SUMMARY NOTE
DATED 4 MARCH 2019

This Summary Note is 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. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Summary Note should be read in conjunction with the Registration Document containing information about the Issuer and Securities Note containing information about the Bonds.

In respect of an issue of

€20,000,000 4% Unsecured Bonds 2026

of a nominal value of €100 per Bond issued at par by

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA

WITH REGISTRATION NUMBER C 26136

ISIN:– MT 0000 111329

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.

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Sponsor, Manager and Registrar

WEALTH MANAGEMENT • CORPORATE BROKING
CHARTS
A division of MeDirect Bank (Malta) plc

Legal Counsel

CAMILLERI PREZIOSI
ADVOCATES

IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON INTERNATIONAL HOTEL INVESTMENTS P.L.C. IN ITS CAPACITY AS ISSUER. THIS SUMMARY NOTE INCLUDES INFORMATION GIVEN 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.

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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 REGISTRY OF COMPANIES, IN ACCORDANCE WITH THE ACT. APPLICATION HAS BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE. **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**.

THIS SUMMARY NOTE AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM OR FROM THE PROSPECTUS AS A WHOLE.

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

ALL THE ADVISORS TO THE ISSUER NAMED UNDER THE HEADING "ADVISORS TO THE ISSUER" IN SECTION 3.3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS AND/OR IN RELATION TO THE COMPLETENESS OR ACCURACY OF THE CONTENTS OF OR INFORMATION CONTAINED 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 WEBSITE AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

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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.

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 security 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 security 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 Summary Note. 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 a consideration of the Prospectus as a whole by the investor;
ii. where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
iii. civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus: is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.

A.2 Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries

Prospective investors are hereby informed that:

i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:
   a. in respect of Bonds subscribed for by Authorised Financial Intermediaries either for their own account or for the account of underlying customers;
   b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta; and
   c. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus;

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

SECTION B – ISSUER

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

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

B.4b The following is an overview of the most significant recent trends affecting the Issuer 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.

Although in 2018 low room occupancy at the Corinthia Hotel Tripoli was registered, there is still a sizeable food and beverage activity at the hotel and the adjoining office and commercial centre is fully leased to international blue-chip companies.

Given this environment, the 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 as there are clear signs that the political uncertainty in Libya has subsided and a gradual recovery in business activity is under way.

***Russia*[1]**

In the third quarter of 2018, GDP expanded by 1.5% (year-on-year), notably lower from the second quarter's 1.9% increase. Available data for the fourth quarter suggests that economic growth improved, mainly due to increased oil production, despite the fact that the price of Ural oil sunk to the lowest level in December 2018 since June 2017. Russia's growth prospects remain modest, with growth forecast to be between 1.5% and 1.7% over the next three years. However, in the short-term, these forecasts may change due to volatility in oil prices and limits imposed on oil production agreed to with OPEC and other allies.

In tourism, 2018 is to be viewed as another positive year, which benefited from the hosting of the FIFA World Cup football tournament during June and July in a number of cities across the Russian Federation. According to the Russian Federal Tourism Agency, more than 5 million tourists, including 2.9 million foreigners, visited such cities (Moscow and St Petersburg registered approximately 2.7 million and 0.6 million tourists respectively).

The performance of the Corinthia Hotel St Petersburg continues to be affected by the decrease in international demand for hotel services, which has however been more than amply replaced by an increase in local business. Both occupancy and revenue generation, in Rouble terms, have seen year-on-year increases. In 2018, the Hotel is expected to register an all-time record in both revenue and operating profit.

***Malta*[2]**

Malta's strong GDP growth is set to continue as domestic demand replaces net exports as the main engine of economic activity. The internationally-oriented services sector continues to underpin the large current account surplus. Inflation is expected to pick up as wage pressures start gaining pace. The government balance of payments is projected to increase at a moderate pace but remain in surplus.

Inbound tourist trips for the first eleven months of 2018 reached nearly 2.5 million, an increase of 14.5% over the same period in 2017. Total nights spent by inbound tourists went up by 12.6%, reaching nearly 17.7 million nights. Total tourism expenditure for the first eleven months of 2018 was estimated at €2.0 billion, 8.2% higher than that recorded for 2017. Total expenditure per capita stood at €817, a decrease of 5.4% when compared to 2017.

In 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*[3]**

Economic growth is set to slow down after a strong 2018 as the domestic business cycle matures, fiscal stimulus gradually moderates, and headwinds from the global economy strengthen. Fuel and food prices have driven inflation up, but underlying inflation is also gathering momentum. After peaking at 2.4% of GDP in 2018, the budget deficit is set to fall below 2% in 2019.

From January to November 2018, commercial accommodation establishments registered a total of 11.7 million arrivals and 29.0 million tourism nights, up 5.5% and 4.0% respectively, compared to the same period of the previous year.

With the hosting of the European Maccabi Games and the World Table Tennis Championships in Budapest in 2019, along with various music festivals and other events, the tourism market in Hungary is set to continue performing within this positive trend.

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.

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[1] *Russia Economic Report May 2018 (World Bank Group); focus-economics.com (Russia GDP Q3 2018), 8 January 2019; www.guidetopetersburg.com.*
[2] *European Economic Forecast Autumn 2018 – European Commission; National Statistics Office Malta (www.nso.gov.mt).*
[3] *European Economic Forecast Autumn 2018 – European Commission; Central Statistical Office (KSH).*

Czech Republic[4]

After a strong 2017, economic growth in the Czech Republic is expected to moderate in 2018. Real GDP increased by 2.7% year-on-year in Q2 2018 (as compared to 2.9% in the same period a year earlier). Such increase was exclusively due to domestic demand, principally household consumption expenditure, investment activity by firms and general government sector expenditure.

The number of overnight stays of guests in collective accommodation establishments reached 20.6 million nights in Q3 2018, resulting in a 4.3% increase when compared to the corresponding period the year before. Almost all categories of accommodation establishments (except for the five-star hotels category) recorded a year-on-year growth.

The Group's five star hotel property in Prague continued to perform positively, achieving significant year-on-year growth both in revenue streams and profitability.

Portugal[5]

Real GDP in Portugal rose by 2.3% year on year over the first half of 2018, mainly driven by strong domestic demand. Notwithstanding, GDP growth is expected to slow down in 2019 and 2020 as net exports weaken.

In the first 11 months of 2018, the number of guests increased by 1.6%, when compared to the same period a year earlier, to reach 19.8 million guests and overnight stays amounted to 54.8 million, a decline of 0.2%. In the same period of 2018, overnight stays spent in hotels (comprising 70% of total establishments) grew by 1.3%. British tourists remained the largest group of visitors last year, however with a decline of 8.0% in the first 11 months of 2018.

With the introduction of low-cost airline carriers to the country, Portugal is perceived as a 'value for money' destination, a leading factor 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[6]

UK GDP growth is currently subdued and expected to remain so over the forecast horizon. Private consumption growth is forecast to remain weak as real wages grow modestly and households look to maintain savings. Heightened uncertainty means that business investment growth is likely to remain constrained. The net trade contribution to growth is projected to decrease in-line with a moderation in external demand. Employment growth is expected to slow significantly, leading to a modest rise in unemployment. Inflation should ease as the impact of the Pound Sterling's 2016 depreciation unwinds.

Between January and September 2018 there were 28.9 million inbound visits to the UK, down by 5% on the first nine months of 2017. During the first nine months of 2018, inbound visitors spent a combined £17.5 billion, 9% less than they did in the first nine months of 2017. The drop in inbound tourism to the UK has been attributed to a fall in interest among Europeans, who account for two-thirds of overseas visitors. The forecast for 2018 is for 41.7 million overseas visits to the UK, an increase of 4.4% on 2017, and £26.9 billion in visitor spending, an increase of 6.8% on 2017.

Since its launch in 2011, the Corinthia Hotel & Residences London managed to increase both its revenue generation and operating profits annually, and is now approaching its stabilised years of performance.

B.5 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 in the ownership, development and operation of hotels and ancillary real estate in Europe, North Africa and the Middle East. Whilst CPHCL holds directly 57.81% of the share capital in the Issuer, Istithmar and LAFICO both act as strategic investors in the company with direct holdings of 21.69% and 10.85% respectively. LAFICO also owns 50% of CPHCL, whilst half of its direct holding of 10.85% 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.

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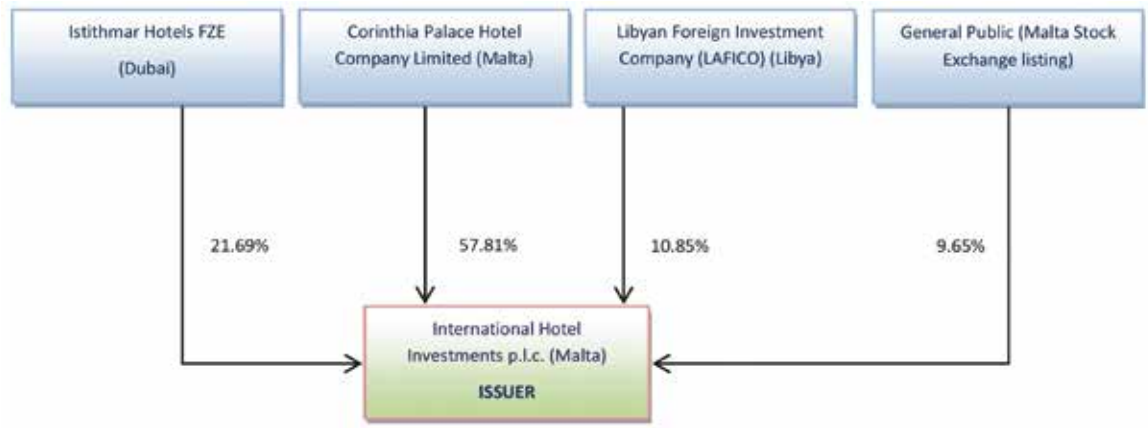
[4] *Macroeconomic Forecast November 2018 (Ministry of Finance of the Czech Republic); Czech Statistical Office (www.czso.cz); Praguecitytourism.com (2017 Annual Report Prague City Tourism; Tourism Trends in Prague – January to September 2018).*
[5] *European Economic Forecast Autumn 2018 – European Commission; Instituto Nacional De Estatistica (www.ine.pt).*
[6] *European Economic Forecast Autumn 2018 – European Commission; 2018 inbound tourism forecast (www.visitbritain.org).*

The organisational structure of the Group, in simplified format, is illustrated in the diagram below:



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

B.10 Not Applicable: the audit reports on the audited financial statements for the years ended 31 December 2015, 2016 and 2017 of the Issuer 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 financial years ended 31 December 2015, 2016 and 2017 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.

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

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

The key highlights taken from the audited consolidated financial statements of the Issuer for the years ended 31 December 2015, 2016 and 2017 are set out below:

INTERNATIONAL HOTEL INVESTMENTS P.L.C.
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

	2015 (€'000)	**2016 (€'000)**	**2017 (€'000)**
Revenue	134,074	157,901	242,413
Net operating expenses	(101,957)	(120,116)	(178,518)
Depreciation and amortisation	(20,093)	(23,307)	(31,066)
Other losses arising on property, plant and equipment	–	(1,044)	(378)
Net changes in fair value of investment property and indemnification assets	744	(19,922)	68
Net reversals of impairment losses attributable to hotel properties and intangibles	11,639	2,960	998
Results from operating activities	**24,407**	**(3,528)**	**33,517**
Net finance costs	(22,199)	(4,896)	(24,218)
Share of net profit of associates and joint ventures accounted for using the equity method	(2,557)	1,661	2,119
Reclassification of currency translation reserve to profit and loss upon obtaining control of NLI	–	–	(1,809)
Profit/(Loss) before tax	**(349)**	**(6,763)**	**9,609**
Tax income/(expense)	(3,398)	(895)	5,288
Profit/(Loss) for the year	**(3,747)**	**(7,658)**	**14,897**

INTERNATIONAL HOTEL INVESTMENTS P.L.C.
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

	2015 (€'000)	2016 (€'000)	2017 (€'000)
Net cash from operating activities	29,502	27,635	60,013
Net cash from investing activities	(28,555)	(29,099)	(15,579)
Net cash from financing activities	(7,133)	10,632	(21,956)
Net movement in cash and cash equivalents	**(6,186)**	**9,168**	**22,478**
Cash and cash equivalents at the beginning of year	17,850	11,664	20,832
Effect of translation of group entities to presentation currency	–	–	(658)
Cash and cash equivalents at end of year	**11,664**	**20,832**	**42,652**

INTERNATIONAL HOTEL INVESTMENTS P.L.C.
CONDENSED CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER

	2015 (€'000)	2016 (€'000)	2017 (€'000)
ASSETS			
Non-current	1,091,247	1,119,397	1,464,457
Current	68,396	100,857	137,860
	1,159,643	**1,220,254**	**1,602,317**
EQUITY			
Capital and reserves attributable to owners of IHI	607,690	646,224	684,049
Non-controlling interest	598	598	200,583
Total equity	**608,288**	**646,822**	**884,632**
LIABILITIES			
Non-current	451,356	487,851	627,964
Current	99,999	85,581	89,721
Total liabilities	**551,175**	**573,432**	**717,685**
Total equity and liabilities	**1,159,643**	**1,220,254**	**1,602,317**

Total revenue for FY2017 amounted to €242.4 million compared to €157.9 million the year before. The increase in revenue is mainly attributable to the consolidation of the Corinthia Hotel London which contributed €68.7 million of the increase - the remaining €15.8 million is the result of continuing performance improvements in the other operations of the Company. EBITDA for 2017, excluding the consolidation of the results of jointly controlled companies, amounted to €63.9 million compared to €37.8 million achieved in 2016. The year-on-year performance of the Corinthia Hotel St Petersburg was €2.6 million higher in 2017 relative to 2016, an exceptional improvement when considering that last year this operation achieved a similar result when compared to 2015. Similar marked improvements were achieved at the Corintha Hotel Lisbon and Corinthia Hotels Limited, the Group's operating arm.

Performance in 2017 was slightly dampened by the exchange losses recorded in St Petersburg on account of the weakened Rouble compared to 2016. The Group's share of the associates and joint ventures now reflects the Golden Sands operation only as the Corinthia Hotel London operation is fully consolidated. This operation contributed €4.9 million to the Group's EBITDA. On an adjusted basis, the EBITDA for the Group including its share of the joint venture's EBITDA is €61.2 million compared to € 53.0 million in 2016.

In 2017, the Group registered net property uplifts including our share of joint venture's uplifts, before tax, of €30.5 million on account of the continuing improved trading performance of the Group's assets located in Europe. This amount included a full reversal of all impairments previously recorded on St Petersburg.

Net finance costs in 2017 amounted to €24.4 million, which reflects a material increase from the previous year on account of exchange translation movements of €13.2 million and the inclusion of the interest cost of the Corinthia London for the first time now that it is accounted as a Subsidiary.

After accounting for taxation and other items in the comprehensive income statement, IHI reported total comprehensive income for the year, net of tax, of €39.3 million (2016: comprehensive income, net of tax, of €32.9 million).

Set out below are the interim financial results of the Issuer for the six month period 1 January to 30 June 2018, and the comparative for the period 1 January to 30 June 2017. The said results, which are unaudited, have been published and are available on the Issuer's website (www.ihiplc.com) and at its registered office.

IHI GROUP INCOME STATEMENT
FOR THE SIX-MONTH PERIOD 1 JANUARY TO 30 JUNE

	2017 Unaudited (€'000)	2018 Unaudited (€'000)
Revenue	115,284	116,937
Results from operating activities	10,033	11,149
Loss for the year	**(1,866)**	**(2,737)**

IHI GROUP CASH FLOW STATEMENT
FOR THE SIX-MONTH PERIOD 1 JANUARY TO 30 JUNE

	2017 Unaudited (€'000)	2018 Unaudited (€'000)
Net cash from operating activities	22,631	21,883
Net cash from investing activities	5,156	(20,889)
Net cash from financing activities	3,849	(2,978)
Net movement in cash and cash equivalents	**31,636**	**(1,984)**
Cash and cash equivalents at the beginning of year	20,832	42,652
Cash and cash equivalents at end of year	**52,468**	**40,668**

IHI GROUP BALANCE SHEET
AS AT 31 DECEMBER

	2017 Unaudited (€'000)	2018 Unaudited (€'000)
ASSETS		
Non-current	1,464,457	1,480,858
Current	137,860	127,644
	1,602,317	**1,608,502**
EQUITY		
Capital and reserves attributable to owners of IHI	684,049	668,723
Non-controlling interest	200,583	198,530
Total equity	**884,632**	**867,253**
LIABILITIES		
Non-current	627,964	605,596
Current	89,721	135,653
Total liabilities	**717,685**	**741,249**
Total equity and liabilities	**1,602,317**	**1,608,502**

During the first six months of 2018, the Group registered an increase in revenue of €1.6 million over the corresponding period the year before resulting from overall operational improvements and the effect of the consolidation, as of 1 April 2018, of the Corinthia Palace Hotel. As mentioned in the notes to the financial statements of 2017, this hotel was acquired as a going concern in April 2018 for €26.6 million.

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

B.14 The Issuer was set up 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 57.81% of the share capital in the Issuer, Istithmar and LAFICO both act as strategic investors in the company with direct holdings of 21.69% and 10.85% respectively. LAFICO also owns 50% of CPHCL, whilst half of its direct holding of 10.85% 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. As the holding company of the Group, the Issuer is ultimately dependent upon the operations and performance of its Subsidiaries and their respective operations.

B.15 As at the date of 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.

B.16 To the extent known to the Issuer, the Issuer is not directly or indirectly controlled by any of its majority shareholders.

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

SECTION C – SECURITIES

C.1 The Issuer shall issue an aggregate of €20,000,000 in Bonds having a face value of €100 per bond, subject to a minimum holding of €2,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading the Bonds will have the following ISIN: MT 0000 111329. The Bonds shall bear interest at the rate of 4% per annum.

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

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

C.8 There are no special rights attached to the Bonds other than the right of the Bondholders to:

i. the repayment of capital;
ii. the payment of interest;
iii. ranking with respect to other indebtedness of the Issuer in accordance with the status of the Bonds, as follows: the Bonds constitute the general, direct unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* without priority or preference among themselves and with other unsecured debt, if any;
iv. attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
v. enjoy all such other rights attached to the Bonds emanating from this Prospectus.

As at 30 September 2018, the Group's indebtedness amounted to €569,930,000 and include secured and unsecured borrowings, the latter included unsecured bonds. The bank borrowings and the 4% secured bonds 2026 (ISIN: MT0000111303) included hereunder are secured by privileges, hypothecs and other security. The indebtedness being created by the Bonds, together with other issued unsecured bonds including the 2016 Bonds, rank after all bank borrowings and the 4% secured bonds 2026 (ISIN: MT0000111303). In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

C.9 The Bonds shall bear interest from and including 22 March 2019 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, provided that the first interest payment period shall be of less than one year. The nominal value of the Bonds will be repayable in full upon maturity on the 20 December 2026 (the "**Redemption Date**") unless they are previously re-purchased and cancelled. The first interest payment will be effected on 20 December 2019 (covering the period 22 March 2019 to 19 December 2019). Subsequent interest payments will cover the period 20 December to 19 December of ensuing years during the term of the Bonds. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 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 Bonds.

C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 4 March 2019. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 28 March 2019 and trading is expected to commence on 29 March 2019.

SECTION D – RISKS

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

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

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary.

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 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 identify appropriate opportunities or source adequate resources, cost overruns, insufficiency of resources to complete the projects, sales transactions not materialising at the prices and the tempo envisaged resulting in a liquidity strain, rental of commercial areas not being 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.

v. 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. The emerging markets in which part of the Group's operations are situated are undergoing and may continue to undergo substantial political, economic and social reform, and the implications and consequences of reform may not be entirely clear at the outset. As the political, economic and social environments in certain countries in which the Group operates remain subject to continuing development, investments in these countries are characterised by a degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in these countries may have an adverse effect on any investments made. The consequences may be profound and accordingly prospective investors should take into account the unpredictability associated therewith.

vi. 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.

vii. 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 consequently 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 compared to operating results generated pre-2011. While the second half of 2017 saw a doubling in Libyan oil production due to improved political and security arrangements, the first half of 2018 has seen a stagnation and subsequent drop in oil production following the June 2018 attack on and temporary seizure of control over oil fields and terminals in Eastern Libya by militias. Inflation in Libya remains high, although is expected to decrease to 15% for 2018. Public finances remain highly stressed due to volatile revenues deriving from oil, amongst others. 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.

A significant indirect shareholder in the Group is a Libyan entity. Whilst the entity is not under sanction, any future sanction or change in the regulatory status of the shareholder could have an adverse effect on the Group.

The Russian Federation: In consequence of past actions particularly in Ukraine, the Russian Federation remains subject to international criticism and a series of European and international sanctions on its financial, defence and energy sectors, which are expected to have an adverse effect on both the political and economic development of the country. Such sanctions were due to expire in January 2019, but in December 2018 were extended further by the European Union. Additionally, the US recently introduced a series of sanctions on the Russian economy and certain companies and individuals, in response to a number of events, including support of the Syrian government in the Syrian civil war.

Furthermore, the Russian Federation remains susceptible to fluctuations in the price of oil, its largest export. Such price, as well as the Russian Federation's ability to sell its oil produce, is in part dependent on its cooperation with the Organisation of the Petroleum Exporting Countries (OPEC). Accordingly, a drop in oil prices or deterioration in the relationship between the Russian Federation and OPEC may have a negative effect on Russia's economy.

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.

viii. 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. Accordingly, they may consider that the Issuer may face difficulties in enforcing its legal rights relating to the properties owned in such countries.

ix. 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.

x. 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.

xi. 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.

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 principal risks relating to the operations of the Issuer

i. A significant portion of the Issuer's costs are fixed and the Issuer's operating results are vulnerable to short-term changes in its revenues. The Issuer's inability to react quickly to changes in its revenue by reducing its operating expenses could have a material adverse effect on their business, financial condition and results of operations.

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

iii. The Issuer is exposed to the risk of failure of the Group's proprietary reservations system and increased competition in reservations infrastructure. 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.

iv. **The Issuer's financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both translation risk and transaction risk. The Issuer is also exposed to the inherent risks of global and regional adverse economic developments, which could result in the lowering of revenues and in reduced 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 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.**

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

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

i. **There can be no assurance that an active secondary market for the 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 Bonds at or above the Bond Issue Price or at all.**

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

iii. **A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.**

iv. **No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.**

v. **The Bonds, 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.**

vi. **Privileges or similar charges accorded by law in specific situations may arise during the course of the business of each of the Issuer which may rank with priority or preference to the Bonds.**

vii. **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 the Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.**

viii. **The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List.**

ix. **The Terms and Conditions of the Bond Issue are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.**

SECTION E – OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €19,650,000 will be used by the Issuer for the purpose of:

i. the amount of €10,000,000 shall be applied towards part-financing the re-development and refurbishment of the Corinthia Grand Astoria Hotel Brussels; and

ii. an amount equivalent to USD $6,000,000 (approximately €5,200,000) shall be applied towards part-financing the Issuer's investment in a mixed use real estate project at 10 Tverskaya Street, Moscow, comprising a luxury hotel to be operated as a Corinthia hotel, and residential apartments. Such investment shall be effected through the acquisition of a 10% share in the companies that own the land lease and buildings relevant to this development.

