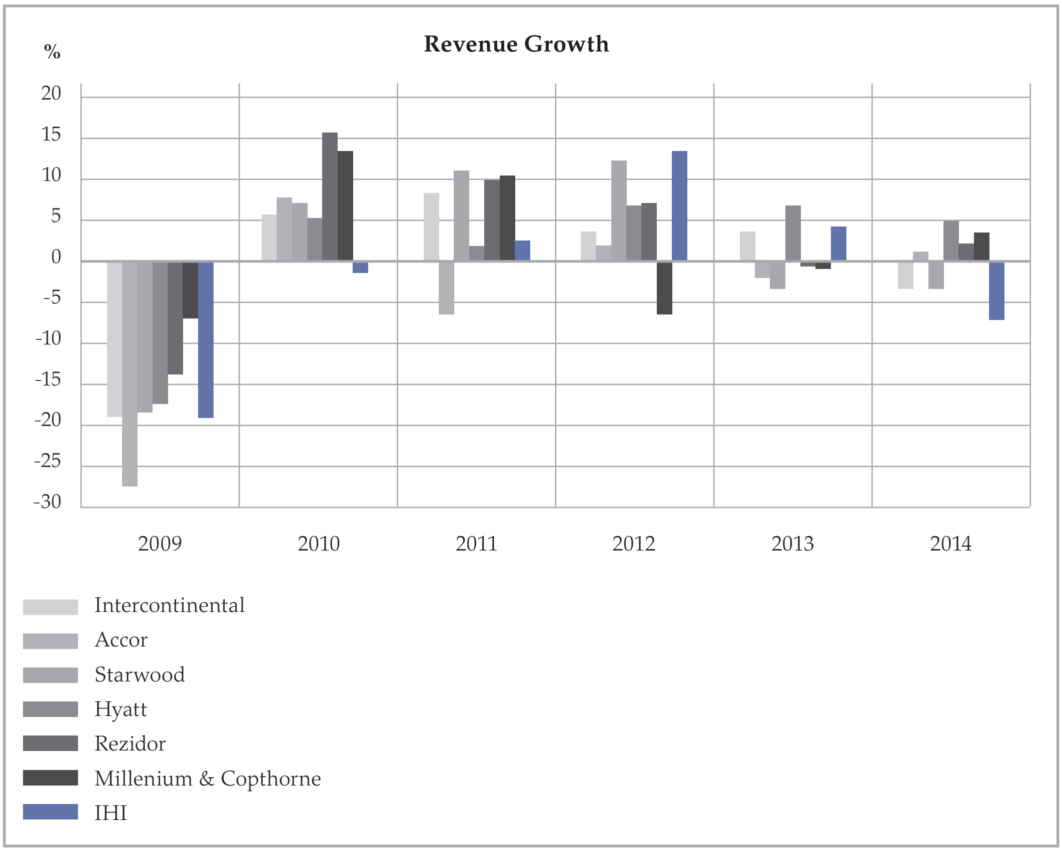
At 31 Dec'14	Mkt Cap (m) (local)[1]	Hotel Portfolio	Countries Present	Owned or Leased[2]	EBITDA[3]/ Assets	EBITDA[3]/ Equity	Long Term Debt/Equity
InterContinental ($)	9,256	4,840	100	<1%	26.44%	-[4]	-[4]
Accor (€)	11,263	3,717	92	36%	10.50%	25.15%	76.19%
Starwood ($)	14,633	1,222	100	3%	13.42%	76.20%	168.79%
Hyatt ($)	8,608	587	50	7%	7.78%	13.68%	29.85%
Rezidor (€)	597	340	58	21%	16.82%	32.76%	-[5]
Millennium & Copthorne (£)	1,899	120	60	53%	5.96%	10.91%	22.89%
IHI (€)	**388**	**12**	**9**	**67%**	**2.85%**	**4.85%**	**45.64%**

[1] *Market capitalisation as at 27 March 2015.*
[2] *The remaining hotels are managed and/or under franchise agreements.*
[3] *EBITDA – profit before interest, tax, depreciation and amortisation.*
[4] *Equity as at 31 December 2014 amounted to -$725 million.*
[5] *The company had no long term debt as at 31 December 2014.*

