REGISTRATION DOCUMENT
DATED 28 JUNE 2016

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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

by

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

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

with the joint and several Guarantee* of

IHI MAGYARORSZÁG ZRT.

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF HUNGARY
WITH COMPANY REGISTRATION NUMBER Cg.01-10-044660

*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note forming part of this Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Secured Bonds and the Guarantee provided by IHI Magyarország Zrt.

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS 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 INSTRUMENT. 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.

APPROVED BY THE DIRECTORS

Joseph Fenech on behalf of: Alfred Pisani, Frank Xerri de Caro, Abdulnaser M.B. Ahmida, Douraid Zaghouani, Hamad Mubarak Mohd Buamin, Abuagila Almahdi, Khaled Amr Algonsel, Joseph Pisani, Winston V. Zahra, Joseph J. Vella.

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

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON INTERNATIONAL HOTEL INVESTMENTS P.L.C. IN ITS CAPACITY AS ISSUER AND IHI MAGYARORSZÁG ZRT. IN ITS CAPACITY AS GUARANTOR 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, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015.

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. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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 AND THE GUARANTOR NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING “ADVISORS” IN SECTION 3.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS THE CASE MAY BE, 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);
AHCT	Alinmaa Holding Company for Tourism & Real Estate Investments, a company registered under the laws of Libya and having its registered office at Al-Hamamat St., Al Madina Alsiahya, Tripoli, Libya;
AUCC	Arab Union Contracting Company, a company registered under the laws of Libya and having its registered office at Level 21, General Department, Tripoli Tower, Tower 1, Tripoli, Libya;
Bondholders	a holder of Secured Bonds to be issued by the Issuer in terms of the Prospectus;
Bond Issue	the issue of the Secured Bonds;
CDI	Corinthia Developments International Limited, a company registered under the laws of Malta with company registration number C 70440 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Company, IHI or **Issuer**	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;
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;
Guarantee or **Security**	the joint and several suretyship granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex IV thereof;
Guarantor	IHI Magyarország Zrt. (full name IHI Magyarország Szolgáltató zártkörűen működő részvénytársaság), a company limited by shares registered under the laws of Hungary having its registered office at 1073 Budapest, Erzsébet krt 43-49, Hungary and bearing company registration number Cg.01-10-044660;

IHGH	Island Hotels Group Holdings p.l.c., a company registered under the laws of Malta having its registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians STJ 3391, Malta and bearing company registration number C 44855, and the companies in which IHGH has a controlling interest;
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 L.N. 1 of 2003;
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;
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;
Medina Tower JSC (Libya) or **MTJSC**	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;
NLI	NLI Holdings Limited, a company registered and existing under the laws of Jersey with company registration number 100582 and having its registered office at CTV House, La Pouquelaye, St Helier, Jersey JE2 3TP;
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; 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; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Secured Bond(s)	a maximum of €55,000,000 secured bonds due 2026 of a face value of €100 per bond bearing interest at the rate of 4% per annum and redeemable at their nominal value, as detailed in the Securities Note;
Securities Note	the securities note issued by the Issuer dated 28 June 2016, forming part of the Prospectus;
Security Interest or **Collateral**	a first ranking mortgage over the Security Property registered in the Budapest real estate registry in accordance with Hungarian law in favour of the Security Trustee;
Security Property	the hotel owned and operated by the Guarantor, the Corinthia Hotel Budapest, situated at 43-49, Teréz körút (Grand Boulevard) and 53, Hársfa Street, District VII, Budapest, Hungary;
Security Trustee or Trustee	Alter Domus Trustee Services (Malta) Limited, a company registered and existing under the laws of Malta with company registration number C 63887 and having its registered office at Vision Exchange Building, Territorial Street, Mriehel, Birkirkara BKR3000, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta);
Subsidiaries	means all entities (including structured entities) over which the Issuer has control. In terms of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity;
Summary Note	the summary note issued by the Issuer dated 28 June 2016, forming part of the Prospectus.

2. RISK FACTORS

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 MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. 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.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND THE GUARANTOR AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S AND/OR GUARANTOR'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR GUARANTOR.

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 and Guarantor'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 and Guarantor's directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under this Section 2 and elsewhere in the Prospectus. If any of the risks described were to materialise, they could have a material effect on the Issuer's and Guarantor's financial results and trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued in terms of the Prospectus and of the Guarantor to honour its obligations under the Guarantee.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantor and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors", for an assessment of the factors that could affect the Issuer's and Guarantor's future performance.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

2.2 GENERAL

An investment in the Issuer and the Secured Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Secured Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Secured Bonds, the merits and risks of investing in the Secured Bonds and the information contained or incorporated by reference to the Prospectus or any applicable supplement;
(ii) has sufficient financial resources and liquidity to bear all the risks of an investment in the Secured Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
(iii) understands thoroughly the terms of the Secured Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
(iv) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.3 RISKS RELATING TO THE GROUP AND ITS BUSINESS

General

The Issuer has a long trading history in mixed use real estate developments that consist principally of hotels and residential, office and retail property. 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

The Group has 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 riskier 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 characterized 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 uncertainty and political risk remain high in Libya with prevalent threats to positive development, including the rising incidence of violent acts resulting from conflicts and terrorist activity in several parts of the country, with some areas such as the Sirte basin being affected particularly badly. Locations visited by foreigners, including diplomatic interests and other symbolic targets, have been the subject of attacks. 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. Although an agreement was reached in December 2015 for the formation of a Government of National Accord, sustained levels of governance, stability and economic development cannot as yet be considered to have been achieved, and notwithstanding the reported efforts of the UN Special Mission in Libya (UNSMIL) the threat of further deterioration in Libya's general economic and social situation prevails.

Security concerns resulting from the above, as well as 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 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.

Furthermore, the Russian Federation has been negatively impacted by a significant drop in 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 have a negative influence on 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 Issuer and Guarantor.

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.

In common with many businesses, the Group will be relying heavily on the contacts and expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel. The loss of the services of any of the key personnel could have, in the short term, a material adverse effect on the Group's business.

Litigation risk

All industries, including the real estate development industry, are subject to legal claims, with or without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

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.

Risks relative to changes in laws

The Group is subject to taxation, environmental and health and safety laws and regulations. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus upon the business and operations of Group companies.

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

The Issuer's business, either directly or through subsidiaries or associated entities, consists of the acquisition, development and operation of mixed-use real estate projects, comprising hotels, residences, offices and retail spaces. 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 materializing at the prices and the tempo envisaged resulting in a liquidity strain, rental of commercial areas not being effected 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.

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 Group'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 Group may be exposed to certain financial risks, including interest rate risk, which the Group may be unable to effectively hedge against

The Group's activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk), credit risk and risks associated with the unpredictability of financial markets, all of which could have adverse effects on the financial performance of the Group.

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. The Group may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows if any future borrowings are made under bank credit facilities set at variable interest rates. Although in such a case the Group seeks to hedge against interest rate fluctuations, this may not always be economically practicable.

Furthermore, the possibility of hedging may become more difficult in the future due to the unavailability or limited availability of hedging counter-parties. An increase in interest rates which is not hedged may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to realise the benefits it expects from acquisitions, joint ventures and strategic alliances

The Group has been involved in a number of acquisitions, joint ventures and strategic alliances, the most recent transaction being the acquisition of IHGH in 2015. The Group expects to continue to enter into similar transactions as part of its long-term business strategy. Such transactions involve significant challenges and risks, including the transaction failing to achieve the Group's business strategy; the Group not realising a satisfactory return on the investment; the potential occurrence of difficulties in integrating new employees, business systems, and technology; or the transaction diverting management's attention from the Group's other businesses.

The success of acquisitions, joint ventures and strategic alliances will depend in part on the Group's ability to provide efficient integration from an operational and financial point of view. It may take longer than expected to realise the full benefits from transactions, such as increased revenue, enhanced efficiencies, increased market share, and improved market capitalisation, or the benefits may ultimately be smaller than anticipated or not realised at all. In addition, making such acquisitions requires significant costs for legal and financial advice and can take management's focus away from achieving other strategic objectives.

There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of any transaction, in whole or in part.

2.4 RISKS RELATING TO THE OPERATIONS OF THE ISSUER AND GUARANTOR

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

The Issuer's and Guarantor's operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains or losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

The Issuer's and Guarantor'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 Issuer and Guarantor are exposed to the 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 resulting in increased taxes and reduction in social spending, consequently materially affecting disposable income.

These measures and 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 Issuer's and Guarantor'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 and Guarantor's operating expenses are fixed, which may impede them from reacting quickly to changes in its revenue

A significant portion of the Issuer's and Guarantor's costs are fixed and the Issuer's and Guarantor's operating results are vulnerable to short-term changes in revenues. The Issuer's and Guarantor's inability to react quickly to changes in revenue by reducing operating expenses could have a material adverse effect on their respective 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 and Guarantor's ability to respond to adverse changes in the performance of their properties thereby potentially harming their respective 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 and Guarantor's control.

The Issure and Guarantor are exposed to the risk of failure of the Group's proprietary reservations system and increased competition in reservations infrastructure

In 2010 the Group set up its own proprietary central reservation 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 reservation offices and the Group's hotels. Lack of resilience or failure of the new central reservation 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.

2.5 RISKS INHERENT IN PROPERTY VALUATIONS

The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation referred to in this Prospectus reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.

2.6 RISKS RELATING TO THE GUARANTEE

If the Issuer were to default on its payment obligations in terms of the Secured Bonds, Bondholders would have to rely on claims for payment under the Guarantee, which is subject to certain risks and limitations, particularly the risk relating to the fact that claims against the Guarantee may only be made following the taking of enforcement action against the Guarantor in Hungary in respect of the Security Property. It will only be possible for the Security Trustee acting on behalf of the Bondholders to make a claim against the Guarantee once there has been an Event of Default (as defined in the Securities Note) by the Issuer which has not been remedied within the prescribed time. Only the Security Trustee has the right to enforce the Security Interests relating to the Security Property on behalf of the Bondholders. Accordingly, Bondholders will not have direct security interests in the Security Property and will not be entitled to take enforcement action in respect of the Security Property securing the Secured Bonds, except through the Trustee. The Issuer is incorporated under the laws of Malta. The Guarantor is organised under the laws of Hungary, with the Security Property located in Hungary. The ability of the Security Trustee to enforce the security interests of the Bondholders is subject to the laws of Hungary.

3. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS OF THE ISSUER AND THE GUARANTOR

3.1 DIRECTORS OF THE ISSUER

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

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 Amr Algonsel	Non-Executive Director
Joseph Pisani	Non-Executive Director
Winston V. Zahra	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 DIRECTORS OF THE GUARANTOR

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

Frank Xerri de Caro	Chairman
Joseph Pisani	Director
Joseph Galea	Director

The articles of association of the Guarantor also provide for a Supervisory Board, composed of the following members as at the date hereof:

Alfred Fabri	Chairman
Péter Hodina	Member
Réka Szalai-Dömötör	Member

3.3 SENIOR MANAGEMENT OF THE ISSUER

Joseph Fenech and Simon Naudi, both previously executive directors of the Issuer, jointly hold the post of Chief Executive Officer. Alfred Pisani, an executive director, is the Chairman of the Company. Joseph M. Galea and Neville Fenech hold the posts of Group Chief Financial Officer and Director of Finance of the Issuer, respectively. Clinton Fenech is the Company's General Counsel. Alfred Fabri holds the post of Company Secretary. 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.

3.4 ADVISORS TO THE ISSUER AND THE GUARANTOR

Legal Counsel to the Issuer

Name:	Camilleri Preziosi
Address:	Level 3, Valletta Buildings, South Street, Valletta VLT 1103 - MALTA

Legal Counsel to the Guarantor

Name:	Kálmán, Szilasi, Sárközy and Partners
Address:	Alkotás Center Office Building, H-1123 Budapest, Alkotás u. 39/C. 6. em. - HUNGARY

Sponsor

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

Manager and Registrar

Name:	Bank of Valletta p.l.c.
Address:	BOV Centre, Cannon Road, Santa Venera SVR 9030 – MALTA

Financial Advisors

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

3.5 AUDITORS OF THE ISSUER AND THE GUARANTOR

Auditors of the Issuer

Name:	PricewaterhouseCoopers
Address:	78, Mill Street, Qormi QRM 3101 – MALTA

The Issuer appointed PricewaterhouseCoopers of 78, Mill Street, Qormi QRM 3101, Malta as auditors with effect from 1 January 2015.

The annual statutory consolidated financial statements of the Issuer for the financial year ended 31 December 2015 were audited by PricewaterhouseCoopers. PricewaterhouseCoopers 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).

The annual statutory consolidated financial statements of the Issuer for the financial years ended 31 December 2013 and 2014 were 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).

Auditors of the Guarantor

Name:	PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság (company no. 01-09-063022)
Address:	HU-1055 Budapest, Bajcsy-Zsilinszky út 78. – HUNGARY

The annual statutory consolidated financial statements of the Guarantor for the financial years ended 31 December 2013, 2014 and 2015 have been audited by PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság. PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság is a firm of certified public accountants.

3.6 SECURITY TRUSTEE

Name:	Alter Domus Trustee Services (Malta) Limited
Address:	Vision Exchange Building, Territorial Street, Mriehel, Birkirkara BKR 3000 - MALTA

4. INFORMATION ABOUT THE ISSUER AND THE GUARANTOR

4.1 INTRODUCTION

4.1.1 The Issuer

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 Number:	+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 58.49% of the share capital in the Issuer, Istithmar and LFICO both act as strategic investors in the Company with direct holdings of 21.95% and 10.97% respectively. LFICO also owns 50% of CPHCL, whilst half of its direct holding of 10.97% 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 The Guarantor

Full Legal and Commercial Name of the Issuer:	IHI Magyarország Szolgáltató zártkörűen működő részvénytársaság
Registered Address:	1073 Budapest, Erzsébet krt 43-49, Hungary
Place of Registration and Domicile:	Budapest Tribunal as court of company registry, Hungary
Registration Number:	Cg.01-10-044660
Date of Registration:	30 July 2001
Legal Form:	Company limited by shares (unlisted)
Telephone Number:	+36 1 479 4000

The Guarantor was incorporated as a private company with limited liability incorporated under the laws of Hungary on 30 July 2001 and was registered under number 0110044660. The Guarantor was set up as a fully owned subsidiary of the Issuer. The principal business of the Guarantor, a hotel-owning company, is that of providing hotel services. The independent auditor of IHI Budapest is PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság, member of the Hungarian Chamber of Auditors, located at Bajcsy-Zsilinszky út 78, H-1055, Budapest, Hungary.

4.2 BUSINESS OVERVIEW

4.2.1 Business Overview of the Issuer

IHI, 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 Julian's (Malta). NLI is a joint venture between IHI and LFICO, each party holding 50% of the issued share capital in NLI. NLI owns the 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 the operation of owned hotels. A secondary source of income and earnings is rental income of residential and commercial premises, particularly in St Petersburg, Budapest and Tripoli. Additional revenue streams include fees earned by CHI Limited, a wholly owned subsidiary of IHI, from hotels owned by IHI itself or managed pursuant to management contracts with CPHCL and other third parties. As at the date of this Registration Document CHI Limited manages eight hotels owned by IHI (of which one is 50% owned by IHI) and another five hotels owned by CPHCL and/or third-party owners.

On 10 August 2015, IHI acquired 100% of the issued share capital of IHGH. The business of IHGH largely relates to: the ownership, management and operation of five-star hotels in Malta (namely, the Radisson Blu Resort St Julians - 100% owned by IHGH, and the Radisson Blu Resort & Spa, Golden Sands – 50% owned by IHGH); the operating of a vacation ownership marketing business for the aforesaid hotels; the operation of retail and event catering business (Island Caterers Limited); and the development and operation of Costa Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands. IHGH, through a wholly owned subsidiary, also owns a plot of land measuring 83,530m^2 located adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta. The property is earmarked for the development of a residential complex.

On 11 April 2016, NLI acquired the entire issued share capital of the Belgian hotel-owning company, Hotel Astoria S.A., resulting in the acquisition of the Grand Hotel Astoria in Brussels. Further information on the proposed development of this property is set out in section 4.5(h) below.

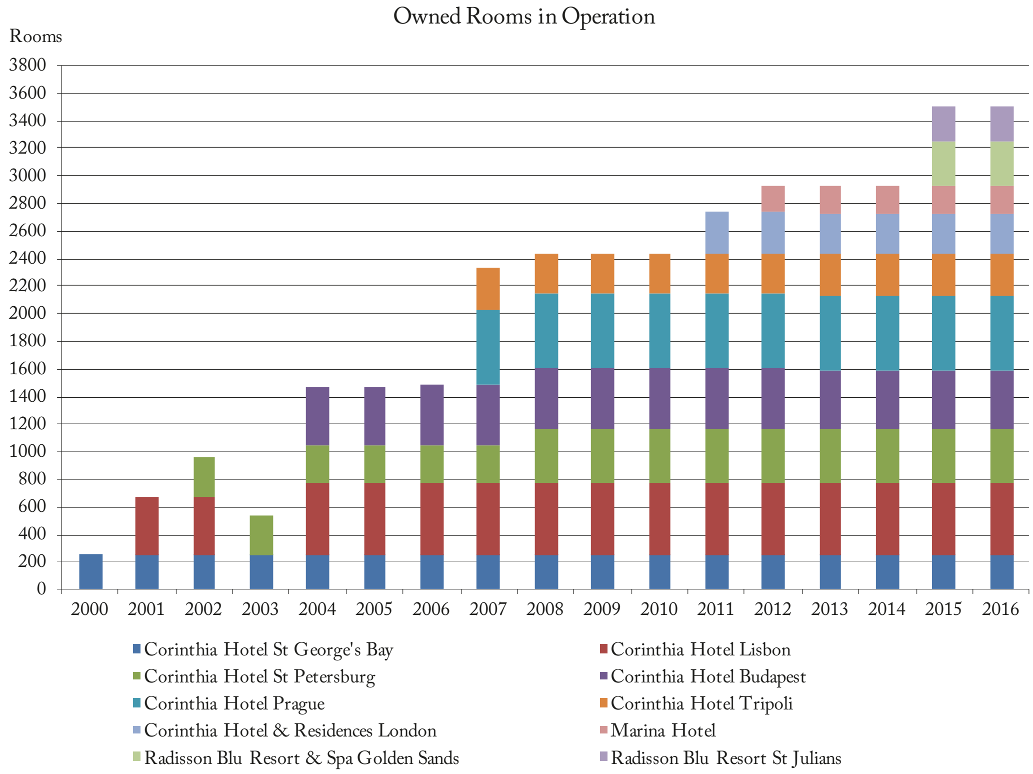
In May 2016, CHI signed a technical services and pre-opening services agreement with Meydan Group, to assist Meydan's architects, engineers and consultants in the planning and development of a luxury hotel and residences to be operated under the Corinthia® brand on Jumeirah Beach in Dubai, UAE. CHI has also entered into a management agreement in respect of this hotel having a term of 20 years due to commence as of the scheduled hotel opening date in early 2022. The site encompasses a total land area of 19,900m$^{2.}$ Construction has started and detailed design work is progressing on the proposed luxury hotel and apartments on the water's edge. The 55-storey hotel was designed in a way that all guestrooms enjoy direct sea views and meet the standard of five-star rated hotels worldwide, including a range of amenities from a state-of-the-art spa to several dining options. The hotel's inventory will feature a total of 360 guest rooms of varying sizes and amenities, as well as 60 serviced apartments for both short and long-term stays. The hotel's terraced podium will overlook a large levelled outdoor pool area that will open directly onto the beach.

On 22 June 2016 CHI entered into a memorandum of understanding with a globally-recognised investment fund for the development and management of a boutique hotel in Rome. Works are expected to commence in 2017 and be completed by 2019. The Groups' role in this project will be initially as developers and subsequently as operators under the Corinthia brand.

On 29 July 2013 CHI entered into a pre-opening and technical services agreement, as well as a hotel operation agreement for the operation of a 148 room hotel in Abuja, Nigeria in relation to the development, construction and operation of a hotel to be operated by CHI as a Corinthia® Hotel on a site in Abuja, Nigeria. The foundation works for the hotel commenced in the second half of 2015 and the development is currently at the pricing of tenders stage.

The Issuer is also a 20% shareholder of QPM. QPM offers a range of project, construction and cost management services to a number of international clients in various countries. It provides services to the Group as well as to its third party client base. The Issuer is in the course of acquiring the remaining 80% shareholding in QPM. Further information on this transaction may be found in section 4.5 of this document.

The chart below sets out the growth in room inventory of IHI since incorporation, which increased from 250 to 3,509 rooms over a 16-year period.



Source: Management

2000: 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.

2001: IHI acquired the four star 430-bedroom Alfa Hotel in Lisbon on 16 August 2001.

2002: IHI acquired the 285-bedroom Corinthia Hotel, St Petersburg on 16 January 2002 together with adjoining buildings for development.

2003: IHI closed the Alfa Hotel, Lisbon on 24 February 2003 for refurbishment and extension.

2004: IHI inaugurated the 414-bedroom Corinthia Hotel, Budapest on 30 April 2004. The Corinthia Hotel, Lisbon re-opened as a five star hotel on 1 May 2004 with 518 bedrooms.

2006: IHI inaugurated 26 penthouse apartments situated at the Corinthia Hotel, Budapest.

2007: IHI acquired, in May 2007, the 544-bedroom Corinthia Hotel, Prague, and the 299-bedroom Corinthia Hotel & Commercial Centre, Tripoli.

2008: 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.

2009: 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 294-bedroom luxury hotel and 12 residential apartments.

2011: The Corinthia Hotel, London commenced operations in April 2011 while the residential apartments achieved practical completion in November 2012 (by March 2014, 11 of the 12 residential apartments were sold on the open market).

2012: IHI acquired the 200-bedroom Marina Hotel in St. Julian's, Malta, on 13 February 2012.

2015: In the second half of 2015, IHI acquired the IHGH Group, owner of the 252 room five-star Radisson Blu Resort in St Julian's and joint owner of the 329 room Radisson Blu Resort & Spa, Golden Sands.

2016: In April 2016 NLI acquired the entire issued share capital of Hotel Astoria S.A., the company owning the 145 room Grand Hotel Astoria in Brussels.

4.2.2 Business Overview of the Guarantor

The principal business of the Guarantor, a hotel-owning company, is that of providing hotel services. The Guarantor's principal asset is the Corinthia Hotel Budapest, a trophy 5 star luxury establishment located in the very heart of Budapest. Behind its distinguished façade the old Corinthia Hotel Budapest (dating back to 1896) has been transformed into a modern luxury hotel, considered one of the finest hotels in Budapest. The Corinthia Hotel Budapest boasts a wealth of interior architectural detailing which was carefully restored and incorporated in 2003. The luxurious Royal Spa, offering a wide range of modern facilities, complements the hotel. The property is located in the central area of Nagykörút (or Grand Boulevard), which is one of the most central and busiest parts of Budapest. It forms a semicircle connecting two bridges crossing the Danube, Margaret Bridge on the north and Petőfi Bridge on the south. This semicircular area is considered to be the city centre of Budapest.

This luxury hotel, which provides leisure, business and conference accommodation, comprises 440 rooms, including 31 suites and 26 residential apartments. The hotel also features three restaurants, one bar and one coffee bar, a conference centre accommodating up to 2,200 delegates, 12 meeting rooms and an executive club. Other facilities include the original 19th century spa located in an adjoining building, which was extensively refurbished in 2005, as well as indoor swimming facilities.

The fully serviced and tenanted luxury apartments located in a property connected to the hotel via a private glass skyway bridge are available for short-term leases. Residents of these apartments have access to all the facilities of the hotel.

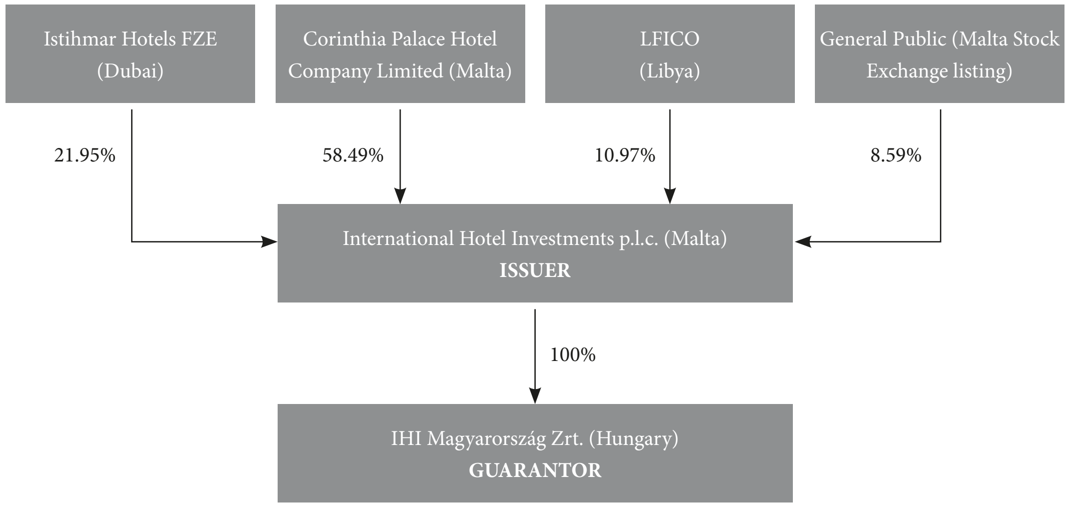
4.3 ORGANISATIONAL STRUCTURE OF THE GROUP

The Group's organisational structure has expanded over the years in line with the Group's development phases and growth. The Group's organisational structure 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.

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 Guarantor is not dependent upon the operations and performance of any Group companies.

The following diagram summarises, in simplified format, the structure of the Group and the position within the said group of the Issuer and Guarantor. The complete list of companies forming part of the Group and further information on other investments of the Group are included in note 16.1 and 17 respectively of the consolidated audited financial statements of the Issuer for the year ended 31 December 2015. The aforesaid financial statements are available for inspection as indicated in section 16 below.



The following table provides a list of the principal assets and operations of the Issuer:

INTERNATIONAL HOTEL INVESTMENTS PLC
PRINCIPAL ASSETS AND OPERATIONS
AS AT 28 JUNE 2016

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel Budapest	Hungary	Property owner	100	440
Corinthia Hotel St Petersburg	Russia	Property owner	100	388
Commercial property St Petersburg	Russia	Property owner	100	n/a
Corinthia Hotel Lisbon	Portugal	Property owner	100	518
Corinthia Hotel Prague	Czech Republic	Property owner	100	539
Corinthia Hotel Tripoli	Libya	Property owner	100	299
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George's Bay	Malta	Property owner	100	250
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London	United Kingdom	Property owner	50	294
Corinthia Grand Astoria Hotel Brussels	Belgium	Hotel property (to be developed)	50	n/a
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	50	329
CHI Limited	Malta	Hotel management	100	n/a
QPM Limited	Malta	Project management	20	n/a
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
Island Caterers	Malta	Event catering	100	n/a
Hal Ferh Complex	Malta	Residence complex (to be developed)	100	n/a
Costa Coffee	Malta/Spain	Retail catering	100	n/a
				3,509

4.4 BUSINESS DEVELOPMENT STRATEGY

The Group's business strategy focuses on achieving positive and sustainable financial results, and appreciation in the value of the Group's properties. In the execution of the Group's strategy, management aims to provide a high quality service at each hotel and treat customers to a unique hospitality experience. Through the provision of better quality offerings the brand value is further enhanced, and occupancy levels and average room rates are improved. Moreover, such strategy enables the Group to target higher-yielding customers, in particular from the leisure and conference/event segments.

Electronic booking portals have gained significant importance in generating room reservations. In this respect, the Group is continuously optimising its website 'Corinthia.com', further developing its online reservation system and investing in online marketing.

From a cost perspective, improved results are being achieved through the implementation of cost-control and energy-efficient measures at Group hotels, particularly since the acquisition of IHGH. These are predominantly evident in the procurement of goods through the increased purchasing power of the hotel properties in Malta and the consolidation and rationalisation of board of directors members' and other administrative costs across the IHGH Group.

The Group's strategy focuses on the operation of hotels that are principally in the five star category and ongoing investment in their upkeep is given due importance in order to preserve their attractiveness and incremental value.

In addition, whilst the Issuer continues to target investments in under-performing properties in emerging markets, nowadays it seeks to further diversify its portfolio of investments both geographically (not limiting itself to emerging markets but also focusing on key and mature capital cities) as well as in terms of business segments. Indeed, in addition to the aforementioned strategy for internal growth, the Group aims to grow its business externally by further expanding its portfolio of hotels and mixed-use properties and venturing into other businesses through:

- ***Acquisitions, joint ventures and developments***
  Management remains active in growing the Group's portfolio of hotel and mixed-use properties by acquisition, particularly if these entail a potential for capital appreciation. In 2015, the Group acquired IHGH which, *inter alia*, will enable the Group to redevelop the three hotels located near St George's Bay, St Julian's, Malta into a mixed-use luxury development. This recent acquisition will also allow the Group to diversify its revenue streams through the expansion of Costa Coffee outlets principally in Spain. Furthermore, other mixed-use properties described in section 4.5 below are earmarked for development in the coming years, which are expected to generate positive returns for the Group. Furthermore, management remains active in the pursuit of new investment opportunities. In particular, if available at attractive prices and subject to funding, the Group is principally interested in acquiring hotels in its target markets, specifically in certain European cities.

- ***Management contracts***
  The Group is intent on growing ancillary business lines such as hotel management. 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. Accordingly, where attractive opportunities arise, the Group, through CHI, will seek to expand its portfolio of hotels by entering into agreements to manage hotels for third party owners. Management believes that the strength of the Corinthia® brand, its reservation system and online presence, and the quality of its existing operations, place it in a good position to establish such relationships, which are expected to gather momentum in the short to medium term, principally through the exposure that the Corinthia Hotel & Residences, London gave to the international market.

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.

Since 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 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® Brand acquisition has proved to be an important part of the Group's strategy to capitalise on the repositioning of the Corinthia® Brand as a global luxury hotel brand.

4.5 INVESTMENTS

The most recent principal investments of the Group are described hereunder:

(a) ***Island Hotels Group Holdings p.l.c.***

In the second half of 2015, IHI acquired the assets, liabilities and operations of the Island Hotels Group. IHI acquired the entire issued share capital of IHGH which consisted of 38,583,660 shares of a nominal value of €1 each. In consideration for this acquisition IHI effected an aggregate cash settlement of €21.4 million and issued 2,687,960 ordinary IHI shares of €1 each in favour of IHGH's outgoing shareholders, upon the signing of the share purchase and sale agreement on 10 August 2015. A further payment of €17.3 million and the issuance of 6,507,168 ordinary IHI shares will be made by 10 August 2016. The cash settlement is expected to be partly funded through part of the net proceeds of this Bond Issue with the balance being funded through new bank financing.

(b) ***St George's Bay Development***

Following the IHGH acquisition in 2015, IHI initiated the design process to consolidate the three hotel properties situated in St George's Bay, St Julians, Malta (namely, the Radisson Blu Resort St Julians, the Corinthia Hotel St George's Bay and the Marina Hotel), and make way for a mixed-use development that will feature multiple luxury hotels, attracting high net worth leisure and corporate guests, as well as high-end residential, office, retail and commercial facilities targeting a six-star market.

The Group is in the initial stage of formulating a development concept and design for the project and as such, a formal application is yet to be submitted to the Planning Authority for project sanctioning. Thereafter, subject to having the required funding in place, it is envisaged that this project will be spread out over a number of phases to minimise interruption to hotel operations.

(c) ***Costa Coffee***

In May 2012, The Coffee Company Malta Limited (at the time an associate company, but now a fully owned subsidiary, of IHGH) entered into a five year agreement (renewable by a further five years) with Costa Coffee International for the development of ten Costa Coffee retail outlets in Malta. The first Costa Coffee outlet was opened in June 2012 at the check-in lounge of the Malta International Airport. Since then, another nine Costa Coffee outlets were opened (three outlets at the Malta International Airport and one outlet in each of The Point Shopping Complex Sliema, the premises formerly known as Papillon in Balzan, The Embassy Valletta, Bay Street Complex St Julian's, Marsaxlokk sea front and a second outlet in the heart of St Julian's). With ten outlets open, The Coffee Company Malta Limited reached the target it had originally set for a five year period in under four years. The team will continue to look at opportunities in Malta as they arise but there are no immediate plans to open any more outlets in 2016.

In March 2014, The Coffee Company Spain S.L. (at the time an associate company, but now a fully owned subsidiary, of IHGH) entered into a franchise agreement with Costa Coffee International for the development and operation of up to 75 Costa Coffee outlets in the East Coast of Spain, the Balearic and Canary Islands. The first outlet in Spain opened in the third quarter of 2014 and by 31 December 2015, ten outlets were in operation. During the first quarter of 2016 a further five outlets were opened, two in Benidorm, two in Palma de Mallorca and one in Valencia. This brings the total number of outlet openings to 15, equating to an opening every month since the start of operations in Spain.

Looking ahead, the Group has resolved to revisit the tempo of outlet openings in Spain, such that the original development strategy to open 75 outlets by 2018 will be extended over a longer period of time. The revised timeline will enable management to increase focus on achieving operating efficiencies in each new outlet. The capital expenditure earmarked for the additional outlets is estimated at €19.6 million. The cash outflow is expected to be financed through bank borrowings supplemented by cash flow from operations.

(d) ***Medina Tower***

In 2010, MTJSC was set up for the purpose of owning and developing the Medina Tower. The shareholders of MTJSC are MIH, IHI, AUCC and AHCT, having a shareholding of 25% each (the latter two companies were formerly known as Economic Development and Real Estate Investment Company [EDREICO]). The parcel of land over which this project will be developed measures *circa* 13,000m^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, where a double height restaurant will complete the property. 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 requirements for the said project. The remaining 60% of funding will be raised through bank financing. MTJSC has in hand an approved and signed sanction letter from a Libyan financial institution. However, since the sanction letter was issued in 2014, it is expected that on resumption of works, the Libyan financial institution would request a revision of terms and conditions included in the said sanction letter. The project was put on hold in 2014 as a result of the conflict in Libya and the prevailing political uncertainty.

(e) ***Corinthia Hotel St Petersburg***

A renovation programme for the Corinthia Hotel St Petersburg, estimated at €23.5 million, was approved by the IHI board of directors in 2014. This project comprises the refurbishment of the rooms of the original hotel and the development of an existing building measuring *circa* 1,500m^2 situated behind the hotel and which will consist of the creation of a car park and further office space. The project will commence once the economic situation in Russia improves and there is a material recovery in the generation of revenue at the hotel. The renovation of the hotel is expected to be funded through available free cash flow generated by this entity.

(f) ***Hal-Ferh Project***

As part of the IHGH acquisition, IHI took ownership of the 83,530m^2 plot of land at Hal-Ferh, situated adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta. The Group is currently in the process of assessing the project designs and concept and funding requirements, prior to embarking on the execution of this project.

(g) ***Benghazi Project***

IHI has a 55% equity participation in Libya Hotel Development and Investment JSC, a company set up in Libya 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, 2,000m^2 of retail space and 10,000m^2 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 and outlook 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.

(h) ***Brussels***

The Grand Hotel Astoria was built in 1910 by a Belgian aristocratic family and at the time it was acquired by its last owners in 2007 it was operated as a 145 room hotel. When bought by the hotel's former owners in 2007, it was closed with a view to carrying out an intensive refurbishment. However such refurbishment failed to get underway and the asset has laid desolate for the last ten years. The hotel, once redeveloped, will be renamed the Corinthia Grand Astoria Hotel. IHI will handle the redevelopment of the hotel on behalf of NLI, much as it had done on the London project, this time through its newly created development company, CDI. CDI has reconfigured the plans currently in place for the hotel, and with the help of GA Design in London (the designers engaged in the London project), reorganised the ground floor flows and uses, as well as reconfigured the bedroom inventory, to ensure that all bedrooms are larger than 30m$^{2.}$ The new key count is set at 121 bedrooms of which 25% will be junior suites or suites. The hotel has been awarded a building permit to carry out the planned redevelopment.

The Issuer, on behalf of NLI, has prepared a capital concept cost estimate for the full refurbishment project, which cost is estimated at €65 million, inclusive of all costs, fees and contingencies. Work is underway to source and secure funding of the €65 million for the refurbishment project, and third party brokers have been mandated on the fundraising with targeted investment funds. The purchase price of the asset of £10,921,465 (€13.76 million at the applicable exchange rate) was funded through the utilisation of the available credit line on the London hotel operation with the Barclays Bank syndicate. An interest free deferred consideration of €500,000 is also payable after two years from opening of the hotel.