The remaining balance of the net Bond Issue proceeds will be used by the Issuer for general corporate funding purposes.

E.3 The Bonds are being made available for subscription to Authorised Financial Intermediaries, either for their own account or for the account of their underlying customers pursuant to subscription agreements, which are conditional upon the Bonds being admitted to the Official List.

On subscription, the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

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

1. Form, Denomination and Title

The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. The Bonds will be issued without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Financial intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.

2. Interest

Details of interest payable on the Bonds is provided in Element C.9 of this Summary Note.

3. Status of the Bonds and Security

The 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 with other unsecured debt, present and future, if any.

4. Payments

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven days of the Redemption Date. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 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 days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission.

5. Redemption

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 20 December 2026.

6. Events of Default

The Bonds shall become immediately due and repayable at their principal amount together with accrued interest, if any, if any of the following events ("**Events of Default**") shall occur if: (i) the Issuer shall fail to pay any interest and/or principal on any Bond when due; or (ii) the Issuer shall be in breach of any material obligation contained in the Terms and Conditions of the Bonds; or (iii) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or (iv) the Issuer stops or suspends payments with respect to all or any class of its debts; or (v) the Issuer is unable to pay its debts; or (vi) a judgment by a court is made against the Issuer for the payment in excess of €10 million; or (vii) any default occurs relating to any financial indebtedness of the Issuer in excess of €10 million.

7. ***Transferability of the Bonds***
The Bonds are freely transferable and, once admitted to the Official List shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

8. ***Register of Bondholders***
Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers, registration numbers and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of Bondholders held at the CSD for the purpose of inspecting information held on their respective account.

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

10. ***Meetings of Bondholders***
The Terms and Conditions of the 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 Bonds shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

E.4 Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes MeDirect Bank (Malta) plc) and any fees payable in connection with the Bond Issue to MeDirect Bank (Malta) plc as Sponsor, 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 €350,000. There is no particular order of priority with respect to such expenses.

TIME-TABLE

1. Opening and closing of subscription lists	6 March 2019 to 22 March 2019
2. Intermediaries' Offer	22 March 2019
3. Commencement of interest on the Bonds	22 March 2019
4. Expected date of admission of the Bonds to listing	28 March 2019
5. Expected date of opening of trading in the Bonds	29 March 2019

REGISTRATION DOCUMENT
DATED 4 MARCH 2019

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

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA

WITH REGISTRATION NUMBER C 26136

ISIN:- MT 0000 111329

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.

Sponsor, Manager and Registrar	Legal Counsel
WEALTH MANAGEMENT • CORPORATE BROKING CHARTS A division of MeDirect Bank (Malta) plc	CAMILLERI PREZIOSI ADVOCATES

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON INTERNATIONAL HOTEL INVESTMENTS P.L.C. AS ISSUER 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).

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 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. ACCORDINGLY, NO BONDS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY BONDS MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF BONDS.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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

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

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

TABLE OF CONTENTS

1. DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
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;
Bond(s)	the €20,000,000 unsecured 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;
Bond Issue	the issue of the Bonds;
Bondholder	a holder of Bonds to be issued by the Issuer in terms of the Prospectus;
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;
CHL	Corinthia Hotels Limited, a company registered under the laws of Malta with company registration number C 26086 and having its registered office at 1, 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 CHL;
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 of the Issuer";
Euro or €	the lawful currency of the Republic of Malta;
GHA	means GHA Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with company registration number 338838 and having its registered office at the offices of Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands;
Group	the Issuer (as parent company) and its Subsidiaries;
GSR	Golden Sands Resort Limited, a company registered under the laws of Malta with company registration number C30569 and having its registered office at The Radisson SAS Golden Sands Resort & Spa, Golden Bay, Limits of Mellieha, MLH 5510, Malta;
IHGH	Island Hotels Group Holdings p.l.c., a company registered under the laws of Malta with company registration number C 44855 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta, which company has been struck off the Registry of Companies following a merger by amalgamation with the Issuer;
IHGH Group	IHGH (as parent company) and its subsidiaries prior to 29 December 2017, on which date IHGH was struck off the Registry of Companies following a merger by amalgamation with the Issuer;
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;

LAFICO	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 Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of 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;
Mayfair	Mayfair Overseas Holdings Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company registration number 283978 and having its registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI;
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)) with privatisation and investment board number 343 and having its registered office at Tripoli Tower, Suite 107, Tower 2, Level 10, Tripoli, Libya.
MFSA	The 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, United Kingdom;
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
QP	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 prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended;
Securities Note	the securities note issued by the Issuer dated 4 March 2019, forming part of the Prospectus;
Sponsor, Manager and Registrar	MeDirect Bank (Malta) plc a company registered under the laws of Malta with company registration number C 34125 and having its registered office at The Centre, Tigné Point, Sliema TPO 0001, Malta, licensed by the MFSA and a member of the MSE. The role of sponsor, manager and registrar is conducted by the corporate finance division of MeDirect Bank (Malta) plc, which operates under the brand name 'Charts'. The use of the logo 'Charts' in the Prospectus shall be construed accordingly;
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 4 March 2019, forming part of the Prospectus.

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

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 THE ISSUER IS NOT 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 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. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER.

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, MANAGER AND REGISTRAR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.1 FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

Important factors that could cause actual results to differ materially from the expectations of the Issuer'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 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.

Accordingly, the Issuer cautions 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 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 and its 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 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 Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent financial 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 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 Bonds, the merits and risks of investing in the 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 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 Bonds and is familiar with the behaviour of any relevant indices and financial markets; and**
iv. **is 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 and one of its major shareholders operate

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 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 characterised by a degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in these countries may have an adverse effect on any investments made. The consequences may be profound and accordingly prospective investors should take into account the unpredictability associated therewith.

Specific country risks more often associated with emerging markets that may have a material impact on the Group's business, operating results, cash flows and financial condition include: acts of warfare and civil clashes; political, social and economic instability; government intervention in the market including tariffs, protectionism and subsidies; changes in regulatory, taxation and legal structures; difficulties and delays in obtaining permits and consents for operations and developments; inconsistent governmental action and/or lack or poor condition of infrastructure. Furthermore, the legal and judicial systems of certain countries in which the Group operates may be different from those which some investors may be more familiar with in certain civil and common law jurisdictions, and investors in Malta may consider such systems as not providing, in various aspects, the level of comfort for investment which they are used to under the Maltese legal system or other civil and common law jurisdictions. 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 consequently 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 compared to operating results generated pre-2011.

While the second half of 2017 saw a doubling in Libyan oil production due to improved political and security arrangements, the first half of 2018 has seen a stagnation and subsequent drop in oil production following the June 2018 attack on and temporary seizure of control over oil fields and terminals in Eastern Libya by militias. Inflation in Libya remains high, although is predicted to decrease to around 14% – 15% for 2019.[1] Public finances remain highly stressed due to volatile revenues deriving from oil, amongst others.

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.

A significant indirect shareholder in the Group is a Libyan entity. Whilst the entity is not under sanction, any future sanction or change in the regulatory status of the shareholder could have an adverse effect on the Group.

The Russian Federation:
In consequence of past actions particularly in Ukraine, the Russian Federation remains subject to international criticism and a series of European and international sanctions on its financial, defence and energy sectors, which are expected to have an adverse effect on both the political and economic development of the country. Such sanctions were due to expire in January 2019, but in December 2018 were extended further by the European Union. 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.

Additionally, the US recently introduced a series of sanctions on the Russian economy and certain companies and individuals, in response to a number of events, including support of the Syrian government in the Syrian civil war.

Furthermore, the Russian Federation remains susceptible to fluctuations in the price of oil, its largest export. Such price, as well as the Russian Federation's ability to sell its oil produce, is in part dependent on its cooperation with the Organisation of the Petroleum Exporting Countries (OPEC). Accordingly, a drop in oil prices or deterioration in the relationship between the Russian Federation and OPEC may have a negative effect on Russia's economy.

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

[1] *https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/country_notes/Libya_country_note.pdf*

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 of 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 faces growing regulatory and compliance requirements

The Group registers, processes, stores and uses personal data in the course of its business with appropriate action being taken in accordance with applicable personal data protection legislation.

The Group's operations are subject to a number of laws relating to data privacy in different jurisdictions where it operates, including relevant data protection and privacy laws. In line with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regards to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (GDPR), the Group has appointed a Group Data Protection Officer who is the liaising person for data subjects and the regulator.

Breach of data privacy legislation could result in the Group being subject to claims by its customers, for infringement of privacy rights. Should any such claims be brought, the Group could face administrative proceedings (including criminal proceedings) initiated against it by data protection regulators which could result in penalties of up to the higher of €20 million or 4% of Group turnover. In addition, any inquiries made, or proceedings initiated by the relevant regulator, could lead to negative publicity which could materially adversely affect its reputation and, as a result, its business, earnings and/or financial position. The more restricted ability to collect and use personal data in a way that is of commercial use to the Group could also adversely impact the Group's business.

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, following advice from industry experts, to be appropriate in the 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 claimed 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 identify appropriate opportunities or source adequate resources, cost overruns, insufficiency of resources to complete the projects, sales transactions not materialising at the prices and the tempo envisaged resulting in a liquidity strain, rental of commercial areas not being 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 on or fail to perform 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, investments and strategic alliances
The Group has been involved in a number of acquisitions, joint ventures, investments and strategic alliances, the most recent transactions being: the acquisition of IHGH in 2015; the 2016 acquisition of Hotel Astoria S.A., the Belgian company owning the Grand Hotel Hotel Astoria in Brussels; the acquisition, in April 2018, of the Corinthia Palace Hotel & Spa from CPHCL; and the acquisition, in February 2019, of a minority stake in the companies that own the land lease and buildings at 10 Tverskaya Street, Moscow to be developed into a mixed-use real estate project including a luxury hotel and residential apartments. 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

Currency fluctuations and other regional economic developments may have a material adverse effect on the Issuer's business, financial condition and results of operations
The Issuer's 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 currencies which are not Euro-denominated.

The Issuer's financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both: translation risk, which is the risk that the financial statements for a particular period or as of a certain date depend on the prevailing exchange rates of the various currencies against the Euro; and transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the currency of its revenue and assets, which fluctuation may adversely affect its operating performance.

The Issuer is exposed to the risks of global and regional adverse economic developments that could result in the lowering of revenues and in reduced 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 room rates and/or occupancy levels and other income-generating activities, and could potentially lead to increased costs through increased taxes in those particular countries, ultimately resulting in the deterioration of the Group's business and/or operating results in the affected countries.

A significant portion of the Issuer's operating expenses are fixed, which may impede them from reacting quickly to changes in its revenue
A significant portion of the Issuer's costs are fixed and the Issuer's operating results are vulnerable to short-term changes in revenues. The Issuer'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 ability to respond to adverse changes in the performance of its 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 rate movements and other factors, including supply and demand, that are beyond the Issuer's control.

The Issuer is 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 the Group's hotel room inventories. The system provides an electronic link between 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 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 Issuer.

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

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:

Mr Alfred Pisani	Chairman
Mr Salem Hnesh	Non-Executive Director
Mr Abdulnaser Ahmida	Non-Executive Director
Mr Hamad Buamin	Non-Executive Director
Mr Abuagila Almahdi	Non-Executive Director
Mr Douraid Zaghouani	Non-Executive Director
Mr Joseph Pisani	Non-Executive Director
Mr Winston V. Zahra	Non-Executive Director
Mr Frank Xerri de Caro	Senior Independent Non-Executive Director
Dr Joseph J. Vella	Independent Non-Executive Director

Alfred Fabri is the Company Secretary of the Issuer.

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

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

3.2 SENIOR MANAGEMENT OF THE ISSUER

Alfred Pisani, an executive director, is the Chairman of the Company. Joseph Fenech and Simon Naudi, both previously executive directors of the Issuer, jointly hold the post of Chief Executive Officer. Joseph M. Galea and Neville Fenech hold the posts of Managing Director Finance and Chief Financial Officer of the Issuer, respectively. Clinton Fenech is the Company's General Counsel. Alfred Fabri holds the post of Company Secretary. The Chairman, the joint Chief Executive Officers, and other senior members of the executive team, are responsible for the Issuer's day to day management.

3.3 ADVISORS TO THE ISSUER

Legal Counsel to the Issuer
Name: Camilleri Preziosi
Address: Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta

Sponsor, Manager and Registrar
Name: Charts (a division of MeDirect Bank (Malta) plc)
Address: The Centre, Tigné Point, Sliema, TPO 0001, Malta

Financial Advisors
Name: PricewaterhouseCoopers
Address: 78, Mill Street, Qormi QRM 3101, Malta

3.4 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 years ended 31 December 2015, 2016 and 2017 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).

4. INFORMATION ABOUT THE ISSUER

4.1 INTRODUCTION

Full Legal and Commercial Name of the Issuer:	International Hotel Investments p.l.c.
Registered Address:	22, Europa Centre, Floriana FRN 1400, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 26136
Date of Registration:	29 March 2000
Legal Form	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone Number:	+356 21 233 141
Fax Number:	+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 57.81% of the share capital in the Issuer, Istithmar and LAFICO both act as strategic investors in the Company with direct holdings of 21.69% and 10.85% respectively. LAFICO also owns 50% of CPHCL, whilst half of its direct holding of 10.85% 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.

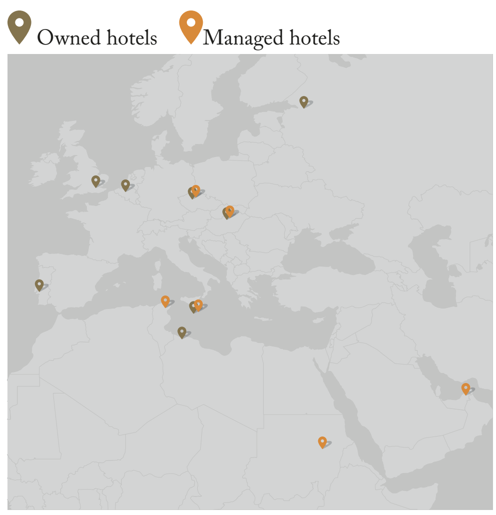
4.2 BUSINESS OVERVIEW

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, North Africa and the Middle East.

To date, IHI has acquired and/or developed hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russian Federation), St Julian's (Malta), Attard (Malta) and Golden Bay (Malta). NLI is a joint venture between IHI and LAFICO, each party holding 50% of the issued share capital in NLI.NLI owns the 284 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 NLI retaining ownership of the penthouse apartment. In January 2017, IHI secured the right to nominate and appoint the majority of the board of directors of NLI, such that IHI is currently consolidating the performance of the Corinthia Hotel London in its financial statements.

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 CHL, a wholly owned subsidiary of IHI, through fees earned from hotels owned by IHI itself or managed pursuant to management contracts with CPHCL and other third parties. As at the date of this Prospectus, CHL manages 12 hotels owned by IHI (of which three are 50% owned by IHI, one of which (Brussels) is not yet operational) and six hotels owned by CPHCL and/or third-party owners, and is due to manage another three hotels owned by third-party owners which are scheduled to open between 2020 and 2022.

IHI-owned and CHL-managed hotels	Ownership	rooms
Corinthia Hotel London – UK	50%	284
Corinthia Hotel Brussels – Belgium	50%	126 (projected)
Corinthia Hotel St George's Bay – Malta	100%	249
Corinthia Hotel Lisbon – Portugal	100%	518
Corinthia Hotel Budapest – Hungary	100%	437
Corinthia Hotel Prague – Czech Republic	100%	539
Corinthia Hotel St Petersburg – Russia	100%	388
Corinthia Hotel Tripoli – Libya	100%	299
Marina Hotel St George's Bay – Malta	100%	200
Radisson Blu Resort Hotel – Malta	100%	252
Radisson Blu Golden Sands Resort – Malta	50%	338
Corinthia Palace Hotel – Malta	100%	147



Other CHL-managed hotels	Owner
Aquincum Hotel – Budapest	CPHCL
Ramada Plaza Hotel – Tunisia	CPHCL
Panorama Hotel – Prague	CPHCL
Corinthia Hotel – Sudan	LAFICO
Meydan Hotel – Dubai	Meydan Group LLC
Bab al Shams Hotel – Dubai	Meydan Group LLC
Corinthia Meydan Beach - Dubai	Opening 2020
Corinthia Hotel Bucharest	Opening 2020
Corinthia Hotel & Residences – Doha	Opening 2022

Land and commercial properties	
Budapest	Royal Residences
London (50% ownership)	Penthouse, 10 Whitehall Place
Malta	Oasis Land
St Petersburg	Nevskij Plaza Shopping & Office Centre
Tripoli	Corinthia Commercial Centre
Lisbon	Residential Apartments

QP, a wholly owned subsidiary of IHI, primarily generates fee income from project management, architectural, structural and other similar services. Furthermore, revenue is also generated from a vacation ownership marketing business, a retail and event catering business in Malta, and the operation of Costa Coffee outlets in Malta and Spain.

On 1 July 2015, IHI issued an Offering Memorandum setting out an offer made to the shareholders of IHGH pursuant to a Voluntary Public Bid launched in terms of Chapter 11 of the Listing Rules for the acquisition of the entire issued share capital of IHGH. On 10 August 2015, IHI acquired 99.68% of the issued share capital of IHGH and on 4 September 2015, IHI acquired the remaining 0.32% of the entire issued share capital of IHGH. On 29 December 2017, the Issuer and IHGH merged by way of amalgamation. As a result of the merger: (i) IHI acquired all the assets and liabilities of IHGH including the subsidiaries of IHGH; and (ii) IHGH was struck-off the Registry of Companies.

The business of IHGH largely related 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 – owned by GSR (a joint venture 50% owned by IHGH)); the operation 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 owned 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 mixed-use luxury tourist complex.

As indicated above, GSR is a joint venture within the Group, 50% of which was owned by IHGH, with the remaining 50% owned by Mayfair. GSR is the owner of the 338-room five-star Radisson Blu Resort & Spa Golden Sands situated at Golden Bay, Malta. The property offers a full complement of five-star hotel facilities, leisure conference and vacation ownership accommodation. The resort has been developed in collaboration with Mayfair, a company specialising in vacation ownership. As in the case of the Radisson Blu Resort, St Julians, the Radisson Blu Resort & Spa Golden Sands operates under a franchise agreement with the Carlson Rezidor Hotel Group (a hotel company incorporating hotels worldwide under several brands) that has exclusive rights for the use of the Radisson Blu name within the EMEA region. The business generated to date by the Radisson Blu Resort & Spa Golden Sands reflects that of a mixed-use resort focusing on the one part on a traditional hotel operation, and on the other part a vacation ownership club.

The business and assets previously associated with IHGH are, as at the date of this Prospectus, owned directly by the Issuer following the merger of the two entities.

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 by NLI 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, CHL 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 55-storey luxury hotel and residences to be operated under the Corinthia brand on Jumeirah Beach in Dubai, UAE. CHL has also entered into a management agreement in respect of this hotel for a term of 20 years due to commence on the expected hotel opening date. The site encompasses a total land plot of 19,900m^2. Detailed design work has progressed on the luxury hotel and apartments on the water's edge. Excavations and foundations of the site are complete and the construction is well underway, with a phased completion date scheduled for a soft opening in December 2019. Construction has at the date of this Prospectus reached the 9th level of the development. The hotel and residential development was designed in a way that all guestrooms enjoy direct sea views and meet the standard of luxury 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 300 guest rooms of varying sizes and standards, 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.

QP, a wholly owned subsidiary of the Issuer, offers a range of project construction, mechanical and electrical engineering, building services, valuation 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. On 12 September 2016 the Issuer increased its stake in QP from 20% to 100%. Further information on this transaction may be found in section 4.5(i) of this Registration Document.

In early 2017, CHL entered into an agreement with a strategic investor, to manage and operate a luxury hotel development in Doha, Qatar, under the Corinthia® brand comprising a 118 room luxury hotel and 135 serviced residences. The hotel development project is currently at planning phase.

In March 2018, CHL entered into a management agreement with the owners of the property formerly known as the Grand Hotel du Bulevard to manage, once redeveloped, as the Corinthia Hotel Bucharest. Pursuant to the above signing, QP has since been engaged by the property owners to manage the development in all technical aspects. Design development of the regeneration of this listed property has commenced and works are expected to be completed by December 2019. The new hotel will feature 50 suites as well as the fully restored Grand Ballroom and various dining and leisure venues.

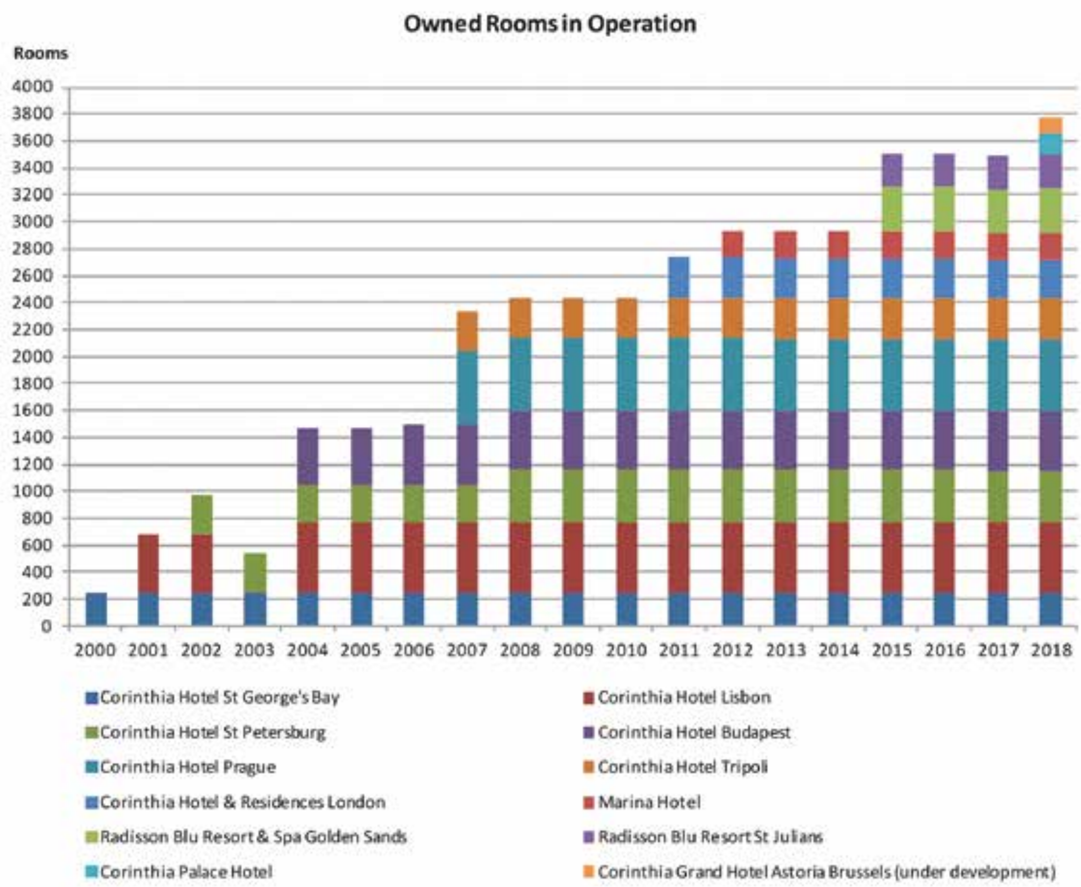
In April 2018, IHI acquired the Corinthia Palace Hotel & Spa in Attard through a newly formed subsidiary from its ultimate parent CPHCL. The operating results and assets and liabilities of the acquired business are being consolidated as from 1 April 2018. Furthermore, a significant upgrade of this hotel is under way at an estimated cost of €7.1million.