Source: Reuters Wealth Manager, Company information

Operating cash profits generated by IHI in FY2014 as a percentage of total assets used in the business (EBITDA/Assets) amounted to 2.85% (FY2013: 3.20%), and the return to its equity shareholders (EBIDTA/Equity) was of 4.85% (FY2012: 5.58%). As indicated in other parts of this document, the majority of the Group's European hotels performed better than in the previous year, but such y-o-y improvement was more than offset by reduced earnings generated at the Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg. In view of the geopolitical tension in Libya and Russia, the Group expects performance of the aforesaid hotels to remain weak at least until the end of FY2016, which will dilute the prospective operational growth (or part thereof) of the other hotels. Overall, the Group will continue to execute its strategy of reducing low yielding room reservations in favour of higher yielding bookings, and maintain promotion of its online reservations system so as to improve revenue and gross operating profit across its portfolio of hotels.

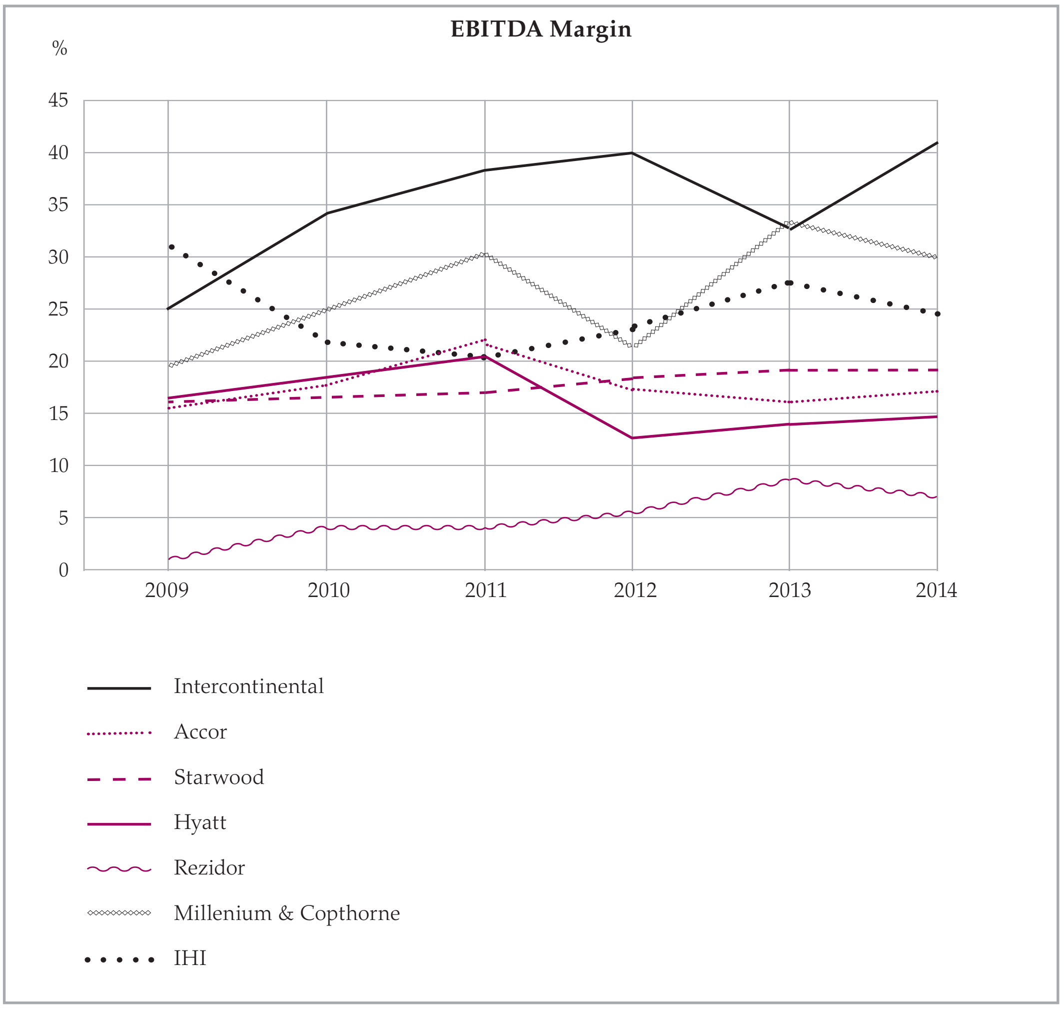
A common business strategy within the peer group emerges from analysing the above data. All the hotel operators own fewer hotels in relation to their respective hotel portfolios, when compared to IHI. It is evident that the peer group is generating higher returns by managing more hotels without actually owning the properties, and as a result, achieving operational efficiencies through economies of scale and increased profitability. CHI, the hotel management arm of the Group, has recently embarked on a strategy to increase its portfolio of third party owned hotels which it can manage and operate in addition to the Group hotels. However, at least in the near term, it is expected that the majority of hotels within the Group's portfolio will be owned properties.