The commencement of some clean-out and restoration works has begun in earnest and the aim is to progress to construction by early 2017. The Issuer's aim is to complete the reconstruction and fit out of the hotel by early 2019. QPM are acting as project managers and work is underway to seek quotations from Belgian and international engineers, M&E designers, cost consultants and interior designers. CDI will handle the redevelopment project.

The refurbishment of the Grand Hotel Astoria will add another key destination to the Corinthia Brand's growing portfolio.

(i) ***Dubai***

In May 2016 CHI entered into a technical and pre-opening services agreement as well as a subsequent 20 year management agreement with Meydan, for the proposed Corinthia Hotel & Residences at Jumierah Beach, Dubai UAE. Further information is set out in section 4.2.1 above.

(j) ***QPM***

The Issuer is in the process of acquiring the remaining 80% of the entire issued share capital of QPM. The share purchase agreement is anticipated to be signed by the end of June 2016, having a consideration of €4.6 million payable from part of the net bond issue proceeds. The share purchase agreement further includes additional condition payments that may be or may become due to QPM and which, had they been crystallised at the point in time of the acquisition date, would have enhanced the value of QPM, resulting in a higher purchase consideration.

The said additional conditional payments comprise the following: (i) QPM is due an amount for services provided on a third party project. Upon receipt of all or part of said amount by QPM, the purchaser will be bound to pay an additional amount to the seller calculated on a given percentage of settled amounts; (ii) In view of the political and economic situation in Libya, the business activities of QPM in the country have stalled. In the event that QPM were to recommence any projects in Libya and were to generate cash revenues in any of the financial years ending 31 December 2017, 2018 and 2019, the seller will be due an additional amount from the purchaser based on a percentage of such cash revenues; (iii) Although QPM is already engaged to provide its services on the Corinthia St George's Bay Development, this engagement has not been factored in the valuation. Accordingly the seller will be due an amount equivalent to a percentage of revenues generated by QPM from the project on an annual basis up to 31 December 2026.

None of the above events have been included in the determination of the consideration payable for the acquisition of QPM, and therefore the figure indicated above may vary accordingly as aforesaid.

Save for the above, the Group is not party to any other principal investments, and has not entered into or committed for any principal investments subsequent to 31 December 2015, being the date of the latest audited consolidated financial statements of the Issuer.

5. TREND INFORMATION AND FINANCIAL PERFORMANCE

5.1 TREND INFORMATION

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

The following is an overview of the most significant recent trends affecting the Issuer and the Guarantor and the markets in which the Group operates:

Libya

The continued instability and state of uncertainty prevailing since the 2011 uprising continues to have a negative effect on Libya's economy and as a result, on the performance and operation of the Corinthia Hotel Tripoli.

Ongoing conflict between rival militias has left Libya deeply divided, with vast regions split under the rule of various groups and armed gangs taking control on a smaller scale. This has left a security vacuum in the country without a reliable police or army force to maintain law and order. Moreover, a government that is recognised both on a national and international level is yet to be appointed. 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. This state of affairs is expected to continue in the near term as there is yet no indication that the unstable political and security climate will subside any time soon.

As such, low occupancy at the Corinthia Hotel Tripoli is expected in 2016. Moreover, development of a number of the Group's properties in Libya (including Medina Tower and the Benghazi Project) will remain on hold until such time when there are clear signs that the turmoil in Libya has subsided and a gradual recovery in business activity has commenced.

Russia

Lower oil prices, a decline in real wages, the weakening of the Rouble and the impact from external economic factors continued to weigh on the Russian economy in 2015 and the first part of 2016. However, initial signs of stabilisation are coming from the industrial sector, while performance in the agricultural sector is also looking better. Despite such evidence, the economy will likely continue to underperform due to low oil prices, external economic factors and increasing geopolitical risks.[1]

The Corinthia Hotel St Petersburg has been affected by a reduction in corporate travel to the Russian Federation and a significant reduction in the value of the Rouble against the Euro. The challenges set 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.

Malta

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2015 as well. Inbound tourism from January to December 2015 amounted to 1.8 million guests, an increase of 6.0% over the same period in 2014. Although tourists residing in collective accommodation (hotels, guesthouses, hostels, B&Bs, etc) made up 71.7% of the market in 2015, preference for private accommodation has been growing in the last years at a faster pace, and actually increased by 18.2% from 2014. Tourism expenditure was estimated at €1.6 billion, 7.5% higher than that recorded for the comparable period in 2014.[2] 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's 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 and leisure destination, which would in turn generate future growth. Meanwhile, the somewhat uncertain future of the national carrier Air Malta poses a threat to further growth and competition from other Mediterranean countries will likely remain strong.

[1] Russia Economic Outlook (www.focus-economics.com/countries/russia)
[2] National Statistics Office - Malta (www.nso.gov.mt)

In the light of the above developments, the Group's hotel properties in Malta have performed exceptionally well both in terms of revenue generation and profitability, achieving significant year-on-year growth.

Hungary

Hungary's economy picked up pace in the fourth quarter of 2015 as GDP growth accelerated from 2.4% in Q3 2015 to 3.2% in Q4. The pick-up in growth was driven by a robust performance from the domestic economy. Following a dynamic expansion in the last quarter of 2015, there are signs of moderation in economic activity in 2016. Industrial production and construction activity slowed in February 2016, while retail sales and employment improved. Although a deceleration in funding inflows from the EU is limiting growth, steps taken by the Central Bank of Hungary and the Government should mitigate the impact. The Central Bank of Hungary is projecting rising incomes and increased lending, which should support consumption and GDP growth.

In 2015, the number of nights spent by domestic tourists increased by 6.4% and that of international tourism nights increased by 4.6% compared to a year earlier. The guest turnover of accommodation establishments, measured in tourism nights, increased by an overall 1.3%. The gross revenues of accommodation establishments – at current prices – rose by 4.9%. In 2015, accommodation establishments recorded a total of 25.8 million tourism nights, 5.4% more than in 2014. Key markets that are contributing to growth in incoming travel include Germany, Austria, Russia, UK and the US.[3]

Overall, tourism prospects in Hungary are believed to be promising. Domestic tourism will be fuelled mainly by the continued decline of the local currency, making local travel more attractive for the budget conscious. Inbound travel will also benefit from more competitively-priced Hungarian offerings, especially in medical and health tourism. The conflict in neighbouring Ukraine and the escalating economic difficulties in Russia, however, pose great uncertainties as both are important feeder markets and drastic changes in arrival numbers could affect the performance.

In line with the country's economic improvements, the Group's five star hotel property achieved significant year-on-year growth both in revenue generation and in profitability. A substantial part of these improvements is in consequence of the diversification in market segmentation wherein lower rated business is being replaced by the more lucrative leisure market segment.

Czech Republic

The Czech Republic's economic performance was extraordinarily strong in 2015 and a third consecutive annual expansion above 4.0% was recorded (2015: 4.3%). The expansion mainly came on the back of the domestic economy, fuelled by rising investment, through strong absorption of EU funds, and public spending. Solid private consumption, which is benefiting from expansionary monetary policy and low oil prices, has also encouraged growth. The economy will likely decelerate in 2016 and expand at a more sustainable pace, partly because inflows of EU funds and government spending are projected to slow. As such, the Czech National Bank expects economic growth to slow to 2.7% in 2016.

In 2015, Czech hotels reported an increase in overnight stays of 10.2% y-o-y to 47.1 million and guest numbers (both resident and foreign guests) increased by 9.6% to 17.2 million. Of the foreign guests, the country experienced a decrease in guests from Russia (-37.4% or 260,000 guests) and from Ukraine (-10.7% or 12,000 arrivals), which was compensated by higher occupancy of guests from neighbouring as well as distant countries. German visitors increased by 12.6% y-o-y as well as Slovaks (+14.6%) and persons from USA (+14.9%). The number of guests from China and South Korea increased by 35.3% and 31.8% respectively. [4]

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.

This positive trend was also witnessed at the Group's five star hotel property in Prague where over the past couple of years there has been significant year-on-year growth both in revenue streams and profitability.

[3] Hungarian Central Statistical Office (www.ksh.hu)
[4] Czech Statistical Office (www.czso.cz)

Portugal

Portugal's gross domestic product expanded in the three months through December 2015 from the prior quarter as a rise in exports helped offset a drop in investment. GDP rose 0.2% from the third quarter, when it was unchanged. The Portuguese economy expanded 1.2% in the fourth quarter from a year earlier, the slowest pace of annual growth since the fourth quarter of 2014. For the year of 2015, GDP increased 1.5% after expanding 0.9% in 2014.

In 2015, tourism accommodation establishments hosted 17.4 million guests (+8.6%) and registered 48.9 million overnight stays (+6.7%). Compared to the corresponding year, the internal market grew by 5.3% registering 14.5 million overnight stays. Overnight stays from non-residents in 2015 increased by 7.3% and represented 70.3% of the total. On a regional basis, growth was registered in all regions of mainland Portugal, with particular emphasis on the Alentejo region, Azores and the North (+11.8%, +19.6% and +13.6% respectively). As in prior periods, the inbound markets preferred to choose the Algarve, Lisbon and Madeira.[5] The coordination between tourism and aviation authorities to expand available routes turned out to be crucial for Portugal's success in the tourism industry.

With the introduction of low cost airline carriers to the country, Portugal is perceived as a 'value for money' destination and this has been one of the leading factors contributing to the growth in hospitality numbers detailed above. The Group's hotel property in Lisbon has likewise benefitted from this upsurge in business registering significant year-on-year growth both in revenue and profitability.

United Kingdom

The UK economy grew by 0.5% in Q4 2015, taking the annual rate of growth for 2015 to 2.2% (0.7% lower than the 2.9% growth registered in 2014). The disappointing figure was the result of a slowdown in industry due to feeble manufacturing figures as factories struggled with a strong pound and weak external demand. Moreover, the construction sector recorded the first contraction in nearly two years. This could prompt concerns that the UK economy's reliance on the services sector (which continued to expand in 2015) is increasing further. The country's macroeconomic fundamentals remain strong and a robust labour market will sustain growth going forward. However, uncertainty following the referendum result for UK to leave the European Union, weak overseas growth and financial market volatility are all creating an unsettling business environment and point to downside risks to the economy in 2016.

International visits to the UK by overseas residents rose by 5% to 8.5 million in the period October 2015 to December 2015 compared with the same period a year earlier. In the 12 months to December 2015, the number of visits to the UK was 4% higher (to 35.8 million visits) than a year earlier and earnings remained the same during this period (non-residents spent £21.8 billion in 2015). Visits from North America and Europe were up by 8% and 3% respectively and visits from 'Other Countries' grew by 6%. Business trips grew 6%, holiday visits increased by 1% and visits to friends or relatives was up 7%. [6]

Since its launch in 2011, the Corinthia Hotel & Residences London managed to increase both its revenue generation and operating profits annually. 2015 has been the best performing year for the hotel as it is now approaching its stabilised years of performance.

[5] Instituto Nacional de Estatistica (www.ine.pt)
[6] Office for National Statistics - UK (www.ons.gov.uk)

5.2 KEY FINANCIAL REVIEW

The financial information about the Issuer is included in the audited consolidated financial statements for each of the financial years ended 31 December 2013, 2014 and 2015. The said statements have been published and are available on the Issuer's website (www.ihiplc.com) and at its registered office. Set out below are highlights taken from the audited consolidated financial statements of the Issuer for the years ended 31 December 2013, 2014 and 2015.

International Hotel Investments p.l.c. **Consolidated Income Statement** **for the year ended 31 December**	**2013** **€'000**	**2014** **€'000**	**2015** **€'000**
Revenue	123,734	116,379	134,074
Direct costs	(64,152)	(61,147)	(70,326)
Gross profit	**59,582**	**55,232**	**63,748**
Other operating costs	(24,601)	(26,382)	(31,631)
EBITDA	**34,981**	**28,850**	**32,117**
Depreciation and amortisation	(23,763)	(18,390)	(20,093)
Movement in fair value of investment property	571	(15,391)	193
Net impairment of hotel properties	5,000	2,081	11,639
Results from operating activities	**16,789**	**(2,850)**	**23,856**
Share of loss : equity accounted investments	(5,788)	(14,537)	(2,557)
Net finance costs	(15,940)	(13,035)	(22,199)
Net fair value loss on interest rate swaps	1,789	1,466	-
Movement in fair value of indemnification assets	(883)	(879)	551
Loss before tax	**(4,033)**	**(29,835)**	**(349)**
Taxation	4,299	13,549	(3,398)
Loss for the year	**266**	**(16,286)**	**(3,747)**
Other comprehensive income			
Net impairment of hotel properties	(8,200)	(28,953)	21,105
Share of other comprehensive income of equity accounted investments	41,616	18,380	9,674
Other effects and tax	(7,447)	11,170	(15,883)
	25,969	**597**	**14,896**
Total comprehensive income (expense) for the year net of tax	**26,235**	**(15,689)**	**11,149**

International Hotel Investments p.l.c. **Consolidated Cash Flow Statement** **for the year ended 31 December**	**2013** **€'000**	**2014** **€'000**	**2015** **€'000**
Net cash from operating activities	42,078	29,986	29,502
Net cash from investing activities	(4,287)	(4,160)	(28,555)
Net cash from financing activities	(43,666)	(13,467)	(7,133)
Net movement in cash and cash equivalents	**(5,875)**	**12,359**	**(6,186)**
Cash and cash equivalents at beginning of year	11,363	5,491	17,850
Cash and cash equivalents at end of year	**5,488**	**17,850**	**11,664**

International Hotel Investments p.l.c. Consolidated Balance Sheet as at 31 December	2013 €'000	2014 €'000	2015 €'000
ASSETS			
Non-current assets			
Intangible assets	44,856	43,556	55,989
Indemnification assets	22,566	21,687	22,238
Investment property	191,964	176,675	166,274
Property, plant and equipment	534,558	494,971	572,103
Investments in associates	201,689	213,241	267,045
Loan receivable	44,332	3,208	3,728
Assets placed under trust management	2,303	7,967	3,870
	1,042,268	961,305	1,091,247
Current assets			
Inventories	5,454	5,307	6,280
Loan receivable	-	-	7,325
Trade and other receivables	31,819	23,309	33,032
Taxation	2,883	2,639	2,896
Cash and cash equivalents	10,248	19,480	18,863
	50,404	50,735	68,396
Total assets	**1,092,672**	**1,012,040**	**1,159,643**
EQUITY			
Capital and reserves			
Called up share capital	554,238	554,239	573,636
Reserves and other equity components	88,701	88,886	86,719
Retained earnings	(16,448)	(48,941)	(52,665)
Minority interest	-	630	598
	626,491	**594,814**	**608,288**
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	292,729	271,464	342,616
Other non-current liabilities	97,332	82,938	108,740
	390,061	354,402	451,356
Current liabilities			
Borrowings and bonds	27,725	27,787	25,784
Other current liabilities	48,395	35,037	74,215
	76,120	62,824	99,999
	466,181	**417,226**	**551,355**
Total equity and liabilities	**1,092,672**	**1,012,040**	**1,159,643**

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 compared to the 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 & Residences London. 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 were lower by €1.6 million when compared to prior year, primarily reflecting (i) the continued reduction of IHI 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 IHI 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 IHI'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.

In April 2014, 11 apartments in Whitehall Place London forming part of the Corinthia Hotel & Residences London, in 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 IHI's 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.

Finance costs in FY2014 were lower by approximately €2.9 million (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 IHI's debt in consequence of scheduled repayments of bank loans. After accounting for movements in fair value of properties described hereunder, IHI 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	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 & Residences 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 IHI’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 modelling by an independent accountancy firm. In 2014, the aforesaid process was performed on all IHI properties other than the Corinthia Hotel Tripoli, due to the 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.

As denoted in the above table, IHI 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) in 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 IHI’s European hotels, IHI 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, IHI reported a net impairment charge (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.

FY2015 was mainly characterised by the acquisition of IHGH in August 2015. IHGH business relates to the ownership and operation of the Radisson Blu Resort St Julians, Island Caterers, Costa Coffee outlets in Malta and Spain, and the operation of a number of catering contracts. IHGH also owns an 83,530m^2 plot of land at Hal Ferh, Golden Sands. Furthermore, IHGH has a 50% shareholding in the Radisson Blu Resort & Spa Golden Sands which comprises the operation of a five-star hotel and a vacation ownership business. In view of the 50% ownership, the results of the Radisson Blu Resort & Spa Golden Sands are included in the income statement as share of profit from equity accounted investments (together with the Corinthia Hotel & Residences London).

IHI’s revenue for FY2015 amounted to €134.1 million, an increase of €17.7 million from a year earlier. The increase in revenue is attributable to the increased revenues in IHI’s European operations (€9.8 million) and the consolidation of the IHGH results for the second half of 2015 (€17.6 million). Against this, there was combined reduction of €9.7 million from the Group’s hotels located in St Petersburg and Tripoli.

EBITDA for 2015, excluding the consolidation of the results of associate companies and in particular the London hotel results, amounted to €32.1 million compared to €28.8 million achieved in 2014. Here again, the increase in EBITDA is mainly attributable to the improved performance in all the Group's hotels excluding Tripoli and the consolidation of IHGH's results as from the second semester of 2015. This year's administrative costs include a one-time abortive cost of €1.3 million representing professional fees and expenses incurred in pursuing the launch of an international bond.

Share of results from equity accounted investments comprises the 50% ownership in the Corinthia Hotel & Residences London and the Radisson Blu Resort & Spa Golden Sands. The performance of the Corinthia Hotel & Residences London improved significantly in the year under review with record occupancies, rates and EBITDA earnings being achieved as this property moves towards its maturity. The hotel's EBITDA in 2015 amounted to €8.2 million compared to €4.5 million in 2014. The residential penthouse at 10 Whitehall Place has been leased for a term of two years commencing in early 2016. With respect to the Radisson Blu Resort & Spa Golden Sands (50% owned by IHGH), the hotel generated an EBITDA of €7.4 million in the period 1 July 2015 to 31 December 2015.

In 2015, the Group registered net property uplifts, before tax, of €42.6 million on account of the improved trading performance of the Group's hotels located in Europe. This contrasts sharply with the net impairment charge, before tax, of €24.4 million registered in 2014. As detailed below, these uplifts are reflected as to €11.8 million through the income statement (2014: impairment of €13.3 million) with the balance of €30.8 million being recognised through the comprehensive income statement (2014: impairment of €11.1 million).

Analysis of Movements in Property Values for the year ended 31 December 2015	**Income Statement €'000**	**Other Comprehensive Income €'000**	**Total €'000**
Corinthia Hotel Lisbon	-	(1,669)	**(1,669)**
Lisbon Apartments	193	-	**193**
Corinthia Hotel St George's Bay	2,281	8,700	**10,981**
Corinthia Hotel Prague	10,103	992	**11,095**
Corinthia Hotel Budapest	3,309	6,516	**9,825**
Marina Hotel	-	6,566	**6,566**
Corinthia Hotel St Petersburg	(4,054)	-	**(4,054)**
St Petersburg Commercial Centre	-	-	-
Corinthia Hotel & Residences London	-	9,674	**9,674**
Net movement in property values	**11,832**	**30,779**	**42,611**
Classified in the financial statements as follows:			
Movement in fair value of investment property	193	-	**193**
Net impairment reversal (loss) on hotel properties	11,639	21,105	**32,744**
Revaluation of hotel property (equity accounted investments)	-	9,674	**9,674**
Net movement in property values	**11,832**	**30,779**	**42,611**

Net finance costs in 2015 amounted to €22.2 million, an increase of €9.2 million when compared to 2014. A significant portion of this increase (€8.5 million) represents adverse exchange differences on bank borrowings in Euro on the property in St Petersburg in consequence of the adopting of the Rouble as the functional currency. After accounting for taxation and other items in the comprehensive income statement, IHI reported total comprehensive income for the year, net of tax, of €11.1 million (2014: comprehensive loss, net of tax, of €15.7 million).

The financial information about the Guarantor is included in the audited financial statements for each of the financial years ended 31 December 2013, 2014 and 2015. The said statements have been published and are available at its registered office. Set out below are highlights taken from the audited financial statements of the Guarantor for the years ended 31 December 2013, 2014 and 2015.

IHI Magyarország Zrt. Income Statement for the year ended 31 December	**2013 €'000**	**2014 €'000**	**2015 €'000**
Revenue	19,043	20,756	23,139
Direct costs	(9,603)	(9,866)	(10,413)
Gross profit	**9,440**	**10,890**	**12,726**
Other operating costs	(4,938)	(5,186)	(6,055)
EBITDA	**4,502**	**5,704**	**6,671**
Depreciation and amortisation	(1,846)	(1,910)	(1,882)
Results from operating activities	**2,656**	**3,794**	**4,789**
Net finance costs	(1,149)	(1,044)	(855)
Profit before tax	**1,507**	**2,750**	**3,934**
Taxation	(26)	95	(2,232)
Profit for the year	**1,481**	**2,845**	**1,702**
Other comprehensive income			
Net revaluation of hotel property	-	9,321	8,842
	-	**9,321**	**8,842**
Total comprehensive income for the year net of tax	**1,481**	**12,166**	**10,543**

IHI Magyarország Zrt. Balance Sheet as at year ended 31 December	**2013 €'000**	**2014 €'000**	**2015 €'000**
ASSETS			
Non-current assets	86,214	95,300	104,800
Current assets	6,720	7,203	6,919
Total assets	**92,934**	**102,503**	**111,719**
EQUITY	**15,176**	**27,342**	**37,885**
LIABILITIES			
Non-current liabilities	70,694	68,529	66,089
Current liabilities	7,064	6,632	7,745
	77,758	**75,161**	**73,833**
Total equity and liabilities	**92,934**	**102,503**	**111,719**

IHI Magyarország Zrt. Cash Flow Statement for the year ended 31 December	2013 €'000	2014 €'000	2015 €'000
Net cash from operating activities	3,679	5,489	7,077
Net cash from investing activities	(237)	(588)	(1,451)
Net cash from financing activities	(3,124)	(3,834)	(5,843)
Net movement in cash and cash equivalents	**318**	**1,067**	**(217)**
Cash and cash equivalents at beginning of year	3,391	3,709	4,776
Cash and cash equivalents at end of year	**3,709**	**4,776**	**4,559**

Total hotel revenue in FY2014 increased by 9% on FY2013. This improvement was achieved on account of increases in both occupancy and average room rates from 72% to 74% and from €103 to €114 respectively. The resultant revenue per available room ("**RevPar**") of €85 in FY2014 represents an increase of 15% on FY2013 levels. This improvement together with cost efficiencies resulted in an EBITDA of €5.7 million, an increase of 27% from €4.5 million in FY2013.

In 2015, the hotel registered revenues of €23.1 million - an improvement of 12% on FY2014 levels. This increase was underpinned by further increases in occupancy and average room rates from 74% to 78% and from €114 to €127 respectively. RevPar increased by 16% to €99 from FY2014 levels. EBITDA increased to €6.7 million from €5.7 million in FY2014.

Depreciation and amortisation for the three years under review remained stable at €1.9 million.

Net financial costs decreased from €1.2 million in FY2013 to €0.9 million in FY2015 on account of loan capital repayments and decreases in the EURIBOR rate and the applicable margin.

Profit before tax improved from €1.5 million in FY2013 to €3.9 million in FY2015. It is however important to note that there is a one-time deferred tax charge in FY2015 of €1.8 million relating to changes in the value of the hotel property between HUF and Euro.

Other comprehensive income reflects the improvement in property values in FY2014 and FY2015, in gross terms, of €10.3 million and €9.8 million respectively on account of the improved trading performance of the hotel.

6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

6.1 THE BOARD OF DIRECTORS AND MANAGEMENT OF THE ISSUER

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 minimised. 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 Company 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.

6.1.1 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. Members of the board of directors of the Issuer and the Chief Executive Officers are also directors or officers of other subsidiary companies within the 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.

6.1.2 Non-Executive Directors

Of the non-executive Directors sitting on the Board of the Issuer, two 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.

6.1.3 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.

6.1.4 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, two hotels in each of Turkey, Hungary and Portugal, nine hotels in the Czech Republic, and one in each of Libya, Tunisia, the United Kingdom, The Russian Federation and Sudan. Mr Pisani is also the Chairman of the Issuer.

Winston V. Zahra is the Chairman of the Island Hotels Group. He was Managing Director of the IHG Group until 2009 and prior to 1987, he was the co-founder of one of the leading tourism-oriented companies in Malta. Mr Zahra is CEO of The President's Trust and he has served on various boards and committees related to the tourism industry. He has also served as a board member of the Malta Council for Economic and Social Development. Mr Zahra is also a director of Caritas and was a member of the Council of the University of Malta and Chairman of Volksbank Malta Limited. In 2008 Mr Zahra was awarded the National Order of Merit for his contribution to the tourism industry.

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 GVZH Advocates. Dr Vella advises a number of leading commercial organisations both in the public and private sector and has been a legal advisor of the Corinthia Group for more than 20 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.l.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 General Manager 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 a director of the Risk Management Department at LFICO. He was previously head of the Financial Analysis Department at LFICO where he 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 LFICO 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. He served as Chairman of the Monitoring Committee of CPHCL and IHI from 2000 to 2014. He was educated at St Edward's College and the University of Malta.

6.1.5 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. He also served as board member of the Issuer from its inception in 2000 until 2014.

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. He is also the CEO of CHI, the Issuer's hotel management company.

6.1.6 Curriculum Vitae of the Issuer's Senior Management

In addition to the abovementioned Joint Chief Executive Officers, the Issuer's Senior Management is composed of:

Alfred Fabri joined the Corinthia Group in 1989, and was appointed Company Secretary of IHI in 2000. Mr Fabri previously worked for 12 years with a United States multinational and for five years with a management consultancy company. He has also served as Chairman of the Malta Planning Authority, a member of the Public Service Reform Commission and director of the Malta Development Corporation. He studied economics at the University of Malta and business administration at Queen's University of Belfast.

Joseph M. Galea is a fellow of the Chartered Association of Certified Accountants of the United Kingdom and of the Malta Institute of Accountants. Mr Galea joined the Corinthia Group in 1999 after having occupied senior management positions with Coopers & Lybrand and with leading Maltese companies operating in different industrial sectors. He has also been an active member within the Malta Institute of Accountants and chaired its Indirect Taxation Committee for a number of years. He is mainly responsible for the IHI Group's financial reporting, the treasury function, and taxation issues, and is also a director on the board of the Guarantor.

Clinton Fenech joined the IHI Group in 2008. Dr Fenech holds a Doctorate in Law from the University of Malta and a Masters in Corporate and Finance Law from University College London. Dr Fenech was admitted to the Chamber of Advocates in Malta in 1997 and admitted as a solicitor of the Supreme Court of England and Wales in 2000. Dr Fenech articled at Ashurst, London where he was from 1998 to 2006. From 2006 to 2008, Dr Fenech was a member of Gide Loyrette Nouel's corporate finance team in London. Dr Fenech is responsible for legal matters relating to acquisitions, finance and related corporate matters of the IHI Group.

Neville Fenech is a fellow of the Chartered Association of Certified Accountants of the United Kingdom and of the Malta Institute of Accountants. Mr Fenech holds a bachelor's degree in Business Management and an MBA from the University of Malta. Mr Fenech joined the Corinthia Group in 2000 as finance manager responsible for all financial and accounting matters of a number of companies within the Corinthia Group. In 2014, he was promoted to the post of IHI Finance Director and is responsible for the IHI Group's financial reporting.

6.1.7 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 is 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.

6.1.8 Aggregate Emoluments of Directors

For the financial year ended 31 December 2015, the Issuer paid an aggregate of €232,000 to its Directors (2014: €228,000).

For the financial year ended 31 December 2015, the Group paid an aggregate of €598,000 to its Directors (2014: €520,000).

6.1.9 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.

6.1.10 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.

6.1.11 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.

6.2 THE BOARD OF DIRECTORS OF THE GUARANTOR

The board of directors of the Guarantor is to consist of a minimum of 3 and a maximum of 11 directors. Presently there are 3 directors. The board is set to meet regularly to establish and review the policies and strategies of the Guarantor and to monitor the implementation thereof and the overall performance of the Guarantor. The board of directors of the Guarantor is assisted by the supervisory board, which is responsible for the supervision of the management of the Guarantor. The supervisory board is to consist of a minimum of three and a maximum of fifteen members.

6.2.1 Curriculum Vitae of Directors

The curriculum vitae of Frank Xerri de Caro and Joseph Pisani are found in section 6.1.4 above. Joseph M. Galea's *curriculum vitae* is found in section 6.1.6 above. The business address of the directors of the Guarantor is at 1073 Budapest, Erzsébet krt 43-49, Hungary.

6.2.2 Directors' Service Contracts

None of the Directors of the Guarantor have a service contract with the Guarantor.

6.2.3 Aggregate Emoluments of Directors

For the financial year ended 31 December 2015 remuneration amounted to €31,425, of which, €20,000 is included in the remuneration paid to the Issuer's Directors in cases of the directors sitting on the board of both the Issuer and Guarantor.

6.2.4 Loans to Directors

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

6.2.5 *Removal of Directors*

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

6.2.6 *Powers of Directors*

By virtue of the Articles of Association of the Guarantor the directors are empowered to transact all business which is not by the Articles expressly reserved for the founder under the deed of foundation or other company organ.

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 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 335,551,314 shares equivalent to 58.49%, Istithmar holds 125,893,835 shares equivalent to 21.95% and LFICO holds 62,946,915 shares equivalent to 10.97% of the Issuer's total issued share capital (half of this 10.97% 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, LFICO and Istithmar is retained at arm's Iength, including adherence to rules on related party transactions requiring the sanction of the Audit Committee.

7.5 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. Frank Xerri de Caro, Joseph Pisani and Joseph J. Vella, as well as the said Joint Chief Executive Officers of the Issuer, sit on the board of directors of others companies forming part of the Group, and conflicts of interest could potentially arise in relation to transactions involving the Issuer, the Guarantor and any of such other Group companies.

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 of the Issuer and/or of the Guarantor, as the case may be, and of executive officers of the Issuer and their private interests and/or their other duties, which require disclosure in terms of the Regulation.

7.6 EMPLOYEES

As at 31 December 2015, the Issuer employed 2,014 members of staff, 1,593 of whom work in operations and the remaining 421 in management and administration.

8. BOARD PRACTICES OF THE ISSUER

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 Company's assets by assessing the Company'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 Company 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 Company.

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 Abuagila Almahdi, Abdulnaser Ahmida 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 Joseph J. Vella (who acts as chairman of the committee) and Frank Xerri de Caro. 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 2015, the Company was in compliance with the Code save as set out hereunder.

As at 26 April 2016, being the date of approval of the latest Annual Report, the Company 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 Company's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

- *Principle 9 "Conflicts between Shareholders"*: currently there is no established mechanism disclosed in the Memorandum and Articles of Association of the Issuer to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. In any such cases should a conflict arise, the matter is dealt with in the Board meetings and through the open channel of communication between the Issuer and the minority shareholders via the Office of the Company Secretary.

The Guarantor is a private company and accordingly is not bound by the Listing Rules and the provisions of the Code. Although the Guarantor does not have an audit committee, it has tasked the Audit Committee of the Issuer with keeping a watching brief over its operations.

10. HISTORICAL INFORMATION

The historical financial information relating to the Issues for the two financial years ended 31 December 2013 and 2014 as audited by Grant Thornton and the financial year ended 31 December 2015 as audited by PricewaterhouseCoopers 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. The audit report contained in the audited consolidated financial statements for the year ended 31 December 2015 includes an emphasis of matter relating to the significant political and economic uncertainties prevailing in Libya and their impact on the Group for 2015.

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

The historical financial information relating to the Guarantor for the three financial years ended 31 December 2013, 2014 and 2015 as audited by PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság are set out in the audited financial statements of the Guarantor. Such audited 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 Guarantor since the end of the financial period to which the last audited financial statements relate.

11. LITIGATION

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

12. ADDITIONAL INFORMATION

12.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of the Issuer is €1,000,000,000. The issued share capital is €573,636,129 divided into 573,636,129 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 10.97% of the issued share capital of the Issuer (62,946,915 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 SHARE CAPITAL OF THE GUARANTOR

The registered share capital of the Guarantor is 1,000,000,000 Hungarian Forints (approximately €3.2 million). The issued share capital is 1,000,000,000 Hungarian Forints divided into 100,000 ordinary shares of a nominal value of 10,000 Hungarian Forints each, fully paid up and fully subscribed to by the Issuer.

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

12.3 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

12.3.1 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.

12.3.2 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.

12.3.3 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 Company 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.

12.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

12.4.1 Objects

The main object of the Guarantor is to carry on the business of a hotel owning and operating company. Clause 3 of the Memorandum of Association of the Guarantor contains the full list of objects of the Guarantor. A copy of the Memorandum and Articles of Association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer.

12.4.2 Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of not less than three and not more than eleven directors. The directors of the Guarantor are appointed by the founder (the Issuer). Directors have a mandate of one year after which they may be recalled or reelected. The board of directors of the Guarantor is to appoint a Chairman from among its members.

12.4.3 Powers of Directors

The Directors are vested with the management of the Guarantor, 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 Guarantor 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 of the Guarantor they may do all such things that are not by the Memorandum and Articles of Association expressly reserved for the founder under the deed of foundation or other company organ.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Guarantor 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

Neither the Issuer nor the Guarantor have 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 or the Guarantor'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. PROPERTY VALUATION REPORT

The Issuer commissioned László Szabó, MSc Mech. Engineer of Mareking LLC (Company Registration Code: 07-09-022086) and László Márkus, MSc Real Estate of Markus and Partners LLC. (Company Registration Code: 01-09-684545), limited liability companies based in Hungary, to issue a property valuation report in relation to the Corinthia Hotel Budapest owned by the Guarantor. The following are the details of the said valuers:

Name:	Mareking LLC
Business address:	6. Panorama Street, Southern District, Ercsi, Pest County, Hungary, ZIP CODE: H-2451
Name:	Markus and Partners LLC
Business address:	19. Balvany Street, District XXI, Budapest, Pest County, Hungary, ZIP CODE: H-1222

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The valuation report is dated 17 June 2016.

A copy of the report compiled by Mareking LLC and Markus and Partners LLC in respect of the Corinthia Hotel Budapest is annexed to this Registration Document as Annex I and is available for inspection as set out in Section 16 below.

15. THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the valuation report prepared in relation to the Corinthia Hotel Budapest and contained in Annex I to the Registration Document and the financial analysis report set out as Annex III to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The valuation report and financial analysis summary have been included in the form and context in which they appear with the authorisation of Mareking LLC (of 6. Panorama Street, Southern District, Ercsi, Pest County, Hungary), Markus and Partners LLC (of 19. Balvany Street, District XXI, Budapest, Pest County, Hungary) and Charts Investment Management Service Limited (of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta) respectively, that have given and have not withdrawn their consent to the inclusion of their respective reports herein. Mareking LLC, Markus and Partners LLC and Charts Investment Management Service Limited do not have any material interest in the Issuer. The Issuer confirms that the valuation report and the financial analysis report have 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.

The sourced information contained in section 5.1 has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. 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 of the Issuer;
(b) An English translation of the Memorandum and Articles of Association of the Guarantor;
(c) Consolidated Audited Financial Statements of the Issuer for the years ended 31 December 2013, 2014 and 2015;
(d) Audited Financial Statements of the Guarantor for the years ended 31 December 2013, 2014 and 2015;
(e) Financial Analysis Summary prepared by Charts Investment Management Service Limited dated 24 June 2016;
(f) The letter of confirmation drawn up by Grant Thornton dated 28 June 2016;
(g) Independent Expert's property valuation report prepared at the Issuer's request in respect of the Corinthia Hotel Budapest;
(h) The Guarantee; and
(i) The Security Trust Deed.

Documents (a) to (e) are also available for inspection in electronic form on the Issuer's website www.ihiplc.com.

ANNEX I – PROPERTY VALUATION REPORT

1

International Hotel Investments p.l.c.
22 Europa Centre, Floriana
FRN 1400
Malta
(hereinafter referred to as the "**Client**")

Attn: **Joseph Fenech**
Chief Executive Officer
e-mail: joseph.fenech@corinthia.com

SUBJECT:

VALUATION REPORT –

-TROPHY ASSET IN THE HEART OF HUNGARIAN CAPITAL, CORINTHIA GRAND HOTEL-

- FIVE STAR HOTEL WITH 439 ROOMS, INCLUDING SITE AREA OF 11.463 sqm, GROSS FLOOR AREA OF 69.235 sqm, Address: 43-49. Teréz körút (Grand Boulevard) and 53. Hársfa Street, District VII, Budapest, Hungary, ZIP CODE:H-1073- (the **"Property**").