In October 2018, CHL signed an option agreement to acquire a 10% shareholding in GHA. In parallel, Pan Pacific and Minor Hotels have also acquired a 10% shareholding in GHA. The option to proceed with the acquisition is entirely at CHL's discretion. The current ownership of GHA comprises founding shareholders (Kempinski, Omni and Oracle) as to 34%, 34% and 12% respectively, and Pan Pacific and Minor Hotels as to 10% each. On its part, CHL has communicated to the Issuer its intention to exercise its option to acquire a 10% shareholding before the expiry of such option in April 2019 at the established price of US$3.5 million. In the meantime, CHL renewed its membership agreement with GHA for another five years.

In February 2019, IHI and a third party investor acquired the companies that own the land lease and buildings at 10 Tverskaya Street, Moscow (the "**Moscow Project**"). IHI's shareholding in the Moscow Project is 10%. The acquisition was made with a view to developing the site into a mixed-use real estate project including a luxury Corinthia hotel. The asset is located on a prestigious boulevard in Moscow in a highly popular shopping, cultural and business location, as well as a luxury hotspot with other competing luxury brands all in close proximity. The Moscow Project would cover a gross area of 43,000m^2, consisting of a mixed-use redevelopment into a 54-room boutique luxury Corinthia Hotel, upmarket residential serviced apartments for re-sale, high-end retail and commercial outlets and underground parking. Further information on the Moscow Project is available in section 4.5(q) of this Registration Document.

During 2019, the Issuer intends to acquire the entire issued share capital and the businesses of Corinthia Caterers Limited (formerly named FCCL Limited) and Catermax Limited. These two businesses, once acquired, will be integrated into the Issuer's other catering companies, which together are being rebranded as Corinthia Caterers.

The chart below sets out the growth in room inventory of IHI since incorporation, which increased from 250 to 3,777 rooms over an 18-year period.



Source: Management information.

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 (in 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 derelict 145 room Grand Hotel Astoria in Brussels.

2017: IHI and IHGH merged by way of amalgamation to the effect that IHI acquired all the assets and liabilities of IHGH. As a result of the merger, IHGH was struck-off the Registry of Companies.

2018: IHI acquired the Corinthia Palace Hotel & Spa business in Attard through a newly formed subsidiary from its ultimate parent CPHCL.

2018: NLI converted 22 rooms at the Corinthia Hotel London into 11 suites.

2019: IHI purchased a 10% shareholding in the entire issued share capital of the companies owning the land lease and buildings at 10 Tverskaya Street, Moscow.

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. CHL, the hotel management company, provides the necessary support, expertise and guidance to the Subsidiaries with respect to the operation 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 following diagram summarises the structure of the Corinthia Group and the position within the said group of the Issuer:

LAFICO (10.85%)

CPHCL (57.81%)

ISTITHMAR (21.69%)

PUBLIC (9.65%)

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

BRAND MANAGEMENT, DEVELOPMENT, PROJECT MANAGEMENT AND CATERING OPERATIONS

100% of Corinthia Hotels Limited
(Malta C26086)
operator and developer of the Corinthia Brand. Operates all property investments referred to herein, as well as the following for affiliates and third parties:

5* Corinthia Hotel Karthoum
4* Panorama Hotel Prague
4* Aquincum Hotel Budapest

Meydan Hotel, Dubai
Bab Al Shams Hotel, Dubai

100% of Corinthia Developments International Limited
(Malta C70440)
(development company)

100% of Island Caterers Limited
(Malta C9377)
(Island Caterers)

100% of Catering Holdings Limited
(Malta C4443)
(Costa Coffee Malta & East Spain)

100% of QPM Limited
(Malta C26148)
(Project & Cost Management Architectural & Design Services)

HOTEL PROPERTY AND REAL ESTATE SUBSIDIARY INVESTMENTS

100% of IHI Hungary Zrt
(Hungary 01-10-044660)
(Corinthia Grand Hotel Royal & Residences, Budapest)

100% of Alfa Investimentos Turisticos Lda (Portugal 500014949)
& 100% of IHI Lisbon Limited
(Malta C28556)
(Corinthia Hotel & Spa, Lisbon Lisbon Residential Apartments)

100% of Five Star Hotels Limited
(Malta C4848)
(Corinthia Hotel St George's Bay, Malta)

100% of IHI Towers s.r.o.
(Czech Republic 27191711)
(Corinthia Hotel Prague)

100% of IHI Benelux B.V.
(The Netherlands 393337)
& 100% of IHI St Petersburg LLC
(Russia R-15178.17.1)
(Corinthia Hotel & Commercial Centre, St Petersburg)

100% of Corinthia Towers Tripoli Limited (Malta C31135)
(Corinthia Hotel & Commercial Centre, Tripoli)

55% of Libya Hotels & Developments JSC (Libya 172-6194)
(45% LAFICO)
(Corinthia Hotel & Residences Benghazi – early development stage, still on hold)

100% of Marina San Gorg Limited
(Malta C4852)
(Marina Hotel, St George's Bay, Malta)

100% of IHI Malta Hotel Limited
(Malta C84130)
Corinthia Palace Hotel & Spa Attard, Malta

100% of Bay Point Hotel Limited
(Malta C13170)
(Radisson Blu Resort St Julians)

100% of The Heavenly Collection Limited (Malta C48380)
(Hal Ferh Complex - 83,550 sqm plot for development)

ASSOCIATE INVESTMENTS

50% of NLI Holdings Limited
(Jersey100582)
(50% LAFICO)
(Corinthia Hotel & Residences, London)

Indirectly 50% of Hotel Astoria S.A.
(Belgium 405.752.087)
(indirectly 50% LAFICO)
(Corinthia Grand Hotel Astoria, Brussels – awaiting reconstruction and refurbishment)

50% of Golden Sands Resort Limited
(Malta C30569)
(50% Mayfair)
(Radisson Blu Resort & Spa Golden Sands)

25% of Medina Tower Joint Stock Company
(Libya PIB 343)
(25% MIH, 25% AUCC, 25% AHCT)
(Medina Tower Project, Tripoli, Libya – 10,000 sqm site fully permitted for a mixed use development -on hold)

INTERNATIONAL HOTEL INVESTMENTS PLC
PRINCIPAL ASSETS AND OPERATIONS
AS AT 30 NOVEMBER 2018

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel Budapest	Hungary	Property owner	100	437
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	249
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London	United Kingdom	Property owner	50	284
Corinthia Grand Astoria Hotel Brussels	Belgium	Hotel property (estimated 2021 opening)	50	126
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	50	338
Corinthia Palace Hotel & Spa	Malta	Property owner	100	147
CHL	Malta	Hotel management	100	n/a
QP	Malta	Project management	100	n/a
CDI Limited	Malta	Project Development	100	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
				3,777

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 and the subsequent merger of this company with the Issuer in December 2017. 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 members sitting on the board of directors and other administrative costs across the 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, including properties in Golden Bay and St Julian's, Malta. The latter constitutes a fundamental part of the luxury re-development of the three neighbouring hotels located near St George's Bay, St Julian's, Malta which the Group plans to undertake subject to obtaining all necessary approvals. The IHGH acquisition also enables the Group to diversify its revenue streams into timeshare in Malta and, through the Costa Coffee franchise, in the retail catering sector in Malta and eastern Spain. On 29 December 2017, IHGH was merged with the Issuer. By virtue of this merger by amalgamation, IHI acquired all the assets and liabilities of IHGH and IHGH was struck off the Registry of Companies.

Furthermore, other mixed-use properties described in section 4.5 below, earmarked for development in the coming years, are expected to generate positive returns for the Group. Moreover, 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 developing hotels in mature markets, specifically in certain key European cities.

On 11 April 2016, NLI (in which IHI owns a 50% shareholding) acquired (via IHI Brussels Limited, a fully owned subsidiary of NLI), 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. 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.

CDI

In 2016, the Issuer launched CDI, a development company with a remit to plan and execute acquisitions and developments in the hotel and real estate sector, whether for the Company or third parties. CDI has been highly active in 2018, wherein it has initiated various off-market projects, in cities and resorts such as Moscow, New York, Miami, Rome, Bucharest and Cannes. Even though some of the projects might not be fully realised, the ability of CDI to tap into and initiate real estate projects and raise external funding from renowned institutional investors worldwide, augurs well for the future of this company.

GHA

In 2018, CHL renewed its membership with the GHA alliance for a further five years and signed an option agreement for it to acquire a 10% shareholding in the organisation. Within GHA, CHL operates Corinthia Discovery, a loyalty programme built around a global infrastructure created by GHA and Ultra Travel Collection, an association of medium sized luxury and boutique hotel companies where members benefit from loyalty to Corinthia but equally, benefit from the loyalty of members of other member hotel companies. GHA has demonstrated impressive growth, adding luxury brands consistently, reaching a member base of 36 brands by 2017 or 550 upmarket and luxury hotels in more than 70 countries, total discovery members of 10.9 million and total active members of 5.4 million. Members within the alliance are members of and have exposure to the Corinthia brand. GHA provides a low-cost full service loyalty program, DISCOVERY, on a unique multi-brand technology platform, allowing brands to retain loyal customers and attract new business from members enrolled by other brands around the world.

Management contracts

The Group is intent on growing ancillary business lines such as hotel management. When originally set up, CHL's activities were limited to the management of hotels that were owned by the Corinthia Group. CHL was active in 2016, 2017 and 2018 signing three hotel management agreements belonging to third party owners to develop one project in Dubai, Doha and Bucharest respectively. CHL 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 accelerate its growth path in the forthcoming years. Accordingly, where attractive opportunities arise, the Group, through CHL, will seek to expand its portfolio of hotels under the Corinthia brand 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.

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 in 2010, 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 IHGH 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 was made on 10 August 2016 (the "**Final Payment Date**"). The cash settlement was partly funded through part of the net proceeds of a Bond Issue in June 2016 with the balance being funded through new bank financing. In terms of the acquisition IHI was also due to issue 6,507,168 ordinary IHI shares on the Final Payment Date. However, in the interim period between 10 August 2015 and 10 August 2016, the Company effected two issues of bonus shares, on 26 October 2015 and 11 July 2016 respectively. Accordingly, an additional 396,326 bonus shares were allotted on the Final Payment Date, increasing the number of shares issued on the Final Payment Date to 6,903,494 ordinary shares in IHI.

On 29 December 2017, the Issuer merged with IHGH. By virtue of this merger by amalgamation, IHI acquired all the assets and liabilities of IHGH and IHGH was struck off the Registry of Companies. Furthermore, in consequence, the outstanding bonds issued by IHGH were renamed 6% International Hotel Investments p.l.c. 2024.

b. St George's Bay Development

Following the above-mentioned acquisition in 2015, IHI initiated the design process to consolidate its three hotel properties situated in St George's Bay, St Julians, Malta (namely, the Radisson Blue 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 a luxury hotel attracting high net worth leisure and corporate guests, a business hotel, as well as high-end residential, office, retail and commercial facilities targeting a six-star market. Subject to reaching agreement on new lease terms, receiving the necessary approvals and planning permits, and having the required funding in place, this project will be spread out over a number of years to minimise interruption to hotel operations.

The objective is to implement the project in phases, firstly by adding two additional floors to the Corinthia Hotel St George's Bay. The number of room keys will reduce from the current 250 to 234, due to an increase in room size to over $50m^2$, an essential feature for the hotel to achieve what is commonly referred to in the industry as 'six-star' status. In addition, the Company plans to develop two serviced residential blocks on vacant land between the Corinthia Hotel St George's Bay and the Radisson Blu Resort St Julians.

c. Costa Coffee

In May 2012, The Coffee Company Malta Limited (previously an indirect fully-owned subsidiary of IHGH but, following the IHI-IHGH merger, an indirect fully-owned subsidiary of the Issuer) 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 11 Costa Coffee outlets were opened (three more outlets at the Malta International Airport and one outlet in each of The Point Shopping Complex (Sliema), the premises formerly known as Papillon (Balzan), The Embassy (Valletta), Bay Street Complex (St Julian's), Spinola Bay (St. Julian's), Marsaxlokk sea front, Mriehel Industrial Park and PAMA shopping centre (Mosta). With 12 outlets in operation in under four years, The Coffee Company Malta Limited exceeded the target it had originally set for a five-year period. The team will continue to look at opportunities in Malta as they arise, and as at the date hereof intends to open an additional outlet in Malta during FY2019.

In March 2014, The Coffee Company Spain S.L. (previously a fully-owned subsidiary of IHGH, but since the IHI-IHGH merger a fully owned subsidiary of the Issuer) 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. During the first quarter of 2016 a further five outlets were opened and by 31 December 2018, 12 outlets were in operation.

The Issuer is currently consolidating its position in the Spanish market, in consequence of which four loss-making outlets were closed in FY2018. Once results achieve the expected levels of performance, the opening of further outlets across the region will be considered. Presently there are nine outlets in Barcelona, one in Benidorm and two in Palma de Mallorca.

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 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 four-storey podium that will include a mix of residential, retail, commercial and conference space. A curved tower rises from the sixth level and peaks at the 40th level, where a double height restaurant will complete the project. 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 eventually 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 in light of the unstable socio-economic climate and prevailing political uncertainty in Libya.

e. Corinthia Hotel St Petersburg

A renovation programme for the Corinthia Hotel St Petersburg relating to the hotel bedrooms in the main building housing the hotel was completed in 2018 in time for the holding of the FIFA World Cup football finals held in the Russian Federation in summer 2018. The project, spanning over a three-year period, was carried out without interrupting the hotel operation and consisted of a soft refurbishment of 280 bedrooms, at an estimated cost of €3.4 million. The renovation of the hotel was funded through available free cash flow generated by this property.

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, and obtaining the necessary permits, 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 that acquired a derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya. The remaining 45% equity participation in Libya Hotel Development and Investment JSC is held by LAFICO. 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 by the time it was acquired by its last owners in 2007 it was being operated as a 145 room hotel. Upon its acquisition by the hotel's former owners in 2007, it was closed with a view to carrying out extensive refurbishment. However, such refurbishment failed to get underway and the asset has laid desolate for the last 12 years. The hotel, once redeveloped, will be renamed the Corinthia Grand Astoria Hotel. CDI is handling the redevelopment of the hotel on behalf of NLI, similar to what IHI had done on the London project. CDI has reconfigured the plans currently in place for the hotel, and with the help of GA Design in London (the designers engaged on 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 45m^2. The new key count is set at 126 bedrooms of which 30% will be junior suites or suites. A building permit to carry out the planned redevelopment has been obtained.

The purchase price of the asset, amounting to *circa* £11 million (*circa* €13.76 million at the applicable exchange rate) was funded through the utilisation of the refinanced credit line on the London hotel operation held with the Barclays Bank syndicate. An interest-free deferred consideration of €0.5 million is payable to the former owners after two years from opening of the hotel.

The acquisition, which also included the purchase of an empty land plot adjoining the listed hotel and four vacant town houses at the rear of the original hotel, was originated and executed by CDI, IHI's development company. QP, another IHI subsidiary, has since been appointed by CDI as project manager to coordinate and supervise the construction process. A planning permit was issued in December 2017 for the restoration of the historic ground floor and façade of the original hotel, as well as the reconstruction of all upper floors, adjoining land and town houses. The permit is a major gain in additional volumes and floors, for a total built up area of 18,000m^2. The new hotel will feature 126 luxury bedrooms and suites. Once completed, the Directors expect the new hotel to offer unrivalled amenities for the city of Brussels including a fully restored grand ballroom, an 850m^2 spa, various dining venues, boutique meeting facilities and high-end retail shops. Initial strip-out and demolition works have commenced and a tender for the main construction works has since also been issued. Negotiations with two preferred bidders are at a final phase for the awarding of the works contract. Works will commence in the second quarter of 2019 and are expected to be completed by 2021.

In 2016, the Issuer, on behalf of NLI, drew up a cost estimate for the full refurbishment project, which cost was estimated at €65 million, inclusive of all costs, fees and contingencies. The amount of €20 million is being funded by NLI by virtue of an equity injection and the additional €45 million will be funded by virtue of a bank loan facility granted by ARES Bank of Spain. Since the preparation of the cost estimate for the refurbishment of the project in 2016, the Issuer, on behalf of NLI, has estimated that an additional €20 million is required to complete the hotel to Corinthia Group's luxury standards. NLI intends to fund a minimum of €10 million from LAFICO (its 50% shareholder). The remaining €10 million will be funded by the Issuer (the other shareholder in NLI) through part of the bond proceeds from the issue of the Bonds issued by virtue of this Prospectus. The funds received by NLI from LAFICO and the Issuer pursuant to the Bond Issue shall be on-lent by NLI to its fully-owned subsidiary and the hotel-owning company, Hotel Astoria S.A.

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

i. QP

On 12 September 2016 the Issuer signed a share purchase agreement and increased its stake in QP from 20% to 100%. The consideration of €4.6 million was paid out of part of the proceeds of the Company's June 2016 bond issue. The share purchase agreement further provides for additional conditional payments that may be or may become due to QP and which, had they been crystallised at the point in time of the acquisition date, would have enhanced the value of QP, resulting in a higher purchase consideration.

The said additional conditional payments comprise the following:

i. QP is due an amount for services provided on a third-party project. Upon receipt of all or part of said amount by QP, 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 QP in the country have stalled. In the event that QP 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 QP 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 QP 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 QP, and therefore the figure indicated above may vary accordingly as aforesaid.

j. Corinthia Hotel Lisbon

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 extensive refurbishment was re-opened in May 2004. A fresh renovation programme is under way at the Corinthia Hotel Lisbon, at an estimated cost of €14 million. The refurbishment started in November 2016 and all 518 rooms are expected to be completed by 2021. The complete refurbishment of all room stock will result in an upgrade to the product, including the changing of bathrooms, increasing the size and upgrading the fit-out to the rooms. The refurbishment will be carried out in phases, sealing off two to three floors at a time without causing any disturbance to the on-going operation of the hotel, which continues to operate normally. Works on the first 10 floors have already been completed and the finished product has been received well by the market. As at the date hereof, the programme of works is on schedule.

k. Corinthia Palace Hotel & Spa Malta

On 10 April 2018, CPHCL (the ultimate parent company of the Group) transferred the 147-room five-star Corinthia Palace Hotel & Spa located in Attard, Malta, to IHI. The Group is in the process of implementing an extensive refurbishment of the hotel and a complete transformation of the spa and gym facilities, at a total cost of €7.1 million. The disruption caused by the renovation works is expected to adversely impact operations, albeit marginally, as revenue is projected to decline by €0.4 million to €8.2 million in 2018. On the other hand, the improved ambience at the hotel and its spa facilities should enable management to achieve higher occupancy and room rates in the years ahead, thereby taking full advantage of the current strong tourism performance in Malta.

l. Corinthia Hotel & Residences London

NLI (equally owned by the LAFICO and IHI) owns the 283-room luxury Corinthia Hotel located in London, United Kingdom ("**Corinthia Hotel London**"), together with a penthouse apartment which was leased to third parties up to Q1 2018. In 2008, NLI 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.

In June 2018, the Corinthia Hotel London completed the conversion of 22 rooms into 11 suites at a cost of £3.75 million. The decision to introduce a higher number of suites, as opposed to standard bedrooms, is intended specifically to bolster the hotel's presence in the lucrative market for high net worth visitors to London. In addition, one of the hotel's restaurants was converted to a flagship operation at a cost of £1.5 million and is being operated by one of the UK's top restauranteurs and celebrity chef, Tom Kerridge.

m. Radisson Blue Resort & Spa Golden Sands

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. The Issuer 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 338 rooms, various F&B outlets and is equipped with a 1,000m^2 spa and leisure centre, four pools, a tennis court and a private sandy beach. Nine new bedroom suites were completed in the first semester of 2018 at a cost of €5 million and are being marketed for timeshare sales. Azure, the timeshare marketing company, has launched a sales strategy to sell a points-based membership system as opposed to specific rooms for specific weeks. The points-based system allows Azure to more readily procure products and inventory to sell, other than the resort's own bedrooms. This could, eventually, include inventory in other resorts.

n. Corinthia Hotel in Bucharest

CHL, a subsidiary of the Issuer, is set to expand its five-star hotel portfolio with the opening of a new luxury property in Bucharest, Romania. Located in the heart of the capital, the former Grand Hotel du Boulevard, a listed building erected in 1867, was last used as a hotel over a decade ago and will now undergo extensive refurbishment to fit in line with the signature standards of timeless luxury and style associated with Corinthia. Corinthia Grand Hotel du Boulevard Bucharest will offer over 30 luxury suites, exquisite dining options, a grand ballroom, boutique meeting spaces, and luxury amenities. In Bucharest, CHL's role will be that of operator under terms of a management agreement signed with the owners of the property in 2018, while QP is project managing the development.

o. Corinthia Hotel in Budapest

IHI Magyarország Zrt., a fully-owned subsidiary of the Company, owns the 437-room five-star Corinthia Hotel located in Budapest, Hungary ("**Corinthia Hotel Budapest**") which 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 Corinthia Hotel Budapest is currently undergoing a refurbishment of its corridors and of the 406 bathrooms forming part of the hotel. The project commenced in April 2018 and is set to be completed within a two year timeframe. €4.4 million have been allocated towards the enhancement and refurbishment of these areas, in keeping with the hotel's unique features. The funding for this project has been sourced internally through the cash flows generated by the Corinthia Hotel Budapest.

p. GHA

GHA commenced operations in 2004 in Switzerland with four hotel member chains, but experienced impressive growth in a short timeframe, adding brands and active members consistently, reaching a member base of 36 brands by 2018, and almost 11 million members.

GHA launched the DISCOVERY programme in 2010 as its in-house loyalty programme for independent hotel brands. DISCOVERY members enroll through discoveryloyalty.com or via a member brand, to which they then remain associated for all future stays. Within the GHA, CHL operates "Corinthia Discovery", a loyalty programme built around the global infrastructure created by the GHA and Ultra Travel Collection, allowing members to benefit from loyalty to Corinthia but equally Corinthia benefits from the loyalty of members of other member hotel companies, thus allowing brands to retain their own loyal customers, as well as attract new business from members enrolled by other brands within the GHA.