Source: Reuters Wealth Manager, Company information

The peer group, which is a broad reflection of the global hotel industry, was negatively affected by the economic and financial crisis which commenced in FY2008. As depicted in the chart entitled "**Revenue Growth**", all hotels registered negative growth in revenue in FY2009 ranging from -6.96% for Millennium & Copthorne to -27.70% for Accor. In the subsequent two financial years, all hotels within the peer group registered a recovery in revenue growth, except for IHI which was hampered by a decline in performance of the Corinthia Hotel Tripoli as a result of a decrease in business activity in Libya in FY2010 following the imposition of visa restrictions, and the Libyan conflict the year after.

In FY2012, Group revenue improved considerably with an increase of 13.77% on previous year. The main contributors were the addition of the Marina Hotel to the Group portfolio (+€6.6 million) and the positive performance achieved at Corinthia Hotel St Petersburg (+15%) and Corinthia Hotel Tripoli (+20%). FY2013 was a relatively flat year for most of the peer group and performance ranged from -3.26% for Starwood to 5.95% for Hyatt. IHI achieved a growth rate of 4.36% in revenue, primarily attributable to better results at Corinthia Hotel Tripoli and higher fees generated by CHI through managing the Corinthia Hotel London. With respect to FY2014, Hyatt and Millennium & Copthorne recorded y-o-y growth of 5.52% and 3.80% respectively, but performance of the other hotel chains was broadly flat. The latest financial year of IHI was characterised by the instability in Libya and the political issues between Russia and Ukraine, and on the other hand the positive results achieved by the other hotels. On a net basis, IHI reported a decrease in revenue of €7.4 million when compared to FY2013.



Source: Reuters Wealth Manager, Company information

The above chart entitled "**EBITDA Margin**" emphasises the profitability at operational level of each hotel company within the peer group prior to other charges, including depreciation, interest payable, asset impairment and exceptional items. EBITDA margin is computed by dividing operating profit before depreciation by revenue. In FY2009, IHI managed to maintain a strong EBITDA margin of 31% principally due to the continued positive performance of the Corinthia Hotel Tripoli which mitigated the adverse impact of the European recession on IHI's Central European hotels. Further to the events in Libya, and the negative consequences on the performance of the Corinthia Hotel Tripoli, IHI's EBITDA margin decreased significantly to 22% in FY2010 and 21% in FY2011, but recovered to 23.38% and 28.27% in FY2012 and FY2013 respectively.

As expected, the EBITDA margin of the Group for FY2014 was adversely impacted by the difficult situation in Libya and Russia, as well as due to the weakened Russian Rouble as compared to the Euro. On a positive note, although the EBITDA margin declined from 28.27% (FY2013) to 24.79%, the latter figure was still higher than the margin achieved by IHI in both FY2011 and FY2012.

6. THE GROUP'S SIX YEAR SUMMARY

The following financial information is extracted from the audited consolidated financial statements of IHI for the six years ended 31 December 2009 to 31 December 2014.

6.1 INCOME STATEMENT

IHI Group Income Statement (€'000)	**FY2014 Actual**	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**	**FY2010 Actual**	**FY2009 Actual**
Revenue	116,369	123,734	118,567	104,223	101,843	103,320
Direct costs	(61,147)	(64,152)	(63,554)	(53,863)	(52,509)	(48,184)
Gross profit	**55,232**	**59,582**	**55,013**	**50,360**	**49,334**	**55,136**
Other operating costs	(26,382)	(24,601)	(27,288)	(27,982)	(26,473)	(23,511)
EBITDA	**28,850**	**34,981**	**27,725**	**22,378**	**22,861**	**31,625**
Depreciation and amortisation	(18,390)	(23,763)	(24,208)	(24,429)	(24,730)	(24,779)
Increase in fair value of investment property	(15,391)	571	4,154	5,448	2,746	12,064
Net impairment of hotel properties	2,081	5,000	(7,796)	(2,497)	2,400	(22,334)
Results from operating activities	**(2,850)**	**16,789**	**(125)**	**900**	**3,277**	**(3,424)**
Share of profit (loss) from equity accounted investments	(14,537)	(5,788)	4,970	1,155	(546)	14,483
Net finance costs	(13,035)	(15,940)	(16,783)	(13,899)	(14,027)	(10,519)
Net fair value gain (loss) on interest rate swaps	1,466	1,789	1,009	432	216	(1,604)
Movement in reimbursement assets	(879)	(883)	(454)	(399)	(340)	(505)
Profit (loss) before tax	**(29,835)**	**(4,033)**	**(11,383)**	**(11,811)**	**(11,420)**	**(1,569)**
Taxation	13,549	4,299	950	1,079	(1,651)	(47)
Profit (loss) for the year	**(16,286)**	**266**	**(10,433)**	**(10,732)**	**(13,071)**	**(1,616)**
Non-controlling interest	20	-	170	334	-	-
Profit (loss) attributable to parent company	**(16,266)**	**266**	**(10,263)**	**(10,398)**	**(13,071)**	**(1,616)**