Dear Sir,

In accordance with your instructions, the undersigned valuation of Corinthia Grand Hotel Royal (**Property**), located at the heart of Budapest as well as the site plan, floor plans, description of improvements, main financial facts and business plan of 2016 and the undersigned's opinion of the final reconciled estimated value of the Property, all of which form an integral part of this detailed valuation report, is herewith submitted, including 16 pages. The effective date of this valuation is the 15th of June, 2016.

INTRODUCTION

It is understood that the purpose of the valuation is for inclusion with the related Prospectus, to be published in connection with the proposed public bond issue by International Hotel Investments plc, in accordance with the Listing Rules of the Listing Authority. The valuation has been prepared in accordance with Chapter 7 of the Listing Rules published by the Malta Financial Services Authority (the "Listing Rules").

NATURE OF VALUATION

The Listing Rules of the Malta Financial Services Authority require that the valuation be made on the basis of an open market value (more frequently the term market value is applied, without the "open" adjective, regard being given to the latest publication of RICS and related internationally accepted Standards, IVSC, EVS and USPAP) for existing use. An (open) market value represents an opinion of the best price for which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the date of the valuation. An (open) market valuation assumes (i) that there is a willing seller; (ii) that the interest being valued would have been, prior to the transaction, properly marketed; (iii) that the state of the market, level of values and other circumstances are consistent over the period of the valuation; (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest; (v) and that both parties to the transaction act knowledgeably, prudently and without compulsion. An existing use value follows on the definition of the (open) market value, with the added assumptions that (I) the property can be used, for the foreseeable future, only for the existing use, and (II) that vacant possession is provided on completion of the sale of all parts occupied by the business.

THE VALUER

The undersigned declare that: appraisers have visited the site, and are fully familiar with the Property; and that all information as was considered necessary was obtained from the Client, or their advisors, including information about the facts and planned future profitability and SWOT analysis of appraised assets. The undersigned are qualified to act as appraisers and confirm their status as external independent valuer, without any particular, personal or financial interest in the Client.

Professional qualification of Valuer 1

Appraiser Qualifications : Mr. László Szabó, MSc Mech. Engineer

1	Education-1:	The Technical University of Cluj-Napoca, Romania
2	Education-2:	Buckinghamshire Chilterns University College, Diploma in Management Studies
3	Licenses-1	Certified Machinery and Equipment and Real Estate Appraiser
4	Membership-1:	Hungarian Chamber of Commerce and Industry, from 1994

2

Professional qualification of Valuer 2

Appraiser Qualifications : Mr. László Márkus, MSc Real Estate, MRICS 1108539

1	Education-1:	The Technical University of Budapest, Graduated Architect
2	Education-2:	The Technical University of Budapest (BME) and Nottingham Trent University NTU), MSc Real Estate
3	Licenses-1	MRICS (RICS license)
4	Licenses-2	Certified General Appraiser, State of Hungary (Budapest)
3	Membership-1:	Hungarian Associates of Architects, from 1980
4	Membership-2:	Hungarian Associates of Realtors, from 1991

THE PROPERTY FORMING THE SUBJECT OF THIS VALUATION

Corinthia Grand Hotel Royal is a trophy 5-star luxury establishment located in the very heart of Budapest. Behind its distinguished façade the old Grand Hotel Royal (dated back to 1895-1896) has been transformed into the superb, modern luxury hotel after the acquisition in April 2000. This new hotel – opened in April 2003 - has become one of the finest hotels in Budapest and has set a new standard in luxury five-star city center hotels. The Property has a total land surface area of 11,463 (eleven thousand four hundred-sixty-three) square meters. It is located at north-east side of Teréz körűt (Grand Boulevard). The Property consists of two main buildings, namely Building-"A" (with main frontage of Grand Boulevard) and Building-"B" (with frontage of one way service street). The GFA ratio of Building-"A" has 76%, while the Building-"B" has the remaining 24%, of total of 69.235 sqm.

During the past 120 years, the exclusive hotel complex has been refurbished, renovated and extended. The latest and most interesting revitalization period was between the years 2002-2003. As a result of such renovation, the property has been re-classified as a five star hotel again, equipped with the latest architectural and technical innovation retaining the original feeling and design of Golden Area of Austro-Hungary Empire. The current usage of the Property has been stated and classified by appraiser as *Highest and Best Use,* because the existing use meets four criteria, including that the Property is: physically possible; legally permissible; financially feasible; and of maximally productive use. The hotel services and related facilities may be detailed as follows: (1) 24-hour front desk; (2) Airport Transportation; (3) Conference/Business/Exhibition Center; (4) Fitness/Jacuzzi/Spa/Swimming Pool; (5) Lounge/Bars; (6) Concierge; (7) Gift Shop; (8) Special Cafeteria; (9) Dry Cleaning Service; (10) Laundry; (11) Parking Facility.

The designated assets included in this valuation report area divided into (1) lands, (2) land improvements, (3) Buildings and (4) Furniture Fixtures and Equipment ("FF&E").

Summary of Hotel Accommodation Units:

Code	Designation of Assets	No of Unit(s)	Net Floor Area (sqm)	Remark
1	Superior Rooms:	147	28	
2	Deluxe Rooms:	142	32-34	
3	Executive Rooms:	93	32-34	
4	Junior Suites:	6	60	
5	Deluxe Suites:	8	70	
6	One Bedroom Executive Suite:	14	70	
7	Ambassador Suites:	2	140	
8	Royal Suite:	1	240	Unique in Budapest
9	Self-Control Apartment:	26	60 – 130	Unique in Budapest
	Total of Property:	**439**	**One of the biggest 5 star hotel in Budapest**	

RELEVANT PLANNING PERMISSIONS

The Copy of Relevant and the Latest Planning permission (copy of original as well as unofficial translation thereof below) was issued by Local/District Council Authority on the 2nd November 2015. This permission covered all related services for lodging usage.

3

Budapest Főváros VII. Kerület Erzsébetváros Önkormányzat Jegyzője

Iktatószám: KI/39978/1/2015/VI. Nyilvántartási szám: 9-b.

IGAZOLÁS
A SZÁLLÁSHELY-ÜZEMELTETÉSI ENGEDÉLYRŐL

A szálláshely szolgáltatási tevékenység folytatásának részletes feltételeiről és a szálláshely-üzemeltetési engedély kiadásának rendjéről szóló 239/2009. (X.20.) Korm. rendelet alapján **IHI Magyarország Zrt.** szálláshely-szolgáltató részére a **1073 Budapest, Erzsébet krt. 43-49.** alatt szálloda típusú szálláshely üzemeltetését **CORINTHIA HOTEL BUDAPEST** elnevezéssel engedélyeztem.

A szálláshely-szolgáltató székhelye / lakcíme:
1073 Budapest, Erzsébet krt. 43-49.
A szálláshely-szolgáltató adóazonosító száma: **12717875-2-42**
A szálláshely-szolgáltató statisztikai számjele: **12717875-5510-114-01**

Kelt: Budapest, 2015. november 2.

Dr. Gotthard Gábor
jegyző megbízásából

Csüllög Szilvia irodavezető

Unofficial translation of above Official Operating Permit:

OFFICIAL LETTER OF DISTRICT NOTARY OF DISTRICT VII
registration code: KI/3997B/1/2015/VI.
CERTIFICATE
Permission of Accommodation Operating Process

According to the Governmental Order [239/2009. (X.20.) Korm.], dealing with permit process and related regulation of Accommodation Operating Process, I, the undersigned Notary of District Council, have granted the operation of Lodging Facility, namely CORINTHIA HOTEL BUDAPEST, with the ownership of IHI Magyarország Zrt, address:1073, Budapest, Erzsébet krt 43-49.
The address of Lodging Facility: 1073 Budapest, Erzsébet körút 43-49.
Identification Code of Owner Company (Company Register Code): 12717875-2-42
Central Statistical Code of Owner Company: 12717875-5510-114-01

4

Publication and Date: Budapest, 2nd November 2015

Signature with Circle-Stamp:

Mrs. Szilvia Csüllög
(Deputy of District Notary, Dr Gábor Gotthard)

Since the restoration and extension of the Property in 2003 there have been no material contraventions of any statutory requirements relating to the Property.

TITLE

Title to the land underlying the buildings forming part of the Property is freehold, in the name of IHI Magyarország Szolgáltató zártkörűen működő részvénytársaság. The same applies to the buildings sitting on the said land.

The Property has two types of periodic tenancy: (1) Frontage Building/Wing as Hotel with daily basis tenancy and (2) Back-front Building as Apartment Section with weekly or monthly bases. That periodic tenancy is one of the major characteristics of hotel/lodging assets between owner and guest or visitors.

The ownership status of Property has been declared as Freehold (clear title). The Property currently serves as security by way of mortgage as indicated in the below detailed registry marked M1 to M15.

Set out below is a table highlighting the registered mortgages currently existing over the Property.

	Official Site Code	Mortgage Amount and Date on the Title	**Mortgage Owner/ Mortgage Provider**
M.1.	**34051/1/A/1**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.2.	**34051/1/A/2**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.3	**34051/1/A/2**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.4	**34051/1/A/4**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.5	**34051/1/A/4**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.6	**34051/1/A/64**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.7	**34051/1/A/64**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.8	**34051/1/A/65**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.9	**34051/1/A/65**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.10	**34051/1/A/66**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.11	**34051/1/A/66**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.12	**34051/1/A/11**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.13	**34051/1/A/11**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.14	**34053**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.15	**34053**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)

All of the 15 entries set out above (from M1 to M15) relate to the same two mortgages, namely in time order (1) €46.700.500 (OTP Bank, 11 April, 2004) and (2) €1.650.000 (K&H Bank, 08 March 2006), repeated in respect of all related ownership-cards, as per common Hungarian practice of banks and Land Registry Authority.

Practically the owner of the Property is not subject to any special limitations or conditions. It must be noted again that the ownership of the Property is not divided between freehold and leasehold (save for the lease of Szamos Marzipan Royal Café referred to in the next section).

Emphytetutical concession and grants are not applicable in the Hungarian Real Estate Sector – the institute of emphyteusis referred to in the Listing Rules is unknown in Hungarian Law and not applied in practice.

LEASES

In ownership terms, the Property is owner-occupied and operated, however in practice on a day-to-day basis or hour-by hour basis (parking facility) the Property is used by guests, visitors or others. Owner-occupied properties are such assets that are held by the entity for use in production or provision of services in the ordinary course of business. There is no intra-group lease on the Property (that is lease of Property between the Guarantor and the group of companies of which it forms part) that is relevant for the purposes of this valuation.

Szamos Marzipan Royal Café ("Szamos Marcipan" types of plated dessert, French like or typical of the Austrian-Hungarian Monarchy) was leased by IHI Magyarország Zrt (as landlord) to Fahéj Cukrászda és Kereskedelmi Kft. (Hungarian company number 01-09-675545) (as lessee) on 25 November 2005 until 31 December 2016 (subject to renegotiation as indicated in the previous section).

The main features of this lease may be summarized as follows:

Code	DESIGNATION	INFO/DATE	UNIT	REMARKS/COMMENT
1	Main Function:	Café/Coffee Shop/Patisserie		
2	Net Floor Area:	266	sqm	
3	Percentage of GFA:	1,0%		of 69.235 sqm
4	Lessor/Landlord:	IHI Magyarország Zrt		
5	Lessee/Tenant:	Fahéj Cukrászda és Kereskedelmi Kft.		
6	Starting Date of Lease:	25. Nov. 2005		
7	Expire Date of Lease:	31.Dec. 2016		
8	Initial Rental Fee-1:	HUF 650.000	/month	
9	Initial Rental Fee-2:	EUR 2.050	/month	HUF/EUR= 317,15
10	Initial Rental Fee-3:	EUR 7,71	/month/sqm	
11	Rent Revision Pattern:	Annual Adjustment of CPI of Central Hungarian Statistical Office		

VALUATION

The EU region – similar to other regions - is becoming extremely favorable for developing luxury hotels nowadays. Within this economical frame, the trophy hotels – like the Property – are experiencing ideal interest rates, including lower capitalization rates and higher room rates and occupancy ratio. The Property has been valued on the basis highlighted below, including the following methods:
(I) DRC (Depreciated Replacement Cost / Cost Approach) has been applied for the purpose of assessing cost of acquisition, reconstruction and extension of this historic landmark property;
(II) Market Sales Comparison has been utilized for a EU region comparison in so far as the 5 star hotel segment is concerned; and
(III) Income Approach with two time-horizon:
(III.A) single stabilized direct capitalization of recent years performance (2014 and 2015) and projected for 2016; and
(III.B) expectations for the next five (5) years by applying the Discounted Cash Flow technique, with input data based on the business plan provided by the Property owner published in early 2016.

Accordingly, this valuation takes into account the above four (4) value indicators method, namely: (I) result of DRC provides comparison with financials of the Property owner; (II) result of Market Sales Comparison reflects the viewpoint of leading market investors and current buyers; (III.A) Single Stabilized Direct Capitalization of recent years has been used as analysis of the Property's actual profit-making capacity; and (III.B) Discounted Cash Flow technique has been used for measuring the Property's profit-making capacity on a long-term basis.

The land assets include 3 designated sites which have been valued on the basis of the above mentioned appraisal premise, including (First method) market sales comparison method and (Second Principal Method) the ground-rent capitalization technique, with the reconciled final land value estimated at **€ 16.500.000** (**sixteen million five hundred thousand euros**).

Summary of Cost Approach may be detailed as follows:
(1) Market Value of Land= € 16.500.000; (2) Replacement Cost of All Improvements= €196.715.000; (3) Total CRN (Cost

of Replacement New) = €213.215.000; (4) All forms of Depreciation and Obsolescence= negative value as € 44.515.000; (5) Market Value of Cost Approach has been estimated as **€168.700.000** (**one hundred sixty-eight million seven hundred thousand euros**). Market/Sales Approach has been estimated as **€158.700.000** (**one hundred fifty-eight million seven hundred thousand euros**).

Summary of ARY (All Risk Yield or Direct Capitalization Approach) based on single year may be detailed as follows: (1) NOI=Net Operating Income of 2015= € 9.606.651; (2) All Risk Yield=Market Derived Capitalization Rate=6,5%. After that, Direct Capitalization Approach has been estimated as **€147.794.625** (**one hundred forty-seven million seven hundred ninety-four thousand six hundred twenty-five euros**).

Premise and Main Assumption of DCF Approach may be detailed as follows: (1) Start Date/Year: 2016; (2) Type of DCF model: middle year cash-flow; (3) Time Horizon: 10 years; (4) Annual Growth Rate of Income: 2,0%; (5) Perpetual Growth Rate: 3,0%; (6) CPI Rate During the Time Horizon: less than 3,0%; (7) WACC: 7,5%;(8) Terminal Yield Rate: 4,5%; Cost of Terminal Sale: 5,0%. After that, NPV (Net Present Value of 10 Years Cash-Flow Balance) as the result of Yield Capitalization has been estimated as **€133.800.000** (**one hundred thirty-three million eight hundred thousand euros**).

In summary, on the basis and premise of the above, the results of applied value indicators may be detailed as follows:

(1) DRC (Depreciated Replacement Cost or Cost Approach) = €168.700.000;
(2) Market/Sales Approach = €158.700.000;
(3) ARY(All Risk Yield Method or Direct Capitalization Approach) = €147.020.000; and
(4) DCF (Discounted Cash Flow Model or Yield Capitalization Method) = € 133.800.000.

According to the premise of current appraisal report and required RICS regulation, including obligatory and non-obligatory recommendation, the following final weight ratio have been given and dedicated to the applied value-estimation techniques: (1) Cost Approach=0% only for inner valuation control; (2) Market/Sales Approach=50% as a first principal method; (3) ARY capitalization=0% only for inner valuation control; (4) Yield Capitalization=50% as a second principal method.

The reconciled final value of the Property may be detailed as follows:

(i)	Land:	€	16.500.000 (sixteen million five hundred thousand euros);
(ii)	Land Improvements:	€	1.100.000 (one million one hundred thousand euros);
(iii)	Buildings:	€	114.950.000 (one hundred fourteen million nine hundred fifty thousand euros);
(iv)	FF&E:	€	4.800.000 (four million eight hundred thousand euros);
(v)	Others:	€	8.900.000 (eight million nine hundred thousand euros);
(vi)	**Market Value of Property: € 146.250.000 (one hundred forty-six million two-hundred fifty thousand euros).**		

The final reconciled **Market Value of subject Property has been estimated as**
€ 146.250.000 (one hundred forty-six million two-hundred fifty thousand euros)

The Property has been valued at existing use value, including for the lodging and conference purposes of the business. Any alternative use value is significantly lower than the existing use value as stated, when as indicated earlier the current usage meets the requirements of physical possibility, legal conformity, financially feasible and generating the highest level of profit. The market value and existing use value are very closely linked in the case of this type of property, a 5 star hotel in the capital of Hungary continuously operating with a market average profit ratio level. In this respect it must be noted that the 2016 Business Plan, provided by the Property owner, features as a principal aim the significant growth in profit ratio level relative to that achieved in 2015.

Further to the above, the present capital value has been stated as the equivalent amount of market value of the Property manifested in its existing state, including newest physical condition and professionally managed Trophy hotel, with several international awards in quality of service and VIP Ceremony and Annual Events.

The valuation has been carried out by the undersigned, as independent valuers, in terms of, and with regard being given to, the applied UK Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The undersigned experts have confirmed that there is no conflict of interest in advising and preparing the above described valuation process and opinion of the value of the Property since, other than the valuation fee, the undersigned or their associated partners will not obtain any benefit from the valuation instruction.

Our opinion of the value of the Property is based upon the facts and evidence available at the date of the valuation, part of which information was made available by the Client and its respective advisors. No detailed area measurements have been undertaken, although our knowledge of the project allows us to confirm that the areas quoted in this valuation report are broadly correct. No geological investigations have been carried out in order to determine the suitability of ground conditions and services, nor were environmental, archaeological or geo-technical surveys undertaken.

It has also been assumed that all development will take place in strict conformity with the related urban zoning requirements and former permits, and other statutory/central governmental/local authority obligations, and constructed/reconstructed and regularly maintenance by reputable construction enterprises or firms, according to the requested globalized and EU Union hotel classification quality and management standards and related workmanship.

ASSUMPTIONS

This valuation was performed on the basis of the following general assumptions and limiting conditions:

1. This report is to be used in whole and not in part, including APPENDIX, with (Maps/Photos/Spreadsheets) 7 pages;
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities, mortgage rights against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report. The value or values presented in this report are based upon the premises outlined herein;
3. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would render the property more or less valuable. No responsibility is assumed for these conditions or for any engineering that may be required to discover them;
4. We have not considered the presence of potentially hazardous materials such as asbestos, urea formaldehyde foam insulation, any form of toxic waste, polychlorinated biphenyls (PCB), pesticides, mold, or lead-based paints. The appraisers are not qualified to detect hazardous substances, and we urge the client to retain an expert in this field if desired;
5. We have made no survey of the property, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate is within the boundaries of the property described, and that there is no encroachment or trespass unless noted;
6. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the Property;
7. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including a liquor license where appropriate), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser;
8. Any partial ownership interest, liens, encumbrances, leases, and servitudes have been disregarded;
9. We take no responsibility for any events or circumstances that take place subsequent to either the date of value or the date of our field inspection, whichever occurs first;
10. The quality of a lodging facility's on-site management has a direct effect on a property's economic viability and value. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results and the value estimate;
11. The financial analysis presented in this report is based upon assumptions, Client provided business-plan, estimates, and evaluations of the market conditions in the local and national and EU region economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed on the basis of information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel buyer as of the stated date (15th June, 2016) of valuation;
12. Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report;
13. Any distribution of the total value between the land and improvements or between partial ownership interests applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis;
14. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value;
15. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use;
16. Areas, dimensions, and descriptions of property, if any, used in this valuation of Property analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plans, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size;
17. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity or organization, either have been, or can be obtained or renewed for any use that is relevant to this analysis. Nonetheless, a defect that requires further inspection will be indicated in the report;
18. Our report was prepared in accordance with, and is subject to, the requirements of RICS RED BOOK (2012/2014 and incorporated of IVSC (International Valuation Standard Committee).

SOURCES

Code	Designation of Information	Source or Publisher	Verification of Data or info	Confidentiality of Data
Financial indicator of existing use, including the facts of past business years and forecasted for coming years within 10 year time-frame expectations				
F.1.	www.ihiplc.com	Home Page of Owner	Reliable source	Publicly available
F.2.	IHI p.l.c. Annual Report -2013	Document from Home Page	Reliable source	Publicly available
F.3	IHI p.l.c. Prospectus – 21 October 2013	Document from Home Page	Reliable source	Publicly available
F.3.	Business Plan – 2016 of Property	Chief Executive Officer and his staff	Reliable source and extended by sensitivity/risk analysis by appraiser	Confidential

OTHER MATTERS WHICH MAY MATERIALLY AFFECT VALUE

Code	Designation of Value Related Affect	Value modification trend	Remarks
1	**European Migration Crisis**	Value Reduction	Currently unpredictable world-wide conflict
2	**Uncertainty of Business Plan of 2016 of Property**	Value Increasing or Reduction	Usual Risk
3	**Transparency Ratio of Hungarian Hotel/ Lodging Sector**	Value Increasing or Reduction	Continuous Country Risk

NON-APPLICABILITY OF CERTAIN LISTING RULES

Listing Rules 7.4.7. and 7.4.8. are not considered applicable for the purposes of this valuation.

DISCLAIMER

Valuations are not a prediction of applied principal or secondary method and estimated value range, nor a guarantee of final reconciled estimated value, and whilst our valuation is one which we consider both reasonable and defensible, however different valuers/appraisers might be properly arrived at different opinions of value. Moreover, the value of property development is susceptible to changes in economical and related conditions, and may therefore change over relatively short time-periods. This valuation and report is submitted without prejudice to the party to whom they are addressed.

The undersigned states that no responsibility is accepted or implied to third parties to whom this report may be disclosed, with or without our consent. In particular, the undersigned states that no liability is accepted in contract, tort (including negligence, or breach of statutory duty), restitution or otherwise, in respect of any direct loss of profit, any indirect, special or consequential loss whatsoever howsoever caused including, without limitation, loss of profit, loss of business, loss of goodwill, loss of use of money, and loss of opportunity.

In accordance with standard practice and related all leading valuation standards and legal aspects of related copyright international regulations, neither the whole nor any part of this valuation nor any reference thereto may be included in any published document without the prior and written approval/protocol of the undersigned for the context in which it may appear. ***For all intents and purposes we hereby confirm our consent for the Client to reproduce in full the contents of this valuation and appendices thereto as an integral part of the Prospectus which we understand is due to be published by International Hotel Investments p.l.c. in connection with an issue of bonds on the Official List of the Malta Stock Exchange in June 2016.***

9

Related Appendix (7 pages):

(1) APPENDIX-1/Site map (1 Page);
(2) APPENDIX-2/Major-Photos (1 Page);
(3) APPENDIX-3/Valuation spreadsheets (5 Pages).

Respectfully submitted by:

László Szabó
Managing Director
MSc Mech. Engineer
Diploma in Management Studies
6. Panorama Street, Southern District, Ercsi, Pest County, Hungary, ZIP CODE: H-2451
MAREKING LLC
Company Registration Code:
Cégjegyzékszám: 07-09-022086

László Márkus
Managing Director
MSc Real Estate
RICS Membership: 1108539
19. Balvany Street, District XXI, Budapest, Pest County, Hungary, ZIP CODE: H-1222
Markus and Partners LLC.
Company Registration Code:
Cégjegyzékszám: 01-09-684545

Publication Date: Friday, 17TH June 2016.

APPENDIX – (1) [Site Plan]

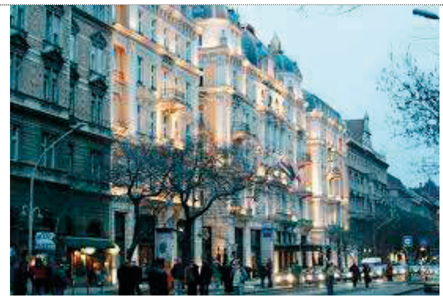
Location Plan – Street Maps of Property

Street Map of Property

Location Map (Map of Google Earth Satellite View) with indication of main boundaries of Property, including frontage building (BUILDING-"A") and apartments wing (BUILDING-"B").

APPENDIX-(2) [Major Photos]

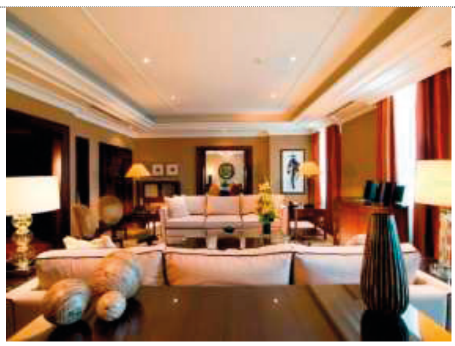
(1) Street View from 1890's



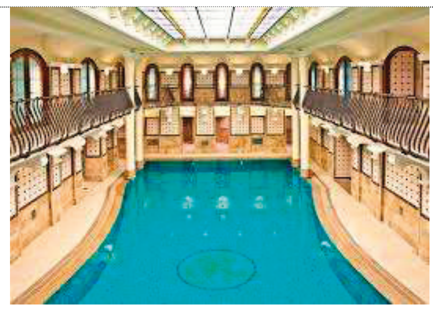
(2) Current Street View

(3) Great Ball Room with Frescos

(4) Apartments and Roof Garden



(5) Presidential Suite (240 sqm)



(6) Spa-Wellness-Jacuzzis-Gymnasium

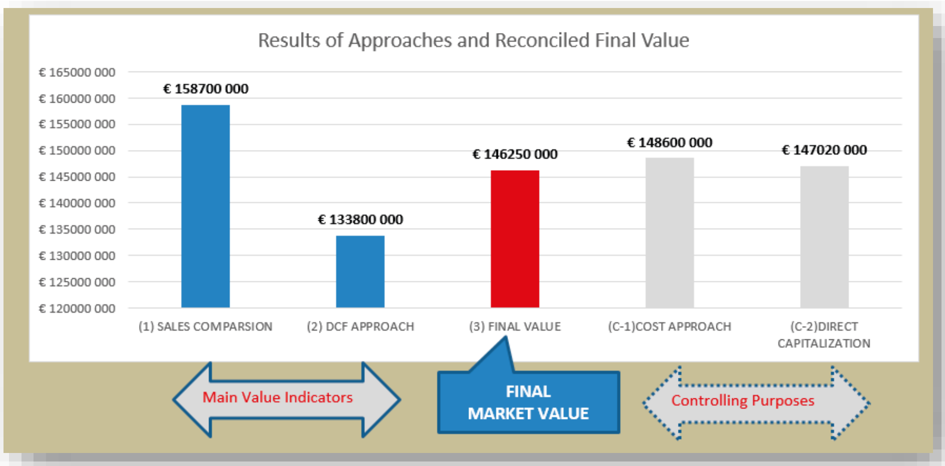
12

APPENDIX – (3) [Valuation Spreadsheets]

Main Input Data

Management:	332 of total, including 70 people of management and 262 operational stuff				
Operational Performance:	Source of Info: IHI website;				
Business Year	2015	2014	2013	2012	2011
	WND	Forecast	Forecast	Fact	Fact
Turnover (€'000)	WND	19 034	18 476	18 069	17 030
Occupancy Level/Ratio:	WND	72	72	71	69
Average Room Rate (€):	WND	€ 107	€ 104	€ 100	€ 96
Revenue per available room (RevPar) (€)	WND	€ 77	€ 75	€ 71	€ 66
Gross Operating Profit Margin (%)	WND	29	30	30	31
Source:	Management information				
Remarks of Appraisers:	*The latest Operational Performance might be obtainable from the Management*				
Market Positioning:	2015	2014	2013	2012	2011
Perfomance of Competitive Set	WND	Forecast	Forecast	Fact	Fact
Occupancy level of Competitors (%):	WND	70	71	72	71
RevPar of Competitors (€)	WND	€ 77	€ 76	€ 73	€ 70
Market Penetration Rate:					
Occupancy:	WND	1,03	1,01	0,99	0,97
Rate:	WND	0,98	0,98	0,99	0,97
Revenue Generating Index:	WND	1,00	0,99	0,97	0,94

Summary of Applied Methods and Reconciled Final Market Value (Graph)



13

Result of Market Approach

Code	Designation of Property / Country / Location/City	No. of Rooms	Whole Price / Price/Room		ADJSTMNT	TOTAL ADJUST-MENT	ADJUSTED UNITARY ROOM VALUE	Seller / Buyer
	Sofitel Munich Byerpost		€ 180 000 000	1	-7,5%			(Undisclosed)
1	Germany	396		2	0,0%	-12,5%	€ 397 727	
	Munich		€ 454 545	3	-5,0%			Deka Immobilien
	Le Meridien Munich		€ 158 000 000	1	-7,5%			Kildare Partners
2	Germany	381		2	0,0%	-12,5%	€ 362 861	
	Munich		€ 414 698	3	-5,0%			Deka Immobilien
	Westin Excelsior Rome		€ 222 000 000	1	-5,0%			Starwood Hotels & Resorts
3	Italy	316		2	-5,0%	-20,0%	€ 562 025	
	Rome		€ 702 532	3	-10,0%			Katara Hospitality
	Crowne Plaza Amsterdam		€ 103 500 000	1	-10,0%			Host Hotels & Rseorts' European
4	Netherlands	270		2	-5,0%	-30,0%	€ 268 333	
	Amsterdam		€ 383 333	3	-15,0%			Yc Amsterdam BV
	Radisson Blue Airport Hotel		€ 172 000 000	1	-15,0%			Avinor As
5	Norway	500		2	-10,0%	-20,0%	€ 275 200	
	Oslo		€ 344 000	3	5,0%			O.G. Ottersland
	Hotel Ritz Madrid		€ 130 000 000	1	-10,0%			Belmond Spanish Holding
6	Spain	167		2	-5,0%	-30,0%	€ 544 910	
	Madrid		€ 778 443	3	-15,0%			Mandarion Oriental
	Cambridge City Hotel		€ 84 411 000	1	-10,0%			London & Regional
7	UK	198		2	-5,0%	-30,0%	€ 298 423	
	Cambridge		€ 426 318	3	-15,0%			CDL Hospitality Trust

	STATISTICAL ANALYSIS A FINAL ESTIMATED SALES VALUE		WEIGHT RATIO		AS A WHOLE TROPY HOTEL	FINAL ROOM VALUE CALCULATION
1		MIN=	30%	MIN=	€ 268 333	€ 80 500
2		AVERAGE=	30%	AVERAGE=	€ 387 069	€ 116 121
3		MEDIAN=	30%	MEDIAN=	€ 362 861	€ 108 858
4		MAX=	10%	MAX=	€ 562 025	€ 56 203
5		TOTAL=	100%	*STANDARD DEVIATION=*	€ 122 946	€ 361 681
SUBJ.	CORINTHIA	439 ROOM			€ 158 778 117	€ 361 681
	ROUNDED TO				€ 158 700 000	

Result of Direct Capitalization Approach

Corinthia Hotel Budapest (Source: Business Plan:2016)

DESIGNATION	Actual 2014		Actual 2015		Forecast 2016		Forecast 2017		Forecast 2018	
Rooms Available	160 600		160 235		160 674		158 410		158 410	
Rooms Occupied	119 377		124 645		126 819		126 401		126 766	
% Rooms Occupied	74,3%		77,8%		78,9%		79,8%		80,0%	
Average Room Rate	113,89		127,08		137,19		149,51		158,02	
RevPAR	84,65		98,85		108,28		119,30		126,46	
RevPOR	113,89		127,08		137,19		149,51		158,02	
Turnover:										
Rooms	€ 13 595 318	67%	15 839 568	69%	17 398 517	71%	18 897 866	70%	20 031 738	70%
Food & Beverage	€ 5 439 168	27%	5 716 319	25%	5 837 860	24%	6 962 441	26%	7 519 436	26%
Minor Operating Depts.	€ 1 115 221	6%	1 253 773	5%	1 258 669	5%	1 130 144	4%	1 165 079	4%
1 Total Turnover	€ 20 149 707	100%	22 809 659	100%	24 495 046	100%	26 990 451	100%	28 716 253	100%
Contribution:										
Rooms Contribution	€ 9 688 672	71%	11 525 040	73%	12 584 473	72%	13 969 978	74%	15 366 976	77%
F&B Contribution	€ 2 159 404	40%	2 344 879	41%	2 202 358	38%	2 853 321	41%	3 138 653	42%
MOD Contribution	€ 818 019	73%	993 461	79%	955 130	76%	839 752	74%	865 710	74%
2 Total Contribution	€ 12 666 096	63%	14 863 380	65%	15 741 961	64%	17 663 050	65%	19 371 339	67%
Departmental Inomce	*€ 12 666 096*		*14 863 380*		*15 741 961*		*17 663 050*		*19 371 339*	
Overheads:										
Administration & General Costs	€ 2 457 474	12%	2 647 913	12%	2 802 385	11%	2 991 950	11%	3 081 709	11%
Sales & Marketing Costs	€ 1 277 175	6%	1 490 521	7%	1 800 191	7%	1 978 026	7%	2 037 367	7%
Repairs & Maintenance Costs	€ 731 416	4%	898 094	4%	847 105	3%	906 903	3%	934 110	3%
Energy Cost	€ 1 402 322	7%	1 332 642	6%	1 299 797	5%	1 345 619	5%	1 379 260	5%
Financial Charges	€ 281 462	1%	387 809	2%	292 109	1%	317 444	1%	326 968	1%
3 Total Overheads	€ 6 149 849	31%	6 756 979	30%	7 041 587	29%	7 539 944	28%	7 759 414	27%
4 Gross Operating Profit=4=2-3=NOI	€ 6 516 247	32%	8 106 401	36%	8 700 374	36%	10 123 106	38%	11 611 924	40%
Payroll(% of Total Turnover	24,7%		23,4%		23,5%		23,2%		23,2%	
F&B Cost (% F&B Sales)	60,3%		59,0%		62,3%		59,0%		58,3%	

APPRAISER DEVELOPED PART	2014	2015	2016	2017	2018
MARKET DIRECT CAP RATE	*6,100%*	*6,100%*	*6,100%*	*6,100%*	*6,100%*
ESTIMATED VALUE OF NOI	*€ 106 823 726*	*€ 132 891 818*	*€ 142 629 082*	*€ 165 952 565*	*€ 190 359 417*
TIME HORIZON	*1*	*ZERO/BASE YEAR*	*1*	*2*	*2*
Annual Inflation/Interest Rate (CPI)	*3,50%*	*"PRESENT TIME"=20*	*3,50%*	*3,50%*	*3,50%*
Discount Factor of 2015	*1,035*	*1,000*	*0,9662*	*0,9335*	*0,9335*
ESTIMATED VALUES (ANNUAL)	*€ 110 562 557*	*€ 132 891 818*	*€ 142 629 082*	*€ 165 952 565*	*€ 190 359 417*

ASSUMPTION AND ADJUSTEMENT OF "STABILIZED YEAR"	*FORMER YEAR*	*UTILIZED YEAR-1*	*UTILIZED YEAR-2*	*UTILIZED YEAR-3*	*NON-UTILIZED YEAR*
		34,00%	*33,00%*	*33,00%*	
			100,00%		
		€ 45 183 218	*€ 47 067 597*	*€ 54 764 346*	
			€ 147 015 161		

ESTIMATED VALUE *€ 147 015 161* *Based on Three Years NOI Results, from € 8.106.401 to € 10.123.106, with the same ARY=OAR Rate*

ROUNDED TO *€ 147 020 000*

15

DCF method -1/2 (Base Scenario)