In 2018, the founding shareholders of GHA sought to strengthen the alliance by inviting strategic members to participate in an equity increase of 30%. Pan Pacific Hotels Group and Minor Hotels each took up a 10% shareholding in October 2018 while CHL signed a share purchase option agreement to acquire a 10% holding by latest 30th April 2019. The current ownership of GHA comprises founding shareholders Kempinski, Omni and Oracle as to 34%, 34% and 12% respectively, and Pan Pacific and Minor Hotels as to 10% each. On its part, CHL intends to exercise its option to acquire a 10% shareholding before its expiry in April 2019 at the established price of US$3.5 million. In the meantime, CHL renewed its membership agreement with GHA for another five years.

The funding for this project has been sourced internally through the cash flows generated by CHL.

q. Corinthia Hotel Moscow

In June 2018 IHI signed an exclusivity agreement with the owner of a prime site and building in central Moscow for IHI and third party investors to carry out a legal, accounting and tax due diligence exercise with a view to acquiring all the land and buildings at the site. In December 2018 the joint venture signed a conditional share purchase agreement for the transaction. IHI will have a minority shareholding of 10%. The joint venture agreed to acquire the Moscow Project on a ratio of 10:90 with a view to Corinthia having a role in the design and development of the project, as well as being the operator of the ensuing project upon completion. The asset being acquired consists of the companies that own the land lease of a plot measuring *circa* 5,221m^2 and ownership title to four buildings. All buildings except for one, a listed building, were demolished by the previous owner. The town-development plan of the land plot, issued by the Committee for Architecture and Urban Planning of the City of Moscow issued at the end of June 2018 and which was a condition precedent to this transaction, paves the way for the development which would cover a gross area of 43,000 m^2 of mixed use real estate. The hotel will feature an all-day dining restaurant, lobby lounge, garden lounge, and a 1,000m^2 spa, and a mix of apartments with an internal sellable area of some 15,000m^2, fully-serviced by the hotel and with a separate entrance, dedicated lifts and concierge services. A high-end retail and commercial element covering approximately 5,800m^2 will be located on the lower floors of the building. Underground parking facilities for 100 car spaces will complement the development.

The asset is located on a prestigious boulevard in Moscow in a highly popular shopping, cultural, and business location, as well as a luxury hotspot with other competing luxury brands all in close proximity. The Issuer believes that, like its project in St. Petersburg, this site has the potential to be redeveloped into one of Moscow's most prestigious and respectfully-restored old buildings. The listed elements on the façade and the historic Filippov bakery at ground level will be carefully preserved and restored. The joint venture plans to embark on the development project in earnest in 2019.

Save for the investments mentioned in paragraphs (o) and (p) above and the reference to the acquisition by the Issuer of the entire issued share capital and the businesses of Corinthia Caterers Limited and Catermax Limited in section 4.2 above, no member of the Group is currently party to any other principal investments and has not entered into or committed to any principal future investments subsequent to 31 December 2018.

5. TREND INFORMATION AND FINANCIAL PERFORMANCE

5.1 TREND INFORMATION

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

The following is an overview of the most significant recent trends affecting the Issuer 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 divided, creating a security vacuum in the country without a reliable police or army force to maintain law and order. 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.

Since 2014, Libya experienced severe political instability due to the collapse of the central government during the same year and the country has been going through difficult times ever since. A United Nations-brokered ceasefire deal was reached in December 2015 and the Libyan Political Agreement to form a Government of National Accord was signed. Although it is still difficult to ascertain when the political situation in Libya will return to normality and how rapidly the economy will re-establish a sustainable pace of growth, the above development could prove to be an important one.

Although in 2018 low room occupancy at the Corinthia Hotel Tripoli was registered, there is still a sizeable food and beverage activity at the hotel and the adjoining office and commercial centre is fully leased to international blue-chip companies.

Given this environment, the 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 as there are clear signs that the political uncertainty in Libya has subsided and a gradual recovery in business activity is under way.

***Russia*[2]**

In the third quarter of 2018, GDP expanded by 1.5% (year-on-year), notably lower from the second quarter's 1.9% increase. The slowdown was driven by a sharp contraction in agricultural output chiefly due to weak grain harvests and deteriorating consumption dynamics. In addition, activity in the construction sector also dropped, while industrial production growth lost steam. On a positive note, the mining sector grew at more than double the pace of the second quarter, likely as a result of higher oil output and firm commodity prices. Available data for the fourth quarter suggests that economic growth improved, mainly due to increased oil production, despite the fact that the price of Ural oil sunk to the lowest level in December 2018 since June 2017. Russia's growth prospects remain modest, with growth forecast to be between 1.5% and 1.7% over the next three years. However, in the short-term, these forecasts may change due to volatility in oil prices and limits imposed on oil production agreed to with OPEC and other allies.

The latest available statistics on the Russian tourism industry relate to 2017, whereby approximately 81 million tourists visited the Russian Federation, of which, 56.5 million tourists comprised Russian nationals whilst foreigners represented the remaining 24.5 million. The weak Rouble and cheaper services were the main factors that contributed to an increase in visiting foreigners and Russians choosing to travel within the country. The number of visitors to St Petersburg in 2017, according to official municipal administration data, reached 7.2 million people in comparison with the previous year's figure of 6.9 million visitors. The number of Russian citizens who visited St Petersburg in 2017 (domestic tourism) comprised 50% of total tourists. St Petersburg Pulkovo airport also experienced higher volumes during the year as it registered an increase of 11.8% from 14.3 million passenger movements in 2016 to 16 million in 2017.

2018 is to be viewed as another positive year, which benefited from the hosting of the FIFA World Cup football tournament during June and July in a number of cities across the Russian Federation. According to the Russian Federal Tourism Agency, more than 5 million tourists, including 2.9 million foreigners, visited such cities (Moscow and St Petersburg registered approximately 2.7 million and 0.6 million tourists respectively).

The performance of the Corinthia Hotel St Petersburg continues to be affected by the decrease in international demand for hotel services, which has however been more than amply replaced by an increase in local business. Both occupancy and revenue generation, in Rouble terms, have seen year-on-year increases. In 2018, the Hotel is expected to register an all-time record in both revenue and operating profit.

***Malta*[3]**

Malta's strong GDP growth is set to continue as domestic demand replaces net exports as the main engine of economic activity. The internationally-oriented services sector continues to underpin the large current account surplus. Inflation is expected to pick up as wage pressures start gaining pace. The government balance of payments is projected to increase at a moderate pace but remain in surplus.

Inbound tourist trips for the first eleven months of 2018 reached nearly 2.5 million, an increase of 14.5% over the same period in 2017. Total nights spent by inbound tourists went up by 12.6%, reaching nearly 17.7 million nights. During the first nine months of 2018, total guests in collective accommodation establishments surpassed 1.5 million, an increase of 9.8% over the same period in 2017. Within the collective accommodation establishments, the 5-star lost 1,710 guests (-0.5%), whilst the 4-star and 3-star hotels gained 66,611 guests (+11.2%), and 47,466 (+12.8%) respectively in the first nine months of 2018 when compared to a year earlier. Total tourism expenditure for the first 11 months of 2018 was estimated at €2.0 billion, 8.2% higher than that recorded for 2017. Total expenditure per capita stood at €817, a decrease of 5.4% when compared to 2017.

[2] *Russia Economic Report May 2018 (World Bank Group); focus-economics.com (Russia GDP Q3 2018), 8 January 2019; www.guidetopetersburg.com.*
[3] *European Economic Forecast Autumn 2018 – European Commission; National Statistics Office Malta (www.nso.gov.mt).*

In 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 [4]

Economic growth is set to slow down after a strong 2018 as the domestic business cycle matures, fiscal stimulus gradually moderates, and headwinds from the global economy strengthen. Fuel and food prices have driven inflation up, but underlying inflation is also gathering momentum. After peaking at 2.4% of GDP in 2018, the budget deficit is set to fall below 2% in 2019.

From January to November 2018, commercial accommodation establishments registered a total of 11.7 million arrivals and 29.0 million tourism nights, up 5.5% and 4.0% respectively, compared to the same period of the previous year. Foreign guests spent 2.5% more (14.4 million) and domestic guests 5.5% more (14.7 million) nights in commercial accommodation establishments. Room occupancy in hotels increased by 2.1 percentage points to 62.1% and total gross sales in commercial accommodation establishments grew by 9.5% at current prices to a total of HUF 472 billion. Within this period, accommodation revenues increased by 8.3% to HUF 280 billion.

Looking ahead, with the hosting of the European Maccabi Games and the World Table Tennis Championships in Budapest in 2019, along with various music festivals and other events, the tourism market in Hungary is set to continue performing within this positive trend.

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[5]

After a strong 2017, economic growth in the Czech Republic is expected to moderate in 2018. Real GDP increased by 2.7% year-on-year in Q2 2018 (as compared to 2.9% in the same period a year earlier). Such increase was exclusively due to domestic demand, principally household consumption expenditure, investment activity by firms and general government sector expenditure.

The number of overnight stays of guests in collective accommodation establishments reached 20.6 million nights in Q3 2018, resulting in a 4.3% increase when compared to the corresponding period the year before. Almost all categories of accommodation establishments (except for the five-star hotels category) recorded a year-on-year growth.

The Group's five star hotel property in Prague continued to perform positively, achieving significant year-on-year growth both in revenue streams and profitability.

Portugal[6]

Real GDP in Portugal rose by 2.3% year on year over the first half of 2018, mainly driven by strong domestic demand. Notwithstanding, GDP growth is expected to slow down in 2019 and 2020 as net exports weaken. Job creation is also set to weaken amid some improvement in labour productivity. The general government deficit is projected to remain below 1% over the forecast horizon while the structural balance, following some improvement in 2018, is forecast to remain broadly stable thereafter. The gross public debt-to-GDP ratio is set to continue decreasing to around 117% by 2020.

In the first 11 months of 2018, the number of guests increased by 1.6%, when compared to the same period a year earlier, to reach 19.8 million guests and overnight stays amounted to 54.8 million, a decline of 0.2%. In the same period of 2018, overnight stays spent in hotels (comprising 70% of total establishments) grew by 1.3%. British tourists remained the largest group of visitors last year, however with a decline of 8.0% in the first 11 months of 2018.

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.

[4] *European Economic Forecast Autumn 2018 – European Commission; Central Statistical Office (KSH).*
[5] *Macroeconomic Forecast November 2018 (Ministry of Finance of the Czech Republic); Czech Statistical Office (www.czso.cz); Praguecitytourism.com (2017 Annual Report Prague City Tourism; Tourism Trends in Prague – January to September 2018).*
[6] *European Economic Forecast Autumn 2018 – European Commission; Instituto Nacional De Estatistica (www.ine.pt).*

***United Kingdom*[7]**

UK GDP growth is currently subdued and expected to remain so over the forecast horizon. Private consumption growth is forecast to remain weak as real wages grow modestly and households look to maintain savings. Heightened uncertainty means that business investment growth is likely to remain constrained. The net trade contribution to growth is projected to decrease in-line with a moderation in external demand. Employment growth is expected to slow significantly, leading to a modest rise in unemployment. Inflation should ease as the impact of the Pound Sterling's 2016 depreciation unwinds.

Between January and September 2018 there were 28.9 million inbound visits to the UK, down by 5% on the first nine months of 2017. During the first nine months of 2018, inbound visitors spent a combined £17.5 billion, 9% less than they did in the first nine months of 2017. The drop in inbound tourism to the UK has been attributed to a fall in interest among Europeans, who account for two-thirds of overseas visitors. The forecast for 2018 is for 41.7 million overseas visits to the UK, an increase of 4.4% on 2017, and £26.9 billion in visitor spending, an increase of 6.8% on 2017.

Since its launch in 2011, the Corinthia Hotel & Residences London managed to increase both its revenue generation and operating profits annually, and is now approaching its stabilised years of performance.

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 2015, 2016 and 2017. 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 2015, 2016 and 2017.

The tables and discussion included in this section 5.2 contain certain alternative performance measures (as defined by the European Securities and Markets Authority (ESMA)), including EBITDA and adjusted EBITDA, which the Group's management and other competitors in the industry use. These non-IFRS financial measures are presented as supplemental information as (i) they represent measures which the Directors believe may be relevant for certain investors, securities analysts and other parties in assessing the Group's operating and financial performance and may contribute to a fuller understanding of the Group's cash generation capacity and the growth of its business; and (ii) they may be used by the Group's management as a basis for strategic planning and forecasting.

[7] *European Economic Forecast Autumn 2018 – European Commission; 2018 inbound tourism forecast (www.visitbritain.org).*

INTERNATIONAL HOTEL INVESTMENTS P.L.C.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

	2015 (€'000)	2016 (€'000)	2017 (€'000)
Revenue	134,074	157,901	242,413
Costs of providing services	(70,326)	(87,519)	(132,015)
	63,748	**70,382**	**110,398**
Marketing costs	(5,484)	(5,587)	(10,835)
Administrative expenses	(26,093)	(27,805)	(35,265)
Other (expenses)/income	(54)	795	(403)
EBITDA[1]	**32,117**	**37,785**	**63,895**
Depreciation and amortisation	(20,093)	(23,307)	(31,066)
Other losses arising on property, plant and equipment	–	(1,044)	(378)
Impairment losses attributable to intangibles	–	–	(3,000)
Net changes in fair value of investment property	193	(19,712)	278
Net reversals of impairment losses attributable to hotel properties	11,639	2,960	3,998
Net changes in fair value of indemnification assets	551	(210)	(210)
Results from operating activities	**24,407**	**(3,528)**	**33,517**
Investment income	–	1,223	136
Finance income			
– interest and similar income	532	685	1,387
Finance costs			
– interest expense and similar charges	(14,516)	(16,721)	(22,505)
– net exchange differences on borrowings	(8,215)	9,917	(3,236)
Share of net profit of associates and joint ventures accounted for using the equity method	(2,557)	1,661	2,119
Reclassification of currency translation reserve to profit and loss upon obtaining control of NLI	–	–	(1,809)
Profit/(Loss) before tax	**(349)**	**(6,763)**	**9,609**
Tax income/(expense)	(3,398)	(895)	5,288
Profit/(Loss) for the year	**(3,747)**	**(7,658)**	**14,897**
Other comprehensive income			
Net impairment of hotels	21,105	43,729	26,201
Share of other comprehensive income of equity accounted investments	9,674	–	–
Other effects and tax	(15,883)	(3,165)	(1,783)
	14,896	40,564	24,418
Total comprehensive income(expense) for the year net of tax	**11,149**	**32,906**	**39,315**

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

INTERNATIONAL HOTEL INVESTMENTS P.L.C.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

	2015 (€'000)	2016 (€'000)	2017 (€'000)
Net cash from operating activities	29,502	27,635	60,013
Net cash from investing activities	(28,555)	(29,099)	(15,579)
Net cash from financing activities	(7,133)	10,632	(21,956)
Net movement in cash and cash equivalents	**(6,186)**	**9,168**	**22,478**
Cash and cash equivalents at the beginning of year	17,850	11,664	20,832
Effect of translation of group entities to presentation currency	–	–	(658)
Cash and cash equivalents at end of year	**11,664**	**20,832**	**42,652**

INTERNATIONAL HOTEL INVESTMENTS P.L.C.
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER

	2015 (€'000)	2016 (€'000)	2017 (€'000)
ASSETS			
Non-current			
Intangible assets	55,989	56,769	51,358
Indemnification assets	22,238	24,025	23,815
Investment property	166,274	164,278	205,238
Property, plant and equipment	572,103	617,765	1,108,251
Investments accounting for using the equity method	267,045	250,913	59,872
Loans receivable	3,728	4,570	1,598
Deferred tax assets	–	–	12,157
Assets placed under trust arrangement	3,870	1,077	2,168
	1,091,247	**1,119,397**	**1,464,457**
Current			
Inventories	6,280	6,727	10,197
Loans receivable	7,325	12,982	17,984
Trade and other receivables	33,032	42,151	46,841
Current tax assets	2,896	4,654	3,318
Available-for-sale investments	–	–	8,603
Cash and cash equivalents	18,863	29,382	50,795
Assets placed under trust arrangement	–	4,961	122
	68,396	**100,857**	**137,860**
	1,159,643	**1,220,254**	**1,602,317**

EQUITY			
Capital and reserves attributable to owners of IHI			
Issued capital	573,636	597,750	615,685
Revaluation reserve	85,012	102,842	–
Translation reserve	(3,288)	2,895	(11,228)
Reporting currency conversion difference	443	443	443
Other components of equity	4,552	2,617	2,770
Accumulated losses	(52,665)	(60,323)	76,379
	607,690	**646,224**	**684,049**
Non-controlling interest	598	598	200,583
Total equity	**608,288**	**646,822**	**884,632**
LIABILITIES			
Non-current			
Bank borrowings	190,986	163,908	321,201
Bonds	146,702	201,896	202,156
Other interest bearing borrowings	4,928	4,682	4,612
Deferred tax liabilities	106,760	113,982	95,091
Trade and other payables	1,774	3,177	4,698
Provisions	206	206	206
	451,356	487,851	627,964
Current			
Bank borrowings	22,203	24,972	28,211
Bonds	–	9,706	–
Other interest bearing borrowings	3,581	228	52
Current tax liabilities	177	1,767	3,729
Trade and other payables	74,038	48,908	57,729
	99,999	**85,581**	**89,721**
Total liabilities	**551,175**	**573,432**	**717,685**
Total equity and liabilities	**1,159,643**	**1,220,254**	**1,602,317**

FY2015 was mainly characterised by the acquisition of IHGH in August 2015. IHGH's 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 83,530m² plot of land at Hal Ferh, Golden Bay. 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.

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).

In **FY2016**, IHI registered total revenue for the year amounted to €157.9 million compared to €134.1 million the year before. The increase in revenue is attributable to the Company's operations in St Petersburg (€1.7 million), the consolidation of the IHGH results for a full year as opposed to six months in 2015 (€16.2 million), and other European operations (€4.5 million). QP, which was acquired in July 2016, contributed €1.4 million.

EBITDA for 2016 excluding the consolidation of the results of jointly controlled companies amounted to €37.8 million compared to €32.1 million achieved in 2015. The increase in EBITDA is attributable to the improved performance in all the Company's hotels, which was however slightly dampened by the loss at its Spanish catering operation. The year-on-year performance of the Corinthia Hotel St Petersburg was €2.6 million higher in 2016 relative to 2015. The performance of the Corinthia Hotel London, in which IHI holds a 50% stake, continued to improve significantly in the year under review when measured in Pound Sterling, but in Euro terms was affected negatively by the weakening of Pound Sterling in terms of Euro in the run-up to and more so following the Brexit results. The Group's share of the hotel's EBITDA in 2016 amounted to €8.0 million as compared to €8.2 million in 2015. Likewise, the Golden Sands operation, in which IHI holds a 50% stake acquired through the IHGH acquisition, contributed € 7.2 million to the Group's EBITDA. In 2015, this operation contributed an EBITDA of €3.8 million for the six-month period during which Golden Sands was part of the Group.

On an adjusted basis, the EBITDA for the Group including its share of the joint venture's EBITDA is €53.0 million compared to € 44.1 million in 2015.

In 2016, the Group registered net property uplifts including our share of joint ventures' uplifts, before tax, of €27.0 million on account of the continuing improved trading performance of the Group's assets located in Europe. This increase continues to build on the net property uplifts of €42.6 million registered last year.

Net finance costs in 2016 amounted to €6.1 million, which is net of a significant exchange translation gain of €9.9 million on bank borrowings denominated in Euro on the property in St Petersburg in consequence of the Rouble functional currency of this operation.

After accounting for taxation and other items in the comprehensive income statement, IHI reported total comprehensive income for the year, net of tax, of €32.9 million (2015: comprehensive income, net of tax, of €11.1 million).

FY2017: Total revenue for the year under review amounted to €242.4 million compared to €157.9 million the year before. The increase in revenue is mainly attributable to the consolidation of the Corinthia Hotel London which contributed €68.7 million of the increase - the remaining €15.8 million is the result of continuing performance improvements in the other operations of the Company.

EBITDA for 2017, excluding the consolidation of the results of jointly controlled companies, amounted to €63.9 million compared to €37.8 million achieved in 2016. Again, €15.2 million is attributable to the Corinthia Hotel London operation, being consolidated for the first time this year. The remaining increase of €10.9 million is attributable to a marked performance improvement in all the Company's hotels. It is also worth noting that the year-on-year performance of the Corinthia Hotel St Petersburg was €2.6 million higher in 2017 relative to 2016, an exceptional improvement when considering that last year this operation achieved a similar result when compared to 2015. Similar marked improvements were achieved at the Corintha Hotel Lisbon and Corinthia Hotels Limited, the Group's operating arm.

Performance in 2017 was slightly dampened by the exchange losses recorded in St Petersburg on account of the weakened Rouble compared to 2016. The Group's share of the associates and joint ventures now reflects the Golden Sands operation only as the Corinthia Hotel London operation is fully consolidated. This operation contributed €4.9 million to the Group's EBITDA.

On an adjusted basis, the EBITDA for the Group including its share of the joint venture's EBITDA is €61.2 million compared to € 53.0 million in 2016.

In 2017, the Group registered net property uplifts including our share of joint venture's uplifts, before tax, of €30.5 million on account of the continuing improved trading performance of the Group's assets located in Europe. This amount included a full reversal of all impairments previously recorded on St Petersburg.

Net finance costs in 2017 amounted to €24.4 million, which reflects a material increase from the previous year on account of exchange translation movements of €13.2 million and the inclusion of the interest cost of the Corinthia London for the first time now that it is accounted as a Subsidiary.

After accounting for taxation and other items in the comprehensive income statement, IHI reported total comprehensive income for the year, net of tax, of €39.3 million (2016: comprehensive income, net of tax, of €32.9 million).

Set out below are the interim financial results of the Issuer for the six-month period 1 January to 30 June 2018, and the comparative interim financial statements for the period 1 January to 30 June 2017. The said results, which are unaudited, have been published and are available on the Issuer's website (www.ihiplc.com) and at its registered office.