6.2 CASH FLOW STATEMENT

IHI Group Cash Flow Statement (€'000)	**FY2014 Actual**	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**	**FY2010 Actual**	**FY2009 Actual**
Net cash from operating activities	30,016	42,078	30,145	14,430	19,020	26,810
Net cash from investing activities	(4,160)	(4,284)	(21,187)	(10,275)	(23,787)	(59,680)
Net cash from financing activities	(13,467)	(43,666)	(23,837)	(3,163)	(18,237)	11,227
Net movement in cash and cash equivalents	**12,359**	**(5,872)**	**(14,879)**	**992**	**(23,004)**	**(21,643)**
Cash and cash equivalents at beginning of year	5,491	11,363	26,242	25,250	48,254	69,897
Cash and cash equivalents at end of year	**17,850**	**5,491**	**11,363**	**26,242**	**25,250**	**48,254**

6.3 BALANCE SHEET

IHI Group Balance Sheet (€'000)	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Assets						
Non-current						
Intangible assets	43,556	44,856	46,095	47,415	48,016	29,366
Reimbursement assets	21,687	22,566	23,449	22,432	22,831	23,171
Investment properties	176,675	191,964	191,393	187,239	181,705	178,876
Property, plant and equipment	494,971	534,558	555,482	565,568	599,713	636,216
Investments accounted for using the equity method	213,241	201,689	167,441	132,867	135,694	93,584
Loan receivable	3,208	44,332	43,450	29,450	6,971	-
Cash held by trustee	7,967	2,303	2,223	-	-	-
	961,305	**1,042,268**	**1,029,533**	**984,971**	**994,930**	**961,213**
Current						
Inventories	5,307	5,454	5,294	5,382	5,185	5,201
Loan receivable	-	-	-	11,500	-	-
Trade and other receivables	23,309	31,819	36,997	36,561	25,803	20,521
Taxation	2,639	2,883	436	407	669	359
Cash and cash equivalents	19,480	10,248	16,423	28,008	26,675	50,386
	50,735	50,404	59,150	81,858	58,332	76,467
Total assets	**1,012,040**	**1,092,672**	**1,088,683**	**1,066,829**	**1,053,262**	**1,037,680**
Equity and liabilities						
EQUITY						
Called up share capital	554,239	554,238	554,238	554,238	554,238	553,225
Reserves and other equity components	88,886	88,701	63,842	56,628	76,280	59,969
Retained earnings	(48,941)	(16,448)	(17,824)	(14,171)	(10,027)	2,157
Minority interest	630	-	-	5,920	6,254	7,394
	594,814	**626,491**	**600,256**	**602,615**	**626,745**	**622,745**
LIABILITIES						
Non-current						
Borrowings and bonds	271,464	292,729	312,995	300,413	265,012	228,763
Other non-current liabilities	82,938	97,332	97,390	98,706	104,117	110,824
	354,402	390,061	410,385	399,119	369,129	339,587
Current						
Borrowings and bonds	27,787	27,725	32,976	25,782	21,308	45,607
Other current liabilities	35,037	48,395	45,066	39,313	36,080	29,741
	62,824	76,120	78,042	65,095	57,388	75,348
	417,226	**466,181**	**488,427**	**464,214**	**426,517**	**414,935**
Total equity and liabilities	**1,012,040**	**1,092,672**	**1,088,683**	**1,066,829**	**1,053,262**	**1,037,680**

6.4 OPERATING PERFORMANCE

The tables below set out the highlights of each of the hotels' operating performance for the years indicated therein.