CLIENT PROVIDED DATA										
	2 016	2 017	2 018	2 019	2 020	2 021	2 022	2 023	2 024	2 025
OPERATING FCF	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680	€ 7 285 880	€ 7 430 840	€ 7 577 560	€ 7 729 880
APPLIED DATA FOR DCF MODEL										
OPERATING FCF	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680				
DATA/ESTIMATION AND RELATED CONCLUSION AND DEDUCTION HAVE BEEN DEVELOPED BY APPRAISERS										
DCF MODEL WITH SENSITIVITY ANALYSIS, INCLUDING TWO INDEPENDENT VARIABLE										
	2016	2017	2018	2019	2020	2021				
OPERATING FCF	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680				
	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680				
G. Rate of Perpetuity	3,00%	3,00%	3,00%	3,00%	3,00%					
WACC=DCF RATE:	7,50%	7,50%	7,50%	7,50%	7,50%					
Terminal value yield=or Direct Capitalization Rate at Terminal Year						4,50%				
						€ 158 704 000				
COMISSION						4,00%				
						€ 152 355 840				
	0,5	1,5	2,5	3,5	4,5	5,5				
FREE CASH FLOW										
OPERATING CAH FLOW	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680				
TERMINAL SALES:	€ 0	€ 0	€ 0	€ 0	€ 0	€ 152 355 840				
AGGREGATED FCF:	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 159 497 520				
DCF DISC. RATE:	7,50%	7,50%	7,50%	7,50%	7,50%	7,50%				
DISCOUNT FACTOR:	0,9645	0,8972	0,8346	0,7764	0,7222	0,6718				
ANNUAL NPV:	€ 6 100 873	€ 6 182 326	€ 5 662 867	€ 5 330 049	€ 5 116 088	€ 107 153 752				
NPV:	€ 135 545 955									

DCF Method -2/2 (Sensitivity Analysis)

		FIRST INDEPENDENT VARAIBLE FACTOR= PERPETUITY GROWTH RATE OF GOP (GROSS OPEARING PROFIT)										
		1	2	3	4	5	6	7	8	9	10	11
	€ 135 545 955	2,75%	2,80%	2,85%	2,90%	2,95%	3,00%	3,05%	3,10%	3,15%	3,20%	3,25%
1	7,40%	#HIV!	#HIV!	#HIV!	#HIV!	#HIV!	#HIV!	#HIV!	#HIV!	#HIV!	#HIV!	#HIV!
2	7,41%	132 567 281	133 644 264	134 744 865	135 860 869	137 020 098	138 196 409	139 399 700	140 630 910	141 891 021	143 181 063	144 502 116
3	7,42%	132 295 101	133 366 902	134 462 157	135 581 643	136 726 173	137 896 598	139 093 806	140 318 727	141 572 335	142 855 649	144 169 738
4	7,43%	132 024 081	133 090 736	134 180 681	135 294 686	136 433 558	137 598 137	138 789 305	140 007 983	141 255 135	142 531 770	143 838 947
5	7,44%	131 754 213	132 815 757	133 900 427	135 008 990	136 142 242	137 301 017	138 486 188	139 698 668	140 939 410	142 209 415	143 509 731
6	7,45%	131 485 491	132 541 957	133 621 390	134 724 546	135 852 217	137 005 229	138 184 446	139 390 771	140 625 150	141 888 573	143 182 078
7	7,46%	131 217 907	132 269 329	133 343 559	134 441 346	135 563 475	136 710 764	137 884 068	139 084 282	140 312 344	141 569 234	142 855 978
8	7,47%	130 951 454	131 997 866	133 066 928	134 159 383	135 276 007	136 417 612	137 585 045	138 779 193	140 000 983	141 251 386	142 531 420
9	7,48%	130 686 124	131 727 560	132 791 489	133 878 648	134 989 806	136 125 766	137 287 369	138 475 493	139 691 056	140 935 020	142 208 392
10	7,49%	130 421 910	131 458 403	132 517 233	133 599 132	134 704 861	135 835 217	136 991 031	138 173 173	139 382 554	140 620 125	141 886 885
11	7,50%	130 158 806	131 190 388	132 244 154	133 320 828	134 [illegible] 166	135 545 955	136 696 020	137 872 224	139 075 466	140 306 691	141 566 886
12	7,51%	129 896 805	130 923 508	131 972 244	133 043 729	134 13[illegible]	135 257 973	136 402 330	137 572 636	138 769 783	139 994 707	141 248 385
13	7,52%	129 635 899	130 657 756	131 701 495	132 767 826	133 857 4[illegible]	134 971 261	136 109 949	137 274 399	138 465 496	139 684 164	140 931 373
14	7,53%	129 376 082	130 393 125	131 431 900	132 493 111	133 577 493	134 [illegible] 812	135 818 871	136 977 506	138 162 594	139 375 052	140 615 838
15	7,54%	129 117 346	130 129 607	131 163 452	132 219 578	133 298 713	134 401 [illegible]	135 529 085	136 681 947	137 861 069	139 067 360	140 301 770
16	7,55%	128 859 685	129 867 196	130 896 142	131 947 217	133 021 141	134 [illegible] 668	135 240 584	136 387 712	137 560 911	138 761 080	139 989 160
17	7,56%	128 603 093	129 605 884	130 629 965	131 676 022	132 744 770	133 836 [illegible]	134 953 359	136 094 793	137 262 110	138 456 200	139 677 996
18	7,57%	128 347 563	129 345 664	130 364 912	131 405 986	132 469 593	133 556 474	134 [illegible] 401	135 803 181	136 964 658	138 152 713	139 368 269
19	7,58%	128 093 087	129 086 531	130 100 977	131 137 100	132 195 601	133 277 213	134 382 [illegible]	135 512 868	136 668 545	137 850 607	139 059 968
20	7,59%	127 839 661	128 828 476	129 838 153	130 869 357	131 922 787	132 999 166	134 090 255	135 223 844	136 373 762	137 549 874	138 753 085
21	7,60%	127 587 276	128 571 493	129 576 431	130 602 751	131 651 142	132 722 324	133 [illegible] 040	134 936 101	136 080 300	137 250 504	138 447 609

SECOND INDEPENDENT VARIABLE FACTOR=WACC RATE= AS DCF BASE RATE

APPLIED VALUE RANGE AS THE MOST PROBABLE VALUES OF DIFFERENT SCENARIOUS

BASE SCENARIO	€ 135 545 955		
VALUE RANGE BY SENSITIVITY ANALYSIS	DISCREET VALUES	WEIGHT RATIO	ESTIMATED VALUE
MINIMUM VALUE OF RANGE:	€ 130 421 910	25,00%	€ 32 605 478
AVERAGE VALUE OF RANGE	€ 133 789 574	25,00%	€ 33 447 394
MEDIAN VALUE OF RANGE	€ 133 761 456	25,00%	€ 33 440 364
MAXIMUM VALUE OF RANGE	€ 137 315 340	25,00%	€ 34 328 835
STANDARD DECIATION OF RANGE	€ 2 537 152	100,00%	€ 133 822 070
ROUNDED TO			€ 133 800 000
CONTROL LINE			*€ 133 800 000*

END OF VALUATION REPORT/ 17th June 2016

SECURITIES NOTE
DATED 28 JUNE 2016

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 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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Secured Bonds being issued by International Hotel Investments p.l.c. Application has been made for the admission to listing and trading of the Secured 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 €55,000,000 4% Secured Bonds 2026
of a nominal value of €100 per Secured 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

with the joint and several Guarantee* of

IHI MAGYARORSZÁG ZRT.

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF HUNGARY
WITH COMPANY REGISTRATION NUMBER Cg.01-10-044660

ISIN:- MT0000111303

*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note forming part of this Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Secured Bonds and the Guarantee provided by IHI Magyarország Zrt.

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS 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 HOWSOEVER 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 INSTRUMENT. 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.

APPROVED BY THE DIRECTORS

Joseph Fenech on behalf of: Alfred Pisani, Frank Xerri de Caro, Abdulnaser M.B. Ahmida, Douraid Zaghouani, Hamad Mubarak Mohd Buamin, Abuagila Almahdi, Khaled Amr Algonsel, Joseph Pisani, Winston V. Zahra, Joseph J. Vella.

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

TABLE OF CONTENTS

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 28 JUNE 2016 AND CONTAINS INFORMATION ABOUT INTERNATIONAL HOTEL INVESTMENTS PLC (THE "ISSUER") IN ITS CAPACITY AS ISSUER, IHI MAGYARORSZÁG ZRT (THE "GUARANTOR") IN ITS CAPACITY AS GUARANTOR AND THE SECURED BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE COMPANIES ACT 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, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE ISSUER OF A MAXIMUM OF €55,000,000 SECURED BONDS 2026 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4% PER ANNUM, PAYABLE ANNUALLY IN ARREARS ON 29 JULY OF EACH YEAR. THE NOMINAL VALUE OF THE SECURED BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 29 JULY 2026.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE SECURED 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 SECURED 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 SECURED 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 SECURED 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 SECURED BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY 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 SECURED 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 SECURED 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 SECURED 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 SECURED BONDS.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS TO THE ISSUER AND THE GUARANTOR" UNDER SECTION 3.4 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR 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 SECURED 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 SECURED 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 Secured 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 Secured Bonds, Application Form 'A' and Application Form 'B', 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;
Bondholder	a holder of Secured Bonds;
Bond Issue	the issue of the Secured Bonds;
Bond Issue Price	the price of €100 per Secured 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 30 June 2016 (trading session of 27 June 2016);
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;
Group	the Issuer (as parent company) and its Subsidiaries;
Guarantee or **Security**	the joint and several suretyship granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereto;
Guarantor	IHI Magyarország Zrt. (full name IHI Magyarország Szolgáltató zártkörűen működő részvénytársaság), a company limited by shares registered under the laws of Hungary having its registered office at 1073 Budapest, Erzsébet krt 43-49, Hungary and bearing company registration number Cg.01-10-044660;

Interest Payment Date	29 July of each year between and including each of the years 2017 and the year 2026, 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 5 August 2016;
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;
Memorandum and Articles of Association or **M&As**	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Preferred Applicants	shareholders of the Issuer as at the Cut-Off Date;
Preferred Applicants' Offer Period	the period between 1 July 2016 and 19 July 2016 during which the Secured Bonds are on offer to Preferred Applicants;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Public Offer Period	the period between 4 July 2016 and 22 July 2016 (or such earlier date as may be determined by the Issuer) during which the Secured Bonds are on offer to the general public;
Redemption Date	29 July 2026;
Redemption Value	the nominal value of each Secured Bond (€100 per Secured Bond);
Registration Document	the registration document issued by the Issuer dated 28 June 2016, 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; 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; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Secured Bond(s)	a maximum of €55,000,000 secured bonds due 2026 of a face value of €100 per bond bearing interest at the rate of 4% per annum and redeemable on the Redemption Date at their nominal value;

Securities Note	this document in its entirety;
Security Interest or **Collateral**	a first ranking mortgage over the Security Property registered in the Budapest real estate registry in accordance with Hungarian law in favour of the Security Trustee;
Security Property	the hotel owned and operated by the Guarantor, the Corinthia Hotel Budapest, situated at 43-49, Teréz körút (Grand Boulevard) and 53, Hársfa Street, District VII, Budapest, Hungary;
Security Trustee or **Trustee;**	Alter Domus Trustee Services (Malta) Limited, a company registered and existing under the laws of Malta with company registration number C 63887 and having its registered office at Vision Exchange Building, Territorial Street, Mriehel, Birkirkara BKR3000, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta);
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 28 June 2016, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue, including the terms contained in this Securities Note.

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

Unless it appears otherwise from the context:

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

2. RISK FACTORS

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

THE NOMINAL VALUE OF THE SECURED BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE SECURED BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE SECURED BONDS ON THE REDEMPTION DATE.

AN INVESTMENT IN THE SECURED 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 SECURED 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 SECURED 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 SECURED BONDS, SHOULD PURCHASE ANY SECURED BONDS.

ACCORDINGLY 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

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.

2.2 GENERAL

An investment in the Issuer and the Secured Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Secured Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

a) has sufficient knowledge and experience to make a meaningful evaluation of the Secured Bonds, the merits and risks of investing in the Secured Bonds and the information contained or incorporated by reference to the Prospectus or any applicable supplement;
b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Secured Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
c) understands thoroughly the terms of the Secured Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
d) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.3 RISKS RELATING TO THE SECURED BONDS

An investment in the Secured Bonds involves certain risks including, but not limited to, those described below:

- **The existence of an orderly and liquid market for the Secured Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer's Secured Bonds at any given time and the general economic conditions in the market in which the Secured 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 Secured 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 Secured Bonds at or above the Bond Issue Price or at all.**

- **Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Secured Bonds.**

- **A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Secured 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 Secured Bonds prevailing from time to time.**

- **The Secured Bonds, as and when issued and allotted, shall 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, save for such exceptions as may be provided by applicable law, without any priority or preference to all other present and future unsecured obligations of the Issuer. However the Secured Bonds shall be guaranteed, in respect of both the interest and the principal amount due, by the Guarantor by virtue of the Security Interest over the Security Property, and accordingly in respect of the Security Property the Guarantor's obligations towards the Security Trustee (for the benefit of Bondholders) shall constitute the general, direct, unconditional and secured obligations of the Guarantor and shall at all times rank with priority or preference over all indebtedness of the Guarantor present and future, if any (whether such indebtedness is secured or unsecured), over the Security Property, but without priority or preference over all other assets of the Guarantor.**

  In view of the fact that the Secured Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under said Secured Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer for defaults of the Issuer. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor and the value of the Security Property. Furthermore, third party security interests may be registered which will rank in priority to the Secured Bonds against the assets of the Issuer and in priority to the obligations of the Guarantor towards the Security Trustee against the assets of the Guarantor (save for the Security Property), in either case for so long as such security interests remain in effect.

- **The attention of prospective investors in the Secured Bonds is drawn to the concluding paragraph of section 4.1 of this Securities Note, which provides that the issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being admitted to the Official List and on the Security Interest being constituted in favour of the Security Trustee, and that in the event that either of the aforesaid conditions is not satisfied within 60 Business Days of the Prepayment Date (defined in section 4.5 below), the Security Trustee shall return Bond Issue proceeds to Bondholders.**

- **Privileges or similar charges accorded by law in specific situations may arise during the course of the business of each of the Issuer and Guarantor which may rank with priority or preference to the Bonds and/or the Security Interest, as applicable.**

- **In the event that the Issuer wishes to amend any of the Terms and Conditions of this Bond Issue it shall call a meeting of Bondholders in accordance with the provisions of section 5.12 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 the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.**

2.4 RISKS INHERENT IN PROPERTY VALUATIONS

The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of the Security Property referred to in this Prospectus reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of the Security Property will reflect actual market values. Accordingly, the actual value of the Security Property forming the subject of the Security Interest may vary from the value indicated in the valuation forming part of this Prospectus, and should the actual value of the Security Property be lower than that for which the Security Interest has been registered, the amount recoverable upon exercise of the Security Interest by the Security Trustee may not be sufficient to guarantee full repayment of the indebtedness under the Secured Bonds.

2.5 RISKS RELATING TO THE GUARANTEE

If the Issuer were to default on its payment obligations in terms of the Secured Bonds, Bondholders would have to rely on claims for payment under the Guarantee, which is subject to certain risks and limitations, particularly the risk relating to the fact that claims against the Guarantee may only be made following the taking of enforcement action against the Guarantor in Hungary in respect of the Security Property. It will only be possible for the Security Trustee acting on behalf of the Bondholders to make a claim against the Guarantee once there has been an Event of Default (as defined in the Securities Note) by the Issuer which has not been remedied within the prescribed time. Only the Security Trustee has the right to enforce the Security Interest relating to the Security Property on behalf of the Bondholders. Accordingly, Bondholders will not have direct security interests in the Security Property and will not be entitled to take enforcement action in respect of the Security Property securing the Secured Bonds, except through the Trustee. The Issuer is incorporated under the laws of Malta. The Guarantor is organised under the laws of Hungary, with the Security Property located in Hungary. The ability of the Security Trustee to enforce the Security Interest of the Bondholders is subject to the laws of Hungary.

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 and the Guarantor. 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, including information relating to the Guarantor.

To the best of the knowledge and belief of the directors of the Issuer and the Guarantor, 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 and the Guarantor 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 during the Preferred Applicants’ Offer Period and the Public Offer Period:

For the purposes of any subscription for Secured Bonds through any of the Authorised Financial Intermediaries during the Preferred Applicants’ Offer Period and the Public Offer Period in terms of this Securities Note and any subsequent resale, placement or other offering of Secured 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 Secured Bonds, provided this is limited only:

(i) in respect of Secured Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of this Securities Note during the Preferred Applicants’ Offer Period and the Public Offer Period;
(ii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place in Malta;
(iii) to any resale or placement of Secured 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 Secured 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 Secured 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 Secured 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 Secured 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 Secured 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 €54 million, 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 €29 million will be used by the Issuer to refinance bank borrowings relating to the Security Property;

(ii) a maximum amount of €5 million will be used by the Issuer to partly fund the remaining balance of the consideration due for the acquisition of IHGH, which balance is payable on 10 August 2016 (section 4.5(a) of the Registration Document refers);

(iii) a maximum amount of €4.6 million will be used by the Issuer to fund the consideration due in respect of the acquisition of 80% of the entire shareholding in QPM, of which the Issuer is currently a 20% shareholder (section 4.5(j) of the Registration Document refers);

(iv) a maximum amount of €10 million will be used by the Issuer to fund professional fees relating to the St George's Bay Development, such professional fees representing payments due to architectural firms, interior design firms, mechanical and electrical consultants, project managers and other professional firms engaged in producing detailed drawings and plans leading to the submission of a full building permit application on or around, the Issuer expects, the end of 2016 (section 4.5(b) of the Registration Document refers); and

(v) the remaining balance of the net Bond Issue proceeds will be used by the Issuer for general corporate funding purposes and for expenses incurred on new development projects of the Group (section 4.5 of the Registration Document refers).

In the event that the Issuer does not receive subscriptions for the full €55,000,000 in Secured Bonds, the Issuer will proceed with the listing of the amount of Secured Bonds subscribed for, and it shall firstly apply the net proceeds received in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in this section 4.1 which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

In terms of the Prospectus and Trust Deed, the Security Trustee shall not release any of the Bond Issue proceeds other than such amount as is required to settle the payment specified in para (i) above (as a result of which all the existing security over the Security Property will be released as aforesaid), until such time as the Security Interest is duly constituted in favour of the Security Trustee in accordance with Hungarian law.

The issue and allotment of the Secured Bonds is conditional upon: (i) the Secured Bonds being admitted to the Official List; and (ii) the Security Interest being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied within 60 business days of the Prepayment Date (defined in section 4.5 below), the Security Trustee shall return Bond Issue proceeds to the Bondholders.

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 €1 million. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€55,000,000;
Form:	The Secured 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:	MT0000111303;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	29 July 2026;

Plan of Distribution:	The Secured Bonds are open for subscription by all categories of investors, including Preferred Applicants and the general public;
Preferred Allocations:	Preferred Applicants will be granted preference in their applications for Secured Bonds up to an aggregate amount of €30 million;
Bond Issue Price:	At par (€100 per Secured Bond);
Status of the Secured Bonds:	The Secured Bonds, as and when issued and allotted, shall 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, save for such exceptions as may be provided by applicable law, without any priority or preference to all other present and future unsecured obligations of the Issuer. However, the Secured Bonds shall be guaranteed, in respect of both the interest and the principal amount due, by the Guarantor in terms of the Guarantee. Furthermore, by virtue of the Security Interest over the Security Property, specifically in respect of the Security Property, the Guarantor's obligations towards the Security Trustee (for the benefit of Bondholders) shall constitute the general, direct, unconditional and secured obligations of the Guarantor and shall at all times rank with priority or preference over all indebtedness of the Guarantor present and future, if any (whether such indebtedness is secured or unsecured), over the Security Property, but with no priority or preference over all other assets of the Guarantor;
Listing:	Application has been made to the Listing Authority for the admissibility of the Secured Bonds to listing and subsequent trading on the Official List, and to the MSE for the Secured Bonds to be listed and traded on its Official List;
Closing date for Applications:	16:00 hours on 19 July 2016 for Preferred Applicants and 16:00 hours on 22 July 2016 (or such earlier date as may be determined by the Issuer in the event of over-subscription) for the general public;
Preferred Applicants' Offer Period:	The period between the 1 July 2016 and 19 July 2016 during which the Secured Bonds are on offer to Preferred Applicants;
Public Offer Period:	The period between 4 July 2016 and 22 July 2016 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which the Secured Bonds are on offer to the general public;
Interest:	4% per annum;
Interest Payment Date(s):	Annually on 29 July as from 29 July 2017 (the first interest payment date);
Governing Law of Secured Bonds:	The Secured 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 Secured Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

4.5 SECURITY

The Secured Bonds shall be issued and allotted as secured and Bondholders shall benefit from the Security, consisting of a joint and several guarantee by the Guarantor backed by a first ranking mortgage registered with the Budapest real estate registry over the Security Property in favour of the Security Trustee.

The Security Interest shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the list of Bondholders held at the CSD.

The Issuer and the Guarantor have entered into a Trust Deed with the Security Trustee which provides for the covenants of the Issuer and the Guarantor to pay the principal amount under the Secured Bonds on the Redemption Date and interest thereon, the covenants relating to the constitution and maintenance of a first ranking Hungarian law mortgage over the Security Property, and all the rights and benefits under the Trust Deed. The Security Interest will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds. The following two paragraphs explain the manner in which the Security Interest is set to come into effect.

As indicated in section 4.1(i) above, a maximum amount of €29 million of the Bond Issue proceeds will be utilised by the Issuer to refinance bank borrowings relating to the Security Property. Agreement has been reached between the Guarantor, as borrower, and OTP Bank Nyrt. (formerly known as Országos Takarékpénztár és Kereskedelmi Bank Rt.) and K&H Bank Zrt. (formerly known as Kereskedelmi és Hitelbank Rt.), as lenders (together hereinafter the **"Lenders"**), for the Lenders to cancel all mortgages encumbering the Security Property registered in their favour with the Budapest real estate registry and securing the outstanding debt due pursuant to the bank facilities made available to the Guarantor in July 2001 and March 2006 respectively, each as amended from time to time. The cancellation of all mortgages arising in favour of the Lenders, currently consisting of a first ranking mortgage in favour of OTP Bank Nyrt. originally for the amount of €46,700,500 and a second ranking mortgage in favour of K&H Bank Zrt. originally for the amount of €1,650,000, as well as the waiver of any related additional collateral (if any), shall take effect after the Bond Issue and following the date of receipt by the Lenders from the Security Trustee of the total amount outstanding of approximately €29 million (the **"Loan Repayment Amount"**), expected to be 29 July 2016 (the "**Prepayment Date**"). Presently, the existing mortgages restrict the Guarantor's right to dispose of the Security Property (including the right to sell or lease the Security Property to any third party) or to establish any further encumbrances or pre-emptive rights in respect of the Security Property, without the prior written consent of the Lenders.

On the Prepayment Date, the Security Trustee, as payment agent for the Guarantor, shall settle the Loan Repayment Amount due to the Lenders. Upon receipt of payment, the Lenders shall unconditionally and irrevocably cancel all prevailing mortgages over the Security Property (currently in favour of the Lenders). Following such cancellation, a first ranking mortgage over the Security Property will be registered, in the Budapest real estate registry, in favour of the Security Trustee for an amount equivalent to the entire amount of Bond Issue proceeds to be advanced by the Security Trustee in the manner specified in section 4.1 above, and interest thereon. The Security Interest will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Secured Bonds.

In terms of the Prospectus and Trust Deed, the Security Trustee shall not release any of the Bond Issue proceeds other than such amount as is required to settle the Loan Repayment Amount in favour of the Lenders (as a result of which all the existing security over the Security Property will be released as aforesaid), until such time as the Security Interest is duly constituted in favour of the Security Trustee in accordance with Hungarian law.

The Security Trustee's role includes holding of the Security Interest for the benefit of the Bondholders and the enforcement of the Security Interest upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds, which remain exclusively the obligations of the Issuer (or, in the case of default by the Issuer, of the Guarantor), save to the extent that the Security Trustee shall apply any amounts available in terms of the Security Interest held by it towards the redemption of the Secured Bonds on the Redemption Date or upon enforcement of the Security Interest upon the happening of certain events as aforesaid.

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

Each Secured Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Secured Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Secured Bonds hereafter described and to accept and be bound by the said terms and conditions.

5.1 GENERAL

5.1.1 Each Secured Bond forms part of a duly authorised issue of 4% Secured Bonds 2026 of a nominal value of €100 per Secured Bond issued by the Issuer at par up to the principal amount of €55,000,000 (except as otherwise provided under clause 5.11 "Further Issues"). The issue date of the Secured Bonds is 5 August 2016.

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

5.1.3 Subject to admission to listing of the Secured Bonds to the Official List of the MSE, the Secured Bonds are expected to be assigned ISIN MT0000111303.

5.1.4 All outstanding Secured 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 Secured Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.

5.1.6 The Bond Issue is not underwritten.

5.1.7 In the event that the Bond Issue is not fully subscribed, the Issuer will proceed to list the Secured Bonds subscribed for.

5.1.8 There are no special rights attached to the Secured Bonds other than the right of the Bondholders to the payment of capital and interest (as detailed below) and in accordance with the ranking specified in section 5.2 of this Securities Note.

5.2 RANKING OF THE SECURED BONDS

The Secured Bonds, as and when issued and allotted, shall 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, save for such exceptions as may be provided by applicable law, without any priority or preference to all other present and future unsecured obligations of the Issuer. However, the Secured Bonds shall be guaranteed, in respect of both the interest and the principal amount due, by the Guarantor in terms of the Guarantee. Furthermore, by virtue of the Security Interest over the Security Property, specifically in respect of the Security Property, the Guarantor's obligations towards the Security Trustee (for the benefit of Bondholders) shall constitute the general, direct, unconditional and secured obligations of the Guarantor and shall at all times rank with priority or preference over all indebtedness of the Guarantor present and future, if any (whether such indebtedness is secured or unsecured), over the Security Property, but with no priority or preference over all other assets of the Guarantor.

The payment of the principal under the Secured Bonds and interest thereon shall be secured by the Guarantee as well as by a first-ranking mortgage over the Security Property which the Guarantor, pursuant to a Trust Deed entered into with the Issuer and Security Trustee, has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders.

In terms of Hungarian law, upon creation of the Security Interest over the Security Property pursuant to the process specified in section 4.5 above, until such time as such Security Interest remains in force no prior-ranking security interest may be registered over the Security Property. With respect to the remaining assets of the Guarantor, third party security interests may be registered which, for so long as such third party security interests remain in effect, will rank in priority to the Secured Bonds in respect of such other assets of the Guarantor.

Without prejudice to the aforesaid, with reference to the Issuer, investors' attention is drawn to the fact that third party security interests may be registered which, for so long as such third party security interests remain in effect, will rank in priority to the Secured Bonds in respect of the assets of the Issuer.

5.3 RIGHTS ATTACHING TO THE SECURED BONDS

There are no special rights attached to the Secured Bonds other than the right of the Bondholders to:

(i) the payment of capital;

(ii) the payment of interest;

(iii) the benefit of the Security Interest through the Security Trustee;

(iv) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and

(v) enjoy all such other rights attached to the Secured Bonds emanating from the Prospectus.

5.4 INTEREST

Subject to the conditions set out in section 7.2.1 being fulfilled and the Bond Issue becoming unconditional, the Secured Bonds shall bear interest from and including 29 July 2016 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 29 July 2017 (covering the period 29 July 2016 to 28 July 2017). 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 Secured Bonds is barred by the lapse of five (5) years.

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

5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds at Redemption Date is four per cent (4%).

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

5.6.1 Certificates will not be delivered to Bondholders in respect of the Secured Bonds in virtue of the fact that the entitlement to Secured 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 Secured 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 Secured Bonds held in the register kept by the CSD.

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

5.6.4 Any person in whose name a Secured 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 Secured Bond. Title to the Secured Bonds may be transferred as provided below under the heading 'Transferability of the Secured Bonds' in Section 5.10 of this Securities Note.

5.7 PAYMENTS

5.7.1 Payment of the principal amount of a Secured Bond will be made in Euro by the Issuer to the person in whose name such Secured 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 Secured Bonds shall be redeemed and the appropriate entry made in the electronic register of the Secured Bonds at the CSD.

5.7.2 In the case of Secured 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 Secured Bonds.

5.7.3 Payment of interest on a Secured Bond will be made to the person in whose name such Secured 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.

5.7.4 All payments with respect to the Secured 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 Secured 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.

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

5.8 REDEMPTION AND PURCHASE

5.8.1 Unless previously purchased and cancelled, the Secured Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 29 July 2026.

5.8.2 Subject to the provisions of this section 5.8, the Issuer may at any time purchase Secured Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

5.9 EVENTS OF DEFAULT

Pursuant to the Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than seventy five per cent (75%) in value of the Bondholders, by notice in writing to the Issuer and Guarantor declare the Secured Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events ("**Events of Default**"):

5.9.1 the Issuer shall fail to pay any interest on any Secured Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given by the Security Trustee to the Issuer; or

5.9.2 the Issuer shall fail to pay the principal amount on any Secured Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given by the Security Trustee to the Issuer; or

5.9.3 the Issuer shall fail to duly perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the Security Trustee; or

5.9.4 any Security Interest constituted in favour of the Security Trustee shall, at any time, cease to be in full force and effect under Hungarian Law and the Security Interest shall be declared invalid or unenforceable, or the Issuer and/or Guarantor assents in writing that any such Security Interest is invalid or unenforceable, and any such default continues for 30 days without the Issuer and/or the Guarantor, as the case may be, applying to the relevant authorities to remedy the invalidity, and such default is not remedied within 60 days; or

5.9.5 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 and/or the Guarantor; or

5.9.6 the Issuer and/or the Guarantor stop or suspend payments (whether of principal or interest) with respect to all or any class of their debts or announce an intention to do so or ceases or threatens to cease to carry on their business or a substantial part of their business; or

5.9.7 the Issuer and/or the Guarantor are unable, or admit in writing their inability, to pay their debts as they fall due or otherwise become insolvent; or

5.9.8 the Issuer and/or the Guarantor commit a material breach of any of the covenants or provisions contained in the Trust Deed to be observed and performed by them (such material breach as defined in the Trust Deed) and the said breach still subsists for sixty (60) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Secured Bonds); or

5.9.9 there shall have been entered against the Issuer and/or the Guarantor a final judgment by a court of competent jurisdiction (which is not covered by insurance as to which a claim has been submitted and as to which the insurer has not disclaimed or indicated an intent to disclaim responsibility for the payment thereof) from which no appeal may be or is made for the payment of money in excess of ten million Euro (€10,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been paid, discharged or stayed; or

5.9.10 any default occurs under any contract or document relating to any Financial Indebtedness (as defined below) of the Issuer and/or the Guarantor in excess of ten million Euro (€10,000,000) or its equivalent at any time and ninety (90) days shall have passed since the default without its having been paid or discharged. For the purposes of this para 5.9.10, the term 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; or

5.9.11 all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer and/or Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Secured Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

Provided that in the event of any breach by the Issuer of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond the control of the Issuer, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on and in accordance with any instructions it may receive in a meeting of Bondholders satisfying the conditions set out in the Trust Deed. The Security Trustee shall not be bound to take any steps to ascertain whether any event of default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such event of default or condition, event or other circumstance has happened and that the Issuer is observing and performing all the obligations, conditions and provisions on their respective parts contained in the Secured Bonds and the Trust Deed.

5.10 TRANSFERABILITY OF THE SECURED BONDS

5.10.1 The Secured 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.

5.10.2 Any person becoming entitled to a Secured 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 Secured 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 Secured Bond, or procuring the transfer of the Secured Bond, in favour of that person.

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

5.10.4 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.

5.10.5 The Issuer will not register the transfer or transmission of Secured Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Secured Bonds.

5.11 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 Secured 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 Secured Bonds) or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Secured Bonds in respect of the Security Interest.

5.12 MEETINGS OF BONDHOLDERS

5.12.1 The Issuer may, through the Security Trustee, 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.

5.12.2 A meeting of Bondholders shall be called by the Directors, through the Security Trustee, 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 5.12 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

5.12.3 The amendment or waiver of any of the Terms and Conditions of the Bond Issue contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

5.12.4 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 Secured 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.

5.12.5 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.

5.12.6 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.

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

5.12.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

5.12.9 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.

5.13 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 21 June 2016. The Guarantee being given by the Guarantor in respect of the Secured Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 21 June 2016.

5.14 REPRESENTATIONS AND WARRANTIES

5.14.1 The Issuer represents and warrants to Bondholders, that shall be entitled to rely on such representations and warranties, that:

(i) it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and

(ii) it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus.

5.14.2 The Prospectus contains all relevant material information with respect to the Issuer and the Guarantor and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantor, their respective businesses and financial position, the omission of which would, in the context of issue of the Secured Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

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.

5.16 GOVERNING LAW AND JURISDICTION

The Secured Bonds are governed by and shall be construed in accordance with Maltese law.

Any legal action, suit or proceedings against the Issuer and/or the Guarantor arising out of or in connection with the Secured Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts.

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 Secured 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 Secured 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 Secured 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. 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 EXCHANGE OF INFORMATION

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 Director General Inland Revenue, Malta, 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 Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

6.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE SECURED BONDS

On the assumption that the Secured 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 Secured 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 Secured Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Secured 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 SECURED BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE SECURED 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 Preferred Applicants	1 July 2016
2. Application Forms available to the general public	4 July 2016
3. Closing of Preferred Applicants' Offer Period	19 July 2016
4. Opening and closing of subscription lists relative to Public Offer Period	20 July 2016 and 22 July 2016 respectively
5. Commencement of interest on the Secured Bonds	29 July 2016
6. Prepayment of Lenders by Security Trustee for commencement of process leading to creation of Security Interest	29 July 2016
7. Expected date of announcement of basis of acceptance	29 July 2016
8. Refunds of unallocated monies	5 August 2016
9. Expected dispatch of allotment letters	5 August 2016
10. Expected date of admission of the securities to listing	5 August 2016
11. Expected date of commencement of trading in the securities	8 August 2016

The Issuer reserves the right to close the Bond Issue before 22 July 2016 in the event of over-subscription, in which case the events set out in steps 7 and 8 above shall be brought forward, although the number of working days between the respective events shall not be altered.

7.2 TERMS AND CONDITIONS OF APPLICATION

7.2.1 The issue and allotment of the Secured Bonds is conditional upon: (i) the Secured Bonds being admitted to the Official List of the MSE; and (ii) the Security Interest being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied within 60 Business Days of the close of the Public Offer Period, any Application monies 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.

7.2.2 Applications by Preferred Applicants may be submitted by latest 16:00 hours on 19 July 2016. The subscription lists during the Public Offer Period will open at 08:30 hours on 20 July 2016 and will close soon thereafter as may be determined by the Issuer, but in any event no later than 16:00 hours on 22 July 2016.

7.2.3 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. It is the responsibility of investors wishing to apply for the Secured 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.

7.2.4 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.

7.2.5 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 Secured Bond/s so held.

7.2.6 In respect of a Secured 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 Secured Bond/s so held and shall have the right to receive interest on the Secured Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Secured Bond/s, have the right to dispose of the Secured Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Secured Bond/s (which shall be due to the bare owner).

7.2.7 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 Secured 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.

7.2.8 The Secured 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.

7.2.9 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.

7.2.10 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.

7.2.11 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.

The Secured Bonds will be issued in multiples of €100. The minimum subscription amount of Secured Bonds that can be subscribed for by Applicants is €2,000. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. Submission of Application Forms 'A' by Preferred Applicants and Application Forms 'B' by the general public must be accompanied by the full price of the Secured Bonds applied for, in Euro. Payment may be made either in cash or by cheque payable to 'The Registrar – IHI Secured Bond Issue 2016'. In the event that any cheque accompanying an Application Form is not honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application Form.

7.2.12 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.

7.2.13 In the event that an Applicant has not been allocated any Secured Bonds or has been allocated a number of Secured 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 Secured Bonds applied for but not allocated, without interest, by direct credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five (5) Business Days from the date of final allocation. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.

7.2.14 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients pursuant to Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Exchange 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's data protection and privacy policy as published from time to time.

7.2.15 By completing and delivering an Application Form, 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 Guarantor and the issue of the Secured 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 Secured 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 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 Secured 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 unless such Application is made with Charts Investment Management Service Limited as Authorised Financial Intermediary, 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 Secured Bonds, and that Charts Investment Management Service Limited will owe the Applicant no duties or responsibilities concerning the price of the Secured Bonds or their suitability for the Applicant;

k agrees that all documents in connection with the issue of the Secured 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 Secured Bonds.

7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

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

(i) The Issuer has reserved an aggregate amount of Secured Bonds amounting to €30 million for subscription by Preferred Applicants. In the event that this amount reserved for Preferred Applicants is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to the general public (detailed in para (ii) below);

(ii) The remaining balance of €25 million in Secured Bonds shall be made available for subscription by the general public. In the event that this amount reserved for the general public is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to Preferred Applicants (detailed in para (i) above).