IHI GROUP INCOME STATEMENT
FOR THE SIX-MONTH PERIOD 1 JANUARY TO 30 JUNE

	2017 Unaudited (€'000)	**2018 Unaudited (€'000)**
Revenue	115,284	116,937
Costs of providing services	(64,898)	(66,447)
	50,386	**50,490**
Marketing costs	(5,500)	(5,557)
Administrative expenses	(18,198)	(17,323)
Other income	337	–
EBITDA[1]	**27,025**	**27,610**
Depreciation and amortisation	(16,887)	(15,856)
Impairment losses attributable to intangibles	–	(500)
Net changes in fair value of indemnification assets	(105)	(105)
Results from Operating Activities	**10,033**	**11,149**
Finance income		
– interest and similar income	1,174	442
Finance costs		
– interest expense and similar charges	(11,577)	(10,318)
– net exchange differences on borrowings	(2,888)	(2,765)
Share of net profit of associates and joint ventures accounted for using the equity method	957	(275)
Loss before tax	**(2,301)**	**(1,767)**
Tax income/(expense)	435	(970)
Loss for the year	**(1,866)**	**(2,737)**
Other comprehensive income		
Other effects and tax	5,928	(2,328)
	5,928	(2,328)
Total comprehensive income(expense) for the year net of tax	**4,062**	**(5,065)**

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

IHI GROUP CASH FLOW STATEMENT
FOR THE SIX-MONTH PERIOD 1 JANUARY TO 30 JUNE

	2017 Unaudited (€'000)	2018 Unaudited (€'000)
Net cash from operating activities	22,631	21,883
Net cash from investing activities	5,156	(20,889)
Net cash from financing activities	3,849	(2,978)
Net movement in cash and cash equivalents	**31,636**	**(1,984)**
Cash and cash equivalents at the beginning of year	20,832	42,652
Cash and cash equivalents at end of year	**52,468**	**40,668**

IHI GROUP BALANCE SHEET
AS AT 31 DECEMBER

	2017 Unaudited (€'000)	2018 Unaudited (€'000)
ASSETS		
Non-current		
Intangible assets	51,358	49,361
Indemnification assets	23,815	23,710
Investment property	205,238	201,898
Property, plant and equipment	1,108,251	1,132,054
Investments accounting for using the equity method	59,872	59,657
Loans receivable	1,598	1,568
Deferred tax assets	12,157	10,420
Assets placed under trust arrangement	2,168	2,190
	1,464,457	**1,480,858**
Current		
Inventories	10,197	11,264
Loans receivable	17,984	–
Trade and other receivables	46,841	57,205
Current tax assets	3,318	3,687
Available-for-sale investments	8,603	6,288
Cash and cash equivalents	50,795	49,078
Assets placed under trust arrangement	122	122
	137,860	**127,644**
	1,602,317	**1,608,502**

EQUITY		
Capital and reserves attributable to owners of IHI		
Issued capital	615,685	615,685
Translation reserve	(11,228)	(14,477)
Reporting currency conversion difference	443	443
Other components of equity	2,770	2,890
Accumulated losses	76,379	64,182
	684,049	**668,723**
Non-controlling interest	200,583	198,530
Total equity	**884,632**	**867,253**
LIABILITIES		
Non-current		
Bank borrowings	321,201	309,889
Bonds	202,156	202,331
Other interest bearing borrowings	4,612	94
Deferred tax liabilities	95,091	91,016
Trade and other payables	4,698	2,060
Provisions	206	206
	627,964	**605,596**
Current		
Bank borrowings	28,211	47,263
Other interest bearing borrowings	52	4,553
Current tax liabilities	3,729	4,591
Trade and other payables	57,729	79,246
	89,721	**135,653**
Total liabilities	**717,685**	**741,249**
Total equity and liabilities	**1,602,317**	**1,608,502**

During the first six months of 2018, the Group registered an increase in revenue of €1.6 million over the corresponding period the year before resulting from overall operational improvements and the effect of the consolidation, as of 1 April 2018, of the Corinthia Palace Hotel. As mentioned in the notes to the financial statements of 2017, this hotel was acquired as a going concern in April 2018 for €26.6 million.

The following table shows the evolution of the Group's EBITDA. The 2017 and 2018 joint venture line refers solely to the Group's interest in the Golden Sands Resort in Malta:

ADJUSTED EBITDA FOR THE SIX-MONTH PERIOD 1 JANUARY TO 30 JUNE

	2017 Unaudited (€'000)	**2018 Unaudited (€'000)**
IHI – all subsidiaries excluding Tripoli & London	20,035	20,676
London Hotel	6,570	4,719
Tripoli – Hotel and commercial centre	420	2,215
	27,025	**27,610**
Joint ventures – IHI's share	2,027	863
London Hotel – non-controlling interest (50%)	(3,285)	(2,359)
	25,767	**26,114**

During the first six months of 2018, the Group broadly maintained the performance achieved in 2017, with an overall marginal improvement at EBITDA level. The decrease in EBITDA at the London property of €1.8 million was compensated by the recovering performance of the Tripoli hotel on account of an additional rental agreement that was signed last year and the improved food and beverage performance.

An exercise carried out last year, assessing the useful life of the Group's hotel buildings, resulted in a saving of €1 million in depreciation after accounting for the depreciation charge on the Corinthia Palace Hotel since its acquisition. A saving in interest cost of €1.6 million was registered on account of the bank loan repayments effected since the end of the comparative period. This improvement was however absorbed by the negative variance recorded on the Company's share of the Golden Sand Resorts joint venture. The performance of the Golden Sands resort, although in line with the current year's expectations, was affected by the ongoing exercise to refocus its business model and the closure of facilities for refurbishment works.

Net foreign exchange translation differences on borrowings represent the unrealised exchange movements registered mainly in St Petersburg, due to the weakening of the Rouble versus the Euro since 1 January 2018. During the period under review the Group registered a loss after tax of €2.7 million compared to a loss of €1.9 million reported in the same period last year. The expense of €2.3 million in the Statement of Comprehensive Income reflects the currency translation difference on the Group's non-Euro denominated investments in London, Golden Sands Resort timeshare operation in Malta and in St Petersburg.

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 10 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

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. Two non-executive Directors sitting on the Board of the Issuer are independent Directors.

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 Hotel & Spa 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 five 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, Sudan and Dubai. Mr. Pisani is also the Chairman of the Issuer.

Salem M.O. Hnesh joined LAFICO in 1981 and is a former Chairman and CEO of Asteris in Greece and Chairman and CEO of Libyan Greek Investment Company. He was appointed General Manager of LAFICO in August 2018. He is a graduate in agricultural engineering from the University of Tripoli.

Winston V. Zahra was the Chairman of the Island Hotels Group until 2015. 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 a trustee of The President's Trust and 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.I.c. another subsidiary company of the Corinthia Group. Dr Vella is currently the Chairman of the Issuer's Remuneration Committee.

Frank Xerri de Caro joined the Board of the Issuer as an independent non-executive Director 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.

Abuagila Almahdi joined LAFICO 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 Buamim 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. Buamim 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 period 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.

Joseph Pisani is a founder director and member of the main board of CPHCL since 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.

Abdulnaser M.B. Ahmida is a director of the Risk Management Department at LAFICO. He was previously head of the Financial Analysis Department at LAFICO 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.

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 industry 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. In 2017 he was promoted to Managing Director – Finance and is mainly responsible for the IHI Group's financial reporting, the treasury function, and taxation issues.

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 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 2017, he was promoted to the post of IHI Chief Financial Officer and is responsible for the Group's financial reporting.

6.2 DIRECTORS' SERVICE CONTRACTS

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

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

6.3 AGGREGATE EMOLUMENTS OF DIRECTORS

For the financial year ended 31 December 2018 the Issuer paid an aggregate of €0.9 million to its Directors (2017: €0.9 million).

6.4 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.

6.5 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.

6.6 POWERS OF DIRECTORS

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

7. MANAGEMENT STRUCTURE

7.1 GENERAL

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

7.2 HOTEL OPERATIONS

Day-to-day hotel operations are the responsibility of CHL, 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 QP. 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 Prospectus, CPHCL holds 335,551,314 shares equivalent to 57.81%, Istithmar holds 125,893,835 shares equivalent to 21.69% and LAFICO holds 62,946,915 shares equivalent to 10.85% of the Issuer's total issued share capital (half of this 10.85% 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, LAFICO and Istithmar is retained at arm's length, 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 other companies forming part of the Group, and conflicts of interest could potentially arise in relation to transactions involving the Issuer 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 and in compliance with the Listing Rules. 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, 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 2017, the Issuer employed 2,933 members of staff (FY2016: 2,015 employees).

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 entirely of non-executive Directors (a majority of whom are considered independent of the Issuer), who are appointed for a period of three years. Frank Xerri de Caro, an independent non-executive Director of the Issuer, acts as Chairman, whilst Abuagila Almahdi (non-executive Director) and Joseph J. Vella (independent non-executive Director) 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 NOMINATION AND REMUNERATION COMMITTEE

The nomination 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) whilst Frank Xerri de Caro and Abuagila Almahdi act as members. 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 2018, the Company was in compliance with the Code save as set out hereunder.

As at 27 April 2018, 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.

10. HISTORICAL INFORMATION

The historical financial information relating to the Issuer for the three financial years ended 31 December 2015, 2016 and 2017 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.

11. LITIGATION

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

12. ADDITIONAL INFORMATION

12.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of the Issuer is €1,000,000,000. The issued share capital is €615,684,920 divided into 615,684,920 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 10.85% of the issued share capital of the Issuer (66,801,813 ordinary shares) that LAFICO bought from Istithmar on 22 April 2010, which is currently subject to a call option in favour of CPHCL.

12.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

12.2.1 Objects

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

12.2.2 Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of not less than 4 and not more than 10 directors.

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

12.2.3 Powers of Directors

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

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

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

13. MATERIAL CONTRACTS

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

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

Save for 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 financial analysis summary has been included in the form and context in which it appears with the authorisation of Charts (a division of MeDirect Bank (Malta) plc) of The Centre, Tigné Point, Sliema TPO 0001, Malta.

Charts (a division of MeDirect Bank (Malta) plc) does not have any material interest in the Issuer. The Issuer confirms that the financial analysis report has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

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.

15. DOCUMENTS AVAILABLE FOR INSPECTION

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

a. Memorandum and Articles of Association of the Issuer;
b. Audited consolidated financial statements of the Issuer for the years ended 31 December 2015, 2016 and 2017;
c. Unaudited consolidated financial information of the Issuer for the sixmonth periods ended 30 June 2017 and 30 June 2018;
d. Financial analysis summary prepared by Charts (a division of MeDirect Bank (Malta) plc) dated 4 March 2019; and
e. The letter of confirmation drawn up by PricewaterhouseCoopers dated 4 March 2019.

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

SECURITIES NOTE
DATED 4 MARCH 2019

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.

In respect of an issue of

€20,000,000 4% Unsecured Bonds 2026

of a nominal value of €100 per Bond issued at par by

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH REGISTRATION NUMBER C 26136

ISIN:- MT 0000 111329

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.

Sponsor, Manager and Registrar	Legal Counsel
WEALTH MANAGEMENT • CORPORATE BROKING CHARTS A division of MeDirect Bank (Malta) plc	CAMILLERI PREZIOSI ADVOCATES

TABLE OF CONTENTS

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 4 MARCH 2019 AND CONTAINS INFORMATION ABOUT INTERNATIONAL HOTEL INVESTMENTS PLC (THE "**ISSUER**") IN ITS CAPACITY AS ISSUER AND AN ISSUE BY THE ISSUER OF €20,000,000 UNSECURED BONDS 2026 OF A NOMINAL VALUE OF €100 PER BOND, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4% PER ANNUM, PAYABLE ANNUALLY IN ARREARS ON 20 DECEMBER OF EACH YEAR (OR THE NEXT BUSINESS DAY WHEN 20 DECEMBER FALLS ON A DAY WHICH IS NOT A BUSINESS DAY IN MALTA) AND REPAYABLE IN FULL AT MATURITY ON 20 DECEMBER 2026 UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE "**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. THIS SECURITIES NOTE SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF THE 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.

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THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR THE 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 PERSON IN POSSESSION OF THIS DOCUMENT AND ANY PERSON WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO BONDS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURSIDCTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY BONDS MAY COME MUST FIRST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF THE BONDS.

THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "**U.S.**" OR "**UNITED STATES**") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED, AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT.

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

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY. NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

ALL THE ADVISORS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS TO THE ISSUER" UNDER SECTION 3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

1. DEFINITIONS

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

2016 Bonds	the €40,000,000 4% unsecured bonds 2016 (ISIN: MT0000111311) issued by the Issuer pursuant to a securities note dated 21 November 2016, which bonds are fully fungible with the Bonds;
Act	the Companies Act (Cap. 386 of the Laws of Malta);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Financial Intermediaries;
Application Form/s	the subscription form to be completed by Applicant/s and submitted to the Registrar by the Authorised Financial Intermediaries, a specimen of which is contained in Annex II of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond(s)	the €20,000,000 unsecured bonds of a nominal value of €100 per bond bearing interest at the rate of 4% per annum and redeemable on the Redemption Date at their nominal value, being issued pursuant to the Prospectus;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Bondholder	a holder of Bonds;
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;
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) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal date and on the free movement of such data, and repealing Directive 95/46/EC;
Interest Payment Date	20 December of each year between and including each of the year 2019 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;
Intermediaries' Offer	an offer to be made on 22 March 2019 to Authorised Financial Intermediaries for the subscription of Bonds, in accordance with section 7.4 of the Securities Note;
Issue Date	expected on 28 March 2019;
Listing Authority	the Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Listing Rules	the listing rules of the Listing Authority;

NLI	NLI Holdings Limited, a company registered 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, United Kingdom;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Redemption Date	20 December 2026;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 4 March 2019, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended);
Securities Note	this document in its entirety forming part of the Prospectus;
Sponsor, Manager and Registrar	MeDirect Bank (Malta) plc, a company registered under the Laws of Malta with company registration number C 34125 and having its registered office at The Centre, Tigné Point, Sliema TPO 0001, Malta, licensed by the MFSA and a member of the MSE. The role of sponsor, manager & registrar is conducted by the corporate finance division of MeDirect Bank (Malta) plc, which operates under the brand name 'Charts'. The use of the logo 'Charts' in the Prospectus shall be construed accordingly;
Summary Note	the summary note issued by the Issuer dated 4 March 2019, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue specified in sections 4.3, 5 and 7 of this Securities Note.

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

Unless it appears otherwise from the context:

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

2. RISK FACTORS

2.1 GENERAL

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR, MANAGER AND REGISTRAR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.

ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.2 FORWARD-LOOKING STATEMENTS

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

2.3 GENERAL

An investment in the Issuer and the 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 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 Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
b. has sufficient financial resources and liquidity to bear all the risks of an investment in the 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 Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
d. be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.4 RISKS RELATING TO THE BONDS

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

- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.

- **The Bonds bear a fixed rate of interest. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds is likely to react adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate bonds may decline. Conversely, if market interest rates are declining, the price of fixed rate bonds may rise. This is referred to as market risk and would be relevant to a Bondholder electing to sell the Bonds before maturity on the secondary market.**

- **A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.**

- **No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.**

- **The Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).**

- **The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, present and future, if any. Furthermore, subject to the negative pledge clause (section 5.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.**

- **Privileges or similar charges accorded by law in specific situations may arise during the course of the business of the Issuer which may rank with priority or preference to the Bonds.**

- **In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.**

- **The attention of prospective investors in the Bonds is drawn to section 7.2.1 of this Securities Note, which provides that the issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List**

- **The Terms and Conditions of this Bond Issue are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.**

- **Even after the Bonds are admitted to the Official List, the Issuer is required to remain in compliance with certain requirements relating to, inter alia, the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the power to suspend trading or listing of the Bonds if, inter alia, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations or discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.**

- **The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.**

3 PERSONS RESPONSIBLE

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

To the best of the knowledge and belief of the Directors, 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 accept responsibility accordingly.

3.1 CONSENT FOR USE OF PROSPECTUS

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

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive (Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC), the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

i. in respect of Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of this Securities Note, pursuant to the subscription agreements as detailed in section 7.4 of this Securities Note;
ii. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
iii. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

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

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

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

Any resale, placement or other offering of Bonds to an investor by an authorised financial intermediary will be made in accordance with any terms and other arrangements in place between such authorised financial intermediary and such investor relating 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, Manager and Registrar has any responsibility or liability for such information.

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

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

4 ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €19,650,000, will be used by the Issuer for the following purposes:

i. the amount of €10,000,000 shall be applied towards part-financing the re-development and refurbishment of the Corinthia Grand Astoria Hotel Brussels; and
ii. an amount equivalent to USD $6,000,000 (approximately €5,200,000) shall be applied towards part-financing the Issuer's investment in a mixed use real estate project at 10 Tverskaya Street, Moscow, comprising a luxury hotel to be operated as a Corinthia hotel, and residential apartments. Such investment shall be effected through the acquisition of a 10% share in the companies that own the land lease and buildings relevant to this development as further explained in section 4.5(q) of the Registration Document.

The remaining balance of the net Bond Issue proceeds will be used by the Issuer for general corporate funding purposes.

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 €350,000. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€20,000,000;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. The terms of the Bonds being issued pursuant to this Securities Note are identical to those of the 2016 Bonds (other than the date of admissibility to listing). The Bonds are fully fungible with the 2016 Bonds. It is expected that the Bonds and the 2016 Bonds will trade separately up until the first Interest Payment Date on 20 December 2019.
Denomination:	Euro (€);
ISIN:	MT 0000 111329;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	20 December 2026;
Plan of Distribution:	The Bonds are being made available for subscription by Authorised Financial Intermediaries pursuant to the Intermediaries' Offer as set out in section 7.4 of this Securities Note;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, present and future, if any;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Closing date for submission of Applications:	12.00 hours on 22 March 2019;
Interest:	4% per annum;
Interest Payment Date(s):	Annually, or part thereof for the first interest payment date, on 20 December, from and including 2019 (the first interest payment date) to and including 2026;
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes MeDirect Bank (Malta) plc) and any fees payable in connection with the Bond Issue to MeDirect Bank (Malta) plc as Sponsor, Manager and Registrar, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

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

5.1 GENERAL

5.1.1 Each Bond forms part of a duly authorised issue of 4% Bonds due 2026 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €20,000,000 (except as otherwise provided under clause 5.12 "Further Issues"). The expected Issue Date of the Bonds is 28 March 2019.

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

5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT 0000 111329.

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

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

5.1.6 The Bond Issue is not underwritten.

5.2 RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of the Issuer, present and future, if any. Furthermore, subject to the negative pledge clause set out in section 5.7 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following sets out a summary of the Group's indebtedness which as at 30 September 2018 amounted to €569,930,000 and include secured and unsecured borrowings, the latter included unsecured bonds. The bank borrowings and the 4% secured bonds 2026 (ISIN: MT0000111303) included hereunder are secured by privileges, hypothecs and other security. The indebtedness being created by the Bonds, together with other issued unsecured bonds including the 2016 Bonds, rank after all bank borrowings and the 4% secured bonds 2026 (ISIN: MT0000111303). In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

IHI Group Borrowings as at 30 September 2018

	€'000
Secured borrowings:	
Bank Loans	363,012
4% Secured Bonds 2026 (ISIN: MT 0000 111303)	39,373
	402,385
Unsecured borrowings:	
Unsecured bonds	163,045
Other interest bearing borrowings	4,500
	167,545
Total borrowings	**569,930**

5.3 RIGHTS ATTACHING TO THE BONDS

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

i. the repayment of capital;
ii. the payment of interest;
iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 hereof;
iv. attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
v. enjoy all such other rights attached to the Bonds emanating from this Prospectus.

5.4 INTEREST

5.4.1 The Bonds shall bear interest from and including 22 March 2019 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, provided that the first interest payment period shall be of less than one year. The first interest payment will be effected on 20 December 2019 (covering the period 22 March 2019 to 19 December 2019). Subsequent interest payments will cover the period 20 December to 19 December of ensuing years during the term of the Bonds. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

5.4.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 360 day year consisting of 12 months of 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 Bonds at Redemption Date is 4%.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

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

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

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

5.6.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in Section 5.11 of this Securities Note.

5.6.5 Applicants may opt to subscribe for the online e-portfolio of the MSE. The Bondholder's statement of holdings evidencing entitlement to the Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facilities on https://eportfolio.borzamalta.com.mt/. Further details on the e-portfolio may be found on https://eportfolio.borzamalta.com.mt/Help.

5.7 NEGATIVE PLEDGE

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

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

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

"**Permitted Security Interest**" means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 104% of the aggregate principal amount of the Bonds still outstanding;

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

5.8 PAYMENTS

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

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

5.8.3 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 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 days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

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

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

5.9 REDEMPTION AND PURCHASE

5.9.1 Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 20 December 2026.

5.9.2 Subject to the provisions of this section 5.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

5.10 EVENTS OF DEFAULT

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

5.10.1 the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.10.2 the Issuer shall fail to pay the principal amount on any Bond when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

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

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

5.10.5 the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or

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

5.10.7 there shall have been entered against the Issuer 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 €10 million or its equivalent and 90 days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

5.10.8 any default occurs and continues for 90 days under any contract or document relating to any Financial Indebtedness (as defined in section 5.7 above) of the Issuer in excess of €10 million or its equivalent at any time.

5.11 TRANSFERABILITY OF THE BONDS

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

5.11.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

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

5.11.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.

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

5.12 FURTHER ISSUES

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

5.13 MEETINGS OF BONDHOLDERS

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

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

5.13.3 The amendment or waiver of any of the 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.

5.13.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 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 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 days, and not later than 15 days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

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

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

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

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

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

5.14 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 7 February 2019.

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 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 REPRESENTATIONS AND WARRANTIES OF THE ISSUER

5.16.1 The Issuer represents and warrants to Bondholders, who 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.

5.16.2 To the best of the Directors' knowledge, the Prospectus contains all relevant material information with respect to the Issuer 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, its businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

5.17 GOVERNING LAW AND JURISDICTION

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

Any legal action, suit or proceedings against the Issuer arising out of or in connection with the 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 regarding both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as any income derived therefrom or on any gains derived on the transfer of such Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

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

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

6.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder that is entitled to receive the interest gross of any withholding tax, 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, hereinafter, the "**Income Tax Act**"), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) 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 is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person should be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.

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 Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. 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, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, 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

In terms of applicable Maltese legislation, the Issuer and/or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to Bondholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue should or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Please note that this does not constitute tax advice and prospective investors on the Bonds are to consult their own independent tax advisers in case of doubt.

6.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

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

6.5 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the Laws of Malta), duty is chargeable *inter alia* on the transfer or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as "a holding of share capital in any company and any document representing the same".

Consequently, in the view of the Issuer, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered to be treated as marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Cap. 345 of the Laws of Malta) as the Bonds constitute financial instruments of a company quoted on a regulated market, as is the MSE, redemptions and transfers of the Bonds should, in any case, be 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 THE BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

7 TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Opening and closing of subscription lists	6 March 2019 to 22 March 2019
2. Intermediaries' Offer	22 March 2019
3. Commencement of interest on the Bonds	22 March 2019
4. Expected date of admission of the Bonds to listing	28 March 2019
5. Expected date of opening of trading in the Bonds	29 March 2019

7.2 GENERAL TERMS AND CONDITIONS

7.2.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, 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 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 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.

7.2.3 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 Sponsor, Manager and 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.

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

7.2.5 In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).

7.2.6 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 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 18 years.

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

7.2.8 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.

7.2.9 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.

7.2.10 The Bonds will be issued in Euro (€). The aggregate principal amount of the Bond Issue is of €20,000,000.

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.

7.2.12 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000.

7.2.13 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List. In the event that the Bonds are not admitted to the Official List, any application monies received by the Issuer will be returned without interest into the Applicant's bank account indicated by the Applicant on the relevant Application Form.

7.2.14 All Application Forms are to be lodged with any of the Authorised Financial Intermediaries by not later than 12.00 hours on 22 March 2019, together with payment of the full price of the Bonds applied for in Euro. Payment may be made in cash or cheque payable to the respective Authorised Financial Intermediary.

7.2.15 In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive from the respective Authorised Financial Intermediary a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.