Corinthia Hotel Budapest

	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	20,404	18,477	18,069	17,030	15,102	15,199
Rooms (€'000)	13,624	11,998	11,567	10,758	9,093	9,096
Food & Beverage, and other revenue (€'000)	6,780	6,479	6,502	6,272	6,009	6,103
Occupancy level (%)	75	72	71	69	57	53
Average room rate (€)	114	104	100	98	99	107
Revenue per available room (RevPAR) (€)	85	75	71	68	56	56
Gross operating profit before incentive fees (€'000)	6,500	5,572	5,503	5,350	3,987	4,801
Gross operating profit margin (%)	32	30	30	31	27	32

Corinthia Hotel St Petersburg

Hotel operations	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	14,229	18,997	17,645	15,459	13,033	9,093
Rooms (€'000)	10,199	13,834	12,056	10,454	8,378	5,907
Food & Beverage, and other revenue (€'000)	4,030	5,163	5,589	5,005	4,655	3,186
Occupancy level (%)	52	54	52	41	35	22
Average room rate (€)	139	180	165	181	168	203
Revenue per available room (RevPAR) (€)	72	98	86	74	59	45
Gross operating profit before incentive fees (€'000)	3,007	7,619	6,775	5,400	4,376	2,698
Gross operating profit margin (%)	21	40	38	35	33	30
Lease of commercial property						
Turnover (€'000)	4,209	4,740	2,459	892	200	205

Corinthia Hotel Lisbon

	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	19,597	17,769	16,187	18,727	15,813	12,197
Rooms (€'000)	13,167	11,751	10,764	12,240	10,212	7,684
Food & Beverage, and other revenue (€'000)	6,430	6,018	5,423	6,487	5,601	4,513
Occupancy level (%)	71	66	63	67	63	41
Average room rate (€)	98	94	89	97	86	99
Revenue per available room (RevPAR) (€)	70	62	57	65	54	41
Gross operating profit before incentive fees (€'000)	5,674	4,322	3,565	5,158	3,887	2,140
Gross operating profit margin (%)	29	24	22	28	25	28

Corinthia Hotel Prague

	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	15,740	14,310	16,611	16,445	13,996	13,643
Rooms (€'000)	9,024	8,467	9,805	9,319	7,762	7,643
Food & Beverage, and other revenue (€'000)	6,716	5,843	6,806	7,126	6,234	6,000
Occupancy level (%)	65	60	67	64	60	57
Average room rate (€)	71	72	75	74	65	69
Revenue per available room (RevPAR) (€)	46	43	50	47	39	39
Gross operating profit before incentive fees (€'000)	4,064	2,846	3,066	3,036	1,482	1,815
Gross operating profit margin (%)	26	20	18	18	11	13

Corinthia Hotel Tripoli

Hotel operations	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	8,345	19,705	16,526	13,372	23,873	32,399
Rooms (€'000)	5,105	13,357	11,137	8,968	15,042	22,402
Food & Beverage, and other revenue (€'000)	3,240	6,348	5,389	4,404	8,831	9,997
Occupancy level (%)	22	59	48	35	56	69
Average room rate (€)	212	208	212	229	245	299
Revenue per available room (RevPAR) (€)	47	122	102	82	137	206
Gross operating profit before incentive fees (€'000)	(1,211)	6,568	4,917	4,667	11,032	17,559
Gross operating profit margin (%)	n/a	33	30	35	46	54
Lease of commercial property						
Turnover (€'000)	5,863	5,868	6,263	5,969	6,118	6,100

Corinthia Hotel St George's Bay

	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	13,339	11,721	11,196	10,647	9,885	9,413
Rooms (€'000)	8,378	6,852	6,267	6,003	5,505	4,610
Food & Beverage, and other revenue (€'000)	4,961	4,869	4,929	4,644	4,380	4,803
Occupancy level (%)	79	71	68	70	66	53
Average room rate (€)	117	107	100	93	91	95
Revenue per available room (RevPAR) (€)	92	75	69	66	60	50
Gross operating profit before incentive fees (€'000)	3,049	1,501	1,518	1,413	1,381	1,487
Gross operating profit margin (%)	23	13	14	13	14	16

Marina Hotel

	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	7,852	6,886	6,655	6,254	5,740	5,074
Rooms (€'000)	5,182	4,266	4,016	3,886	3,520	3,000
Food & Beverage, and other revenue (€'000)	2,670	2,620	2,639	2,368	2,220	2,074
Occupancy level (%)	81	76	76	76	72	68
Average room rate (€)	87	77	72	68	68	61
Revenue per available room (RevPAR) (€)	71	59	55	53	48	41
Gross operating profit before incentive fees (€'000)	1,822	1,343	1,446	1,386	1,310	1,058
Gross operating profit margin (%)	23	20	22	22	23	21

Note: The Marina Hotel was acquired by IHI with effect from 1 January 2012 and therefore the financial information for the years 2009 to 2011 has been included in the table above for comparison purposes only.