If subscriptions exceed both of the reserved portions referred to in paras (i) and (ii) above, the unsatisfied excess amounts relative to such Applications will be returned by direct credit transfer to the account number indicated on the respective Application Form within five (5) Business Days from the date of final allocation. If subscriptions exceed only one of the reserved portions referred to in paras (i) and (ii) above, and the unutilised portion relative to the other (not fully taken up) reserved portion is not sufficient to accommodate the said excess, then the unsatisfied excess amount relative to the Applications for the reserved portion whose allocation would have been exceeded as aforesaid will be returned by direct credit transfer to the account number indicated on the respective Application Form within five (5) Business Days from the date of final allocation.

The minimum subscription amount of Secured Bonds that can be subscribed for by Applicants is €2,000 and subscription amounts shall be in multiples of €100. Subscriptions may be made through any of the Authorised Financial Intermediaries.

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 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 Secured Bonds shall not commence prior to: (i) the Secured Bonds being admitted to the Official List; and (ii) the Security Interest being constituted in favour of the Security Trustee.

7.4 PRICING

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

7.5 ALLOCATION POLICY

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

(i) An aggregate amount of €30 million together with any amounts which were reserved for the general public (detailed in para (ii) below) but which were not fully taken up, shall be allocated to Preferred Applicants in accordance with the allocation policy as determined by the Issuer and Registrar. In the event that subscriptions exceed the reserved portion of €30 million and any remaining balance originally reserved for the general public but not fully taken up, the unsatisfied excess amount of such Applications will be returned by direct credit transfer to the account number indicated on the respective Application Form 'A' within five (5) Business Days from the date of final allocation; and

(ii) The remaining amount equivalent to €25 million together with any amounts which were reserved for Preferred Applicants (detailed in para (i) above) but which were not fully taken up, shall be allocated to the general public in accordance with the allocation policy as determined by the Issuer and Registrar. In the event that subscriptions exceed the reserved portion of €25 million and any remaining balance originally reserved for the Preferred Applicants but not fully taken up, the unsatisfied excess amount of such Applications will be returned by direct credit transfer to the account number indicated on the respective Application Form 'B' within five (5) Business Days from the date of final allocation.

7.6 ADMISSION TO TRADING

7.6.1 The Listing Authority has authorised the Secured Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 28 June 2016.

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

7.6.3 The Secured Bonds are expected to be admitted to the MSE with effect from 5 August 2016 and trading is expected to commence on 8 August 2016.

ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR4012	25603000
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
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
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	25909357
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Lombard Bank Malta p.l.c.	67. Republic Street, Valletta VLT 1117	25581806
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574860
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 Martha 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.

INTERNATIONAL HOTEL INVESTMENTS p.l.c.
€55,000,000 4% SECURED BONDS 2026
APPLICATION FORM 'A'
CURRENT SHAREHOLDERS

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

A APPLICANT *(see notes 2 to 4)*

E-MAIL ADDRESS	TEL. NO.	MOBILE NO.

This Application Form is not transferable and entitles you to subscribe for International Hotel Investments p.l.c. 4% Secured Bonds 2026 as shareholder of International Hotel Investments p.l.c. as at the Cut-Off Date (the "Current Shareholders").

B I/WE APPLY TO PURCHASE AND ACQUIRE *(see notes 6 & 7)*

AMOUNT IN FIGURES	AMOUNT IN WORDS
€	

International Hotel Investments p.l.c. 4% Secured Bonds 2026 (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 28 June 2016, (the "**Prospectus**"), payable in full upon application under the Terms and Conditions of the Bond Issue as set out in the Prospectus.

C RESIDENT - WITHHOLDING TAX DECLARATION *(See note 8 & 9a)* (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 notes 3, 8, 9 & 9a)* (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	TOWN OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER		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 10)* 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*	*APPLICATION NUMBER*

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 28 June 2016 regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions of the Application contained in Section 7.2 of the Securities Note dated 28 June 2016 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning as that ascribed to them in the Porspectus.

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

3. Applicants who are Non-Resident in Malta for tax purposes, must complete Panel D Overleaf.

4. The MSE account number pertaining to the Applicant has been preprinted in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 30 June 2016 (trading session of the 27 June 2016). **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

5. In the case of a body corporate, the Application Form must be signed by duly authorised representative/s indicating the capacity in which they are signing.

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

7. Payment in Euro must be made in cleared funds to **'The Registrar - IHI Secured Bond Issue 2016'**. 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.

8. 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 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 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 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act, interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act.

9. 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 Director General Inland Revenue, Malta, 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 Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

9a. The contents of 8 and 9 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.

10. Should any Application not be accepted, or be 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. Interests 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.

11. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex I of the Prospectus during normal office hours by not later than 16:00 hours on 19 July 2016. 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 Application as contained in the Prospectus. Any Applications received by the Registrar after 16:00 hours on 19 July 2016 will not be accepted.

12. 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 (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.

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

INTERNATIONAL HOTEL INVESTMENTS p.l.c.
€55,000,000 4% SECURED BONDS 2026
APPLICATION FORM 'B'
GENERAL PUBLIC

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

APPLICANT *(see notes 2 to 7)*

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

B

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.

C **ADDITIONAL (JOINT) APPLICANTS** *(see note 4)* (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.

D **MINOR'S PARENTS / LEGAL GUARDIAN/S** *(see note 5)* (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.

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

AMOUNT IN FIGURES €	AMOUNT IN WORDS

International Hotel Investments p.l.c. 4% Secured Bonds 2026 (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 28 June 2016, (the "**Prospectus**"), payable in full upon application under the Terms and Conditions of the Bond Issue as set out in the Prospectus.

F **RESIDENT - WITHHOLDING TAX DECLARATION** *(See note 10 & 11a)* (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).

G **NON-RESIDENT - DECLARATION FOR TAX PURPOSES** *(See notes 3, 10, 11 & 11a)* (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.

H **INTEREST, REFUND & REDEMPTION MANDATE** *(See note 10)* 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	APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 28 June 2016 regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions of the Application contained in Section 7.2 of the Securities Note dated 28 June 2016 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). Interest and redemption proceeds will be issued to the account indicated in Panel H or as otherwise indicated by the Bondholder/s during the term of the Bond.**

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 THIS 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 Secured Bond Issue 2016'.** 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 6.2 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.

11. 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 Director General Inland Revenue, Malta, 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 Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

11a. The contents of Notes 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 20 July 2016 and will close as soon thereafter as may be determined by the Issuer, but not later than 16.00 hours on 22 July 2016. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Application as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will not be accepted. 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 – GUARANTEE

To: ALTER DOMUS TRUSTEE SERVICES (MALTA) LIMITED
Vision Exchange Building,
Territorials Street, Mriehel
Birkirkara,
Malta
(hereinafter together with its lawful successors and assigns referred to as the "Security Trustee").

28 June 2016

Dear Sirs,

Re: GUARANTEE & INDEMNITY

We, IHI MAGYARORSZÁG ZRT. (full name IHI Magyarország Szolgáltató zártkörűen működő részvénytársaság), a company limited by shares registered under the laws of Hungary having its registered office at 1073 Budapest, Erzsébet krt 43-49, Hungary and bearing company registration number Cg.01-10-044660 (hereinafter referred to as "IHI MAGYARORSZÁG ZRT" or the "Guarantor") having noted that:

I. by virtue of a prospectus dated 28 June 2016 issued by International Hotel Investments p.l.c. (the "Issuer") in connection with the issue of €55 million 4% Secured Bonds 2026 (as the same may be amended, varied or supplemented hereinafter referred to as the "Prospectus") the Issuer shall, under the joint and several guarantee of the Guarantor, issue up to € 55,000,000 in Secured Bonds at an annual interest rate of 4% to be redeemed and finally repaid on the 29 July 2026 subject to the terms and conditions of the Prospectus (the "Secured Bonds"), a copy of which is hereto attached and marked "Annex I";

II. the Guarantor is a fully owned subsidiary company of the Issuer;

III. it is a condition precedent for the issuance of the Secured Bonds that, *inter alia*, the Guarantor executes and grants this Guarantee and Indemnity (hereinafter referred to as "Guarantee") of the obligations of the Issuer above referred to in favour of the Security Trustee; and

IV. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee;

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

(a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;

(b) "Indebtedness" means any and all moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and/or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability.

(d) "writing" or "in writing" shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

2. GUARANTEE

2.1 COVENANT TO PAY

In satisfaction of the conditions for the issuance of the Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised, without proof of liability or evidence and as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of itself on behalf of the Bondholders, the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor to pay, the Indebtedness or any balance thereof at any time due or owing under the Secured Bonds to the Security Trustee, in the event that the Issuer fails to pay any sum payable by it to the Bondholders pursuant to the terms of the Bonds as and when the same shall become due.

2.2 MAXIMUM LIABILITY

This is a continuing guarantee for the whole amount due or owing under the Secured Bonds from time to time or which may hereafter at any time become due or owing under the Bonds by the Issuer but the amount due by the Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €55,000,000 (fifty five million Euros) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and/or the Guarantor, which shall be additional to the maximum sum herein stated.

2.3 INDEMNITY

The Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee and the Guarantor so agrees to indemnify the Security Trustee even in the event that any obligation of the Issuer to the Security Trustee is invalid or ceases to be valid and enforceable against the Issuer for any reason whatsoever including, but without limitation, any legal limitation or any disability or incapacity of the Issuer. In such an event the Guarantor shall be liable towards the Security Trustee as if that obligation was fully valid and enforceable and as if the Guarantor were the principal debtor in respect thereof and shall pay all sums due to the Security Trustee within seven (7) days of a demand in writing by the Security Trustee.

3. CONTINUING AND UNCONDITIONAL LIABILITY

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or affected, nor shall it in any way be discharged or reduced, by reason of:

(a) the bankruptcy, insolvency or winding up of the Issuer; or

(b) the incapacity or disability of the Issuer or any other person liable for any reason whatsoever; or

(c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer, or of the Guarantor; or

(d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable; or

(e) any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the Security Trustee.

It is expressly agreed that any amendment to the Prospectus further to a resolution to that effect by the Bondholders in accordance with the terms of the Prospectus shall be without any prejudice to the rights of the Security Trustee hereunder. The Guarantor is also hereby expressly consenting to any assignments and transfers made by the Issuer in accordance with the Prospectus and this without the need of any prior or subsequent notice to the Guarantor or Issuer and without any prejudice to the rights of the Security Trustee hereunder.

4. WAIVER OF GUARANTOR'S RIGHTS AND GUARANTOR'S WARRANTIES

4.1 This Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be reduced from time to time to the extent, if any, that the Issuer or the Guarantor shall have made any irrevocable payment of the Indebtedness.

4.2 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee:

(a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness;

(b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same;

(c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness;

(d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

4.3 Subject to the overriding provisions of the Prospectus, until the Indebtedness has been paid in full the Guarantor further agrees that if an Event of Default under the Prospectus occurs:

(a) any sums which may be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing or immediately after its receipt if such obligation arises from the documents executed by the Issuer in connection with the Prospectus;

(b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the Indebtedness shall be suspended;

(c) the Security Trustee may and shall receive and retain the whole of the liquidation dividends to the exclusion of the rights (if any) of the Guarantor in competition with the Security Trustee and pursuant to the above the Security Trustee is entitled to hold all payments made by the Guarantor or the Issuer on account of the Indebtedness in suspense for a period of six (6) months from the date of payment and any such payments on account shall not be applied in reduction of the Indebtedness for a period of six (6) months as stated. The Security Trustee may accordingly prove for the whole Indebtedness of the Issuer in liquidation after excluding any and all payments made within a period of six months prior to the liquidation of the Issuer;

(d) the Security Trustee shall not be required to exhaust any remedy or remedies it may have against the Issuer or other persons who may be liable for the Indebtedness for the settlement of all the Indebtedness before claiming against the Guarantor under this Guarantee which is to be construed as entirely independent from the relationship between the Security Trustee and the Issuer and providing immediate recourse against the Guarantor under this Guarantee. The Guarantor hereby waives any benefit of discussion or division which may be available under any applicable law.

5. SETTLEMENTS CONDITIONAL

Any release, discharge or settlement between the Guarantor and the Security Trustee shall be conditional upon no security, disposition or payment to the Security Trustee by the Issuer or the Guarantor or any other third party liable to being void or set aside for any reason whatsoever and if, for any reason whatsoever, this condition is not fulfilled, such release, discharge or settlement shall be of no effect whatsoever and this Guarantee shall continue to apply as if such release, discharge or settlement had not been made.

6. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being independent of, distinct from and in no way prejudicing, any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer (if any). This Guarantee is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

7. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT

7.1 This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the Bondholders and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

7.2 The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

8. REPRESENTATIONS AND WARRANTIES

8.1 The Guarantor represents and warrants:-

(i) that it is duly incorporated and validly existing under the laws of Hungary and has the power to carry on its business;

(ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;

(iii) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;

(iv) that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;

(v) that this Guarantee shall not result in or cause the creation or imposition of, or oblige the Guarantor to create, any encumbrance on any of the Guarantor's undertakings, assets, rights or revenues, save for the mortgage stipulated in the Prospectus;

(vi) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature and nor is it threatened with any such procedures;

(vii) that, in respect of the Security Property (as defined in the Prospectus), the Guarantor's obligations towards the Security Trustee (for the benefit of Bondholders) shall constitute the general, direct, unconditional and secured obligations of the Guarantor and shall at all times rank with priority or preference over all indebtedness of the Guarantor present and future, if any (whether such indebtedness is secured or unsecured), over the Security Property, but with no priority or preference over all other assets of the Guarantor;

(viii) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;

(ix) that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and

(x) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

8.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

9. DEMANDS AND PAYMENTS

9.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt certain, liquidated and due on the sixtieth 60th day following the Security Trustee's first written demand to the Guarantor to pay in the case of an Event of Default under the Prospectus. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 10 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default under the Prospectus or such that may render the underlying obligations of the Issuer to the Security Trustee or any security provided by the Guarantor to the Security Trustee invalid and unenforceable for any reason whatsoever.

It is expressly agreed that the requirement of such statement is not a condition of liability of the Guarantor under this Guarantee and is entirely without prejudice to the on demand nature of this Guarantee. Any disagreement by the Guarantor as to the contents of the statement shall not entitle the Guarantor to delay or interrupt the payment of the sum due under this Guarantee for any reason whatsoever.

9.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

9.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee. The Guarantor authorises the Security Trustee to apply any credit balance the Guarantor may have with the Security Trustee towards the satisfaction of the Indebtedness. The Security Trustee shall notify the Guarantor forthwith of the exercise of this right giving full details relating thereto.

10. NOTICES

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven days after posting and if by facsimile, at the time of transmission of the facsimile. A copy of any notice given in terms of this agreement between one party and the other shall be notified to the Issuer.

For the purposes of this Guarantee, the proper addresses and facsimile numbers of the Parties and the Issuer are:

ISSUER: INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Address: 22, Europa Centre, John Lopez Street, Floriana FRN1400, Malta.

Tel. No.: +356 2123 3141

Fax No.: +356 2123 4219

Contact Person: Finance Director

GUARANTOR: IHI MAGYARORSZÁG ZRT.

Address:Corinthia Hotel Budapest • Erzsebet Korut 43-49 • Budapest • 1073 • Hungary .

Tel. No.: +36 1 479 4741

Fax No.: +36 1 479 4749

Contact Person: Director

SECURITY TRUSTEE: ALTER DOMUS TRUSTEE SERVICES (MALTA) LIMITED

Address: Vision Exchange Building, Territorials Street, Mriehel, Birkirkara BKR 3000, Malta.

Tel. No.: +356 2205 1003

Fax No.: +356 2748 0829

Contact Person: Managing Director

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

11. APPLICABLE LAW AND JURISDICTION

This Guarantee shall be governed by and construed in accordance with Maltese law.

If any controversy, disagreement, or dispute should arise between the Guarantor and the Security Trustee in the performance, interpretation, or application of this Guarantee, the Guarantor and the Security Trustee shall use their best endeavours to reach an amicable solution. If no such amicable solution is reached within 30 days of one party having raised the controversy, disagreement or dispute, either party may call upon the other to have the dispute reviewed and finally settled by arbitration. Within fifteen (15) days of such notice being served, the Guarantor and the Security Trustee shall jointly nominate one (1) arbitrator. If the Guarantor and the Security Trustee fail to agree on such appointment, the Guarantor and the Security Trustee shall request the Chairman of the Malta Arbitration Centre to appoint an arbitrator in terms of the Arbitration Act (Cap 387 of the Laws of Malta). The arbitration shall take place in Malta and the language of the arbitration shall be English. The decision of the arbitrator shall be final and binding on the Guarantor and the Security Trustee and no appeal may be filed therefrom. The Guarantor and the Security Trustee irrevocably agree that the arbitrator, howsoever selected, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Agreement and that accordingly, any suit, action or proceedings arising out of or in connection with this Agreement shall be brought to arbitration, and no further recourse to the courts of any country shall apply.

Yours faithfully,

Frank Xerri de Caro Joseph Galea	Chris Casapinta
duly authorised, for and on behalf of IHI Magyarország ZRT.	duly authorised, for and on behalf of Alter Domus Trustee Services (Malta) Limited

International Hotel Investments p.l.c.

FINANCIAL ANALYSIS SUMMARY

24 JUNE 2016

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

24 June 2016

Dear Sirs

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 (the "**Analysis**") 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 "**Issuer**", "**Company**" or "**Group**") and IHI Magyarország Zrt. (the "**Guarantor**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2013 to 31 December 2015 has been extracted from audited financial statements of the Issuer and Guarantor for the three years in question.

(b) The forecast data for the years ending 31 December 2016 and 31 December 2017 has been provided by management.

(c) Our commentary on the results of the Issuer and Guarantor and on their respective financial position is based on the explanations provided by management.

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

(e) Relevant financial data in respect of the companies included in Part 4 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer'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 Issuer and should not be interpreted as a recommendation to invest in any of the Issuer'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 financial advice before investing in the Issuer's securities.

Yours faithfully,

Wilfred Mallia
Director

TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR

1. ISSUER'S KEY ACTIVITIES

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

To date, the Issuer has acquired and/or developed hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russia) and St Julian's (Malta). The Issuer also has a 50% shareholding in a 294 roomed luxury hotel and residential development in London (UK), the latter property originally 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 the operation of owned hotels. A secondary source of income and earnings is rental income of residential and commercial premises, particularly in St Petersburg, Tripoli and Budapest. Additional revenue streams include fees earned by CHI Limited, a wholly owned subsidiary of the Company, from management agreements on hotels owned by IHI itself or CPHCL and other third parties. As at the date of this report, CHI Limited manages eight hotels owned by the Issuer (of which one is 50% owned by the Company) and another five hotels owned by CPHCL and third-party owners.

On 29 July 2013 CHI entered into a pre-opening and technical services agreement, as well as a hotel operation agreement for the operation of a 148 room hotel in Abuja, Nigeria in relation to the development, construction and operation of a hotel to be operated by CHI as a Corinthia® Hotel on a site in Abuja, Nigeria. The foundation works for the hotel commenced in the second half of 2015 and the development is currently at the pricing of tenders stage.

On 10 August 2015, the Issuer acquired 100% of the issued share capital of Island Hotels Group Holdings p.l.c. ("**IHGH**"). The business of IHGH 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 operation of a vacation ownership marketing business (Radisson Blu Resort & Spa, Golden Sands and Azure Resorts Limited); the operation of retail and event catering business (Island Caterers Limited); and the development and operation of Costa Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands. IHGH, through a wholly owned subsidiary, also owns a plot of land measuring 83,530m^2 located adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta. The property is earmarked for the development of a hotel and residential complex.

On 11 April 2016, NLI Holdings Ltd acquired for £11 million and a deferred payment of €500,000 payable two years from opening of the reconstructed and refurbished hotel, free of interest, the Grand Hotel Astoria in Brussels through the acquisition of the entire issued share capital of the Belgian hotel-owning company, Hotel Astoria S.A. IHI will handle the redevelopment of the hotel on behalf of NLI Holdings Ltd, much as it had done on the London project, this time through its newly created vehicle Corinthia Developments International Limited ("**CDI**"). CDI has reconfigured the plans currently in place for the hotel, and with the help of GA Design in London (the same designers of the London project), reorganised the ground floor flows and uses, as well as reconfigured the bedroom inventory, to ensure that all bedrooms are larger than 30m^2. The new key count is set at 121 bedrooms of which 25% will be junior suites or suites. The Issuer, on behalf of the owner NLI Holdings Ltd, has started work on the financing requirements for this project. The owning company, Hotel Astoria S.A., has been awarded a building permit and negotiations are taking place to amend this permit to meet the revised plans, to carry out the planned redevelopment and aims to progress works to completion by early 2019.

In May 2016, CHI signed a technical services and pre-opening services agreement with Meydan Group of Dubai, to assist Meydan's architects, engineers and consultants in the planning and development of a luxury hotel and residences to be operated under the Corinthia® brand on Jumeirah Beach in Dubai, UAE. CHI has also entered into a management agreement in respect of this hotel having a term of 20 years commencing as of the scheduled hotel opening date in early 2022. In addition, the Dubai entity has engaged CHI to provide consulting services to its two existing hotels in Dubai.

CHI has also entered into a memorandum of understanding with another globally-recognised investment fund for the development and management, under the Corinthia® brand, of a luxury boutique hotel in central Rome. CDI will be tasked with delivering the hotel as developer and project manager, while CHI will be responsible to operate the hotel upon completion. Works are expected to commence in 2017 and the hotel is expected to open in 2019.

IHI is in the course of acquiring from Corinthia Palace Hotel Company Limited the remaining 80% share in QPM Limited ("**QPM**") - a provider of architectural, engineering, management and technical construction services. The share purchase agreement is anticipated to be signed by the end of June 2016, having a consideration of €4.6 million payable from part of the net bond issue proceeds. The share purchase agreement further includes additional condition payments that may be or may become due to QPM and which, had they been crystallised at the point in time of the acquisition date, would have enhanced the value of QPM, resulting in a higher purchase consideration.

The said additional conditional payments comprise the following: (i) QPM is due an amount for services provided on a third party project. Upon receipt of all or part of said amount by QPM, the purchaser will be bound to pay an additional amount to the seller calculated on a given percentage of settled amounts; (ii) In view of the political and economic situation in Libya, the business activities of QPM in the country have stalled. In the event that QPM were to recommence any projects in Libya and were to generate cash revenues in any of the financial years ending 31 December 2017, 2018 and 2019, the seller will be due an additional amount from the purchaser based on a percentage of such cash revenues; (iii) Although QPM is already engaged to provide its services on the Corinthia St George's Bay Development, this engagement has not been factored in the valuation. Accordingly the seller will be due an amount equivalent to a percentage of revenues generated by QPM from the project on an annual basis up to 31 December 2026.

None of the above events have been included in the determination of the consideration payable for the acquisition of QPM, and therefore the figure indicated above may vary accordingly as aforesaid.

2. DIRECTORS AND KEY EMPLOYEES OF THE ISSUER

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

The Board members of the Issuer as at the date of this report are as follows:

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 Amr Algonsel	Non-Executive Director
Joseph Pisani	Non-Executive Director
Winston V. Zahra	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 managing the Company's assets, 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 the Issuer's corporate office and in its owned hotels during FY2015 amounted to 2,014 persons (FY2014: 1,877).

3. GUARANTOR'S KEY ACTIVITIES

The Guarantor is the owner and operator of the five-star Corinthia Hotel Budapest. An overview of the property and its operations is provided in section 6.2 below.

4. DIRECTORS OF THE GUARANTOR

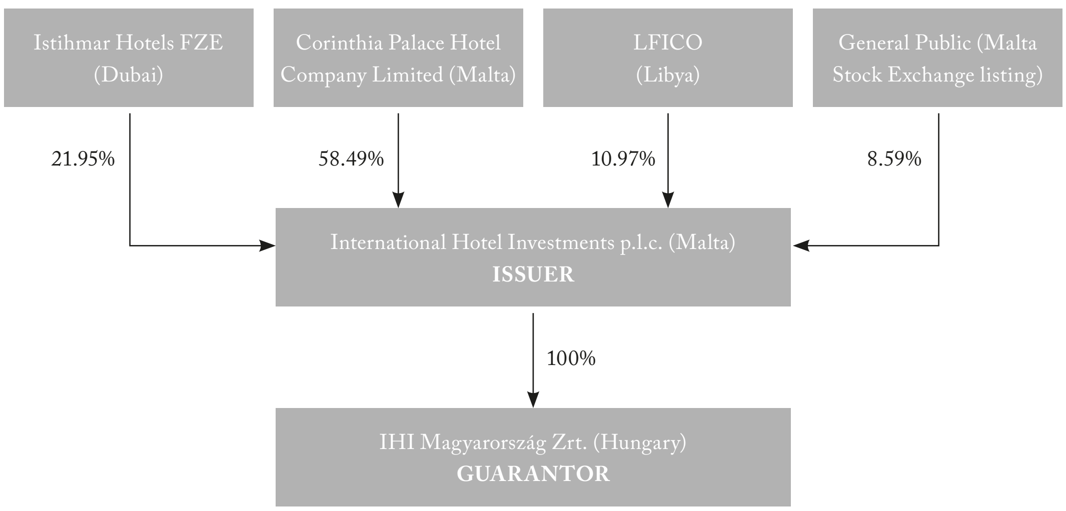
The Board members of the Guarantor as at the date of this report are included hereunder:

Board of Directors

Frank Xerri de Caro	Director
Joseph Pisani	Director
Joseph Galea	Director

5. CORINTHIA GROUP ORGANISATIONAL STRUCTURE

The following diagram summaries, in simplified format, the structure of the Corinthia Group and the position within the said group of the Issuer and Guarantor. The complete list of companies forming part of the Group is included in the consolidated audited financial statements of the Issuer for the year ended 31 December 2015.



The following table provides a list of the principal assets and operations of the Issuer:

INTERNATIONAL HOTEL INVESTMENTS PLC
PRINCIPAL ASSETS AND OPERATIONS

AS AT 24 JUNE 2016

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel Budapest	Hungary	Property owner	100	440
Corinthia Hotel St Petersburg	Russia	Property owner	100	388
Commercial property St Petersburg	Russia	Property owner	100	n/a
Corinthia Hotel Lisbon	Portugal	Property owner	100	518
Corinthia Hotel Prague	Czech Republic	Property owner	100	539
Corinthia Hotel Tripoli	Libya	Property owner	100	299
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George's Bay	Malta	Property owner	100	250
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London	United Kingdom	Property owner	50	294
Corinthia Grand Astoria Hotel Brussels	Belgium	Hotel property (to be developed)	50	n/a
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	50	329
CHI Limited	Malta	Hotel management	100	n/a
QPM Limited	Malta	Project management	20	n/a
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
Island Caterers	Malta	Event catering	100	n/a
Hal Ferh Complex	Malta	Residence complex (to be developed)	100	n/a
Costa Coffee	Malta/Spain	Retail catering	100	n/a
				3,509

The following table illustrates the carrying values of the principal properties of the Issuer, accounted for in the balance sheet under the headings: "investment properties", "property, plant & equipment" and "investments accounted for using the equity method":

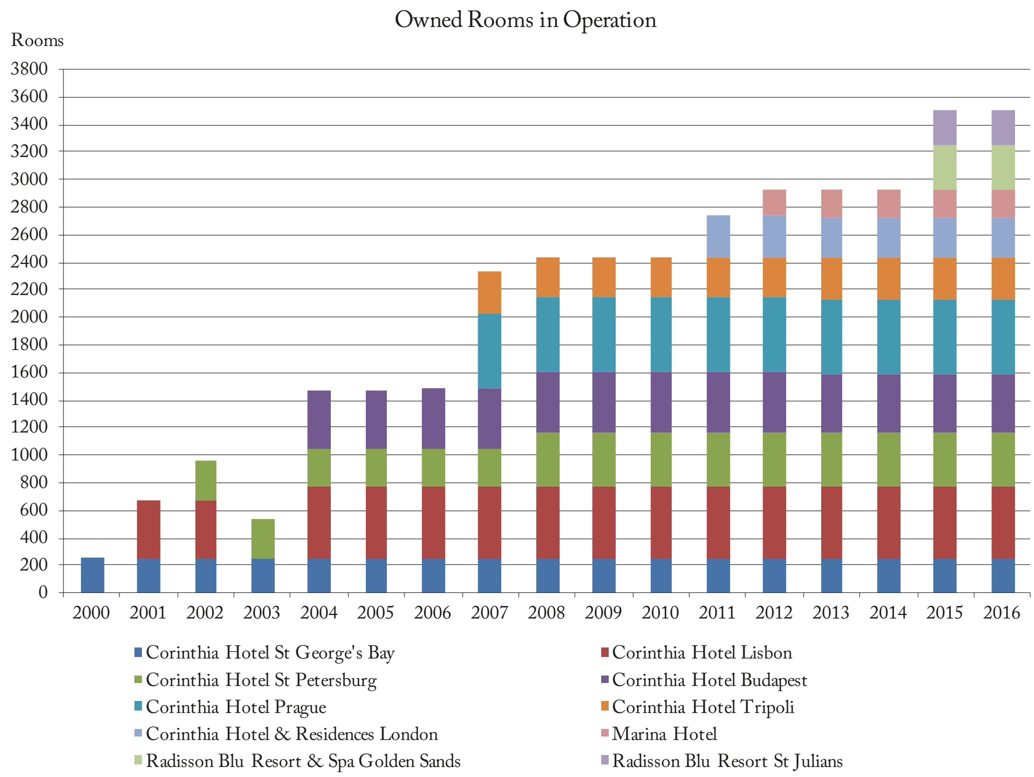
INTERNATIONAL HOTEL INVESTMENTS PLC
VALUATION OF PRINCIPAL PROPERTIES
AS AT 31 DECEMBER

	2013	2014	2015
Investment Properties			
Commercial Centre St Petersburg	87,400	77,830	67,231
Commercial Centre Tripoli	73,903	68,243	68,243
Commercial Centre Lisbon	1,161	1,102	1,300
Site in Tripoli	29,500	29,500	29,500
	191,964	**176,675**	**166,274**
Hotel Properties			
Corinthia Hotel St George's Bay	28,327	27,557	37,711
Radisson Blu Resort, St Julians	-	-	37,711
Corinthia Hotel Lisbon	79,725	92,168	89,200
Corinthia Hotel Prague	76,700	74,039	82,901
Corinthia Hotel Tripoli	124,090	86,687	84,085
Corinthia Hotel Budapest	85,984	95,231	104,800
Corinthia Hotel St Petersburg	113,448	90,729	70,610
Marina Hotel	20,896	22,499	28,813
	529,170	**488,910**	**535,831**
Joint Ventures and Associates			
Corinthia Hotel & Residences London (50%)	324,298	296,167	315,680
Radisson Blu Resort & Spa Golden Sands (50%)	-	-	32,672
Medina Towers J.S.C. (25%)	12,420	12,701	13,871
	336,718	**308,868**	**362,223**
Assets in the Course of Development			
The Heavenly Collection Ltd (Hal Ferh)	-	-	21,576
	-	-	21,576
Total	**1,057,852**	**974,453**	**1,085,904**

6. HOTEL PROPERTIES

6.1 ROOM INVENTORY

As at the date of this report, the Issuer fully owns 8 hotel properties and 50% of each of 2 other hotel properties (namely, Corinthia Hotel & Residences London and Radisson Blu Resort & Spa Golden Sands). The chart below sets out the growth in room inventory of the Issuer since incorporation, which increased from 250 to 3,509 rooms over a 16-year period.



Source: Management Information.

6.2 CORINTHIA HOTEL BUDAPEST

Introduction

IHI Magyarország Zrt. (the "**Guarantor**"), a fully-owned subsidiary of the Company, owns the 440-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, which are included in the above room count, and a health spa was opened. The carrying value of the Corinthia Hotel Budapest as at 31 December 2015 is €104.8 million (FY2014: €95.2 million). According to a valuation report prepared by Mareking LLC and Markus and Partners LLC and dated 17 June 2016, the market value of the Budapest hotel amounts to €146.2 million.

Market Overview

i. Economic update

Hungary's economy picked up pace in the fourth quarter of 2015 as GDP growth accelerated from 2.4% in Q3 2015 to 3.2% (Q4). The pick-up in growth was driven by a robust performance from the domestic economy. Private consumption recorded the largest gain in almost a decade, expanding 3.2% annually. Continued gains in the labour market and higher real wages have supported household spending. Investment activity also gained steam, supported by final drawdowns on EU development funds. Fixed investment growth tallied 6.5% in Q4 2015, contrasting Q3's 1.4% contraction. In addition, government consumption accelerated, rising 6.7% (Q3: +5.1% year-on-year).

On the external side of the economy, demand for imports remained strong although growth declined from 8.1% in Q3 to 8.0% in Q4 2015. Meanwhile, exports expanded by 7.7% y-o-y in Q4. On a quarter-on-quarter basis, GDP increased a seasonally-adjusted 1.0%, which was above the 0.6% increase recorded in Q3 and marked the best result since June 2014. For the full year 2015, growth came in at 2.9% (2014: 3.7%).

Following a dynamic expansion in the last quarter of 2015, there are signs of moderation in economic activity in 2016. Industrial production and construction activity slowed in February 2016, while retail sales and employment improved. Although a deceleration in funding inflows from the EU is limiting growth, steps taken by the Central Bank of Hungary and the Government should mitigate the impact. The Bank is projecting rising incomes and increased lending, which should support consumption and GDP growth. The Central Bank of Hungary expects the economy to expand 2.5% in 2016.

ii. Tourism market

In 2015, the number of nights spent by domestic tourists increased by 6.4% and that of international tourism nights increased by 4.6% compared to a year earlier. The guest turnover of accommodation establishments, measured in tourism nights, increased by an overall 1.3%. The gross revenues of accommodation establishments – at current prices – rose by 4.9%. In 2015, accommodation establishments recorded a total of 25.8 million tourism nights, 5.4% more than in 2014. Key markets that are contributing to growth in incoming travel include Germany, Austria, Russia, UK and the US.

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.

Overall, tourism prospects in Hungary are believed to be promising. Domestic tourism will be fuelled mainly by the continued decline of the local currency, making local travel more attractive for the budget conscious. Inbound travel will also benefit from more competitively-priced Hungarian offerings, especially in medical and health tourism. The conflict in neighbouring Ukraine and the escalating economic difficulties in Russia, however, pose great uncertainties as both countries are important feeder markets and drastic changes in arrival numbers could affect the performance.

Operational Performance

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

Corinthia Hotel Budapest	**FY2013 Actual**	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Projection**	**FY2017 Projection**
Turnover (€'000)	18,477	20,404	22,810	24,659	25,204
Gross operating profit before incentive fees (€'000)	5,572	6,500	8,364	8,887	9,114
Gross operating profit margin (%)	30	32	37	36	36
Occupancy level (%)	72	74	78	80	80
Average room rate (€)	103	114	127	138	142
Revenue per available room (RevPAR) (€)	74	85	99	110	114
Benchmark performance					
Occupancy level (%)	72	76	80	81	80
Average room rate (€)	102	103	115	124	127
Revenue per available room (RevPAR) (€)	73	78	92	100	102
Revenue Generating Index	1.01	1.09	1.08	1.10	1.12

Source: Management information.

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. FY2015 was another positive year in which average room rate increased by 11% from €114 in FY2014 to €127 in FY2015, and RevPAR by 16% to €99 in FY2015. In this regard, gross operating profit increased by €1.9 million from FY2014 to FY2015 ((+29%). A substantial part of these improvements in performance is attributable to the diversification in market segmentation wherein lower rated business is being replaced by the more lucrative leisure market segment.

Looking forward, management's revenue strategy (focused on market segmentation) is to be maintained and shall concentrate on increasing revenue from leisure, corporate and conference & event 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 9% from €127 in FY2015 to €138 in FY2016, and RevPAR will increase by 11% to €110 in FY2016. Gross operating profit is expected to increase by 6% to €8.9 million in FY2016 and achieve a gross operating margin of 36%. Performance in FY2017 is being projected to increase marginally over FY2016 level.

During the period under review, 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: 1.09) and FY2015 (RGI: 1.08). This over performance relative to the competitive set is anticipated to continue also in the projected years FY2016 and FY2017.

6.3 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 development project, which was completed in May 2009, also involved the refurbishment of the lobby and the public areas of the original hotel. It is the intention of the Group to refurbish the rooms of the original hotel and to develop, in the near future, an area measuring circa 1,500 square metres situated behind the Hotel and which will consist in 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 2015 is €70.6 million (FY2014: €90.7 million) and €67.2 million (FY2014: €77.8 million) respectively.