7.2.16 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 as is mentioned in 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 Malta Stock Exchange in terms of the Data Protection Act (Cap. 586 of the Laws of Malta) and/or the GDPR, as amended from time to time (as applicable), for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.

7.2.17 It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 ("MiFIR"), as well as applicable MFSA Rules for investment services providers.

7.2.18 By not later than 28 March 2019, the Issuer shall announce the result of the Bonds Issue through a company announcement.

7.2.19 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 issue of the Bonds contained therein;

b. acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at www.ihiplc.com. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act (Cap. 586 of the Laws of Malta) and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;

c. 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;

d. authorises the Issuer (or its service providers, including the CSD and/or the Sponsor, Manager and Registrar) and/or the relevant Authorised Financial Intermediary, as applicable, 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. 586 of the Laws of Malta) and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;

e. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;

f. 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;

g. agrees to provide the Sponsor, Manager and Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;

h. 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 Sponsor, Manager and Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond and/or his/her Application;

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

j. 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;

k. agrees that the advisors to the Bond Issue (listed in section 3.3 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;

l. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form; and

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

7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds shall be distributed through an Intermediaries' Offer, as detailed in section 7.4 below.

Subscriptions shall be made through any of the Authorised Financial Intermediaries, subject to a minimum subscription amount of €2,000 in nominal value of Bonds and in multiples of €100 thereafter.

By not later than 28 March 2019, the Issuer shall announce the result of the Bond Issue through a company announcement. Dealing in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE.

7.4 INTERMEDIARIES' OFFER

As indicated in section 7.3 above, the Issuer has reserved a maximum amount of €20,000,000 in value of Bonds for subscription by Authorised Financial Intermediaries through subscription agreements whereby the Issuer will bind itself to allocate Bonds to such Authorised Financial Intermediaries in accordance with the terms of such agreements. The Authorised Financial Intermediaries will in turn bind themselves to subscribe to a specified amount of Bonds subject to, and conditional upon, the Bonds being admitted to the Official List.

The subscription agreements will become binding on each of the Issuer and the Authorised Financial Intermediaries on the date of signing thereof, provided that the Authorised Financial Intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading, or submit to the Sponsor, Manager and Registrar, Application Forms directly in the name of their underlying customers. In either case, subscription amounts made by Applicants through Authorised Financial Intermediaries, including those made under nominee, shall be in multiples of €100 Bonds, subject to a minimum subscription amount of €2,000 in Bonds by each individual Bondholder or underlying customer.

7.5 PRICING

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

7.6 ALLOCATION POLICY

The Issuer shall allocate the Bonds to Authorised Financial Intermediaries pursuant to the subscription agreements entered into with the Issuer, details of which can be found in section 7.4 above.

7.7 ADMISSION TO TRADING

7.7.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 4 March 2019.

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

7.7.3 The Bonds are expected to be admitted to the MSE with effect from 28 March 2019 and trading is expected to commence on 29 March 2019.

7.8 ADDITIONAL INFORMATION

Save for the financial analysis summary set out as Annex III, the Securities Note does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of the Sponsor, Manager and Registrar, which has given and has not withdrawn its consent to the inclusion of such report herein.

The Sponsor, Manager and Registrar does not have any material interest in the Issuer. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note 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.

ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
MeDirect Bank (Malta) plc	The Centre, Tigné Point, Sliema TPO 0001	25574400
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000

ANNEX II - SPECIMEN APPLICATION FORMS

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

€20,000,000
4% Unsecured Bonds 2026

APPLICATION FORM

Application number

Please read the Notes overleaf before completing this Application Form. Mark 'X' where applicable.

A APPLICANT ***(see notes 2 to 7)***

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

B Title (MR/MRS/MS/….)	Full Name & Surname / Registered Name			
Address				Postcode
MSE A/C No.	I.D. Card / Passport / Company Registration No.		Document Type	Country of Issue
LEI (Legal Entity Identifier) *(if applicant is NOT an individual)*		Date of Birth	Nationality	Telephone No. / Mobile No.

☐ **PLEASE REGISTER ME FOR E-PORTFOLIO** *(mobile number is mandatory for e-portfoliio registration)*

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

Title (MR/MRS/MS/….)	Full Name & Surname		I.D. Card / Passport No.
Document Type	Country of Issue	Date of Birth	Nationality

D DECISION MAKER / MINOR'S PARENTS / LEGAL GUARDIAN/S ***(see note 4) (to be completed ONLY if applicable)***

Title (MR/MRS/MS/….)	Full Name & Surname		I.D. Card / Passport No.
Document Type	Country of Issue	Date of Birth	Nationality
Title (MR/MRS/MS/….)	Full Name & Surname		I.D. Card / Passport No.
Document Type	Country of Issue	Date of Birth	Nationality

E I/WE APPLY TO PURCHASE AND ACQUIRE ***(see note 8)***

Amount in figures €	Amount in words

International Hotel Investments p.l.c. 4% Unsecured Bonds 2026 (the "**Bonds**") **(minimum €2,000 and in multiples of €100 thereafter)** at the Bond Issue Price (at par), as defined in the Prospectus dated 4 March 2019 (the "**Prospectus**"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.

F RESIDENT - WITHHOLDING TAX DECLARATION ***(see note 10 and 11a) (to be completed ONLY if the Applicant is a Resident of Malta)***

☐ I/We elect to receive interest NET of FWT ☐ I/We elect to receive interest GROSS (i.e. without FWT)

G NON-RESIDENT – DECLARATION FOR TAX PURPOSES ***(see notes 2 to 10) (to be completed ONLY if the Applicant is a Non-Resident)***

TAX COUNTRY	CITY OF BIRTH
TIN (TAX IDENTIFICATION NO.)	COUNTRY OF BIRTH

☐ **NOT** resident in Malta but resident in the European Union. ☐ **NOT** resident in Malta and **NOT** resident in the European Union.

H INTEREST, REFUND AND REDEMPTION MANDATE ***(see note 11) (completion of this panel is mandatory)***

BANK	IBAN

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.
I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/ our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

Signature/s of Applicant/s
(parents 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

NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 4 March 2019 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7.2 of the Securities Note dated 4 March 2019 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. Applicants who are non-residents in Malta for tax purposes, must complete Panel G. The relative box in Panel A must also be marked appropriately.
3. 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 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 6 below). Applications by more than two persons are to use the Addendum to the Application Form.**

   Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on https://eportfolio.borzamalta.com.mt/. Further details on the e-portfolio may be found on https://eportfolio.borzamalta.com.mt/Help.
4. 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 birth certificate is not required if the minor already holds securities which are listed on the MSE). 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.
5. 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. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.**
6. **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 AFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker"), such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the space provided on the Addendum to Application Form.
8. Applications must be for a minimum subscription of €2,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro, in cash or by cheque payable to the respective Authorised Financial Intermediary.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and nonresidents 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 (Cap. 123 of the Laws of Malta).
10. 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.

    The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
11. Should any Application not be accepted, or accepted for fewer Bonds then those applied for, 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.
12. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount committed in terms of the subscription agreement as mentioned in Section 7.4 of the Securities Note by latest 12:00 hours on 22 March 2019. The Issuer, the Registrar and /or the Authorised Financial Intermediary reserve the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
    a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and/or the General Data Protection Regulation (GDPR);
    b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
    c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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

ANNEX III – FINANCIAL ANALYSIS SUMMARY

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

FINANCIAL ANALYSIS SUMMARY

DATED 4 MARCH 2019

WEALTH MANAGEMENT • CORPORATE BROKING

CHARTS

A division of MeDirect Bank (Malta) plc

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

4 March 2019

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**"). 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 2015 to 31 December 2017 has been extracted from audited financial statements of the Issuer for the three years in question.
b. The projected data for the years ending 31 December 2018 and 2019 has been provided by management.
c. Our commentary on the results of the Issuer and its financial position is based on the explanations provided to us 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,

Evan Mohnani
Head – Corporate Finance

CHARTS – a division of MeDirect Bank (Malta) plc
The Centre, Tigné Point, Sliema TPO 0001 - Tel: 2557 4400

TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE ISSUER

1. KEY ACTIVITIES

International Hotel Investments p.l.c. (the "**Issuer**", "**Company**" or "**Group**") is listed on the Malta Stock Exchange and carries on the business of an investment company in connection with the ownership, development and operation of hotels, leisure facilities and other activities related to the tourism industry and commercial centres. The Company owns a number of investments in subsidiary and associate companies through which it furthers the business of the Group.

Important events

Described hereunder are important events in the development of the Group's business since FY2014.

On 10 August 2015, the Issuer acquired 100% of the issued share capital of Island Hotels Group Holdings p.l.c., which was subsequently merged with the Company as of 29 December 2017. The acquired business largely relates to: the ownership, management and operation of five-star hotels in Malta of the IHGH Group (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). It also includes the operation of retail and event catering business under Island Caterers; the development and operation of Costa Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands; and ownership of a plot of land measuring 83,530m^2 located adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta, which is earmarked for the development of a luxury tourist complex.

Following the above-mentioned acquisition in 2015, IHI initiated the design process to consolidate its three hotel properties situated in St George's Bay, St Julians, Malta (namely, the Radisson Blue 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 a luxury hotel attracting high net worth leisure and corporate guests, a business hotel, as well as high-end residential, office, retail and commercial facilities targeting a six-star market. Subject to reaching agreement on new lease terms, receiving the necessary approvals and planning permits and having the required funding in place, this project will be spread out over a number of years to minimise interruption to hotel operations.

The objective is to implement the project in phases, firstly by adding two additional floors to the Corinthia Hotel St George's Bay. The number of room keys will reduce from the current 250 to 234, due to an increase in room size to over 50m^2 an essential feature for the hotel to achieve what is commonly referred to in the industry as 'six-star' status. In addition, the Company plans to develop two serviced residential blocks on vacant land between the Corinthia Hotel St George's Bay and the Radisson Blu Resort St Julians.

On 11 April 2016, NLI Holdings Ltd, the owner of the Corinthia Hotel and Residential Development in London, acquired the Grand Hotel Astoria in Brussels for £11 million and a deferred interest free payment of €500,000 payable two years from opening of the reconstructed and refurbished hotel, through the acquisition of the entire issued share capital of the Belgian hotel-owning company, Hotel Astoria S.A. The acquisition, which also included the purchase of an empty land plot adjoining the listed hotel and four vacant town houses at the rear of the original hotel, was originated and executed by CDI Limited, IHI's development company. QPM Limited, another IHI subsidiary, has since been appointed by CDI Limited as project manager to coordinate and supervise the construction process.

A planning permit was issued in December 2017 for the restoration of the historic ground floor and façade of the original hotel, as well as the reconstruction of all upper floors, adjoining land and town houses. The permit is a major gain in additional volumes and floors, for a total built up area of 18,000m^2. The new hotel will feature 126 luxury bedrooms and suites. It will offer unrivalled amenities for the city of Brussels including a fully restored grand ballroom, an 850m^2 spa, various dining venues, boutique meetings' facilities and high-end retail shops. Initial strip-out and demolition works have commenced and a tender for the main construction programme has since also been issued. Negotiations with two preferred bidders are at a final phase for the awarding of the works contract. Works will commence in the second semester of 2019 and are expected to be completed by 2021. The afore-mentioned construction estimate and other opening costs is being financed out of an equity injection of €20 million and a bank loan facility of €45 million which has been provided by ARES Bank of Spain.

Since the preparation of the cost estimate for the refurbishment of the project in 2016, the Issuer, on behalf of NLI, has estimated that an additional €20 million is required to complete the hotel to Corinthia Group's luxury standards. NLI intends to fund a minimum of €10 million from LAFICO (its 50% shareholder). The remaining €10 million will be funded by the Issuer (the other shareholder in NLI) through part of the bond proceeds from the issue of the Bonds issued by virtue of a prospectus dated 4 March 2019. The funds received by NLI from LAFICO and the Issuer pursuant to the Bond Issue shall be on-lent by NLI to its fully-owned subsidiary and the hotel-owning company, Hotel Astoria S.A.

In May 2016, Corinthia Hotels Limited ("CHL") 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 55-storey luxury hotel and residences to be operated under the Corinthia® brand on Jumeirah Beach in Dubai, UAE. CHL 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 mid-2020. In addition, the Dubai entity engaged CHL to provide management services to its two existing hotels in Dubai.

On 12 September 2016, IHI acquired from Corinthia Palace Hotel Company Limited the remaining 80% share in QPM Limited ("**QP**") - a provider of architectural, engineering, management and technical construction services. The cash consideration of €4.6 million was paid partly from the net proceeds of the June 2016 bond issue. The share purchase agreement further includes future additional conditional payments that may be or may become due to QP and which, had they been crystallised at the point in time of the acquisition date, would have enhanced the value of QP, resulting in a higher purchase consideration.

In January 2017, IHI secured the right to nominate and appoint the majority of the board of directors of NLI such that IHI is now consolidating the performance of the Corinthia Hotel London in its financial statements as from FY2017.

In early 2017, CHL entered into a technical services agreement with a strategic investor, to manage and operate a luxury hotel development in Doha, Qatar, under the Corinthia® brand. Construction of the proposed hotel & residential tower, designed by the late renowned Zaha Hadid, is currently underway.

In March 2018, CHL entered into a management agreement with the owners of the property to manage, once redeveloped, the former Grand Hotel du Bulevard as the Corinthia Hotel Bucharest. Pursuant to the above signing, QP has since been engaged by the property owners to manage the development in all technical aspects. Design development of the regeneration of this listed property has commenced and works are expected to be completed by December 2019. The new hotel will feature 33 suites as well as the fully restored Grand Ballroom and various dining and leisure venues.

On 10 April 2018, IHI acquired the Corinthia Palace Hotel business in Attard through a newly formed subsidiary from its ultimate parent CPHCL. The operating results and assets and liabilities of the acquired business are being consolidated as from 1 April 2018. Furthermore, a significant upgrade of this hotel is under way at an estimated cost of €7.1 million.

In October 2018, CHL signed an option agreement to acquire a 10% shareholding in GHA Holdings Limited ("**GHA**"). In parallel, Pan Pacific and Minor Hotels have also acquired a 10% shareholding in GHA. The option to proceed with the acquisition is entirely at CHI's discretion. The current ownership of GHA comprises founding shareholders (Kempinski, Omni and Oracle) as to 34%, 34% and 12% respectively, and Pan Pacific and Minor Hotels as to 10% each. On its part, CHL has communicated to the Issuer its intention to exercise its option to acquire a 10% shareholding before the expiry of the option agreement in April 2019 at the established price of US$3.5 million. In the meantime, CHL renewed its membership agreement with GHA for another five years.

GHA launched the DISCOVERY programme in 2010 as its in-house loyalty programme for independent hotel brands. DISCOVERY members enrol through discoveryloyalty.com or via a member brand, to which they then remain associated for all future stays. Within GHA, CHL operates "Corinthia Discovery", a loyalty programme built around the global infrastructure created by GHA and Ultra Travel Collection, allowing members to benefit from loyalty to Corinthia but equally Corinthia benefits from the loyalty of members of other member hotel companies, thus allowing brands to retain their own loyal customers, as well as attract new business from members enrolled by other brands within the GHA.

In February 2019, IHI acquired a 10% minority share in a company formed with a consortium of investors to acquire a landmark property at 10, Tverskaya Street, Moscow (the "**Moscow Project**") for US$5.5 million. The acquisition is being made with a view to developing the site, having a developable gross area of 43,000m^2, into a mixed-use real estate project including a luxury 54-room Corinthia hotel, upmarket residential serviced apartments for re-sale, high-end retail and commercial outlets and underground parking. The asset is located on a prestigious boulevard in Moscow close to the Kremlin in a highly popular shopping, cultural and business location, as well as a luxury hotspot with other competing luxury brands all in close proximity.

During 2019, the Issuer intends acquiring the entire issued share capital and the businesses of Corinthia Caterers Limited (formerly named FCCL Limited) and Catermax Limited. These two businesses will be integrated into the Issuer's other catering companies which together will be rebranded as Corinthia Caterers.

2. DIRECTORS AND KEY EMPLOYEES

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

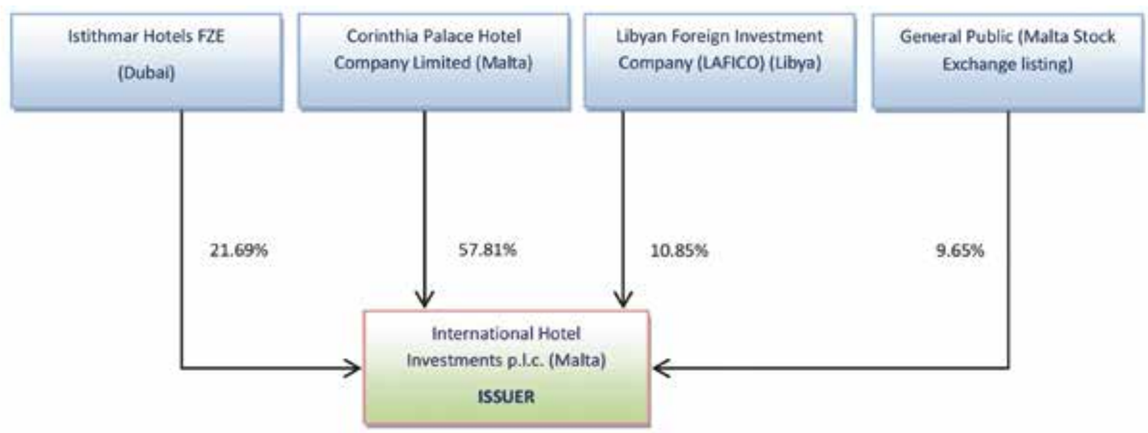
Mr Alfred Pisani	Chairman
Mr Salem Hnesh	Non-Executive Director
Mr Abdulnaser Ahmida	Non-Executive Director
Mr Hamad Buamin	Non-Executive Director
Mr Abuagila Almahdi	Non-Executive Director
Mr Douraid Zaghouani	Non-Executive Director
Mr Joseph Pisani	Non-Executive Director
Mr Winston V. Zahra	Non-Executive Director
Mr Frank Xerri de Caro	Senior Independent Non-Executive Director
Dr 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 key members of the Company's management team, apart from the Chairman and the Joint Chief Executive Officers, are Alfred Fabri (Company Secretary), Joseph Galea (Group Chief Financial Officer), Neville Fenech (Director of Finance) and Clinton Fenech (General Counsel). The weekly average number of employees engaged at the Issuer's corporate office and in its owned hotels during FY2017 amounted to 2,933 persons (FY2016: 2,015).

3. 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. The complete list of companies forming part of the Group is included in the prospectus of the Issuer dated 4 March 2019.



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 30 NOVEMBER 2018

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel	Budapest Hungary	Property owner	100	437
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	249
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London*	United Kingdom	Property owner	50	284
Corinthia Grand Astoria Hotel Brussels*	Belgium	Property owner (under development)	50	126
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	50	338
Corinthia Palace Hotel & Spa	Malta	Property owner	100	147
Corinthia Hotels Limited	Malta	Hotel management	100	n/a
QPM Limited	Malta	Project management	100	n/a
CDI Limited	Malta	Project development	100	n/a
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
Island Caterers	Malta	Event catering	100	n/a
Oasis at Hal Ferh	Malta	Vacant site (to be developed)	100	n/a
Costa Coffee	Malta/Spain	Retail catering	100	n/a
				3,777

** under control and management of IHI*

The following table illustrates the carrying values of the principal properties of the Issuer, accounted for in the audited consolidated balance sheet as at 31 December 2015, 2016 and 2017 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

	FY2015	FY2016	FY2017
Investment Properties			
Commercial Centre St Petersburg	67,231	64,555	61,805
Commercial Centre Tripoli	68,243	68,243	68,243
Commercial Centre Lisbon	1,300	1,980	2,300
Site in Tripoli	29,500	29,500	29,500
Apartment in London*			43,390
	166,274	**164,278**	**205,238**
Hotel Properties			
Corinthia Hotel St George's Bay	37,711	40,477	39,773
Radisson Blu Resort, St Julians	37,711	40,291	38,791
Corinthia Hotel Lisbon	89,200	93,428	97,409
Corinthia Hotel Prague	82,901	83,006	82,306
Corinthia Hotel Tripoli	84,085	81,206	78,881
Corinthia Hotel Budapest	104,800	122,458	121,617
Corinthia Hotel St Petersburg	70,610	85,710	84,488
Corinthia Hotel London*			496,140
Marina Hotel	28,813	31,115	30,957
	535,831	**577,691**	**1,070,362**
Joint Ventures and Associates			
Corinthia Hotel & Residences London (50%)*	315,680	271,850	
Corinthia Grand Astoria Hotel Brussels (50%)	–	7,600	
Radisson Blu Resort & Spa Golden Sands (50%)	32,672	31,509	40,097
Medina Towers J.S.C. (25%)	13,871	13,567	12,604
	362,223	**324,526**	**52,701**
Assets in the Course of Development			
The Heavenly Collection Ltd (Hal Ferh)	21,576	21,576	21,758
Corinthia Grand Astoria Hotel Brussels			18,388
	21,576	**21,576**	**40,146**
Total	**1,085,904**	**1,088,071**	**1,368,447**

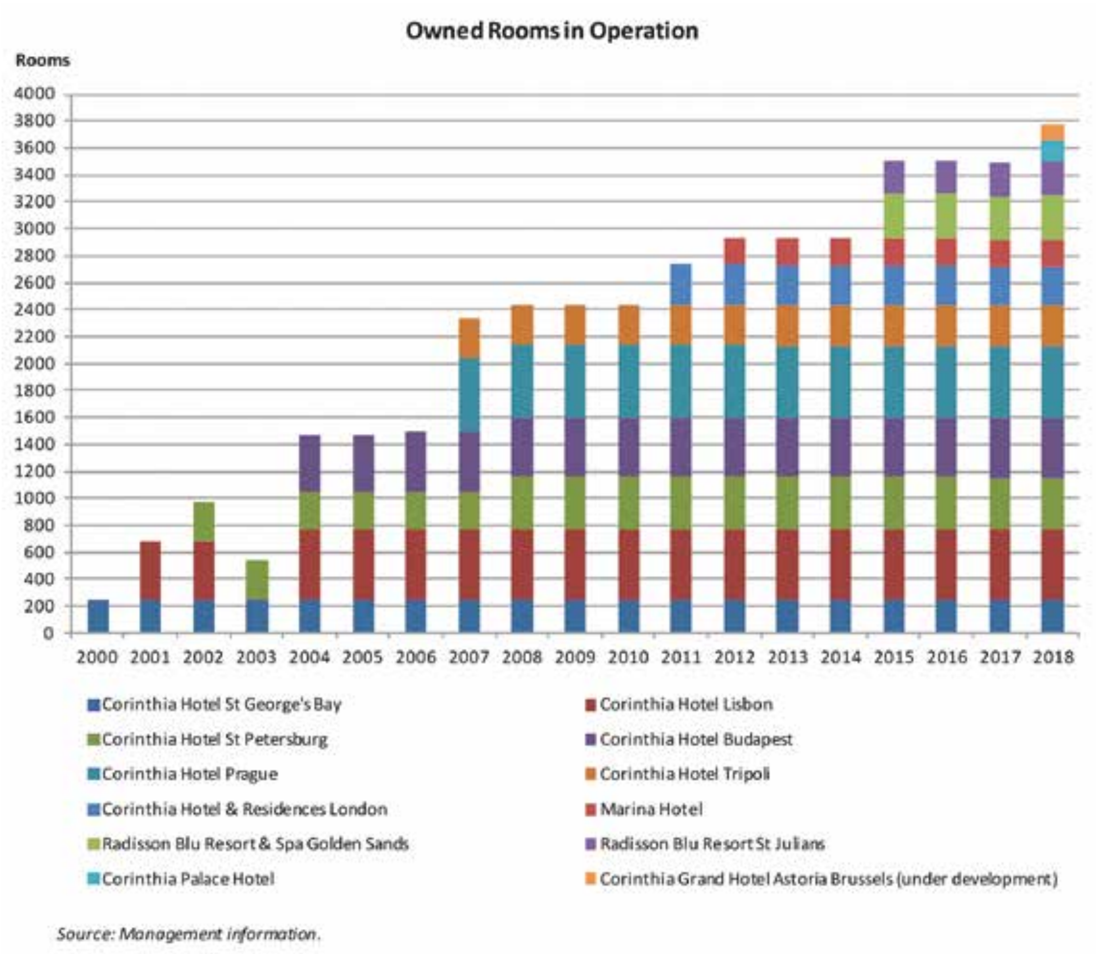
** 'Apartment in London' and 'Corinthia Hotel London' are reported in aggregate, in each of the financial years 2015 and 2016, under the heading 'Corinthia Hotel & Residences London (50%)'.*

PART 2 – OPERATIONAL DEVELOPMENT

4. HOTEL PROPERTIES

4.1 ROOM INVENTORY

As at the date of this report, the Issuer fully owns 9 hotel properties and 50% of each of 3 other hotel properties (namely, Corinthia Hotel & Residences London, Corinthia Grand Hotel Astoria Brussels (under construction) and Radisson Blu Resort & Spa Golden Sands). The chart below sets out the growth in owned-room inventory of the Issuer since incorporation, which increased from 250 to 3,777 rooms over a span of 18 years.