Corinthia Hotel London

	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Turnover (£'000)	47,494	46,401	38,424	14,013
Rooms (£'000)	31,756	31,660	25,695	8,159
Food & Beverage, and other revenue (£'000)	15,738	14,741	12,729	5,854
Occupancy level (%)	73	72	63	29
Average room rate (£)	404	407	380	353
Revenue per available room (RevPAR) (£)	295	293	239	74
Gross operating profit before incentive fees (£'000)	14,374	14,012	7,820	(4,652)
Gross operating profit margin (%)	30	30	20	(33)

Note: IHI owns 50% of the Corinthia Hotel London. As such 50% of the net profit or loss from this operation after charging depreciation, property charges and finance costs is included in the consolidated financial statements of IHI under the heading 'Share of profit from equity accounted investments' of the income statement.

6.5 OPERATING PERFORMANCE OF THE MANAGEMENT COMPANY

The following table sets out the turnover of CHI Limited for the years indicated therein:

	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	11,305	10,875	8,475	6,089	4,364	5,743
IHI Properties (€'000)	9,463	8,378	6,430	4,644	2,940	4,481
Other Properties (€'000)	1,842	2,497	2,045	1,445	1,424	1,262

PART 5

7. EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including room reservations, food & beverage, rental of commercial space, management of hotel properties and other hotel services.
Direct costs	Direct costs include cost of food, beverages, consumables, labour expenses and all other direct expenses.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting depreciation & amortisation, finance costs, impairment provisions, share of profits from associate and affiliate companies and other operating costs.
Operating costs	Operating costs include all operating expenses other than direct costs and include selling & marketing and general & administration expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Fair value of investment property	Fair value of investment property is an accounting adjustment to change the book value of the Group's investment property to its estimated market value.
Impairment of hotel properties	Impairment of hotel properties is an accounting adjustment to change the book value of the Group's hotel properties to their estimated market value.
Share of profit from equity accounted investments	IHI owns minority stakes in a number of companies (less than 50% plus investments one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but IHI's share of profit is shown in the profit and loss account under the heading 'share of profit from equity accounted investments'.
Fair value on interest rate swaps	An interest rate swap is a derivative instrument in which IHI swaps with another counter party flexible interest rate cash flows with fixed interest rate cash flows or vice versa. The fair value is an accounting adjustment to change the book value of the derivative to its estimated market value.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

Key Performance Indicators	
Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average room rate	Average room rate is calculated by dividing hotel room revenue by rooms sold. Hotels use this measure to calculate the average price at which they are booking hotel rooms each night.
Revenue per available room (RevPAR)	RevPAR is calculated by multiplying a hotel's average room rate by its occupancy rate. A hotel uses this indicator as a performance measure with other hotels in the same category or market.
Revenue generating index	A revenue generating index measures a hotel's fair market share of its segment's (competitive set, market, etc) revenue per available room. If a hotel is capturing its fair market share, the index will be 1; if capturing less than its fair market share, a hotel's index will be less than 1; and if capturing more than its fair market share, a hotel's index will be greater than 1.
Profitability Ratios	
Gross profit margin	Gross profit margin is the difference between revenue and direct costs expressed as a percentage of total revenue.
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities (room revenue, food & beverage, rental income, hotel services, etc) of the Group.

Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition, the Corinthia brand, website development costs, etc), investment properties (commercial centres in St Petersburg and Tripoli, apartments in Lisbon, etc), property, plant & equipment (hotel properties), and investments accounted for using the equity method (investment in Corinthia Hotel London, Medina Tower, etc).
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, etc), cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and long term lease obligations.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Debt service cover ratio	The debt service cover ratio measures a company's ability to service its current debts by comparing its net operating income with its total debt service obligations.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's total debt by shareholders' equity.