Market Overview

i. Economic update

Russia's economy decreased significantly in 2015, affected by a combination of low oil prices, international sanctions, a sharp depreciation of the rouble and structural weakness. GDP decreased 3.8% annually in Q4 2015 as economic activity was adversely impacted by a steep deterioration in domestic demand. However, initial signs of stabilisation are coming from the industrial sector, while performance in the agricultural sector is also looking better. Despite such evidence, risks on the future outlook persist. Low oil prices, external economic factors and increasing geopolitical risks will continue weighing on the economy.

Looking into the future, the economy is projected to contract again in 2016, although the recession is expected to ease. It is expected that GDP will contract 1.3% in 2016 as a weak rouble is likely to shore up exports and falling inflation should support real wages and private consumption. That said, the recovery remains fragile, with oil prices expected to rise only gradually over time and international sanctions set to remain in place for quite some time. The economy is projected to expand in 2017 by 1.2%.

ii. Tourism market

A weaker rouble has resulted in an increase of 13% in the number of foreign 'tourist' visitors to Russia in the first nine months of 2015 when compared to the same period in 2014, despite geopolitical tensions that have marred diplomatic relations and trade ties with the West. Total visits by foreigners to the country in 2015 increased by 8% (y-o-y) to over 20 million. Figures from the Russian Tourism Industry Union show that foreign tourists made 2.53 million trips to the country between January and September, hitting levels not seen since 2008. Chinese tourists outstripped Germans as Russia's most frequent visitors, up 63% from a year earlier. Notably, Iranian tourist numbers have also boomed, up 111% in the first nine months of 2015. The Russian inbound tourism market is expected to improve further in the coming years, particularly in 2018 when Russia is set to host the FIFA World Cup.

On the other hand, the Russian outbound tourist flow decreased by 31.3% to 12 million international trips in 2015, the largest drop in 18 years. The decline in the number of Russian tourists travelling abroad resulted from the weakening of the Russian currency as well as the ban on flights to Russia's two most popular international tourist destinations – Turkey and Egypt. In Europe, the sharpest decline in the number of travellers from Russia was registered in Greece (-48%), followed by Bulgaria, Spain and Croatia.

Operational Performance

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

Corinthia Hotel St Petersburg	**FY2013 Actual**	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Projection**	**FY2017 Projection**
Turnover (€'000)	18,997	14,229	12,976	13,193	17,257
Gross operating profit before incentive fees (€'000)	7,619	3,007	4,237	4,320	6,042
Gross operating profit margin (%)	40	21	33	33	35
Occupancy level (%)	54	52	60	62	52
Average room rate (€)	180	139	112	109	170
Revenue per available room (RevPAR) (€)	98	72	67	68	88
Benchmark performance					
Occupancy level (%)	56	53	61	60	60
Average room rate (€)	212	193	153	147	175
Revenue per available room (RevPAR) (€)	118	85	93	88	105
Revenue Generating Index	0.83	0.85	0.72	0.77	0.84

Source: Management information.

In FY2014, revenue at the Corinthia Hotel St Petersburg declined by 25% to €14.2 million relative to FY2013 due to a decrease in demand (both leisure and conference business) as a result of the political situation between Russia and Ukraine (in relation to the annexation of Crimea to the Russian Federation). 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, as there was a concerted shift from international to domestic clients.

During FY2015, the Hotel was able to capture a higher share of the domestic market, but the average room rate decreased in euro terms principally as a result of a weaker Rouble. As such, the Hotel increased occupancy levels from 52% to 60%, but average room rate decreased from €139 to €112. Overall, revenue in FY2015 declined by €1.3 million year-on-year to €13.0 million. On the other hand, gross operating profit improved by €1.2 million in consequence of cost-reduction measures.

The challenges set 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 rooms in consequence of the opening 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.

Broadly, the same business pattern is projected for FY2016 since the refurbishment programme (previously earmarked to take place during the winter and shoulder months of FY2016) has been postponed. The Hotel is expected to generate €13.2 million in revenue (+2% over FY2015) and register a gross operating profit of €4.3 million (FY2015: €4.2 million). In FY2017, management is anticipating an economic recovery in Russia and a return of international tourists to the country. As such, the average room rate is projected to increase significantly from €109 in FY2016 to €170 in FY2017, and RevPAR in FY2017 should increase by 29% when compared to the prior year.

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 performed at par with its competitive set in terms of occupancy but its average room rate was 27% lower than the average rate of competitors. Beyond FY2016, provided the political situation in Russia is resolved, management expects to initiate the refurbishment of the property (estimated at €23.5 million). This should enable the Hotel to command improved occupancy levels and room rates in the near to medium term.

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:

Corinthia Hotel St Petersburg (commercial property)	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover (€'000)	4,740	4,209	3,518	5,050	6,000

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. Occupancy in FY2014 increased to 48% and remained constant in FY2015. Projected growth in income is reflective of existing agreements with respective tenants, marginal increases in occupancy and a recovery in the exchange rate of the Russian Rouble.

6.4 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 2015 is €89.2 million (FY2014: €92.2 million). Alfa Investimentos Lda also owns an apartment block in Lisbon for investment purposes, valued at €1.3 million as at 31 December 2015 (FY2014: €1.1 million).

Market Overview

i. Economic update

Portugal's gross domestic product expanded in the three months through December 2015 from the prior quarter as a rise in exports helped offset a drop in investment. GDP rose 0.2% from the third quarter, when it was unchanged. The Portuguese economy expanded 1.2% in the fourth quarter from a year earlier, the slowest pace of annual growth since the fourth quarter of 2014. For the year of 2015, GDP increased 1.5% after expanding 0.9% in 2014. During 2015, the government unveiled a plan to repay IMF bailout loans ahead of schedule. In this respect, up to 10 February 2016, Portugal reimbursed a total amount of €10.4 billion to IMF (representing 36% of total loans outstanding).

Prime Minister Antonio Costa was sworn in at the end of November 2015 and his minority Socialist government plans to reverse state salary cuts faster than the previous administration proposed, while increasing indirect taxes. Costa is also raising the minimum wage and reducing the working week for state workers as he aims to remove some measures introduced during the bailout program that ended in 2014. The Bank of Portugal expects the economy to expand 1.7% in 2016 and 1.8% in 2017.

ii. Tourism market

In 2015, tourism accommodation establishments hosted 17.4 million guests (+8.6%) and registered 48.9 million overnight stays (+6.7%). Compared to the corresponding year, the internal market grew by 5.3% registering 14.5 million overnight stays. Overnight stays from non-residents in 2015 increased by 7.3% and represented 70.3% of the total. On a regional basis, growth was registered in all regions of mainland Portugal, with particular emphasis on the Alentejo region, Azores and the North (+11.8%, +19.6% and +13.6% respectively). As in prior periods, the inbound markets preferred to choose the Algarve, Lisbon and Madeira. The coordination between tourism and aviation authorities to expand available routes turned out to be crucial for Portugal's success in the tourism industry.

The Lisbon tourism market has expanded in the last few years both as a leisure and business destination. In particular, 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.

Operational Performance

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

Corinthia Hotel Lisbon	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover (€'000)	17,769	19,597	20,798	21,313	21,770
Gross operating profit before incentive fees (€'000)	4,322	5,674	6,242	6,491	6,675
Gross operating profit margin (%)	24	29	30	30	31
Occupancy level (%)	66	71	74	73	72
Average room rate (€)	94	99	105	109	113
Revenue per available room (RevPAR) (€)	62	70	78	80	81
Benchmark performance					
Occupancy level (%)	66	70	72	71	71
Average room rate (€)	96	97	107	106	109
Revenue per available room (RevPAR) (€)	63	68	76	75	77
Revenue Generating Index	0.98	1.03	1.03	1.07	1.05

Source: Management information.

Overall results continued to improve in FY2014 as the Corinthia Hotel Lisbon registered a year-on-year 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 to €5.7 million. A further improvement of 6% and 11% in revenue (to €20.8 million) and RevPAR (to €78) respectively was registered in FY2015 over FY2014 results.

With the introduction of low cost airline carriers to the country, Portugal is perceived as a 'value for money' destination and this has been one of the leading factors contributing to the growth in the hospitality figures outlined above. The Hotel has likewise benefitted from this upsurge in business registering significant year-on-year growth both in revenue and gross operating profit. Management plans to continue focusing on higher yielding segments (leisure and conference & events) and believes 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 y-o-y by 3% and 2% in FY2016 and FY2017 respectively, and gross operating profit is expected to grow y-o-y by 4% and 3% in FY2016 and FY2017 respectively.

The Hotel has performed broadly in line with its competitive set in both FY2014 and FY2015 (RGI: 1.03). A similar trend is being projected for the following two years (FY2016 and FY2017) as management expects to maintain the current occupancy rate at over 70%, and increase average room rate by 4% annually in FY2016 and FY2017.

6.5 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 2015 is €82.9 million (FY2014: €74.0 million).

Market Overview

i. Economic update

The Czech Republic's economic performance was extraordinarily strong in 2015 and a third consecutive annual expansion above 4.0% was recorded (2015: 4.3%). The expansion mainly came on the back of the domestic economy, fuelled by rising investment, through strong absorption of EU funds, and public spending. Solid private consumption, which is benefiting from expansionary monetary policy and low oil prices, has also encouraged growth. The economy will likely decelerate in 2016 and expand at a more sustainable pace, partly because inflows of EU funds and government spending are projected to slow. As such, the Czech National Bank expects economic growth to reduce to 2.7% in 2016 and expand thereafter to 3.0% in 2017.

ii. Tourism market

In comparison to the prior year (2014), Czech hotels reported for 2015 an increase in overnight stays of 10.2% to 47.1 million and guest numbers (both resident and foreign guests) increased by 9.6% to 17.2 million. Of the foreign guests, in 2015, the country experienced a decrease in guests from Russia (-37.4% or 260,000 guests) and from Ukraine (-10.7% or 12,000 arrivals), which was compensated by higher visitation of guests from neighbouring as well as distant countries. German visitors increased by 12.6% y-o-y as well as Slovaks (+14.6%) and nationals from USA (+14.9%). The number of guests from China and South Korea increased by 35.3% and 31.8% respectively.

The Czech government is increasingly prioritising to move tourism beyond the current 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.

Over the early part of the past decade, Prague has seen a number of hotels enter the market, 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 which 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 is 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.

Hotel performance in Prague is generally expected to continue to improve in the coming years as the market gradually absorbs the remaining 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 compound annual growth rate of 3% over the near term and this growth will be driven by arrivals from China and a recovery in visitor numbers from Russia. 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 2018. 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:

Corinthia Hotel Prague	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover (€'000)	14,310	15,740	16,731	17,161	18,495
Gross operating profit before incentive fees (€'000)	2,846	4,064	4,931	4,984	5,968
Gross operating profit margin (%)	20	26	29	29	32
Occupancy level (%)	60	65	68	71	72
Average room rate (€)	72	71	74	76	83
Revenue per available room (RevPAR) (€)	43	46	50	54	60
Benchmark performance					
Occupancy level (%)	67	71	77	76	76
Average room rate (€)	96	102	106	109	115
Revenue per available room (RevPAR) (€)	65	73	82	83	87
Revenue Generating Index	0.66	0.63	0.61	0.65	0.69

Source: Management information.

In FY2014, the Corinthia Hotel Prague registered a satisfactory performance as it managed to improve occupancy by 5 percentage points over the previous year (from 60% to 65%) whilst broadly maintaining an average room rate above €70. Results for FY2015 show that the Hotel continued to build on this positive trend and thereby achieved a RevPAR of €50 (from €46 in FY2014) and a gross operating profit of €4.9 million (from €4.1 million in FY2014). A broadly similar performance is being projected for FY2016 and FY2017, with marginal increases in occupancy and rates. 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.

The Hotel has, in recent years, consistently underperformed its competitive set principally in terms of room rates (being circa 30% lower than benchmark rates). This gap in room rates is largely linked to the Hotel's location just outside the City centre in Prague and its large room inventory, making it more challenging to compete at the same rates offered by the competitive set hotels, which are centrally located and smaller in size. Consistent with current 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. As such, the Hotel is aiming to improve the RGI in the forward years from 0.63 in FY2014 to 0.69 in FY2017.

6.6 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 split as follows: Corinthia Hotel Tripoli (€139 million); the commercial centre (€62 million); and an undeveloped parcel of land (€6 million). The carrying amounts of the Corinthia Hotel Tripoli, commercial centre and the adjacent plot as at 31 December 2015 are €84.1 million, €68.2 million and €29.5 million respectively (FY2014: €86.7 million, €68.2 million, €29.5 million), or a combined total of €181.8 million.

Market Overview

The instability and state of uncertainty prevailing since the 2011 uprising continues to have a negative effect on Libya's economy. Ongoing conflict between rival militias has left Libya deeply divided, with vast regions split under the rule of various Islamist and nationalist groups and armed gangs taking control on a smaller scale. This has left a security vacuum in the country without a reliable police or army force to maintain law and order. Moreover, a government that is recognised both on a national and international level is yet to be appointed. 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. This state of affairs is expected to continue in the near term as there is yet no indication that the unstable political and security climate will subside any time soon.

Operational Performance

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

Corinthia Hotel Tripoli	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover (€'000)	19,705	8,345	852	2,325	2,264
Gross operating profit/(loss) before incentive fees (€'000)	6,568	-1,211	-2,831	-2,979	-3,093
Gross operating profit margin (%)	33	n/a	n/a	n/a	n/a
Occupancy level (%)	59	22	2	5	5
Average room rate (€)	208	212	218	189	194
Revenue per available room (RevPAR) (€)	122	47	4	9	10

Source: Management information.

The results for FY2014 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%, relative to the year before, to €8.3 million and a gross operating loss of €1.2 million was registered.

On 27 January 2015, the Hotel was the scene of an armed attack and as a result, the Hotel was closed for business during most of the year. Since the attack, repair works have been commissioned and completed, and management is expecting to resume operations in FY2016. However, in view of the current unrest in Libya, low occupancy at the Corinthia Hotel Tripoli is anticipated for FY2016. As such, it is the hotel management's objective during the course of the said year to try to match payroll and other operating costs to operating income and contribute in some manner towards general overheads such as utilities, security and maintenance costs. The Hotel is projected to incur a gross operating loss in FY2016 of €3.0 million. With respect to FY2017, management has assumed the same state of affairs in Libya as in FY2016 and has therefore projected revenue at €2.3 million and an operating loss of €3.1 million.

There are currently no statistics published in terms of hotel performance in Tripoli. As such, no comparison can be made between the Corinthia Hotel Tripoli and other hotels situated 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:

Corinthia Hotel Tripoli (commercial property)	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	Actual	**Actual**	**Forecast**	**Projection**	**Projection**
Turnover (€'000)	5,868	5,863	5,593	5,868	5,868

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.

6.7 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. The carrying amount of the Corinthia Hotel St George's Bay as at 31 December 2015 is €37.7 million (FY2014: €27.6 million).

Market Overview

i. Economic update

The Maltese economy has shown remarkable resilience in the face of the unstable economic environment elsewhere. The rate of economic growth in real terms, at 6.3% in 2015, has exceeded by a wide margin the euro zone average. It was mainly supported by domestic demand, which was in turn sustained by strong private investment and consumption. Notably, total investment rose by 21.4% in real terms.

Going forward, the Central Bank of Malta projects a growth rate of 5.3% in 2016, with the main impetus coming from private consumption and investment. It is expected that growth will be supported by low commodity prices and a strong rise in employment, which would contribute to aggregate household spending, and in turn to domestic demand.

On the fiscal side, there was a further improvement in public finances. The general government debt to gross domestic product (GDP) is projected at 63.6% for 2015, down from 67.1% in 2014. According to the Central Bank's March 2016 projections, this ratio is estimated to decline further to 61.0% and 58.6% in 2016 and 2017 respectively. The deficit-to-GDP, currently projected at 1.6% for 2015 down from 2.1% in 2014, is forecast to reach 1.1% and 0.9% in 2016 and 2017 respectively.

ii. Tourism market

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2015 as well. Inbound tourism from January to December 2015 amounted to 1.8 million guests, an increase of 6.0% over the same period in 2014. Although tourists residing in collective accommodation (hotels, guesthouses, hostels, B&Bs, etc) made up 71.7% of the market in 2015, preference for private accommodation has been growing in the last years at a faster pace, and actually increased by 18.2% from 2014. Tourism expenditure was estimated at €1.6 billion, 7.5% higher than that recorded for the comparable period in 2014.

The majority of incoming tourists were leisure guests, predominantly from the European Union. Non-package travel was higher than package travel, with a 56% share of the total market. Nonetheless, package travel still advanced by 1.0% when compared to 2014. Total room nights spent by inbound tourists went up by 5.1% surpassing 14.2 million nights, while average length of stay remained flat at 7.9 nights.

Focus will be maintained on increasing arrivals during the winter months and attracting more visitors from new markets to Malta. This bodes well for the Maltese hospitality industry as the expectation is to continue to grow revenues and increase profitability.

Looking forward, Malta's 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 further growth in the hospitality sector. Meanwhile, the somewhat uncertain future of the national carrier Air Malta poses a concern to further growth whilst competition from other Mediterranean countries will likely remain strong.

Operational Performance

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

Corinthia Hotel St George's Bay	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover (€'000)	11,721	13,339	15,218	16,316	16,313
Gross operating profit before incentive fees (€'000)	1,501	3,049	4,244	5,007	4,836
Gross operating profit margin (%)	13	23	28	31	30
Occupancy level (%)	71	79	77	81	79
Average room rate (€)	107	117	139	145	148
Revenue per available room (RevPAR) (€)	75	92	107	117	117
Benchmark performance					
Occupancy level (%)	72	74	76	77	77
Average room rate (€)	120	130	143	145	151
Revenue per available room (RevPAR) (€)	86	95	109	112	116
Revenue Generating Index	0.87	0.97	0.98	1.04	1.01

Source: Management information.

In FY2014, the Corinthia Hotel St George's Bay registered a 14% increase in revenue over FY2013 to €13.3 million. This positive performance had a significant contribution to gross operating profit of +103% from €1.5 million recorded in FY2013 to over €3.0 million in FY2014, also on account of substantial savings in operating and administrative costs. As for FY2015, the Hotel continued to perform well, both in terms of revenue generation and profitability. In fact, revenue and gross operating profit increased by €1.9 million (+14%) and €1.2 million (+39%) respectively.

For FY2016, management will continue with its existing 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 €107 in FY2015 to €117 in FY2016 (+9%) through a 4 percentage point increase in occupancy from 77% to 81% and an improvement in average room rate of 4% from €139 in FY2015 to €145 in FY2016. This should translate to an increase in both revenue and gross operating profit of €1.1 million (+7%) and €0.8 million (+18%) respectively. A similar operating performance, compared to the prior year is being projected for FY2017.

The Hotel's competitive set also recorded positive results in recent years, which is a reflection of the present buoyant tourism market in Malta. As such, the Hotel performed marginally below par with its competition in both FY2014 and FY2015, but is expected to perform in line with benchmark hotels both in FY2016 and FY2017.

6.8 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 2015 is €28.8 million (2014: €22.5 million).

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 6.7 above.

Operational Performance

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

Marina Hotel	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover (€'000)	6,886	7,852	9,484	9,978	10,049
Gross operating profit before incentive fees (€'000)	1,343	1,822	2,957	3,148	3,094
Gross operating profit margin (%)	20	23	31	32	31
Occupancy level (%)	76	81	81	82	82
Average room rate (€)	77	87	111	117	118
Revenue per available room (RevPAR) (€)	59	71	90	96	97
Benchmark performance					
Occupancy level (%)	74	75	74	77	77
Average room rate (€)	84	90	117	117	121
Revenue per available room (RevPAR) (€)	62	68	87	90	93
Revenue Generating Index	0.95	1.04	1.03	1.07	1.04

Source: Management information.

Since FY2012, the sales team has been focusing more on yield management with a drive towards achieving higher rates by increasing occupancy levels in the higher yielding segments, including leisure and corporate. Particularly in the leisure segment, last-minute business and online bookings have become more prevalent, and therefore management is being more restrictive in offering lower yielding tour operator allocations on package deals.

In consequence, average room rate has increased over the years from €72 in FY2012 to €87 in FY2014, and RevPAR grew by 29% to €71 in the same period. With respect to FY2015, occupancy stabilised at 81% but RevPAR increased to €90 (+27% relative to FY2014). After the growth experienced in FY2014 and FY2015, whereby revenue and gross operating profit increased by 38% and 120% respectively, FY2016 and FY2017 are projected to show more modest growth for the Hotel over the corresponding years.

As for benchmark performance, the Hotel outperformed its competitive set in FY2014 in terms of occupancy by 6 percentage points. On the other hand, average room rate was lower (-3%) than the benchmark rate at €90. In FY2015, the Hotel's occupancy level and RevPAR exceeded the market average by 7 percentage points and 3% respectively. As for FY2016 and FY2017, the Hotel is projected to continue to perform better than its competitive set and thereby maintain an RGI above par.

6.9 CORINTHIA HOTEL & RESIDENCES LONDON

Introduction

NLI Holdings Limited (equally owned by the Libyan Foreign Investment Company (LAFICO) and IHI) owns the 294-room luxury Corinthia Hotel located in London, United Kingdom ("**Corinthia Hotel London**") together with a penthouse apartment (11 residential apartments in the same premises were sold in April 2014). The said penthouse has been leased in FY2016 for a maximum period of two years.

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 £135 million bank facility in April 2009, which was subsequently increased to £150 million, embarked on a two-year project to redevelop and reconstruct the said properties to the luxury Corinthia Hotel and Residences. The carrying amount of 50% of the Corinthia Hotel London (including the penthouse) as at 31 December 2015 is €315.7 million (FY2014: €296.1 million).

Market Overview

i. Economic update

The UK economy grew by 0.5% in Q4 2015, taking the annual rate of growth for 2015 to 2.2% (0.7% lower than the 2.9% growth registered in 2014). The disappointing figure was the result of a slowdown in industry due to feeble manufacturing figures as factories struggled with a strong Sterling and weak external demand. Moreover, the construction sector recorded the first contraction in nearly two years. This could prompt concerns that the UK economy's reliance on the services sector (which continued to expand in 2015) is increasing further. The country's macroeconomic fundamentals remain strong and a robust labour market will sustain growth going forward. However, uncertainty following the referendum result for UK to leave the European Union, weak overseas growth and financial market volatility are all creating an unsettling business environment and point to downside risks to the economy in 2016.

ii. Tourism market

International visits to the UK by overseas residents rose by 5% to 8.5 million in the period October 2015 to December 2015 compared with the same period a year earlier. In the 12 months to December 2015, the number of visits to the UK was 4% higher (to 35.8 million visits) than a year earlier and earnings remained the same during this period (non-residents spent £21.8 billion in 2015). Visits from North America and Europe were up by 8% and 3% respectively and visits from 'Other Countries' grew by 6%. Business trips grew 6%, holiday visits increased by 1% and visits to friends or relatives was up 7%.

Operational Performance

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

Corinthia Hotel London	**FY2013 Actual**	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Projection**	**FY2017 Projection**
Turnover (£'000)	46,401	47,494	52,543	56,011	60,722
Gross operating profit before incentive fees (£'000)	14,012	14,374	16,548	17,717	19,570
Gross operating profit margin (%)	30	30	31	32	32
IHI's share of gross operating profit at 50%	**7,006**	**7,187**	**8,274**	**8,859**	**9,785**
Occupancy level (%)	72	72	73	77	79
Average room rate (£)	407	404	445	441	475
Revenue per available room (RevPAR) (£)	293	291	325	340	375
Benchmark performance					
Occupancy level (%)	77	76	80	80	80
Average room rate (£)	509	539	571	588	605
Revenue per available room (RevPAR) (£)	392	410	457	470	484
Revenue Generating Index	0.75	0.71	0.71	0.72	0.78

Source: Management information.

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.

The Hotel's performance in FY2014 was broadly similar to the results achieved in FY2013. Revenue increased by 2% to £47.5 million and gross operating profit increased by £0.4 million to £14.4 million. On the other hand, an increase of £5.0 million (+11%) and £2.2 million (+15%) was registered in revenue and gross operating profit respectively in FY2015, mainly as a consequence of an increase in the average room rate from £404 in FY2014 to £445. Management is projecting an increase of four percentage points in occupancy for FY2016 and a marginal decrease in average room rate from £445 to £441, which should equate to an increase in RevPAR of 5% from £325 in FY2015 to £340. Revenue is projected to increase by £3.5 million to £56.0 million in FY2016 and a corresponding increase of 7% is expected in gross operating profit to £17.7 million for that year. Growth of 8% and 10% in revenue and gross operating profit respectively is being projected by management for FY2017 over FY2016.

The Hotel's strategy is to achieve an average occupancy level of circa 80% and progressively increase average room rate as the Corinthia brand gains more recognition in London and the UK.

In comparison to benchmark results, the Hotel managed an RGI of 0.71 in FY2014 mainly due to an adverse difference of £135 in its average room rate. Similar results for the Hotel as compared to its competitive set were registered in FY2015 (RGI of 0.71). The Hotel is projected to close the gap in average room rate when compared to its competitors by FY2017. Looking ahead, the Hotel aims to continue to improve the RGI to narrow the gap further to benchmark results, by maintaining an occupancy level of circa 80% and enhance the Hotel's average room rate through increased marketing and effective yield management.

6.10 RADISSON BLU RESORT & SPA GOLDEN SANDS

Introduction

The Radisson Blu Resort & Spa Golden Sands commenced operations in October 2005 and is located on a cliff's edge overlooking Golden Bay beach on the Northern coast of Malta. IHGH holds a 50% shareholding in the Golden Sands resort (the other 50% being owned by an experienced international timeshare operator) and title to the site is in the form of temporary utile dominium which expires in 2114. The five-star resort comprises a total of 329 rooms, various F&B outlets and is equipped with a 1,000m^2 spa and leisure centre, 4 pools, a tennis court and a private sandy beach.

The carrying amount of 50% of the Radisson Blu Resort & Spa Golden Sands (being the share of IHGH) as at 31 December 2015 is €32.7 million (31 October 2014: €33.1 million).

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 6.7 above.

Operational Performance

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

Radisson Blu Resort & Spa Golden Sands	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	12 months	**12 months**	**14 months**	**12 months**	**12 months**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover (€'000)	27,133	34,229	43,584	32,251	32,270
Timeshare revenue	15,641	21,960	27,426	20,212	19,682
Hotel operations	11,492	12,269	16,158	12,039	12,588
EBITDA (€'000)	7,177	11,954	13,553	11,740	11,715
EBITDA margin (%)	26	35	31	36	36
IHGH's share of EBITDA at 50%	**3,589**	**5,977**	**6,777**	**5,870**	**5,858**

Source: Management information.

Note 1: The financial results of the Radisson Blu Resort & Spa Golden Sands are consolidated with the results of IHI with effect from 1 July 2015. As such, financial information in the table above relating to the period prior to 1 July 2015 has been included for comparison purposes only.
Note 2: In FY2015, IHGH changed its financial year end from 31 October 2015 to 31 December 2015. In this regard, the financial information for FY2015 covers the 14-month period 1 November 2014 to 31 December 2015.

A significant portion of the property's inventory is being operated as an upscale vacation ownership accommodation model (timeshare) through a 50% holding by IHGH in the Azure Group. To date, pursuant to a room allocation agreement with Azure Resorts Limited (a wholly owned subsidiary of the Azure Group), a total of 257 rooms have been released for sale on a timeshare basis. The remaining rooms together with any unsold weeks on the aforesaid 257 rooms are available for use by the resort in its hotel operations.

All timeshare units are being sold for a fixed time period that expires in 2045. Timeshare units are sold in weeks with the calendar year split into four seasons: Bronze, Silver, Gold and Platinum. As expected, most of the unsold timeshare weeks to date relate to the (low-season) Bronze and Silver packages (circa 59%). The current hotel configuration, which has been allocated to the timeshare operation, also includes a total of 13 superior rooms (marketed as the Heavenly Suites and the Heavenly Collection) that are sold at double the price of the other rooms. The vast majority of the timeshare weeks related to these rooms have already been sold.

Timeshare revenue is generated from the sale of timeshare weeks and resale of repossessed timeshare weeks to targeted vacation ownership guests. 'Hotel operations' revenue principally comprises the generation of yearly maintenance fees receivable from timeshare owners, allocation charges in terms of the aforesaid agreement with Azure Resorts Limited, fly-buy sales (being discounted rooms offered for promotional purposes), accommodation revenue (from rooms not utilised by timeshare operations) and revenue from F&B outlets and other ancillary services. The operating profit is the resultant surplus after deducting operating expenses, selling and marketing costs, and all administrative and other operating costs.

The table above summarises the results from the operation of the Radisson Blu Resort & Spa Golden Sands and shows that the principal source of revenue is the sale of timeshare weeks, which accounted for *circa* 60% of revenue between FY2013 to FY2015. The recovery in the UK economy (being Azure's principal market) and the strengthening of the UK Pound against the Euro were the main drivers for the robust increase in timeshare sales in FY2014 (+40%). A similar trend was observed in FY2015, whereby revenue increased by 25% from €22.0 million in FY2014 to €27.4 million. On an annual basis (since FY2015 reflects a 14-month period), average growth in timeshare sales was of 7% when compared to FY2014. Revenue for FY2016 is expected to be lower by €7.2 million (-26%) when compared to the previous 14-month period to €20.2 million (on an annualised basis the decrease is estimated at €3.3 million or -14%). As for FY2017, revenue is projected at broadly the same level as in FY2016 and is expected to amount to €19.7 million (FY2016: 20.2 million).

As for 'hotel operations', revenue generated in FY2015 amounted to €16.2 million, an increase of €3.9 million from FY2014, albeit the 2015 results represent a 14-month period as opposed to a 12-month period for 2014. Thereafter, revenue is projected to decrease to €12.0 million in FY2016 and achieve a marginally higher figure in FY2017 amounting to €12.6 million.

The Hotel achieved an EBITDA of €12.0 million in FY2014, a significant increase of €4.8 million (+67%) compared to the prior year. This result is a reflection of the sharp increase in timeshare weeks sold during the said year. A further 13% growth was registered in FY2015 (+€1.6 million), which actually represents a marginal decline from FY2014 given that FY2015 comprised a 14 month period. EBITDA for FY2016 is projected at €11.7 million, which is in line with the EBITDA achieved on an annualised basis in FY2015 (that is, €11.6 million). Management anticipates that the Hotel will continue to perform at the current level also in FY2017 and is therefore projecting an EBITDA of €11.7 million.

6.11 RADISSON BLU RESORT ST JULIANS

Introduction

The Radisson Blu Resort St Julians is a 252 room 5-star hotel located in St George's Bay, St Julians. The Hotel commenced operations in May 1997 and provides accommodation and other services to a range of guests, from leisure to conference and incentive travel groups. The Hotel's amenities include conference facilities, a ballroom, an outdoor and heated indoor pool, a fully equipped gymnasium as well as two tennis courts. The carrying amount of the Radisson Blu Resort St Julians as at 31 December 2015 is €37.7 million (31 October 2014: €26.9 million).

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 6.7 above.

Operational Performance

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

Radisson Blu Resort St Julians	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	12 months	**12 months**	**14 months**	**12 months**	**12 months**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover (€'000)	10,026	10,554	10,156	12,863	13,604
Gross operating profit before incentive fees (€'000)	2,162	2,214	2,642	3,752	4,163
Gross operating profit margin (%)	22	21	26	29	31
Occupancy level (%)	69	68	77	76	77
Average room rate (€)	90	108	135	129	136
Revenue per available room (RevPAR) (€)	69	73	104	98	105
Benchmark performance					
Occupancy level (%)	73	76	79	77	77
Average room rate (€)	114	132	144	146	152
Revenue per available room (RevPAR) (€)	87	100	113	113	118
Revenue Generating Index	0.79	0.73	0.92	0.87	0.89

Source: Management information.

Note 1: The financial results of the Radisson Blu Resort St Julians are consolidated with the results of IHI with effect from 1 July 2015. As such, financial information in the table above relating to the period prior to 1 July 2015 has been included for comparison purposes only.
Note 2: In FY2015, IHGH changed its financial year end from 31 October 2015 to 31 December 2015. In this regard, the financial information for FY2015 covers the 14-month period 1 November 2014 to 31 December 2015.

The Radisson Blu Resort St Julians generated revenue of €10.6 million in FY2014, which is marginally higher than that generated in FY2013 and represents an increase of 15% on FY2012. The improvement in the Hotel's income primarily reflects the overall improvement registered across the local hotel industry.

In FY2015, the Hotel was closed for refurbishment between 1 November 2014 and 30 March 2015, and re-opened as of 31 March 2015. The renovation, estimated at circa €2 million, enabled the Hotel to better compete in the market and command higher room rates. KPIs outlined in the table above reflect performance results during the period between April and December 2015 (and exclude the low season which typically dilutes the better performing spring/summer months). In this respect, although revenue was marginally lower when compared to FY2014 by €0.4 million due to the period of closure, the hotel achieved a higher gross operating profit in FY2015 of €0.4 million, from €2.2 million in FY2014 to €2.6 million.

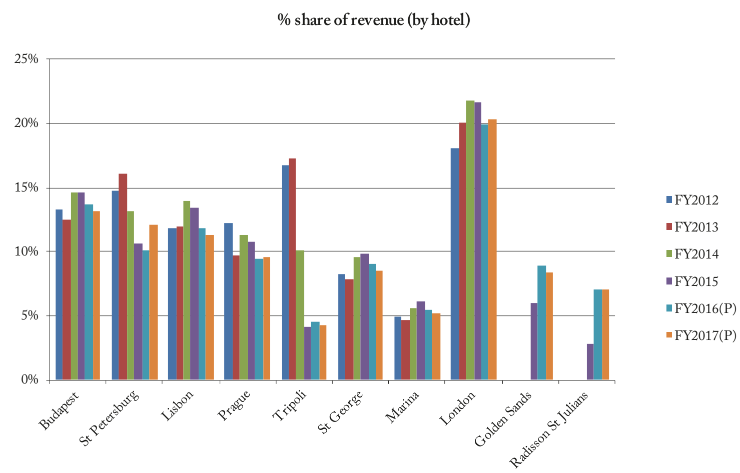
As a consequence of the refurbished hotel and new product offerings, management expects to broadly maintain the occupancy rate at FY2015 level (even though FY2015 results exclude the dilution effect of the winter months). Average room rate is projected at €129 (+19% on FY2014 rate and -4% when compared to FY2015 rate) and RevPAR is estimated at €98 (+34% on FY2014 and -6% when compared to FY2015 rate). Revenue is projected to increase from €10.2 million in FY2015 to €12.9 million and gross operating profit is expected to increase by €1.1 million to €3.8 million.

A further improvement in RevPAR of 7% from €98 in FY2016 to €105 in FY2017 has been projected by management, as the Hotel continues to shift its principal revenue sectors from tour operator business to direct/online sales, in line with IHI's marketing strategy for its two hotels in the St George's Bay area. In FY2017, revenue and gross operating profit are expected to increase by 6% (+€0.7 million) and 11% (+€0.4 million) respectively.

6.12 IHI'S AGGREGATE HOTEL REVENUE AND OPERATING PROFIT

Revenue Geographic Distribution

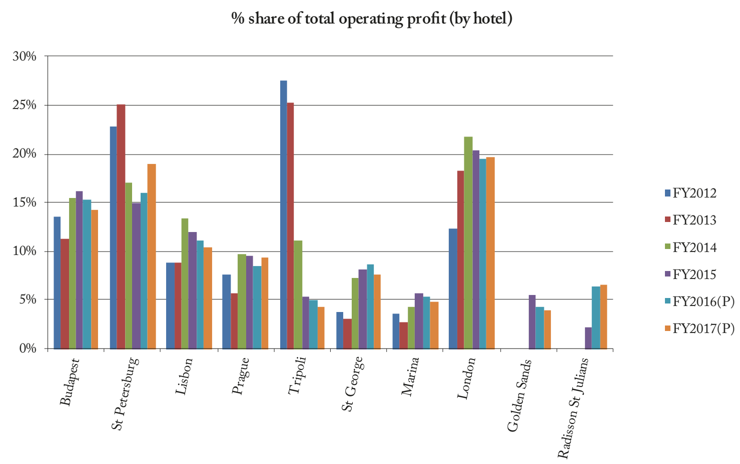
The chart below depicts total revenue generated by each hotel as a percentage of aggregate hotel revenue generated by the Group's hotels. In the case of the Corinthia Hotel London and the Radisson Blu Resort & Spa Golden Sands, the amounts included for each year is 50% of actual revenue, reflecting the 50% shareholding (directly or indirectly) of IHI in the respective hotels.