Source: Management information.

4.2 CORINTHIA HOTEL BUDAPEST

Introduction

IHI Magyarország Zrt., a fully-owned subsidiary of the Company, owns the 437-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 façade 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. A 2-year refurbishment programme of the Hotel's bathrooms and corridors commenced in April 2018 and will amount to circa €4.4 million. The carrying value of the Corinthia Hotel Budapest as at 31 December 2017 is €121.6 million (FY2016: €122.5 million).

Market Overview

i. Economic update[1]

Economic growth is set to slow down after a strong 2018 as the domestic business cycle matures, fiscal stimulus gradually moderates, and headwinds from the global economy strengthen. Fuel and food prices have driven inflation up, but underlying inflation is also gathering momentum. After peaking at 2.4% of GDP in 2018, the budget deficit is set to fall below 2% in 2019.

Hungary's broad-based, cyclical upswing is continuing, supported by pro-cyclical fiscal and monetary policy. GDP growth accelerated to 4.9% (y-o-y) in the second quarter of 2018, but survey indicators suggest slower growth ahead as the short-term boost from public spending earlier in the year fades while the manufacturing sector remains in the doldrums. GDP growth is set to moderate from 4.3% in 2018 to 3.4% in 2019 and to 2.6% in 2020. The key factor behind the slowdown is the moderation in investment growth, expected as a result of capacity constraints in the construction sector. After increasing by almost 2 percentage points between 2017 and 2019, the public investment ratio will stabilise in 2020 at a historic high level. Residential investment is also set to peak in 2019, before the preferential VAT rate on new housing expires in January 2020. Corporate investment continues to benefit from strong demand and accessible financing. The central bank extended favourable credit conditions by renewing its lending programme for small enterprises.

The general government deficit is forecast to peak at 2.4% of GDP in 2018, affected by the loss of previous one-off and temporary receipts. In 2019, the headline deficit is expected to decrease to 1.9% of GDP. As for 2020, under a no-policy-change assumption, the nominal deficit is projected to decrease further to 1.8% of GDP.

ii. Tourism market[2]

From January to November 2018, commercial accommodation establishments registered a total of 11.7 million arrivals and 29.0 million tourism nights, up 5.5% and 4.0% respectively, compared to the same period of the previous year. Foreign guests spent 2.5% more (14.4 million) and domestic guests 5.5% more (14.7 million) nights in commercial accommodation establishments. Room occupancy in hotels increased by 2.1 percentage points to 62.1% and total gross sales in commercial accommodation establishments grew by 9.5% at current prices to a total of HUF 472 billion. Within the latter amount, accommodation revenues increased by 8.3% to HUF 280 billion.

Looking forward, with the hosting of the Maccabi Games and the World Table Tennis Championships in Budapest in 2019, along with various music festivals and other events, the tourism market in Hungary is set to continue performing within this positive trend.

Operational Performance

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

CORINTHIA HOTEL BUDAPEST	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**	**FY2019 Projection**
Turnover (€'000)	22,810	23,457	25,820	25,979	28,471
Gross operating profit before incentive fees (€'000)	8,364	8,577	9,501	9,166	10,303
Gross operating profit margin (%)	37	37	37	35	36
Occupancy level (%)	78	78	80	81	81
Average room rate (€)	127	129	139	135	150
Revenue per available room (RevPAR) (€)	99	101	111	109	121
Benchmark performance					
Occupancy level (%)	80	79	79	79	79
Average room rate (€)	115	124	140	151	156
Revenue per available room (RevPAR) (€)	92	98	111	120	123
Revenue Generating Index	1.08	1.03	1.00	0.91	0.98

Source: Management information.

[1] *European Economic Forecast Autumn 2018 – European Commission*
[2] *Central Statistical Office (KSH)*

FY2015 was a 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 was replaced by the more lucrative leisure market segment. Revenue for FY2016 was higher than FY2015's revenue at €23.5 million (FY2015: €22.8 million) and gross operating profit was also higher when compared to the prior year at €8.6 million (FY2015: €8.4 million).

Positive results were also achieved in FY2017, in which, the Hotel registered a 10% increase in RevPAR and a growth in revenue of €2.4 million to €25.8 million. This increase resulted in a €0.9 million improvement in gross operating profit. During FY2017, the hotel benefited from one-off international events and exhibitions which were organised at the HUNGEXPO – the largest multifunctional venue in Budapest.

In FY2018, management continued to implement a strategy of focusing more on increasing revenue from leisure, corporate and conference & event segments with progressive decreases in the volume of low rated sectors (such as groups and tour operator business). As such, FY2018's revenue is expected to broadly match FY2017's turnover and amount to €26.0 million (FY2017: €25.8 million), while gross operating profit is forecasted to decrease by €0.3 million from €9.5 million in FY2017 to €9.2 million mainly on account of a €2 decrease in RevPAR to €109.

Following the completion of the above-mentioned refurbishment programme in FY2019, management is anticipating a substantial improvement in the average room rate from €135 in FY2018 to €150, which is expected to impact revenue positively by €2.5 million to reach €28.5 million (FY2018: €26.0 million). Gross operating profit is projected to increase from €9.2 million in FY2018 to €10.3 million (+12%).

During the historical period under review (FY2015 – FY2017), the Hotel performed at a broadly similar level to its competitive set, as evidenced by the achieved revenue generating index (RGI) of circa 1.00. In 2018, the Hotel is expected to perform below its benchmark at 0.91, but should recover to almost par (at 0.98) in FY2019.

4.3 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 with 108 superior rooms 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. A renovation programme was completed in 2018 at a cost of €3.4 million and comprised the refurbishment of all 280 bedrooms and suites in the Hotel's original wing. The Hotel will initiate in Q3 2019, the development of a derelict building with a footprint measuring *circa* 1,500m^2 situated behind the Hotel. The estimated cost of this development is set at €2.6 million and 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 (Nevskij Plaza Shopping and Office Centre) as at 31 December 2017 is €84.5 million (FY2016: €85.7 million) and €61.8 million (FY2016: €64.6 million) respectively.

Market Overview

i. Economic update[3]

In the third quarter of 2018, GDP expanded by 1.5% (year-on-year), notably lower from the second quarter's 1.9% increase. The slowdown was driven by a sharp contraction in agricultural output chiefly due to weak grain harvests and deteriorating consumption dynamics. In addition, activity in the construction sector also dropped, while industrial production growth lost steam. On a positive note, the mining sector grew at more than double the pace of the second quarter, likely as a result of higher oil output and firm commodity prices. Available data for the fourth quarter suggests that economic growth likely improved, mainly due to increased oil production, despite the fact that the price of Ural oil sunk to the lowest level in December 2018 since June 2017.

Russia's growth prospects remain modest, with growth forecast to be between 1.5% and 1.7% over the next three years. However, in the short-term, these forecasts may change due to volatility in oil prices and limits imposed on oil production agreed to with OPEC and other allies.

ii. Tourism market[4]

The latest available statistics on the Russian tourism industry relate to 2017, whereby approximately 81 million tourists visited the Russian Federation, of which, 56.5 million tourists comprised Russian nationals whilst foreigners represented the remaining 24.5 million. The weak rouble and cheaper services were the main factors that contributed to an increase in visiting foreigners and Russians choosing to travel within the country. The number of visitors to St Petersburg in 2017, according to official municipal administration data, reached 7.2 million people in comparison with the previous year's figure of 6.9 million visitors. The number of Russian citizens who visited St Petersburg in 2017 (domestic tourism) comprised

[3] *Focus-economics.com (Russia GDP Q3 2018), 8 January 2019*
[4] *Guide to St Petersburg (www.guidetopetersburg.com)*

50% of total tourists. St Petersburg Pulkovo airport also experienced higher volumes during the year as it registered an increase of 11.8% from 14.3 million passenger movements in 2016 to 16 million in 2017.

2018 is to be viewed as another positive year, which benefited from the hosting of the FIFA World Cup football tournament during June and July in a number of cities across the Russian Federation. According to the Russian Federal Tourism Agency, more than 5 million tourists, including 2.9 million foreigners, visited such cities (Moscow and St Petersburg registered approximately 2.7 million and 0.6 million tourists respectively).

The performance of the Corinthia Hotel St Petersburg continues to be affected by the decrease in international demand for hotel services, which has however been more than amply replaced by an increase in local business.

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

CORINTHIA HOTEL ST PETERSBURG	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**	**FY2019 Projection**
Turnover (€'000)	12,783	14,103	15,789	16,184	15,338
Gross operating profit before incentive fees (€'000)	4,210	5,871	7,076	8,150	6,940
Gross operating profit margin (%)	33	42	45	50	45
Occupancy level (%)	60	60	58	58	59
Average room rate (€)	112	122	141	149	136
Revenue per available room (RevPAR) (€)	67	74	82	86	81
Benchmark performance					
Occupancy level (%)	61	61	63	65	67
Average room rate (€)	153	186	181	187	171
Revenue per available room (RevPAR) (€)	93	113	114	122	114
Revenue Generating Index	0.72	0.65	0.72	0.7	0.71

Source: Management information.

Revenue in FY2015 declined by €1.4 million (year-on-year) to €12.8 million, principally due to a significant decline in demand from international visitors (both in leisure and conference business) as a result of the then prevailing political situation between Russia and Ukraine pursuant to the annexation of Crimea to the Russian Federation in 2014. In the year under review, 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, although in Rouble terms there was a rate increase. As such, the Hotel increased occupancy levels from 52% in 2014 to 60%, but average room rate decreased from €139 registered in the prior year to €112. Gross operating profit in FY2015 improved by €1.2 million when compared to the prior year in consequence of cost-reduction measures, principally affected by a weaker Rouble as most of the operating costs are denominated in local currency.

In FY2016, turnover recovered from €12.8 million generated in FY2015 to €14.1 million (+10%) and gross operating profit improved by €1.7 million (+39%) from €4.2 million in FY2015 to €5.9 million. Although the occupancy level remained static at 60% in FY2016, the average room rate increased from €112 in FY2015 to €122 in FY2016, with a consequential increase in RevPAR of 10%.

The Hotel's performance improved further in FY2017 from the prior year, as RevPAR increased from €74 in FY2016 to €82. Revenue for the year amounted to €15.8 million, an increase of €1.7 million (+12%) from €14.1 million in FY2016 and gross operating profit before incentive fees increased by €1.2 million (+21%) to €7.1 million.

During FY2018, the refurbishment programme of 280 rooms in the original hotel, acquired in 2002, was completed at a cost of €3.4 million. Management is forecasting revenue in FY2018 to reach €16.2 million as compared to €15.8 million in the prior year, and gross operating profit is expected to increase by 15% (y-o-y) to €8.2 million. The growth in the reviewed financial year is attributed mainly to the FIFA World Cup, which enabled the Hotel to achieve a better average room rate and RevPAR.

The challenges set and 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 in isolation.

Revenue in FY2019 is projected to decrease from €16.2 million in FY2018 to €15.3 million, principally on account of a decline in the average room rate from €149 to €136 respectively. In consequence, gross operating profit is expected to decrease by €1.3 million to €6.9 million (FY2018: €8.2 million). Both revenue and operating profit reduction are in the main attributable to the high rates and profits made during the one-time FIFA Football Finals event in 2018.

In FY2015 and FY2016, the Hotel's occupancy level was one percentage point below benchmark at 60%, and in FY2017, occupancy was lower by five percentage points at 58%. The Hotel's achieved average room rate in each of three historical years was below the competitive set by an average 28%, which underperformance is reflected in the RGI of below par (FY2017: RGI of 0.72). A similar trading position in relation to the Hotel's competitive set has been assumed for FY2018 and FY2019.

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)	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Forecast	FY2019 Projection
Turnover (€'000)	3,518	4,813	5,828	5,229	5,395

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. The property is practically fully occupied, and projected growth in income is reflective of existing agreements with respective tenants and a recovery in the exchange rate of the Russian Rouble.

4.4 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.

A renovation programme is underway at the Corinthia Hotel Lisbon, estimated at a cost of €14 million. The refurbishment started in November 2016 and will be completed by 2021. The programme comprises the complete refurbishment of all room stock at the hotel to upgrade the product, including brand new bathrooms and an upgrading to the fit-out to the hotel bedrooms. The refurbishment will be carried out in phases sealing off two to three floors at a time without causing any disturbance to the on-going operation of the hotel which continues to operate normally. Works on the first ten floors have already been completed and the finished product has been received well by the market. The programme of works is on schedule.

The carrying amount of the Corinthia Hotel Lisbon as at 31 December 2017 is €97.4 million (FY2016: €93.4 million). Alfa Investimentos Lda also owns an apartment block in Lisbon for investment purposes, valued at €2.3 million as at 31 December 2017 (FY2016: €2.0 million).

[5] *European Economic Forecast Autumn 2018 – European Commission*

Market Overview

i. Economic update[5]
Domestic demand remains strong but GDP growth in Portugal is expected to slow down in 2019 and 2020 as net exports weaken. Job creation is also set to weaken amid some improvement in labour productivity. The general government deficit is expected to remain below 1% over the forecast horizon while the structural balance, following some improvement in 2018, is forecast to remain broadly stable thereafter. The gross public debt-to-GDP ratio is set to continue decreasing to around 117% by 2020.

Real GDP in Portugal rose by 2.3% (y-o-y) over the first half of 2018, mainly driven by strong domestic demand. GDP growth is forecast to moderate somewhat in the second half of the year mainly because of the slowdown in external demand. Overall, GDP is projected to increase by 2.2% in 2018, down from 2.8% a year earlier. The moderation in job creation points to some softening in household demand, which would be only partly offset by the expected increase in wage growth. Private consumption growth is therefore forecast to weaken slightly in 2019 and 2020. The household saving rate, which deteriorated in Q2 2018 amid further improvements in the financial situation of households and still very low interest rates, is expected to remain stable. Investment is set to rebound in 2019, as the implementation of certain projects supported by EU structural funds scheduled for 2018 were postponed.

Net external trade is expected to continue to weigh on growth, reflecting weaker export demand and strong import growth in line with final demand. GDP growth is forecast to slow to 1.8% in 2019 and to 1.7% in 2020. Risks to the forecast appear broadly balanced as the uncertainty in external markets could be compensated by a more positive performance in domestic demand.

ii. Tourism market[6]
In the first eleven months of 2018, the number of guests increased by 1.6%, when compared to the same period a year earlier, to reach 19.8 million guests and overnight stays amounted to 54.8 million, a decline of 0.2%. In the same period of 2018, overnight stays spent in hotels (comprising 70% of total establishments) grew by 1.3%. British tourists remained the largest group of visitors last year, however there was a decline of 8.0% in the first eleven months of 2018.

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.

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

CORINTHIA HOTEL LISBON	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**	**FY2019 Projection**
Turnover (€'000)	20,699	21,907	24,753	26,106	27,520
Gross operating profit before incentive fees (€'000)	6,019	6,740	8,128	8,520	9,082
Gross operating profit margin (%)	29	31	33	33	33
Occupancy level (%)	74	72	69	69	68
Average room rate (€)	105	109	133	140	146
Revenue per available room (RevPAR) (€)	78	79	92	96	100
Benchmark performance					
Occupancy level (%)	71	72	72	71	71
Average room rate (€)	107	113	130	146	149
Revenue per available room (RevPAR) (€)	76	81	94	104	106
Revenue Generating Index	1.03	0.98	0.98	0.92	0.94

Source: Management information.

[6] *Instituto Nacional De Estatistica (www.ine.pt)*

Overall results continued to improve in FY2015 as the Corinthia Hotel Lisbon registered a further improvement of 6% and 11% in revenue (to €20.7 million) and RevPAR (to €78) respectively over FY2014 results. In FY2016, the Hotel increased y-o-y revenue by €1.2 million (+6%) and gross operating profit improved further from €6.0 million in FY2015 to €6.7 million in FY2016.

The Hotel's positive y-o-y trend continued in FY2017, as it registered an increase in revenue of €2.8 million (+13%) from €21.9 million in FY2016 to €24.8 million, and gross operating profit increased from €6.7 million in FY2016 to €8.1 million in FY2017 (+21%).

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.

In FY2018, revenue is estimated to have increased y-o-y by €1.4 million (+5%) to €26.1 million, principally due to a €7 increase in the average room rate to €140. This had a positive impact on gross operating profit, which is expected to have increased from €8.1 million in FY2017 to €8.5 million in FY2018. A further increase in revenue and gross operating profit of 5% and 7% respectively is being projected for FY2019 as a result of an improvement in the average room rate from €140 to €146, and a €4 increase in RevPAR to €100.

The Hotel has performed broadly in line with its competitive set in FY2015 to FY2017. However, during FY2018, the Hotel's occupancy level and average room rate was below benchmark in consequence of the on-going refurbishment works which is reducing available hotel inventory, which resulted in a RGI of 0.92. Management is projecting the RGI to improve to 0.94 in FY2019 primarily through an increase in the average room rate from €140 in FY2018 to €146.

4.5 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 2017 is €82.3 million (FY2016: €83.0 million).

Market Overview

i. Economic update[7]

After a strong 2017, economic growth in the Czech Republic is expected to moderate in 2018. Real GDP increased by 2.7% year-on-year in Q2 2018 (compared to 2.9% in the same period a year earlier). For the remainder of 2018 and 2019, economic growth is expected to be driven exclusively by domestic demand led by strong final consumption expenditure of households and investment activity of firms and the general government sector, roughly at the level of Q2 2018. The forecast for real GDP growth was revised down marginally to 3.0% (versus 3.2%) in 2018 and to 2.9% (versus 3.1%) in 2019.

ii. Tourism market[8]

Inbound tourism was up in the Czech Republic as a whole in 2017. Total visitors surpassed 20 million for the first time, while overnight stays topped 50 million. This figure, which includes both domestic and international tourists, represents an increase of 9.1% compared with the previous year. Of these 20.1 million tourists nationwide, Prague had a total of 7.6 million tourists in 2017, amounting to 18.1 million overnight stays. As in previous years, these were mainly visitors from abroad, totalling 6.5 million (85.8%), while locals in registered tourist accommodations totalled 1.1 million (14.2%).

The number of overnight stays of guests in collective accommodation establishments in the Czech Republic reached 20.6 million nights up to Q3 2018, resulting in a 4.3% increase when compared to the corresponding period the year before. Almost all categories of accommodation establishments (except for the five-star hotels category) recorded a year-on-year growth.

In Prague, during 2018, the total number of visitors in tourist accommodation establishments for the first nine months grew by 2.4%, totalling 5.8 million. The total number of overnight stays in the same period reached 13.6 million, an increase of 0.8% when compared to the previous year. The overall average stay in Prague for the first nine months of 2018 averaged 2.3 nights compared to 2.4 nights in 2017.

[7] *Macroeconomic Forecast November 2018 (Ministry of Finance of the Czech Republic)*
[8] *Praguecitytourism.com (2017 Annual Report Prague City Tourism; Tourism Trends in Prague – January to September 2018); Czech Statistical Office (www.czso.cz)*

Operational Performance

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

CORINTHIA HOTEL PRAGUE	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Forecast	FY2019 Projection
Turnover (€'000)	16,518	16,819	19,256	19,959	21,470
Gross operating profit before incentive fees (€'000)	4,750	5,160	5,950	6,623	7,232
Gross operating profit margin (%)	29	31	31	33	34
Occupancy level (%)	68	66	73	74	74
Average room rate (€)	74	78	83	86	93
Revenue per available room (RevPAR) (€)	50	51	60	63	69
Benchmark performance					
Occupancy level (%)	77	78	81	79	79
Average room rate (€)	106	109	113	114	117
Revenue per available room (RevPAR) (€)	82	85	92	91	93
Revenue Generating Index	0.61	0.6	0.65	0.69	0.74

Source: Management information.

Results for FY2015 show that the Hotel continued to build on the positive FY2014 trend by achieving a RevPAR of €50 (from €46 in FY2014) and a gross operating profit of €4.8 million (from €4.1 million in FY2014). Revenue in FY2016 was marginally better than that achieved in the prior year and amounted to €16.8 million. Gross operating profit increased by 8% from €4.8 million in FY2015 to €5.2 million in FY2016. Turnover in FY2017 amounted to €19.3 million, an increase of €2.4 million (+14%) when compared to the prior year, while gross operating profit increased by 15% from €5.2 million in FY2016 to €6.0 million.

Revenue in FY2018 is expected to have reached €20.0 million, an increase of 4% from a year earlier, mainly due to an increase in occupancy from 73% to 74% and an increase in average room rate from €83 in FY2017 to €86 in FY2018. 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. As such, management is projecting an increase of 8% in FY2019 revenue from €20.0 million in FY2018 to €21.5 million, and gross operating profit is expected to increase by €0.6 million (y-o-y) to €7.2 million (FY2018: €6.6 million).

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 from 0.65 in FY2017 to 0.69 and 0.74 in FY2018 and FY2019 respectively.