The above chart shows that the Corinthia Hotel & Residences London generates over 20% of total hotel revenue. This percentage share is set to peak in FY2015 to 22% as the Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg continue to underperform in view of political and economic issues in their respective jurisdictions. Pursuant to the acquisition of IHGH, and the consolidation of its results as from 1 July 2015, two properties (namely, Radisson Blu Resort & Spa Golden Sands and Radisson Blu Resort St Julians) have been included in the portfolio of hotels. Apart from the positive effect on revenue contribution towards IHI, the increase in properties will further dilute the reliance on the performance on any particular hotel property. As a consequence of the introduction of these two properties and an expected recovery at the Corinthia Hotel St Petersburg in FY2017, it is projected that income generated in FY2016 and FY2017 by Corinthia Hotel & Residences London will constitute *circa* 20% of revenue derived from all hotels. Likewise, the revenue generation from the other hotels, although increasing in real terms, year on year, is reducing in percentage terms both in FY2016 and FY2017.

Operating Profit Geographic Distribution

The chart below shows operating profit generated by each hotel as a percentage of IHI's hotel operating profit (directly or indirectly). The amounts relating to the Corinthia Hotel London and the Radisson Blu Resort & Spa Golden Sands are only 50% of each hotel's actual results, reflecting the 50% shareholding (directly or indirectly) of IHI in the respective hotels.



Until FY2013, the primary contributors to operating profit included Corinthia Hotel Tripoli, Corinthia Hotel St Petersburg, Corinthia Hotel Budapest and Corinthia Hotel & Residences London. Thereafter, and particularly in FY2014 and FY2015, 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 IHI, which was however partly mitigated by the continued improvement in the operating results of IHI's European hotels.

The other hotels all registered improvements in their respective operating profit results relative to the previous year. The Radisson Blu Resort & Spa Golden Sands and the Radisson Blu Resort St Julians, being part of the IHGH acquisition in FY2015, are projected to contribute 10% of IHI's total operating profit from hotel operations in each of FY2016 and FY2017.

6.13 MANAGEMENT COMPANY

CHI Limited (a fully-owned subsidiary of IHI) manages and operates a number of hotel properties, predominantly owned by IHI and CPHCL). IHI acquired the shares of CHI in three tranches: a 20% shareholding was purchased on IHI's formation 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 (at the same time of acquisition of the 50% share purchase).

Operational Performance

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

CHI Limited (Management Fees)	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	Actual	**Actual**	**Forecast**	**Projection**	**Projection**
Turnover (€'000)	11,478	11,305	15,665	16,294	17,000
IHI Properties (owned and associate) (€'000)	10,253	9,463	13,678	14,267	14,933
Other Properties (€'000)	1,225	1,842	1,987	2,027	2,067

Source: Management information.

Revenue in FY2014 decreased marginally when compared to FY2013 principally due to revenue declines at Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg. The situation in FY2015 turned for the better due to increases in revenue generated at the Corinthia Hotel & Residences London and the other IHI European hotels. As such, fees receivable by CHI Limited in FY2015 amounted to €15.7 million, 39% increase over FY2014. CHI Limited is targeting a turnover of €16.3 million in FY2016 which assumes a continued subdued operating environment at the Tripoli Hotel and Corinthia Hotel St Petersburg, and a robust performance in revenue at the London property. Further improvements are also expected in the performance of the other European hotels owned by IHI. Revenue is projected to increase to €17.0 million in FY2017, assuming a positive performance from all hotels, including a recovery in revenue generated at the Corinthia Hotel St Petersburg.

6.14 EVENT CATERING BUSINESS

Island Caterers Limited, a fully owned subsidiary of IHGH, was set up in 1992 and operates an event catering business. The company provides catering services for a variety of events including weddings, receptions, banquets, conference and incentive events and private parties.

Operational Performance

The following table sets out the turnover of Island Caterers Limited for the periods indicated therein:

Island Caterers Limited	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	12 months	**12 months**	**14 months**	**12 months**	**12 months**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover (€'000)	4,162	5,241	6,323	6,258	6,415
EBITDA (€'000)	149	309	380	701	719
EBITDA margin (%)	4	6	6	11	11

Source: Management information.

Note 1: The financial results of Island Caterers Limited are consolidated with the results of IHI with effect from 1 July 2015. A such, financial information in the table above relating to the period prior to 1 July 2015 has been included for comparison purposes only.
Note 2: In FY2015, IHGH changed its financial year end from 31 October 2015 to 31 December 2015. In this regard, the financial information for FY2015 covers the 14-month period 1 November 2014 to 31 December 2015.

The table above summarises the financial performance of Island Caterers Limited for the period FY2013 to FY2017. The revenue for FY2014 was higher by €1.1 million (+26%) when compared to FY2013, principally due to a large one-off event which took place in September 2014 and revenue generated from the Coastline catering contract in the latter half of that financial year. In April 2014, Island Caterers Limited concluded an agreement with the new owners of the Coastline Hotel for the provision of F&B services to the hotel. The agreement is for the duration of five years. In terms of the agreement, the company will utilise the existing kitchen and equipment at the hotel to provide such services.

A further increase in revenue of €1.1 million was registered in FY2015 to €6.3 million, mainly reflecting income derived from the Coastline catering contract for a period of eight months (since the hotel was closed in the winter months for refurbishment undertaken by the new hotel owners). Revenue in FY2016 is projected at approximately FY2015's figure of €6.3 million, reflecting a growth of circa 15% (since FY2015 included 14 months rather than 12 months). A growth rate of 3% in revenue is projected for FY2017. Profitability is expected to improve from an EBITDA margin of 6% in FY2015 to 11% in both FY2016 and FY2017. The sales mix should remain static and the majority of total revenue for FY2016 and FY2017 is expected to comprise weddings, corporate events, conference incentive travel (CIT) and the Coastline catering contract.

6.15 FOOD RETAIL AND CONTRACT CATERING BUSINESS (INCLUDING COSTA COFFEE)

In May 2011, IHGH acquired 50% of the share capital of Buttigieg Holdings Ltd ("**BHL**"), a company operating in the food retail and contract catering sector. The acquisition of the remaining 50% in BHL was completed in June 2015, prior to IHI's acquisition of IHGH. BHL, through subsidiary companies (both locally and overseas), operates the Costa Coffee franchise in Malta and in the East Coast territory of Spain, the Balearic Islands and the Canary Islands. Furthermore the company operates, amongst others, a catering contract at Mater Dei Hospital providing catering, vending machine and retail kiosk services to visitors and staff within the hospital premises. This concession expires in November 2017.

The Coffee Company Malta Limited ("**TCCM**"), a wholly owned subsidiary of BHL, entered into a 10-year franchise agreement with Costa Coffee International Limited in May 2012 for the development of Costa Coffee retail outlets in Malta. The first Costa Coffee outlet was opened in June 2012 at the check-in lounge of the Malta International Airport. Since then, another nine Costa Coffee outlets were opened (three outlets at the Malta International Airport [one in the arrivals area, another in the Schengen area and the third one in the non-Schengen area] and one outlet in each of The Point Shopping Complex Sliema, the premises formerly known as Papillon in Balzan, The Embassy Valletta, Bay Street Complex St Julians, Marsaxlokk [opened in February 2016] and Spinola Bay St Julians [opened in April 2016]). TCCM plans to open another outlet bringing the total to eleven outlets by the end of FY2016.

In March 2014, The Coffee Company Spain S.L. ("**TCCS**"), a wholly owned subsidiary of BHL, entered into a 10-year franchise agreement with Costa Coffee International Limited for the development and operation of up to 75 Costa Coffee outlets in the East Coast of Spain, the Balearic and Canary Islands. The first outlet in Spain opened in the third quarter of 2014 and by 31 December 2015 this number increased to a total of 10 outlets. TCCS is projecting to operate a total of 75 outlets and the capital expenditure programme for the additional outlets is estimated at €19.6 million. The funding relating to the increase in outlets is expected to be financed through bank borrowings and internally generated cash resources.

Operational Performance

The following table sets out the turnover of BHL for the years indicated therein:

Buttigieg Holdings Limited (including Costa Coffee)	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
	12 months	**12 months**	**14 months**	**12 months**	**12 months**
	Actual	**Actual**	**Actual**	**Projection**	**Projection**
Turnover					
Costa Coffee (Malta) (€'000)	2,108	3,518	6,647	6,896	7,290
Costa Coffee (Spain) (€'000)	1,906	7,484	15,109		
Other catering operations (€'000)	4,335	4,036	5,419	4,037	4,138
	6,443	7,554	13,972	18,417	26,537
EBITDA (€'000)	328	651	-413	387	1,868
EBITDA margin (%)	5	9	-3	2	7
Costa Malta					
No. of outlets (at end of financial year)	4	8	8	11	11
Costa Spain					
No. of outlets (at end of financial year)		1	10	22	37

Source: Management information.

Note 1: The financial results of the Buttigieg Holdings Limited are consolidated with the results of IHI with effect from 1 July 2015.
As such, financial information in the table above relating to the period prior to 1 July 2015 has been included for comparison purposes only.
Note 2: In FY2015, IHGH changed its financial year end from 31 October 2015 to 31 December 2015. In this regard, the financial information for FY2015 covers the 14-month period 1 November 2014 to 31 December 2015.

In FY2014 BHL generated a turnover of €7.6 million, an increase of 17% on FY2013. During the year, eight Costa outlets were in operation in Malta with the Bay Street outlet only commencing operations in the latter quarter of FY2014. Revenue generated in FY2015 by TCCM amounted to €6.6 million, almost double the turnover figure of FY2014. This positive movement resulted from the fact that the eight outlets were operational for the full financial year, improved performance registered by all outlets, and the additional two months' revenue in the financial period due to a change in year end. A further three openings are projected for FY2016, out of which two have already opened, and revenue from the 11 outlets is anticipated to reach €6.9 million. The same outlets are expected to grow revenue by 6% to €7.3 million in FY2017 reflecting the full year operation of the three new outlets opened in the prior year.

The operation of Costa outlets in Spain commenced in FY2014 with one outlet opening in Barcelona. By end FY2015, TCCS opened a further nine outlets and generated €1.9 million in revenue. Looking ahead, the Group has resolved to slow down the tempo of outlet openings in Spain and as such, the original development strategy to open 75 outlets by 2018 will be extended over a longer period of time. The revised timeline will enable management to increase focus on achieving operating efficiencies in each new outlet. In this respect, the budgeted number of outlets in operation for FY2016 has been revised down from 36 to 22 outlets and projected revenue has been lowered from €15.1 million to €7.5 million. In FY2017, outlets in Spain are expected to amount to 37, being 24 outlets lower than original projections and revenue generation has been revised down from €29.8 million to €15.1 million.

'Other catering operations' principally relates to the concession at Mater Dei Hospital. Revenue derived from this activity in FY2014 amounted to €4.0 million and increased to €5.4 million in FY2015. The increase was mainly due to the additional two months' revenue in the financial year. Thereafter, management is projecting to generate €4.0 million in FY2016 and €4.1 million in FY2017.

6.16 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 IHI.

IHI has a 55% equity participation in Libya Hotel Development and Investment JSC, a company that acquired a derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya. Libya Hotel Development and Investment JSC is set to develop a mixed-use project consisting of a 228-room five-star hotel, 2,000m^2 of retail space and 10,000m^2 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 consequence 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, in Tripoli. IHI has to date injected €13 million in the company as its equity participation. The parcel of land, over which the project will be developed, 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. With regards to the remaining 60% of funding, MTJSC has in hand an approved and signed sanction letter from a Libyan financial institution. However, since the sanction letter was issued in 2014, it is expected that on resumption of works, the Libyan financial institution would request a revision of terms and conditions included in the said sanction letter. The project was put on hold in 2014 following the conflict in Libya and the prevailing political uncertainty.

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

As part of the IHGH acquisition, IHI took ownership of a plot of land at Hal Ferh measuring 83,530m^2, situated adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta. The property is valued in the balance sheet as at 31 December 2015 of IHGH at €21.6 million. The Group has initiated the process to formulate a design concept and to determine funding requirements for the development of the aforesaid site.

7. BUSINESS DEVELOPMENT STRATEGY

The Group's business strategy focuses on achieving positive and sustainable financial results, and appreciation in the value of the Group's properties and investments. In the execution of the Group's strategy, management aims to provide a high quality service at each hotel and treat customers to a unique hospitality experience. Through the provision of better quality offerings the brand value is further enhanced, and occupancy levels and average room rates are improved. Moreover, such strategy enables the Group to target higher-yielding customers, in particular, from the leisure and conference/event segments.

Electronic booking portals have gained significant importance in generating room reservations. In this respect, the Group is continuously optimising its website 'Corinthia.com', further developing its online reservation system and investing in online marketing.

From a cost perspective, improved results are being achieved through the implementation of cost-control and energy-efficient measures at Group hotels, particularly since the acquisition of the IHGH Group and the merger of the two businesses.

The Group's strategy focuses on the operation of hotels that are in the five star category and ongoing investment in their upkeep is given due importance in order to preserve their attractiveness and incremental value.

In addition to the aforementioned strategy for internal growth, the Group aims to grow its business externally by further expanding the portfolio of hotels and mixed-use properties and venturing into other businesses through:

Acquisitions, joint ventures and developments

Management remains active in growing the Group's portfolio of hotels and mixed-use properties by acquisition, particularly if these entail a potential for capital appreciation. In 2015, the Group acquired IHGH which, inter alia, will enable the Group to redevelop the three hotels located near St George's Bay, St Julian's, Malta into a mixed-use luxury development. This recent acquisition will also allow the Group to diversify its revenue streams through the expansion of Costa Coffee outlets principally in Spain. Furthermore, other mixed-use properties described elsewhere in this report are earmarked for development in the coming years, which are expected to generate positive returns for the Group. Furthermore, management remains active in the pursuit of new investment opportunities. In particular, if available at attractive prices and subject to funding, the Group is principally interested in acquiring hotels in its target markets, including key European cities.

Management contracts

The Group is seeking to expand its portfolio of hotels by entering into agreements to manage hotels for third party owners. Management believes that the strength of the Corinthia brand, its reservation system and online presence, and the quality of its existing operations, place it in a good position to establish such relationships, which are expected to gather momentum in the short to medium term, principally through the exposure that the Corinthia Hotel & Residences London gave to the international market.

8. FINANCIAL INFORMATION RELATING TO THE ISSUER

The financial information provided hereunder is extracted from the audited consolidated financial statements of IHI for each of the years ended 31 December 2013 to 31 December 2015.

The audit report contained in the audited consolidated financial statements for the year ended 31 December 2015 includes an emphasis of matter relating to the significant political and economic uncertainties prevailing in Libya and their impact on the Group's results for 2015. An overview of operations situated in Libya and related financial performance is provided in this report in sections 6.6 "Corinthia Hotel Tripoli" and 6.16 "Other Assets".

Note 5 to the 2015 financial statements further explains the significant uncertainties and judgments surrounding the valuation of the Group's assets in Libya that have also a bearing on the projected cash flows from the relative operations, and which are in turn influenced by the timing of a recovery in the country. Different plausible scenarios may impact the financial performance of the Libya operations and the valuation of related assets in a significant matter. This matter is considered to be of fundamental importance to stakeholders because of the potential impact that this uncertainty may have on the valuation of the Group's assets in Libya, which at 31 December 2015 were carried at €194.8 million.

The forecasted financial information for the years ending 31 December 2016 and 2017 has been provided by management of the Company.

The projected financial statements relate to events in the future and are based on assumptions which IHI 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. With specific reference to IHI's operation in Libya, assessment of future performance is more difficult to forecast due to the ongoing political instability and the ensuing economic situation in the country. In view of this state of affairs, the actual results from the operation in Libya may vary significantly from projections.

IHI Group Income Statement (€'000)	**FY2013 Actual**	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Projection**	**FY2017 Projection**
Revenue	123,734	116,379	134,074	163,317	181,761
Direct costs	(64,152)	(61,147)	(70,326)	(87,154)	(98,346)
Gross profit	**59,582**	**55,232**	**63,748**	**76,163**	**83,415**
Other operating costs	(24,601)	(26,382)	(31,631)	(36,370)	(37,557)
EBITDA	**34,981**	**28,850**	**32,117**	**39,793**	**45,858**
Depreciation and amortisation	(23,763)	(18,390)	(20,093)	(21,719)	(22,626)
Movement in fair value of investment property	571	(15,391)	193	-	-
Net impairment of hotel properties	5,000	2,081	11,639	-	-
Results from operating activities	**16,789**	**(2,850)**	**23,856**	**18,074**	**23,232**
Share of (loss) profit: equity accounted investments	(5,788)	(14,537)	(2,557)	4,962	5,662
Net finance costs	(15,940)	(13,035)	(22,199)	(17,051)	(17,121)
Net fair value loss on interest rate swaps	1,789	1,466	-	-	-
Movement in fair value of indemnification assets	(883)	(879)	551	(210)	(210)
Profit (loss) before tax	**(4,033)**	**(29,835)**	**(349)**	**5,775**	**11,563**
Taxation	4,299	13,549	(3,398)	(3,323)	(4,567)
Profit (loss) for the year	**266**	**(16,286)**	**(3,747)**	**2,452**	**6,996**
Other comprehensive income					
Net impairment of hotel properties	(8,200)	(28,953)	21,105	-	-
Share of other comprehensive income of equity accounted investments	41,616	18,380	9,674	-	-
Other effects and tax	(7,447)	11,170	(15,883)	-	-
	25,969	**597**	**14,896**	**-**	**-**
Total comprehensive income (expense) for the year net of tax	**26,235**	**(15,689)**	**11,149**	**2,452**	**6,996**

IHI Group Balance Sheet (€'000)	31 Dec'13 Actual	31 Dec'14 Actual	31 Dec'15 Actual	31 Dec'16 Projection	31 Dec'17 Projection
ASSETS					
Non-current assets					
Intangible assets	44,856	43,556	55,989	54,951	52,566
Indemnification assets	22,566	21,687	22,238	22,028	21,818
Investment property	191,964	176,675	166,274	166,274	166,274
Property, plant and equipment	534,558	494,971	572,103	565,729	562,463
Investments in associates	201,689	213,241	267,045	266,846	269,477
Loan receivable	44,332	3,208	3,728	4,629	4,585
Assets placed under trust management	2,303	7,967	3,870	8,823	2,145
	1,042,268	961,305	1,091,247	1,089,280	1,079,328
Current assets					
Inventories	5,454	5,307	6,280	6,420	6,892
Loan receivable	-	-	7,325	-	-
Trade and other receivables	31,819	23,309	33,032	37,969	38,025
Taxation	2,883	2,639	2,896	21	21
Cash and cash equivalents	10,248	19,480	18,863	32,035	42,587
	50,404	50,735	68,396	76,445	87,525
Total assets	**1,092,672**	**1,012,040**	**1,159,643**	**1,165,725**	**1,166,853**
EQUITY					
Capital and reserves					
Called up share capital	554,238	554,239	573,636	580,143	580,143
Reserves and other equity components	88,701	88,886	86,719	86,719	86,719
Retained earnings	(16,448)	(48,941)	(52,665)	(51,113)	(44,117)
Minority interest	-	630	598	598	598
	626,491	**594,814**	**608,288**	**616,347**	**623,343**
LIABILITIES					
Non-current liabilities					
Borrowings and bonds	292,729	271,464	342,616	369,572	347,194
Other non-current liabilities	97,332	82,938	108,740	112,902	109,181
	390,061	354,402	451,356	482,474	456,375
Current liabilities					
Borrowings and bonds	27,725	27,787	25,784	18,172	37,246
Other current liabilities	48,395	35,037	74,215	48,732	49,889
	76,120	62,824	99,999	66,904	87,135
	466,181	**417,226**	**551,355**	**549,378**	**543,510**
Total equity and liabilities	**1,092,672**	**1,012,040**	**1,159,643**	**1,165,725**	**1,166,853**

IHI Group Cash Flow Statement (€'000)	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Projection	FY2017 Projection
Net cash from operating activities	42,078	29,986	29,502	37,895	46,618
Net cash from investing activities	(4,287)	(4,160)	(28,555)	(32,192)	(13,902)
Net cash from financing activities	(43,666)	(13,467)	(7,133)	12,403	(23,304)
Net movement in cash and cash equivalents	**(5,875)**	**12,359**	**(6,186)**	**18,106**	**9,412**
Cash and cash equivalents at beginning of year	11,363	5,491	17,850	11,664	29,770
Cash and cash equivalents at end of year	**5,488**	**17,850**	**11,664**	**29,770**	**39,182**

Key Accounting Ratios	FY2013	FY2014	FY2015	FY2016	FY2017
Gross profit margin *(Gross profit/revenue)*	48%	47%	48%	47%	46%
Operating profit margin *(EBITDA/revenue)*	28%	25%	24%	24%	25%
Interest cover (times) *(EBITDA/net finance cost)*	2.19	2.21	1.45	2.33	2.68
Net profit margin *(Profit after tax/revenue)*	0%	-14%	-3%	2%	4%
Earnings per share (€)[1] *(Profit after tax/number of shares)*	0.00	-0.03	-0.01	0.00	0.01
Return on equity *(Profit after tax/shareholders' equity)*	0%	-3%	-1%	0%	1%
Return on capital employed *(Operating profit/total assets less current liabilities)*	3%	3%	3%	4%	4%
Return on assets *(Profit after tax/total assets)*	0%	-2%	0%	0%	1%

[1]Earnings per share calculation set out above has been based on the current number of shares in issue of the Company of 573,636,129 shares of €1 each.

Source: Charts Investment Management Service Limited

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 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 & Residences London. As highlighted in section 8.1.9 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 were lower by €1.6 million compared to prior year, primarily reflecting (i) the continued reduction of IHI 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 IHI properties and therefore the overall decrease in income for the said financial year was limited to €7.4 million (a reduction of 6%). This reduction in income inevitably impacted IHI'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 required on assets that were fully depreciated.

In April 2014, 11 apartments in Whitehall Place London forming part of the Corinthia Hotel & Residences 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 IHI's 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.

Finance costs in FY2014 were lower by approximately €2.9 million (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 IHI's debt in consequence of scheduled repayments of bank loans. After accounting for movements in fair value of properties described hereunder, IHI 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 (€'000)	**Income Statement**	**Other Comprehensive Income**	**Total**
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 & Residences 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 IHI'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 IHI properties other than the Corinthia Hotel Tripoli, due to the then 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.

As denoted in the above table, IHI 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 IHI's European hotels, IHI 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, IHI reported a net impairment charge (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.

FY2015 was mainly characterised by the acquisition of IHGH in August 2015. IHGH business relates to the ownership and operation of the Radisson Blu Resort St Julians, Island Caterers, Costa Coffee outlets in Malta and Spain, and the operation of a number of catering contracts. IHGH also owns an 83,530m^2 plot of land at Hal Ferh, Golden Sands. Furthermore, IHGH has a 50% shareholding in the Radisson Blu Resort & Spa Golden Sands which comprises the operation of a five-star hotel and a vacation ownership business. In view of the 50% ownership, the results of the Radisson Blu Resort & Spa Golden Sands are included in the income statement as share of profit from equity accounted investments (together with the Corinthia Hotel & Residences London).

IHI's revenue for FY2015 amounted to €134.1 million, an increase of €17.7 million from a year earlier. The increase in revenue is attributable to the increased revenues in IHI's European operations (€9.8 million) and the consolidation of the IHGH results for the second half of 2015 (€17.6 million). Against this, there was combined reduction of €9.7 million from the Group's hotels located in St Petersburg and Tripoli.

EBITDA for 2015, excluding the consolidation of the results of associate companies and in particular the London hotel results, amounted to €32.1 million compared to €28.8 million achieved in 2014. Here again, the increase in EBITDA is mainly attributable to the improved performance in all the Group's hotels excluding Tripoli and the consolidation of IHGH's results as from the second semester of 2015. This year's administrative costs include a one-time abortive cost of €1.3 million representing professional fees and expenses incurred in pursuing the launch of an international bond.

Share of results from equity accounted investments comprises the 50% ownership in the Corinthia Hotel & Residences London and the Radisson Blu Resort & Spa Golden Sands. The performance of the Corinthia Hotel & Residences London improved significantly in the year under review with record occupancies, rates and EBITDA earnings being achieved as this property moves towards its maturity. IHI's 50% share of the hotel's EBITDA in 2015 amounted to €8.2 million as compared to €4.5 million in 2014. The residential penthouse at 10 Whitehall Place has been leased for a term of two years commencing in early 2016. With respect to the Radisson Blu Resort & Spa Golden Sands, the hotel generated an EBITDA of €7.4 million in the period 1 July 2015 to 31 December 2015, out of which the Group's 50% share amounted to €3.7 million.

In 2015, the Group registered net property uplifts, before tax, of €42.6 million on account of the improved trading performance of the Group's hotels located in Europe. This contrasts sharply with the net impairment charge, before tax, of €24.4 million registered in 2014. As detailed below, these uplifts are reflected as to €11.8 million through the income statement (2014: impairment of €13.3 million) with the balance of €30.8 million being recognised through the comprehensive income statement (2014: impairment of €11.1 million).

Analysis of Movements in Property Values for the year ended 31 December 2015 (€'000)	**Income Statement**	**Other Comprehensive Income**	**Total**
Corinthia Hotel Lisbon	-	(1,669)	**(1,669)**
Lisbon Apartments	193	-	**193**
Corinthia Hotel St George's Bay	2,281	8,700	**10,981**
Corinthia Hotel Prague	10,103	992	**11,095**
Corinthia Hotel Budapest	3,309	6,516	**9,825**
Marina Hotel	-	6,566	**6,566**
Corinthia Hotel St Petersburg	(4,054)	-	**(4,054)**
St Petersburg Commercial Centre	-	-	-
Corinthia Hotel & Residences London	-	9,674	**9,674**
Net movement in property values	**11,832**	**30,779**	**42,611**
Classified in the financial statements as follows:			
Movement in fair value of investment property	193	-	**193**
Net impairment reversal (loss) on hotel properties	11,639	21,105	**32,744**
Revaluation of hotel property (equity accounted investments)	-	9,674	**9,674**
Net movement in property values	**11,832**	**30,779**	**42,611**

Net finance costs in 2015 amounted to €22.2 million, an increase of €9.2 million when compared to 2014. A significant portion of this increase (€8.5 million) represents adverse exchange differences on bank borrowings in Euro on the property in St Petersburg in consequence of the adopting of the Rouble as the functional currency. After accounting for taxation and other items in the comprehensive income statement, IHI reported total comprehensive income for the year, net of tax, of €11.1 million (2014: comprehensive loss, net of tax, of €15.7 million).

Management is projecting significant growth in revenue for both **FY2016** and **FY2017** when compared to FY2015. The Corinthia Hotel St Petersburg is anticipated to report a gradual recovery in revenue, particularly in FY2017. The other hotels are expected to follow the trend of prior years and register healthy increases in revenue. FY2016 will be the first year in which the IHI group financials will incorporate a full year's results of IHGH. Overall, revenue is expected to increase from €132.5 million in FY2015 to €163.3 million in FY2016. Revenue is projected to increase further in FY2017 by €18.4 million, principally due to the substantial growth expected from the Costa Coffee operations in Spain and the partial recovery in the performance of the Corinthia Hotel St Petersburg.

Reflecting the improvement in revenue, IHI's EBITDA is expected to increase from €32.1 million in FY2015 to €39.8 million in FY2016 (+24%) and increase by a further 15% to €45.9 million in FY2017.

Share of profit from equity accounted investments is expected to amount to €.5.0 million in FY2016, as compared to a loss of €2.6 million in FY2015, and such amount is projected to increase further in FY2017 to €5.7 million.

After taking into account finance costs and taxation, IHI is projecting to generate a profit of €2.5 million and €7.0 million in FY2016 and FY2017 respectively (FY2015: loss of €3.7 million).

The estimates for the forward years as presented in this document assume that the carrying values of hotel and investment properties will remain constant in FY2016 and FY2017, 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 and balance sheet values.

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

IHI Group Borrowings (€'000)	31 Dec'13 Actual	31 Dec'14 Actual	31 Dec'15 Actual	31 Dec'16 Projection	31 Dec'17 Projection
Bank borrowings					
Bank loans	210,773	203,383	205,990	182,446	173,004
Bank overdrafts	4,760	1,630	7,199	2,265	3,405
	215,533	**205,013**	**213,189**	**184,711**	**176,409**
Bonds					
6.3% IHI Bonds 2013					
6.2% - 6.8% IHI Bonds 2013					
6.5% IHI Bonds 2012 - 2014	2,500				
6.25% IHI Bonds 2015 - 2019	34,678	34,762			
6.25% IHI Bonds 2017 - 2020	24,758	24,641	24,695	24,752	24,814
5.8% IHI Bonds 2021	19,592	19,633	19,676	19,722	19,771
5.8% IHI Bonds 2023	9,865	9,876	9,887	9,899	9,911
5.75% IHI Bonds 2025			44,060	44,138	44,220
4% IHI Secured Bonds 2026				54,086	54,182
6.5% IHGH Bonds 2017 - 2019			14,000	14,000	14,000
6% IHGH Bonds 2024			34,384	34,458	34,531
	91,393	**88,912**	**146,702**	**201,055**	**201,429**
Other interest bearing borrowings					
Parent company	13,236	5,092	3,091	-	-
Related companies	292	234	5,418	1,978	6,602
	13,528	**5,326**	**8,509**	**1,978**	**6,602**
Total borrowings and bonds	**320,454**	**299,251**	**368,400**	**387,744**	**384,440**

Key Accounting Ratios	31 Dec'13	31 Dec'14	31 Dec'15	31 Dec'16	31 Dec'17
Net assets per share (€) *(Net asset value/number of shares)*	1.13	1.07	1.06	1.07	1.09
Liquidity ratio (times) *(Current assets/current liabilities)*	0.66	0.81	0.68	1.14	1.00
Gearing ratio *(Total net debt/net debt and shareholders' equity)*	33%	32%	36%	37%	35%
Debt service cover ratio (times) *(EBITDA/net finance cost and loan capital repayment)*	0.73	0.86	1.08	1.29	1.49

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 FY2015, the Group registered a debt service cover ratio of 1.08 times (FY2014: 0.86), being marginally higher than the target ratio of 1.0.

The improvement in ratio was principally due to an increase in EBITDA and lower loan capital repayments when compared to FY2014. On the other hand, net interest payable in FY2015 was higher by 9.2 million than in FY2014. The majority of this amount (€8.5 million) relates to adverse exchange differences on bank borrowings of Corinthia St Petersburg. The debt service cover ratio is expected to improve further in FY2016 and FY2017 as the Group is projecting y-o-y increases in EBITDA and lower net interest payments. The loan capital repayment obligations of the Group are expected to remain stable in each of FY2016 and FY2017.

Sinking Fund

In terms of the Prospectuses of each of the bonds detailed hereunder, the respective companies are 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 balances held in the respective sinking funds as at the end of the financial years 31 December 2013 to 31 December 2017.

Contributions to Sinking Fund	**31 Dec'13**	**31 Dec'14**	**31 Dec'15**	**31 Dec'16**	**31 Dec'17**
(€'000)	**Actual**	**Actual**	**Actual**	**Projection**	**Projection**
€35 million 6.25% Bonds 2015 - 2019	2,265	4,632			
€25 million 6.25% Bonds 2017 - 2020	38	3,335	3,363	6,243	
€20 million 5.8% Bonds 2021				1,073	2,145
€14 million 6.50% IHGH Bonds 2017 - 2019				507	1,507
	2,303	**7,967**	**3,870**	**8,823**	**2,145**

Variance Analysis

IHI Group Income Statement	**FY2015**	**FY2015**	
(€'000)	**Actual**	**Forecast**	**Variance**
Revenue	134,074	132,497	1,577
Direct costs	(70,326)	(53,896)	(16,430)
Gross profit	**63,748**	**78,601**	**(14,853)**
Other operating costs	(31,631)	(45,546)	13,915
EBITDA	**32,117**	**33,055**	**(938)**
Depreciation and amortisation	(20,093)	(19,875)	(218)
Movement in fair value of investment property	193	-	193
Net impairment of hotel properties	11,639	-	11,639
Results from operating activities	**23,856**	**13,180**	**10,676**
Share of loss: equity accounted investments	(2,557)	(160)	(2,397)
Net finance costs	(22,199)	(14,673)	(7,526)
Net fair value loss on interest rate swaps	-	-	-
Movement in fair value of indemnification assets	551	(880)	1,431
Loss before tax	**(349)**	**(2,533)**	**2,184**
Taxation	(3,398)	(187)	(3,211)
Loss for the year	**(3,747)**	**(2,720)**	**(1,027)**

As presented in the above table, the Group generated higher revenue in FY2015 than forecasted by €1.6 million, but costs were also higher than projections by €2.5 million, particularly in view of a €1.3 million charge for professional fees incurred on the consideration of an international bond, which had to be aborted. As a result, reported EBITDA was €0.9 million lower than expected to €32.1 million. The actual results were impacted by a higher loss from equity accounted investments of €2.4 million and net finance costs were higher by €7.5 million (principally due to adverse exchange differences on bank borrowings in Euro in St Petersburg). In contrast, there was a positive effect of pre-tax net uplifts in fair value of Group properties and indemnification assets of €13.3 million. Loss before tax was lower than projected by €2.2 million, but as a consequence of a higher than expected tax charge, the loss for the year was higher by €1.0 million at €3.7 million.

Related Party Listed Debt

Corinthia Palace Hotel Company Limited ("**CPHCL**") is the parent company and owns 58.49% 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	6,514,700	6.25% Corinthia Finance plc 2016-19	EUR
MT0000101254	7,500,000	6% Corinthia Finance plc 2019-22	EUR
MT0000101262	40,000,000	4.25% Corinthia Finance plc 2026	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
MT0000371238	28,519,400	7.15% MIH 2015-17	EUR
MT0000371246	4,351,100	7.15% MIH 2015-17	GBP
MT0000371253	7,120,300	7.15% MIH 2015-17	USD
MT0000371261	12,000,000	6% MIH 2021	EUR
MT0000371279	20,000,000	5.5% MIH 2020	EUR
n/a	11,000,000	6% Notes 2020 (unlisted)	EUR

Source: Malta Stock Exchange

9. FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The following financial information is extracted from the audited financial statements of the Guarantor for each of the years ended 31 December 2013 to 31 December 2015. The forecasted financial information for the years ending 31 December 2016 and 2017 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 Guarantor 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 Magyarország Zrt. Income Statement (€'000)	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Projection	FY2017 Projection
Revenue	19,043	20,756	23,139	24,659	25,204
Direct costs	(9,603)	(9,866)	(10,413)	(10,788)	(11,003)
Gross profit	**9,440**	**10,890**	**12,726**	**13,871**	**14,201**
Other operating costs	(4,938)	(5,186)	(6,055)	(6,759)	(6,885)
EBITDA	**4,502**	**5,704**	**6,671**	**7,112**	**7,316**
Depreciation and amortisation	(1,846)	(1,910)	(1,882)	(1,987)	(2,004)
Results from operating activities	**2,656**	**3,794**	**4,789**	**5,125**	**5,312**
Net finance costs	(1,149)	(1,044)	(855)	(1,080)	(1,000)
Profit before tax	1,507	2,750	3,934	4,045	4,312
Taxation	(26)	95	(2,232)	(633)	(773)
Profit for the year	**1,481**	**2,845**	**1,702**	**3,412**	**3,539**
Other comprehensive income					
Net revaluation of hotel property	-	9,321	8,842	-	-
	-	9,321	8,842	-	-
Total comprehensive income for the year net of tax	**1,481**	**12,166**	**10,544**	**3,412**	**3,539**

IHI Magyarország Zrt. Cash Flow Statement (€'000)	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Projection	FY2017 Projection
Net cash from operating activities	3,679	5,489	7,275	7,509	7,317
Net cash from investing activities	(237)	(588)	(1,426)	(1,777)	(756)
Net cash from financing activities	(3,124)	(3,834)	(6,066)	(8,067)	(3,535)
Net movement in cash and cash equivalents	**318**	**1,067**	**(217)**	**(2,335)**	**3,026**
Cash and cash equivalents at beginning of year	3,391	3,709	4,776	4,559	2,224
Cash and cash equivalents at end of year	**3,709**	**4,776**	**4,559**	**2,224**	**5,250**

IHI Magyarország Zrt. Balance Sheet (€'000)	31 Dec'13 Actual	31 Dec'14 Actual	31 Dec'15 Actual	31 Dec'16 Projection	31 Dec'17 Projection
ASSETS					
Non-current assets					
Property, plant and equipment	86,152	95,300	104,800	104,460	103,212
Deferred tax asset	62	-	-	-	-
	86,214	95,300	104,800	104,460	103,212
Current assets					
Inventories	838	998	964	1,017	1,037
Trade and other receivables	2,146	1,330	1,396	1,460	1,483
Taxation	27	99	-	-	-
Cash and cash equivalents	3,709	4,776	4,559	2,224	5,250
	6,720	7,203	6,919	4,701	7,770
Total assets	**92,934**	**102,503**	**111,719**	**109,161**	**110,982**
EQUITY					
Capital and reserves					
Called up share capital	3,862	3,862	3,862	3,862	3,862
Reserves and other equity components	21,609	30,930	36,794	36,794	36,794
Retained earnings	(10,295)	(7,450)	(2,771)	642	4,181
	15,176	**27,342**	**37,885**	**41,298**	**44,837**
LIABILITIES					
Non-current liabilities					
Borrowings	70,694	67,650	62,205	57,715	55,715
Other non-current liabilities	-	879	3,883	3,981	3,981
	70,694	68,529	66,088	61,696	59,696
Current liabilities					
Borrowings	2,525	2,806	3,195	748	748
Other current liabilities	4,539	3,826	4,551	5,419	5,701
	7,064	6,632	7,746	6,167	6,449
	77,758	**75,161**	**73,834**	**67,863**	**66,145**
Total equity and liabilities	**92,934**	**102,503**	**111,719**	**109,161**	**110,982**

Key Accounting Ratios	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Gross profit margin *(Gross profit/revenue)*	50%	52%	55%	56%	56%
Operating profit margin *(EBITDA/revenue)*	24%	27%	29%	29%	29%
Interest cover (times) *(EBITDA/net finance cost)*	3.92	5.46	7.80	6.59	7.32
Net profit margin *(Profit after tax/revenue)*	8%	14%	7%	14%	14%
Earnings per share (€)[1] *(Profit after tax/number of shares)*	0.38	0.74	0.44	0.88	0.92
Return on equity *(Profit after tax/shareholders' equity)*	10%	10%	4%	8%	8%
Return on capital employed *(Operating profit/total assets less current liabilities)*	5%	6%	6%	7%	7%
Return on assets *(Profit after tax/total assets)*	2%	3%	2%	3%	3%

[1]Earnings per share calculation set out above has been based on the current number of shares in issue of the Company of 3,862,000 shares of €1 each.

Source: Charts Investment Management Service Limited

The Guarantor is a fully owned subsidiary of IHI, and is principally engaged in the ownership and operation of the Corinthia Hotel Budapest. An overview of the Guarantor's operations is provided in section 6.2 of this report.

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

IHI Magyarország Zrt. Borrowings	**31 Dec'13**	**31 Dec'14**	**31 Dec'15**	**31 Dec'16**	**31 Dec'17**
(€'000)	**Actual**	**Actual**	**Actual**	**Projection**	**Projection**
Bank borrowings	31,383	29,235	26,937	-	-
Other interest bearing borrowings					
Amounts owed to Group company	377	508	748	748	748
Non-interest bearing borrowings					
Amounts owed to Parent company	41,459	40,713	37,715	57,715	55,715
Total borrowings	**73,219**	**70,456**	**65,400**	**58,463**	**56,463**

Key Accounting Ratios	31 Dec'13	31 Dec'14	31 Dec'15	31 Dec'16	31 Dec'17
Net assets per share (€)[1] *(Net asset value/number of shares)*	3.93	7.08	9.81	10.69	11.61
Liquidity ratio (times) *(Current assets/current liabilities)*	0.95	1.09	0.89	0.76	1.20
Gearing ratio *(Net debt/net debt and shareholders' equity)*	82%	71%	62%	58%	53%
Debt service cover ratio (times) *(EBITDA/net finance cost and loan capital repayment)*	1.42	1.45	2.12	3.11	7.32

[1]Net assets per share calculation set out above has been based on the current number of shares in issue of the Company of 3,862,000 shares of €1 each.

Source: Charts Investment Management Service Limited

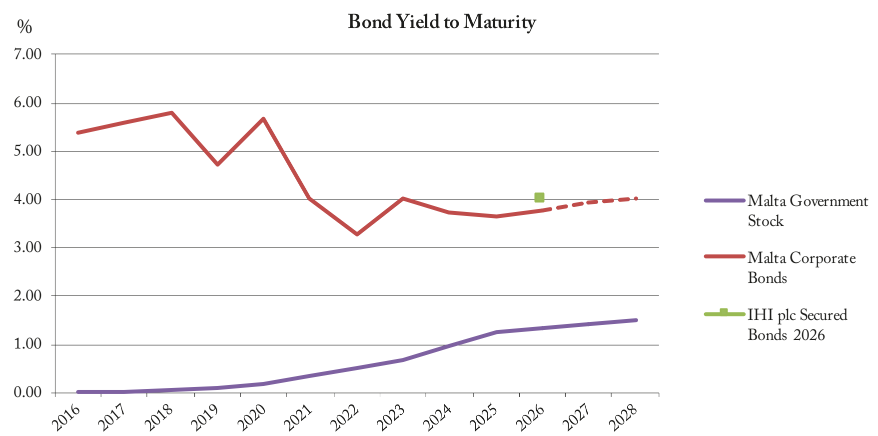
PART 4 - COMPARABLES

The table below compares the Group and the proposed bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
6.8% Premier Capital plc € Bond 2017-2020	24,641,000	5.59	4.58	72,208	17,739	64.59
6.6% Eden Finance plc 2017-2020	13,984,000	5.67	3.10	145,427	76,648	38.42
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.27	n/a	58,098	11,734	61.87
6% AX Investments Plc € 2024	40,000,000	4.08	2.88	206,038	111,482	36.65
6% Island Hotels Group Holdings plc € 2024	35,000,000	3.78	0.58	145,140	54,053	53.19
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.75	3.49	67,669	25,823	57.66
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.73	0.05	81,842	31,150	55.46
5.1% PTL Holdings plc Unsecured € 2024	36,000,000	4.10	2.32	70,543	6,592	86.78
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.42	1.50	90,867	26,315	71.30
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.76	1.13	1,357,869	641,031	41.81
4% International Hotel Invest. plc Secured € 2026	**55,000,000**	**4.00**	**1.45**	**1,159,643**	**608,288**	**36.49**

31 May'16

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts Investment Management Service Limited



To date, there are no corporate bonds which have a redemption date beyond 2026 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 5 - 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 operating costs, 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.
Gross operating profit before incentive fees	Gross operating profit before incentive fees is the difference revenue, direct costs and other operating costs pertaining to the operation. It refers to the profit made by the operation before deducting incentive fees and ownership related costs.
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 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 selling 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 to determine how well the hotel property is yielding.
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 amortises 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 acquired. 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 net debt by net debt plus shareholders' equity.

SUMMARY NOTE

DATED 28 JUNE 2016

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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

In respect of an Issue of up to €55,000,000 4% Secured Bonds 2026
of a nominal value of €100 per Secured 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

with the joint and several Guarantee* of

IHI MAGYARORSZÁG ZRT.

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF HUNGARY
WITH COMPANY REGISTRATION NUMBER Cg.01-10-044660

ISIN:- MT0000111303

*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note forming part of this Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Secured Bonds and the Guarantee provided by IHI Magyarország Zrt.

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.

APPROVED BY THE DIRECTORS

Joseph Fenech on behalf of: Alfred Pisani, Frank Xerri de Caro, Abdulnaser M.B. Ahmida, Douraid Zaghouani,
Hamad Mubarak Mohd Buamin, Abuagila Almahdi, Khaled Amr Algonsel, Joseph Pisani, Winston V. Zahra, Joseph J. Vella.

Manager and Registrar	Sponsor	Legal Counsel
BOV Bank of Valletta	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. IN ITS CAPACITY AS ISSUER AND IHI MAGYARORSZÁG ZRT. IN ITS CAPACITY AS GUARANTOR. 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, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015); 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 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 SHARE 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 MSE, FOR THE SECURED 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 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 SECURED 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 SECURED 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'.

Except where the context otherwise requires, the capitalised words and expressions used in this Summary Note shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

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 Secured Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Secured 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 Secured Bonds, provided this is limited only:

a. in respect of Secured Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of the Securities Note during the Preferred Applicants' Offer Period and the Public Offer Period;

b. to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place in Malta;

c. to any resale or placement of Secured 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, placement or other offering of Secured 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.**

SECTION B – ISSUER AND GUARANTOR

B.1 (B.19) The legal and commercial name of the Issuer is International Hotel Investments p.l.c. The legal and commercial name of the Guarantor is IHI Magyarország Zrt. (full name IHI Magyarország Szolgáltató zártkörűen működő részvénytársaság).

B.2 (B.19) 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. The Guarantor was registered in Hungary on 30 July 2001, as a company limited by shares (unlisted). The Guarantor is domiciled in Hungary.

B.4b (B.19) The following is an overview of the most significant recent trends affecting the Issuer and the Guarantor and the markets in which the Group operates:

Libya – The continued instability and state of uncertainty prevailing since the 2011 uprising continues to have a negative effect on Libya's economy and as a result, on the performance and operation of the Corinthia Hotel Tripoli. Low occupancy at the Corinthia Hotel Tripoli is expected in 2016. Moreover, development of a number of the Group's properties in Libya (including Medina Tower and the Benghazi Project) will remain on hold until such time when there are clear signs that the turmoil in Libya has subsided and a gradual recovery in business activity has commenced.

Russia – Lower oil prices, a decline in real wages, the weakening of the Rouble and the impact from external economic factors continued to weigh on the Russian economy in 2015 and the first part of 2016. However, initial signs of stabilisation are coming from the industrial sector, while performance in the agricultural sector is also looking better. The Corinthia Hotel St Petersburg has been affected by a reduction in corporate travel to the Russian Federation and a significant reduction in the value of the Rouble against the Euro. The challenges set, 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.

Malta – Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2015 as well. Although tourists residing in collective accommodation (hotels, guesthouses, hostels, B&Bs, etc) made up 71.7% of the market in 2015, preference for private accommodation has been growing in the last years at a faster pace, and actually increased by 18.2% from 2014. Beyond 2015, Malta's 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 and leisure destination, which would in turn generate future growth. In the light of the above developments, the Group's hotel properties in Malta have performed exceptionally well both in terms of revenue generation and profitability, achieving significant year-on-year growth.

Hungary – Hungary's economy picked up pace in the fourth quarter of 2015 as GDP growth accelerated from 2.4% in Q3 2015 to 3.2% in Q4. The pick-up in growth was driven by a robust performance from the domestic economy. Although a deceleration in funding inflows from the EU is limiting growth, steps taken by the Central Bank of Hungary and the Government should mitigate the impact. The Central Bank of Hungary is projecting rising incomes and increased lending, which should support consumption and GDP growth. In 2015, the number of nights spent by domestic tourists increased by 6.4% and that of international tourism nights increased by 4.6% compared to a year earlier. Key markets that are contributing to growth in incoming travel include Germany, Austria, Russia, UK and the US. Overall, tourism prospects in Hungary are believed to be promising. The conflict in neighbouring Ukraine and the escalating economic difficulties in Russia, however, pose great uncertainties as both are important feeder markets and drastic changes in arrival numbers could affect the performance. In line with the country's economic improvements, the Group's five star hotel property achieved significant year-on-year growth both in revenue generation and in profitability

Czech Republic – The Czech Republic's economic performance was extraordinarily strong in 2015 and a third consecutive annual expansion above 4.0% was recorded (2015: 4.3%). The economy will likely decelerate in 2016 and expand at a more sustainable pace, partly because inflows of EU funds and government spending are projected to slow. In 2015, Czech hotels reported an increase in overnight stays of 10.2% year-on-year to 47.1 million and guest numbers (both resident and foreign guests) increased by 9.6% to 17.2 million. 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. This positive trend was also witnessed at the Group's five star hotel property in Prague where over the past couple of years there has been significant year-on-year growth both in revenue streams and profitability.

Portugal – Portugal's gross domestic product expanded in the three months through December 2015 from the prior quarter as a rise in exports helped offset a drop in investment. In 2015, tourism accommodation establishments hosted 17.4 million guests (+8.6%) and registered 48.9 million overnight stays (+6.7%). Compared to the corresponding year, the internal market grew by 5.3% registering 14.5 million overnight stays. The coordination between tourism and aviation authorities to expand available routes turned out to be crucial for Portugal's success in the tourism industry. With the introduction of low cost airline carriers to the country, Portugal is perceived as a 'value for money' destination and this has been one of the leading factors contributing to the growth in hospitality numbers detailed above. The Group's hotel property in Lisbon has likewise benefitted from this upsurge in business registering significant year-on-year growth both in revenue and profitability.

United Kingdom – The UK economy grew by 0.5% in Q4 2015, taking the annual rate of growth for 2015 to 2.2% (0.7% lower than the 2.9% growth registered in 2014). Uncertainty following the referendum result for UK to leave the European Union, weak overseas growth and financial market volatility are all creating an unsettling business environment and point to downside risks to the economy in 2016. In the 12 months to December 2015, the number of visits to the UK was 4% higher (to 35.8 million visits) than a year earlier and earnings remained the same during this period (non-residents spent £21.8 billion in 2015). Visits from North America and Europe were up by 8% and 3% respectively and visits from 'Other Countries' grew by 6%. Business trips grew 6%, holiday visits increased by 1% and visits to friends or relatives was up 7%. Since its launch in 2011, the Corinthia Hotel & Residences London managed to increase both its revenue generation and operating profits annually. 2015 has been the best performing year for the hotel as it is now approaching its stabilised years of performance.

B.5 (B.19) 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 is principally engaged, directly or through subsidiaries and/or associated entities, in investments that are predominantly focused on the ownership, development and operation of mixed-use real estate developments that consist principally of hotels, residences, offices, retail areas, as well as industrial and event catering, in various countries. Whilst CPHCL holds directly 58.49% of the share capital in the Issuer, Istithmar and LFICO both act as strategic investors in the company with direct holdings of 21.95% and 10.97% respectively. The remaining shares in the Issuer are held by the general investing public. The Guarantor is a fully owned subsidiary of the Issuer.

B.9 Not Applicable: no profit forecasts or estimates have been included in the Prospectus.

B.10 (B.19) Not Applicable: the audit reports on the audited financial statements for the years ended 31 December 2013, 2014 and 2015 of both the Issuer and the Guarantor do not contain any material qualifications. However, the audit report contained in the audited consolidated financial statements of the Issuer for the year ended 31 December 2015 includes an emphasis of matter relating to the significant political and economic uncertainties prevailing in Libya and their impact on the Group for 2015.

B.12 The historical financial information for the two financial years ended 31 December 2013 and 2014 as audited by Grant Thornton and for the financial year ended 31 December 2015 as audited by PricewaterhouseCoopers are set out in the consolidated financial statements of the Issuer. Such audited consolidated financial statements are available on the Issuer's web-site www.ihiplc.com.

The financial information about the Guarantor is included in the audited financial statements for each of the financial years ended 31 December 2013, 2014 and 2015, which have been audited by PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság. The said statements have been published and are available at its registered office.

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

There were no significant changes in the financial or trading position of the Issuer and the Guarantor since the date of their respective last published audited financial statements.

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

International Hotel Investments p.l.c.

Condensed Consolidated Income Statement for the year ended 31 December	**2013 (€'000)**	**2014 (€'000)**	**2015 (€'000)**
Revenue	123,734	116,379	134,074
Net operating expenses	(112,516)	(105,919)	(122,050)
Movement in fair value of investment property	571	(15,391)	193
Net impairment of hotel properties	5,000	2,081	11,639
Results from operating activities	**16,789**	**(2,850)**	**23,856**
Share of loss: equity accounted investments	(5,788)	(14,537)	(2,557)
Net finance costs	(15,940)	(13,035)	(22,199)
Other	906	587	551
Loss before tax	**(4,033)**	**(29,835)**	**(349)**
Taxation	4,299	13,549	(3,398)
Loss for the year	**266**	**(16,286)**	**(3,747)**

International Hotel Investments p.l.c.			
Condensed Consolidated Balance Sheet	**2013**	**2014**	**2015**
as at 31 December	**(€'000)**	**(€'000)**	**(€'000)**
Non-current	1,042,268	961,305	1,091,247
Current	50,404	50,735	68,396
Total assets	**1,092,672**	**1,012,040**	**1,159,643**
Total equity	**626,491**	**594,814**	**608,288**
Non-current	390,061	354,402	451,356
Current	76,120	62,824	99,999
Total liabilities	**466,181**	**417,226**	**551,355**
Total equity and liabilities	**1,092,672**	**1,012,040**	**1,159,643**

IHI's revenue for FY2015 amounted to €134.1 million, an increase of €17.7 million from a year earlier. The increase in revenue is attributable to the increased revenues in IHI's European operations (€9.8 million) and the consolidation of the IHGH results for the second half of 2015 (€17.6 million). Against this, there was combined reduction of €9.7 million from the Group's hotels located in St Petersburg and Tripoli. Results from operating activities in FY2015 amounted to €23.9 million, a significant increase when compared to the loss incurred in FY2014 of €2.9 million. In 2015, the Group registered net property uplifts, before tax, of €42.6 million on account of the improved trading performance of the Group's hotels located in Europe. This contrasts sharply with the net impairment charge, before tax, of €24.4 million registered in 2014. These uplifts are reflected as to €11.8 million through the income statement (2014: impairment of €13.3 million) with the balance of €30.8 million being recognised through the comprehensive income statement (2014: impairment of €11.1 million). In FY2015, IHI reported a loss for the year of €3.7 million (FY2014: loss of €16.3 million).

IHI Magyarország Zrt.			
Condensed Income Statement			
for the year ended 31 December	**2013**	**2014**	**2015**
	(€'000)	**(€'000)**	**(€'000)**
Revenue	19,043	20,756	23,139
Net operating expenses	(16,387)	(16,962)	(18,350)
Net finance costs	(1,149)	(1,044)	(855)
Profit before tax	**1,507**	**2,750**	**3,934**
Taxation	(26)	95	(2,232)
Profit for the year	**1,481**	**2,845**	**1,702**

IHI Magyarorszag Zrt.			
Condensed Balance Sheet			
as at 31 December	**2013**	**2014**	**2015**
	(€'000)	**(€'000)**	**(€'000)**
Non-current	86,214	95,300	104,800
Current	6,720	7,203	6,919
Total assets	**92,934**	**102,503**	**111,719**
Total equity	**15,176**	**27,342**	**37,885**
Non-current	70,694	68,529	66,088
Current	7,064	6,632	7,746
Total liabilities	**77,758**	**75,161**	**73,834**
Total equity and liabilities	**92,934**	**102,503**	**111,719**

In 2015, the hotel registered revenues of €23.1 million - an improvement of 12% on FY2014 levels. This increase was underpinned by further increases in occupancy and average room rates from 74% to 78% and from €114 to €127 respectively. Revenue per available room increased by 16% to €99 from FY2014 levels. Profit for the year was lower in 2015 by €1.1 million to €1.7 million when compared to the prior year (2014: €2.8 million).

B.13 Not Applicable: neither the Issuer nor the Guarantor are aware of any recent events which are to a material extent relevant to the evaluation of their solvency.

B.14 (B.19) The Issuer was set up by the Corinthia Group in 2000. Following a successful initial public offering that same year, the Issuer's shares were listed on the Official List. CPHCL holds directly 58.49% of the share capital in the Issuer. Istithmar and LFICO both act as strategic investors in the company with direct holdings of 21.95% and 10.97% respectively. LFICO also owns 50% of CPHCL, whilst half of its direct holding of 10.97% is subject to a call option in favour of CPHCL. The remaining shares in the Issuer are held by the general investing public. 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 Guarantor was set up as a fully owned subsidiary of the Issuer and its principal business, as a hotel-owning company, is that of providing hotel services. The Guarantor is not dependent upon the operations and performance of any Group companies.

B.15 (B.19) As at the date of the Prospectus, the Issuer serves as the principal 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.

The principal business of the Guarantor, a hotel-owning company, is that of providing hotel services.

B.16 (B.19) CPHCL holds directly 58.49% of the share capital in the Issuer, whilst Istithmar and LFICO both act as strategic investors in the company with direct holdings of 21.95% and 10.97% respectively. LFICO also owns 50% of CPHCL and half of its direct holding of 10.97% is subject to a call option in favour of CPHCL. The remaining shares in the Issuer are held by the general investing public.

The entire issued share capital of the Guarantor is held by the Issuer.

B.17 Not Applicable: Neither the Issuer nor the Guarantor has sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Secured Bonds issued by the Issuer.

B.18 For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Secured Bonds as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on demand the amount payable by the Issuer to such Bondholder. The obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Secured Bonds.

SECTION C – SECURITIES

C.1 The Issuer shall issue an aggregate of €55,000,000 in Secured Bonds having a face value of €100 per bond, subject to a minimum holding of €2,000 in Secured Bonds. The Secured 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 Secured Bonds will have the following ISIN: MT0000111303. The Secured Bonds shall bear interest at the rate of 4% per annum.

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

C.5 The Secured 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 Secured Bonds will be able to do so by duly executing an Application Form in relation to the Secured Bonds. Execution of the Application Form will entitle such Bondholder to:

(i) the repayment of capital;

(ii) the payment of interest;

(iii) the benefit of the Security Interest through the Security Trustee, as explained in Element E.3(3) below;

(iv) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Secured Bond; and

(v) enjoy all such other rights attached to the Secured Bonds emanating from the Prospectus.

The payment of the principal under the Secured Bonds and interest thereon shall be secured by the Guarantee as well as by a first-ranking mortgage over the Security Property which the Guarantor, pursuant to a Trust Deed entered into with the Issuer and Security Trustee, has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders.

In terms of Hungarian law, upon creation of the Security Interest over the Security Property, until such time as such Security Interest remains in force no prior-ranking security interest may be registered over the Security Property. With respect to the remaining assets of the Guarantor, third party security interests may be registered which, for so long as such third party security interests remain in effect, will rank in priority to the Secured Bonds in respect of such other assets of the Guarantor.

Without prejudice to the aforesaid, with reference to the Issuer, investors' attention is drawn to the fact that third party security interests may be registered which, for so long as such third party security interests remain in effect, will rank in priority to the Secured Bonds in respect of the assets of the Issuer.

C.9 The issue and allotment of the Secured Bonds is conditional upon: (i) the Secured Bonds being admitted to the Official List of the MSE; and (ii) the Security Interest being constituted in favour of the Security Trustee. Subject to the Bond Issue becoming unconditional, the Secured Bonds shall bear interest from and including 29 July 2016 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The nominal value of the Secured Bonds will be repayable in full upon maturity on the Redemption Date unless they are previously re-purchased and cancelled. The first interest payment will be effected on 29 July 2017 (covering the period 29 July 2016 to 28 July 2017). 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 Secured Bonds at Redemption Date is four per cent (4%). 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 Secured Bonds.

C.11 The Listing Authority has authorised the Secured Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 28 June 2016. Application has been made to the MSE for the Secured Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Secured Bonds are expected to be admitted to the MSE with effect from 5 August 2016 and trading is expected to commence on 8 August 2016.

SECTION D – RISKS

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

Holding of a Secured 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 Secured Bonds. Prospective Investors are warned that by investing in the Secured 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.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors" in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer's and Guarantor's future performance.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

An investment in the Issuer and the Secured Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Secured Bonds before making an investment decision.

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Secured Bonds – there may be other risks which are not mentioned in this summary.

The following is a summary of some of the principal risks relating to the Group and its Business:

i. 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.

ii. 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.

iii. **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.**

iv. **The Group has 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. The consequences may be profound and accordingly prospective investors should take into account the unpredictability associated therewith.**

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 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 uncertainty and political risk remain high in Libya with prevalent threats to positive development, including the rising incidence of violent acts resulting from conflicts and terrorist activity in several parts of the country, with some areas such as the Sirte basin being affected particularly badly. Locations visited by foreigners, including diplomatic interests and other symbolic targets, have been the subject of attacks. Security concerns resulting from the above, as well as 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 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. Furthermore, the Russian Federation has been negatively impacted by a significant drop in 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.**

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.

vii. **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. Events such as the aforementioned in locations where the Group owns or operates hotels could have an adverse impact on occupancy levels in hotels owned or operated by the Group, and on the business, financial condition, results of operations and prospects of the Group.**

viii. **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 of such systems. Whilst the Group has service agreements and disaster recovery plans with third party providers of these systems to ensure continuity and stability of these systems, there can be no assurance that the service or systems will not be disrupted. Disruption to 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.**

ix. **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.**

x. **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.**

xi. **The Issuer's business, either directly or through subsidiaries or associated entities, 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.

xii. **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.**

xiii. **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.**

xiv. **Although the Group 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 the business, financial condition and results of operations of the Group.**

The following is a summary of some of the principal risks relating to the operations of the Issuer and the Guarantor:

xv. **The Issuer's and Guarantor's financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both translation risk and transaction risk. The Issuer and Guarantor are 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 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 business and/or operating results of the Issuer in the affected countries and of the Guarantor.**

xvi. **A significant portion of the Issuer's and Guarantor's costs are fixed and the Issuer's and Guarantor's operating results are vulnerable to short-term changes in its revenues. The Issuer's and Guarantor's inability to react quickly to changes in its revenue by reducing its operating expenses could have a material adverse effect on their business, financial condition and results of operations.**

xvii. **The lack of liquidity and alternative uses of real estate investments could significantly limit the Issuer's and Guarantor'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 their properties in response to changing economic, financial and investment conditions, is limited.**

xviii. **Lack of resilience or failure of the Group's proprietary central reservation 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 competitiveness and market share of the Issuer and Guarantor.**

The following risks relate specifically to the property valuation and guarantee referred to in the Prospectus:

xix. **The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation referred to in the Prospectus reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.**

xx. **If the Issuer were to default on its payment obligations in terms of the Secured Bonds, Bondholders would have to rely on claims for payment under the Guarantee, which is subject to certain risks and limitations, particularly the risk relating to the fact that claims against the Guarantee may only be made following the taking of enforcement action against the Guarantor in Hungary in respect of the Security Property. It will only be possible for the Security Trustee acting on behalf of the Bondholders to make a claim against the Guarantee once there has been an Event of Default (as defined in the Securities Note) by the Issuer which has not been remedied within the prescribed time. Only the Security Trustee has the right to enforce the Security Interest relating to the Security Property on behalf of the Bondholders.**

Accordingly, Bondholders will not have direct security interests in the Security Property and will not be entitled to take enforcement action in respect of the Security Property securing the Secured Bonds, except through the Trustee. The Issuer is incorporated under the laws of Malta. The Guarantor is organized under the laws of Hungary, with the Security Property located in Hungary. The ability of the Security Trustee to enforce the security interests of the Bondholders is subject to the laws of Hungary.

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

An investment in the Secured Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Secured 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.** **There can be no assurance that an active secondary market for the Secured Bonds will develop, or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell or otherwise trade in the Secured Bonds at or above the Bond Issue Price or at all. A public trading market depends on a number of factors over which the Issuer has no control.**
- **ii.** **Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Secured Bonds.**
- **iii.** **A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Secured 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 Secured Bonds prevailing from time to time.**
- **v.** **The Secured Bonds, as and when issued and allotted, shall 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, save for such exceptions as may be provided by applicable law, without any priority or preference to all other present and future unsecured obligations of the Issuer. However the Secured Bonds shall be guaranteed, in respect of both the interest and the principal amount due, by the Guarantor by virtue of the Security Interest over the Security Property, and accordingly in respect of the Security Property the Guarantor's obligations towards the Security Trustee (for the benefit of Bondholders) shall constitute the general, direct, unconditional and secured obligations of the Guarantor and shall at all times rank with priority or preference over all indebtedness of the Guarantor present and future, if any (whether such indebtedness is secured or unsecured), over the Security Property, but without priority or preference over all other assets of the Guarantor.**

  In view of the fact that the Secured Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under said Secured Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer for defaults of the Issuer. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor and the value of the Security Property. Furthermore, third party security interests may be registered which will rank in priority to the Secured Bonds against the assets of the Issuer and in priority to the obligations of the Guarantor towards the Security Trustee against the assets of the Guarantor (save for the Security Property), in either case for so long as such security interests remain in effect. In terms of Hungarian law, upon creation of the Security Interest over the Security Property, until such time as such Security Interest remains in force no prior-ranking security interest may be registered over the Security Property. With respect to the remaining assets of the Guarantor,, third party security interests may be registered which, for so long as such third party security interests remain in effect, will rank in priority to the Secured Bonds in respect of such other assets of the Guarantor. Without prejudice to the aforesaid, with reference to the Issuer, investors' attention is drawn to the fact that third party security interests may be registered which, for so long as such third party security interests remain in effect, will rank in priority to the Secured Bonds in respect of the assets of the Issuer.
- **vi.** **The issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being admitted to the Official List and on the Security Interest being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied within 60 Business Days from 29 July 2016 (the "Prepayment Date"), the Security Trustee shall return the Bond Issue proceeds to Bondholders**
- **vii.** **Privileges or similar charges accorded by law in specific situations may arise during the course of the business of each of the Issuer and Guarantor which may rank with priority or preference to the Secured Bonds and/or the Security Interest, as applicable.**
- **viii.** **In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue it shall call a meeting of Bondholders in accordance with the provisions of section 5.12 of the Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.**

ix. **The Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.**

SECTION E – OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €54 million, 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 €29 million will be used by the Issuer to refinance bank borrowings relating to the Security Property;

(ii) a maximum amount of €5 million will be used by the Issuer to partly fund the remaining balance of the consideration due for the acquisition of IHGH, which balance is payable on 10 August 2016;

(iii) a maximum amount of €4.6 million will be used by the Issuer to fund the consideration due in respect of the acquisition of 80% of the entire shareholding in QPM, of which the Issuer is currently a 20% shareholder;

(iv) a maximum amount of €10 million will be used by the Issuer to fund professional fees relating to the St George's Bay Development, such professional fees representing payments due to architectural firms, interior design firms, mechanical and electrical consultants, project managers and other professional firms engaged in producing detailed drawings and plans leading to the submission of a full building permit application on or around, the Issuer expects, the end of 2016; and

(v) the remaining balance of the net Bond Issue proceeds will be used by the Issuer for general corporate funding purposes and for expenses incurred on new development projects of the Group.

In the event that the Issuer does not receive subscriptions for the full €55,000,000 in Secured Bonds, the Issuer will proceed with the listing of the amount of Secured Bonds subscribed for, and it shall firstly apply the net proceeds received in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in this Element E.2b which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

In terms of the Prospectus and Trust Deed, the Security Trustee shall not release any of the Bond Issue proceeds other than such amount as is required to settle the payment specified in para (i) above (as a result of which all the existing security over the Security Property will be released as aforesaid), until such time as the Security Interest is duly constituted in favour of the Security Trustee in accordance with Hungarian law.

The issue and allotment of the Secured Bonds is conditional upon: (i) the Secured Bonds being admitted to the Official List; and (ii) the Security Interest being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds to Bondholders.

E.3 The Secured Bonds are open for subscription to all categories of investors, which may be broadly split as follows:

i. The Issuer has reserved an aggregate amount of Secured Bonds amounting to €30 million, together with any amounts which were reserved for the general public (detailed in para (ii) below) but which were not fully taken up, for subscription by Preferred Applicants. In the event that this amount reserved for Preferred Applicants is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to the general public (detailed in para (ii) below);

ii. The remaining balance of €25 million in Secured Bonds shall be made available for subscription by the general public. In the event that this amount reserved for the general public is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to Preferred Applicants (detailed in para (i) above).

The following is a synopsis of the general terms and conditions applicable to the Secured 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. Form, Denomination and Title

The Secured 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 Secured Bonds will be issued without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Secured Bonds will be issued for a minimum of €2,000 per individual Bondholder. Financial intermediaries subscribing to the Secured Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. Any person in whose name a Secured 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 Secured Bond. Title to the Secured Bonds may be transferred as provided in the Securities Note.

2. Interest

Details of interest payable on the Secured Bonds is provided in Element C.9 of this Summary Note.

3. Status of the Secured Bonds and Security

The Secured Bonds, as and when issued and allotted, shall 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, save for such exceptions as may be provided by applicable law, without any priority or preference to all other present and future unsecured obligations of the Issuer. However the Secured Bonds shall be guaranteed, in respect of both the interest and the principal amount due, by the Guarantor in terms of the Guarantee. Furthermore, by virtue of the Security Interest over the Security Property, specifically in respect of the Security Property, the Guarantor's obligations towards the Security Trustee (for the benefit of Bondholders) shall constitute the general, direct, unconditional and secured obligations of the Guarantor and shall at all times rank with priority or preference over all indebtedness of the Guarantor present and future, if any, whether secured or unsecured, over the Security Property, but with no priority or preference over all other assets of the Guarantor.

Bondholders shall benefit from the Security, consisting of a joint and several guarantee by the Guarantor backed by a first ranking mortgage to be registered with the Budapest real estate registry over the Security Property in favour of the Security Trustee. The Issuer and the Guarantor have entered into a Trust Deed with the Security Trustee which consists of the covenants of the Issuer and the Guarantor *inter alia* to pay the principal amount under the Secured Bonds on the Redemption Date and interest thereon and covenants relating to the constitution and maintenance of the first ranking Hungarian law mortgage over the Security Property and all the rights and benefits under the Trust Deed.

4. Payments

Payment of the principal amount of a Secured Bond will be made in Euro by the Issuer to the person in whose name such Secured 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 Secured Bond will be made to the person in whose name such Secured 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.

5. Redemption

Unless previously purchased and cancelled, the Secured Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 29 July 2026.

6. Events of Default

The Secured 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 acceleration event shall occur if: (i) the Issuer shall fail to pay any interest and/or principal on any Secured Bond when due; or (ii) the Issuer shall be in breach of any material obligation contained in the Prospectus; or (iii) any Security Interest shall be declared invalid or unenforceable; or (iv) the Issuer and/or Guarantor are *inter alia* dissolved, liquidated or bankrupt; or (v) the Issuer or the Guarantor 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 (vi) the Issuer or the Guarantor is unable to pay its debts; or (vii) the Issuer and/or the Guarantor commit a material breach of any of the covenants or provisions contained in the trust deed; or (viii) a judgment by a court is made against the Issuer and/or Guarantor for the payment in excess of €10 million; or (ix) any default occurs relating to any financial indebtedness of the Issuer and/or Guarantor in excess of €10 million; or (x) all or a material part of the ownership interests in the Issuer and/or Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

7. Transferability of the Secured Bonds

The Secured 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 Secured 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 Secured Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Secured Bonds.

8. Register of Bondholders

Certificates will not be delivered to Bondholders in respect of the Secured Bonds in virtue of the fact that the entitlement to Secured 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, registration numbers and MSE account numbers of the Bondholders and particulars of the Secured 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.

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 Secured 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 Secured Bonds) or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Secured Bonds in respect of the Security Interest.

10. Meetings of Bondholders

The Terms and Conditions of the Secured Bonds may be amended or waived with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

11. Governing Law and Jurisdiction

The Secured Bonds shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer and/or the Guarantor arising out of or in connection with the Secured 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 Secured Bonds by Authorised Financial Intermediaries (which includes Bank of Valletta p.l.c., Charts Investment Management Service Limited and the latter's sister company Mediterranean Bank plc), and any fees payable in connection with the Bond Issue to Charts Investment Management Service Limited as Sponsor and Bank of Valletta p.l.c. as Manager and Registrar, 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 €1 million.

Time-Table

1.	Application Forms mailed to Preferred Applicants	1 July 2016
2.	Application Forms available to the general public	4 July 2016
3.	Closing of Preferred Applicants' Offer Period	19 July 2016
4.	Opening and closing of subscription lists relative to Public Offer Period	20 July 2016 and 22 July 2016 respectively
5.	Commencement of interest on the Secured Bonds	29 July 2016
6.	Prepayment of existing lenders of the Guarantor by Security Trustee for commencement of process leading to creation of Security Interest	29 July 2016
7.	Expected date of announcement of basis of acceptance	29 July 2016
8.	Refunds of unallocated monies	5 August 2016
9.	Expected dispatch of allotment letters	5 August 2016
10.	Expected date of admission of the securities to listing	5 August 2016
11.	Expected date of commencement of trading in the securities	8 August 2016

The Issuer reserves the right to close the Offer of Secured Bonds before 22 July 2016 in the event of over-subscription, in which case the events set out in steps 7 and 8 above shall be brought forward, although the number of working days between the respective events shall not be altered.