4.6 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 2017 are €78.9 million, €68.2 million and €29.5 million respectively (FY2016: €81.2 million, €68.2 million, €29.5 million), or a combined total of €176.6 million.

Market Overview

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, creating a security vacuum in the country without a reliable police or army force to maintain law and order. 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.

Since 2014, Libya experienced severe political instability due to the collapse of the central government during the same year and the country has been going through difficult times ever since. A United Nations-brokered ceasefire deal was reached in December 2015 and the Libyan Political Agreement to form a Government of National Accord was signed. Although it is still difficult to ascertain when the political situation in Libya will return to normality and how rapidly the economy will re-establish a sustainable pace of growth, the above development could prove to be an important one.

Operational Performance

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

CORINTHIA HOTEL TRIPOLI	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**	**FY2019 Projection**
Turnover – Hotel operations (€'000)	893	799	2,040	3,404	8,230
Turnover – Commercial Centre (€'000)	5,593	5,868	5,543	6,250	6,438
Gross operating profit before incentive fees (€'000)	2,802	2,764	2,510	4,235	6,659
Gross operating profit margin (%)	43	41	33	44	45
Occupancy level (%)	2	0	5	5	25
Average room rate (€)	218	185	187	173	185
Revenue per available room (RevPAR) (€)	4	0	4	8	46

Source: Management information.

On 27 January 2015, the Hotel was subject to an armed attack and consequently had to close for business. On the other hand, the Commercial Centre remained operational and to date, its performance remains largely unaffected by the political conflicts that the country is witnessing. In FY2015 and the first half of FY2016, repair works were commissioned and completed for the Hotel to resume operations. A soft opening of the Hotel was made in 2017.

The combined turnover registered during FY2017 amounted to €7.6 million (FY2016: €6.7 million), and gross operating profit before incentive fees amounted to €2.5 million (FY2016: €2.8 million). The year's revenue includes €5.5 million (FY2016: €5.9 million) derived from rental contracts attributable to the Commercial Centre, being a steady income from the lease of commercial offices. Accordingly, whilst the Hotel sustained negative operating results during 2017 and 2016, particularly in view of the relatively fixed nature of certain expenses, the net contribution from the Commercial Centre was positive.

The ongoing long-term leases have mitigated the impact of the country's political instability. Furthermore, certain tenants have nonetheless opted to renew their leases (albeit, at temporary reduced rates) in order to retain presence in this prime location. Late in 2017, the Group secured another lease agreement with the result that the Commercial Centre is now practically fully leased out.

Management's objective for the Hotel is to minimise operational losses and to ensure that payroll and other operating costs are managed in the context of the reduced operating income levels. At the same time, however, the Group continues to invest significantly in maintenance and security costs to ensure that the Hotel is kept in pristine condition. As from August 2017, the Hotel started to accept bookings for hotel room accommodation.

Although in 2018 a low room occupancy was registered at the Corinthia Hotel Tripoli, there is a sizeable food and beverage activity at the hotel. Furthermore, the adjoining office and commercial centre is practically fully leased to international blue-chip companies. In consequence, the Hotel is expected to register aggregate revenue of €9.7 million in FY2018 compared to €7.6 million in the prior year (+27%). In turn, gross operating profit is forecasted to increase by €1.7 million (y-o-y) to €4.2 million.

The Hotel's projections for FY2019 assume occupancy level to increase from 5% to 25% and RevPAR to increase from €8 to €46. On this basis, revenue is expected to improve by 52% to €14.7 million (FY2018: €9.7 million) and gross operating profit is projected to increase from €4.2 million in FY2018 to €6.7 million in FY2019.

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.

4.7 CORINTHIA HOTEL ST GEORGE'S BAY

Introduction

Five Star Hotels Limited (a fully-owned subsidiary of the Company) owns the 249-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 2017 is €39.8 million (FY2016: €40.5 million).

As highlighted in section 1 of this report, the Hotel forms part of the St George's Bay development. Once a new lease agreement is in place and all planning permits are in hand, the Hotel will cease operations to initiate the reconstruction and refurbishment of the existing hotel and construction of two additional floors. Furthermore, the number of room keys will reduce from the current 250 to 234, due to an increase in room size to over 50m². It is envisaged that the upgrade and refurbishment of the Hotel will provide guests with a level of luxury and service that will be a first for Malta.

Market Overview

i. Economic update[9]

Malta's strong Gross Domestic Product ("GDP") growth is set to continue as domestic demand replaces net exports as the main engine of economic activity. The internationally-oriented services sector continues to underpin the large current account surplus. Inflation is expected to pick up as wage pressures start gaining pace. The government's balance of payments is projected to increase at a moderate pace but remain in surplus.

In the first half of 2018, real GDP growth slowed moderately compared to the prior year (in 2017, real GDP increased by 6.7% (y-o-y) driven by strong growth in net exports). Private consumption growth accelerated, while net exports declined as a result of rapid import growth in the second quarter. Business and consumer confidence indicators remain high and real GDP growth is expected to average 5.4% in 2018. Growth is expected to gradually ease over the forecast horizon to an annual average rate of 4.9% in 2019 and 4.4% in 2020. Domestic demand is set to be the main driver of growth, supported by strong investment growth. Various investment projects co-financed by EU structural funds have started and will boost public investment in the second half of 2018. In 2019, the onset of large scale projects in the health, tourism and real estate sectors are expected to boost private investment. Private consumption is set to remain dynamic on the back of increasing labour market participation and disposable income.

In 2018, the government surplus is projected to decrease to 1.3% of GDP, from 3.5% in the previous year. Tax revenue growth is expected to be lifted by high nominal GDP, supported by favourable macroeconomic and labour market conditions, high corporate profits and consumer demand. An expected fall in the proceeds from Malta's citizenship scheme compared to last year should contribute to a decrease in the fiscal surplus. Current expenditure is projected to be dynamic in almost all components, only partly mitigated by decreasing interest expenditure. Public investment net of EU funding is projected to increase only slightly, while the implementation of investment projects co-financed by the EU is expected to accelerate. Capital expenditure will increase also on the back of a capital transfer to Air Malta related to the purchase of landing rights (equivalent to around 0.5% of GDP).

In 2019, after incorporating the expected impact of the measures introduced with the 2019 budget, the fiscal surplus is expected to decline marginally to 1.2% of GDP. In line with still robust but moderating macroeconomic conditions, and despite the reduction in taxation (worth 0.2% of GDP), growth in tax revenues is expected to slow down somehow towards the growth rate in nominal GDP. Also, the proceeds from the citizenship scheme are expected to be lower compared to the previous year. In spite of increases in social spending related to the budget measures, current expenditure growth is projected to weaken and interest expenditure is set to marginally decrease. Net public investment is forecast to increase marginally, as the implementation of investment projects co-financed by the EU is forecast to remain dynamic, while other capital expenditure is expected to decrease following the base effect from the previous year. In 2020, under a no-policy-change assumption, the fiscal surplus is expected to further decrease to 0.7% of GDP, on account of slightly lower proceeds related to the citizenship scheme and higher public investment. The structural balance has reached a surplus of around 3% of GDP in 2017. It is estimated to decrease but to remain in surplus at slightly below 1% of GDP in the period 2018-2020. The government debt-to-GDP ratio is forecast to decline further from 50.9% of GDP in 2017 to 42.1% by 2020.

ii. Tourism market[10]

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2017 as well as in 2018. Inbound tourism for 2017 amounted to 2.3 million, an increase of 15.7% when compared to the prior year. During the first six months of 2017 the country held the EU Presidency and this factor also contributed to this increase. Total nights spent by inbound tourists increased by 10.3%, surpassing 16.5 million nights. In 2017, total guests in collective accommodation establishments surpassed 1.8 million, an increase of 13.0% over the same period in 2016. Within the collective accommodation establishments, the 5-star, 4-star and 3-star hotels gained 26,348 guests (+6.7%), 81,383 guests (+11.5%) and 82,401 (+20.7%) respectively in 2017 when compared to a year earlier. Total tourism expenditure surpassed €1.9 billion, 13.9% higher than that recorded for 2016. Total expenditure per capita stood at €856, a decrease of 1.5% when compared to 2016.

[9] *European Economic Forecast Autumn 2018 – European Commission*
[10] *National Statistics Office Malta (www.nso.gov.mt)*

Inbound tourist trips for the first eleven months of 2018 reached nearly 2.5 million, an increase of 14.5% over the same period in 2017. Total nights spent by inbound tourists went up by 12.6%, reaching nearly 17.7 million nights. During the first nine months of 2018, total guests in collective accommodation establishments surpassed 1.5 million, an increase of 9.8% over the same period in 2017. Within the collective accommodation establishments, the 5-star lost 1,710 guests (-0.5%), whilst the 4-star and 3-star hotels gained 66,611 guests (+11.2%), and 47,466 (+12.8%) respectively in the first nine months of 2018 compared to a year earlier. Total tourism expenditure for the first eleven months of 2018 was estimated at €2.0 billion, 8.2% higher than that recorded for 2017. Total expenditure per capita stood at €817, a decrease of 5.4% when compared to 2017.

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. In January 2019, Malta International Airport published its traffic forecast for 2019, wherein the airport is projecting an increase in passenger movements from 6.8 million in 2018 to 7.2 million (+6%).

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	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**	**FY2019 Projection**
Turnover (€'000)	15,225	15,765	16,717	16,499	15,288
Gross operating profit before incentive fees (€'000)	4,145	4,399	5,257	4,819	4,193
Gross operating profit margin (%)	27	28	31	29	27
Occupancy level (%)	79	81	79	77	70
Average room rate (€)	139	137	151	154	157
Revenue per available room (RevPAR) (€)	110	111	119	119	110
Benchmark performance					
Occupancy level (%)	78	74	75	71	70
Average room rate (€)	143	151	170	182	188
Revenue per available room (RevPAR) (€)	112	112	127	130	132
Revenue Generating Index	0.98	0.99	0.94	0.92	0.83

Source: Management information.

In 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 €1.1 million (+36%) respectively, when compared to FY2014. Performance improved further in FY2016 as the Hotel increased revenue by 4% to €15.8 million and gross operating profit increased from €4.1 million in FY2015 to €4.4 million. Occupancy during the said year improved by 2 percentage points to 81%, whilst average room rate decreased marginally by €2 to €137.

In FY2017, the Corinthia Hotel St George's Bay registered a 6% increase in revenue over FY2016 to €16.7 million. This positive performance contributed to a considerable increase in gross operating profit of +20% from €4.4 million recorded in FY2016 to €5.3 million, principally on account of a much higher average room rate generated during the first six months' of EU presidency bookings. FY2018 results are expected to be marginally lower than those achieved in the prior year, with a decrease in revenue of €0.2 million (y-o-y) to €16.5 million and a decrease of €0.4 million (y-o-y) to €4.8 million in terms of gross operating profit.

Until the necessary regulatory approvals are issued for the re-development of the Hotel, management will continue to focus on its revenue management strategy of driving business through the Hotel's largest growing segment (leisure), principally by undertaking more web-based online and other marketing initiatives. As such, management is projecting for FY2019 a decrease in revenue to €15.3 million compared to €16.5 million forecasted for FY2018, and a €0.6 million decline in gross operating profit to €4.2 million. Management has lowered FY2019 projections to factor the possible disruptions emanating from construction works on neighbouring third party property which may commence during the afore-mentioned year.

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 when compared to its competitive set in each of the historical years FY2015 to FY2017 and the forecast year FY2018. The Hotel is projected to lose competitiveness in FY2019 and in the near term, until construction and development works in the immediate vicinity are completed.

4.8 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 this property. The carrying amount of the Marina Hotel as at 31 December 2017 is €31.0 million (2016: €31.1 million).

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 4.7 above.

Operational Performance

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

MARINA HOTEL	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**	**FY2019 Projection**
Turnover (€'000)	9,486	9,880	10,251	10,363	9,026
Gross operating profit before incentive fees (€'000)	2,931	3,048	3,310	3,463	2,588
Gross operating profit margin (%)	31	31	32	33	29
Occupancy level (%)	82	83	80	82	70
Average room rate (€)	110	117	126	123	127
Revenue per available room (RevPAR) (€)	90	97	101	101	89
Benchmark performance					
Occupancy level (%)	75	71	72	71	70
Average room rate (€)	116	123	140	145	149
Revenue per available room (RevPAR) (€)	87	87	101	103	104
Revenue Generating Index	1.03	1.11	1	0.98	0.86

Source: Management information.

The sales team has, in recent years, 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 €110 in FY2015 to €126 in FY2017, and RevPAR grew by 12% from €90 to €101 in the same period (an annualised growth of circa 6%). FY2015 was a very positive year for the Hotel, in which revenue increased by 21% (from €7.9 million in FY2014 to €9.5 million) and gross operating profit increased significantly by 61% (from €1.8 million in FY2014 to €2.9 million). Growth in FY2016 was more modest as revenue increased y-o-y by 4% to €9.9 million and gross operating profit also increased by 4% from €2.9 million in FY2015 to €3.0 million. Performance in FY2017 was again positive, with revenue increasing by 4% from €9.9 million in FY2016 to €10.3 million, and gross operating profit registering a 9% y-o-y increase to €3.3 million. The Hotel's performance in FY2018 is expected to have been in line with FY2017's results, with revenue and gross operating profit amounting to €10.4 million (FY2017: €10.3 million) and €3.5 million (FY2017: €3.3 million) respectively.

FY2019 is expected to register lower results when compared to FY2018, principally due to the anticipated construction works due to start in a neighbouring third party property. As such, occupancy is projected to decline from 82% to 70%, which is expected to adversely impact revenue by €1.3 million to €9.0 million and gross operating profit is projected to decrease from €3.5 million in FY2018 to €2.6 million in 2019.

As for benchmark performance, in FY2015, the Hotel's occupancy level and RevPAR exceeded the market average by 7 percentage points and 3% respectively. The Hotel continued to outperform its benchmark in FY2016, particularly with respect to RevPAR which amounted to €97 compared to €87 achieved by the competitive set. During FY2017, the Hotel's occupancy level was higher than its benchmark by 8 percentage points to 80%, but average achieved room rate was lower by 10% and amounted to €126. Overall, RevPAR generated by the Hotel was in line with its competitive set. A broadly similar performance against its competitive set is expected for the forecast year FY2018. As with Corinthia St George, Marina Hotel will likely underperform in FY2019 when compared to benchmark due to expected construction works in the neighbouring third party properties.

4.9 CORINTHIA PALACE HOTEL & SPA MALTA

Introduction

On 10 April 2018, Corinthia Palace Hotel Company Limited (the ultimate parent company) transferred to IHI the 147-room five-star Corinthia Palace Hotel & Spa located in Attard, Malta, for a consideration of €26.6 million. The operating results and assets and liabilities of the acquired business will be consolidated as of April 2018. **As such, the financial information for each of FY2015, FY2016, FY2017 and Q1 2018 has been included for comparison purposes only.**

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 4.7 above.

Operational Performance

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

CORINTHIA PALACE HOTEL & SPA MALTA	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Forecast	FY2019 Projection
Turnover (€'000)	7,223	8,117	8,575	8,166	9,228
Gross operating profit before incentive fees (€'000)	458	1,138	1,201	640	1,400
Gross operating profit margin (%)	6	14	14	8	15
Occupancy level (%)	67	73	72	66	69
Average room rate (€)	109	110	121	128	137
Revenue per available room (RevPAR) (€)	72	80	87	84	95
Benchmark performance					
Occupancy level (%)	76	71	70	71	71
Average room rate (€)	125	131	151	156	161
Revenue per available room (RevPAR) (€)	95	93	105	111	114
Revenue Generating Index	0.76	0.86	0.83	0.76	0.83

Source: Management information.

In FY2015, a significant improvement in operational performance was registered, whereby the Hotel generated revenues of €7.2 million (+22% on the previous year) and more importantly, achieved a gross operating profit of €0.5 million (as compared to an operating loss of €0.1 million in FY2014). In FY2015, the occupancy level improved from 59% in FY2014 to 67%, whilst RevPAR increased by 20% from €60 in FY2014 to €72.

During FY2016, a further increase in revenue and gross operating profit was achieved by the Hotel and amounted to €8.1 million (+12%, y-o-y) and €1.1 million (+148%, y-o-y) respectively. During the said year, the occupancy level improved from 67% in FY2015 to 73%, whilst RevPAR increased y-o-y by €8 to €80.

The Corinthia Palace Hotel & Spa generated revenue of €8.6 million in FY2017, an increase of €0.5 million (+6%) over FY2016, while gross operating profit before incentive fees was marginally higher by €0.1 million to €1.2 million. In FY2018, the Group implemented an extensive refurbishment program and a complete transformation of its spa and gym facilities at a total cost of €7.1 million. The disruption caused by the renovation works adversely impacted operations, albeit marginally, as revenue in FY2018 is expected to have declined by €0.6 million to €8.0 million.

On the other hand, the improved ambience at the Hotel and its Spa facilities should enable management to achieve higher occupancy and room rates in the years ahead, thereby taking full advantage of the current strong tourism performance in Malta. As such, revenue in FY2019 is projected to increase by 15% from €8.0 million in FY2018 to €9.2 million, while gross operating profit is expected to improve by €0.5 million to €1.4 million in FY2019.

As for benchmark performance, the Hotel's current operating results are below the figures achieved by its competitive set. However, the Corinthia Palace Hotel & Spa has made significant progress throughout the years under review, which in fact resulted in an improvement in its RGI from 0.76 registered in FY2015 to 0.83 in FY2017. The Hotel is projected to generate a lower RGI in FY2018 when compared to the prior year, principally due to the renovation works explained herein above, and is expected to recover to an RGI of 0.83 in FY2019.

4.10 CORINTHIA HOTEL & RESIDENCES LONDON

Introduction

NLI Holdings Limited (equally owned by the Libyan Foreign Investment Company (LAFICO) and IHI) owns the 284-room luxury Corinthia Hotel located in London, United Kingdom ("**Corinthia Hotel London**"), together with a penthouse apartment which was leased to third parties up to Q1 2018.

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.

In June 2018, the Hotel completed the conversion of 22 rooms into 11 suites at a cost of £3.75 million. The decision to introduce a higher number of suites versus standard bedrooms into the property is intended specifically to bolster the Hotel's presence in the lucrative market for high net worth visitors to London. In addition, one of the restaurants was converted to a flagship operation at a cost of £1.5 million and is being operated by one of UK's top restauranteur and celebrity chef, Tom Kerridge. The carrying amount of the Corinthia Hotel London (including the penthouse) as at 31 December 2017 is €539.5 million (FY2016: €543.8 million).

Market Overview

i. Economic update[11]

UK GDP growth is currently subdued and expected to remain so over the forecast horizon. Private consumption growth is forecast to remain weak as real wages grow modestly and households look to maintain savings. Heightened uncertainty caused by Brexit means that business investment growth is likely to remain constrained. The net trade contribution to growth is projected to decrease in-line with a moderation in external demand. Employment growth is expected to slow significantly, leading to a modest rise in unemployment. Inflation should ease as the impact of sterling's 2016 depreciation unwinds.

Given the ongoing negotiation over the terms of the UK's withdrawal from the EU, projections for 2019 and 2020 are based on a purely technical assumption of status quo in terms of trading relations between the EU27 and the UK. This is for forecasting purposes only and has no bearing on the talks underway in the context of the Article 50 process. Consumer confidence surveys suggest that savings intentions of consumers are high, reflecting weak overall consumer confidence. Private consumption growth is therefore assumed to remain weak in 2019 as households take the opportunity from modest real wage growth to maintain savings.

Business investment growth is projected to rebound slightly in 2019 but to remain relatively subdued following a prolonged period of heightened uncertainty. The net trade contribution to growth is expected to deteriorate further alongside slowing external demand. Reflecting these factors and the technical assumption, GDP growth is expected to remain weak at 1.2% in 2019, marginally lower than in 2018. GDP growth is expected to be stable at 1.2% in 2020. As this purely technical assumption implies a relatively benign scenario, the risks to the 2019 and 2020 baseline forecast are large and predominantly to the downside.

Over the forecast horizon employment growth is expected to slow in a context of subdued GDP growth. This is projected to lead to a modest rise in the unemployment rate to 4.7% in 2020. As the impact of sterling's earlier depreciation on consumer prices unwinds fully, inflation is expected to ease to 2.0% in 2019 and to 1.9% in 2020.

ii. Tourism market [12]

2017 was a record year for inbound tourism with 39.2 million visits, an increase of 4.3% on 2016, and spending by visitors in 2017 amounted to £24.5 billion, an 8.7% increase on 2016. The aforesaid results represent the fastest rate of visits growth since 2006 and in terms of spending, the growth was at its fastest rate since 2013 (and the second fastest since 2006).

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[11] *European Economic Forecast Autumn 2018 – European Commission*
[12] *2018 inbound tourism forecast (www.visitbritain.org)*

Between January and September 2018 there were 28.9 million inbound visits to the UK, down by 5% on the first nine months of 2017. During the first nine months of 2018, inbound visitors spent a combined £17.5 billion, 9% less than they did in the first nine months of 2017. The drop in inbound tourism to the UK has been attributed to a fall in interest among Europeans, who account for two-thirds of overseas visitors. The forecast for 2018 is for 41.7 million overseas visits to the UK, an increase of 4.4% on 2017, and £26.9 billion in visitor spending, an increase of 6.8% on 2017.

Operational Performance

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

CORINTHIA HOTEL LONDON	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**	**FY2019 Projection**
Turnover (£'000)	52,543	53,274	57,929	58,703	67,913
Gross operating profit before incentive fees (£'000)	16,271	16,716	18,019	18,418	21,745
Gross operating profit margin (%)	31	31	31	31	32
Occupancy level (%)	73	72	74	76	77
Average room rate (£)	445	433	480	486	517
Revenue per available room (RevPAR) (£)	323	312	356	369	401
Benchmark performance					
Occupancy level (%)	77	73	68	71	71
Average room rate (£)	521	540	584	606	624
Revenue per available room (RevPAR) (£)	401	395	395	432	445
Revenue Generating Index	0.81	0.79	0.90	0.85	0.90

Source: Management information.
Note: As of FY2017, IHI has secured the right to nominate and appoint the majority of board members of NLI such that IHI can consolidate the performance of this business in the Group financial statements.

In FY2015, revenue and gross operating profit increased by £5.0 million (+11%) and £2.2 million (+15%) respectively compared to the results achieved in FY2014, mainly in consequence of an increase in the average room rate from £404 to £445. The Hotel maintained a positive performance in FY2016 as revenue increased from £52.5 million in FY2015 to £53.3 million, whilst gross operating profit improved from £16.3 million in FY2015 to £16.7 million. In FY2017, the Hotel's performance continued with its upward trajectory, wherein revenue increased y-o-y by £4.7 million to £57.9 million and gross operating profit improved by 8% to £18.0 million. RevPAR increased by 14% when compared to the prior year, from £312 in FY2016 to £356.

The Hotel's performance in FY2018 is expected to have been broadly similar to the results achieved in FY2017, wherein revenue and gross operating profit increased marginally by 1% and 2% respectively to amount to £58.7 million and £18.4 million respectively. During the year, the Hotel was nearing completion of the conversion of 20 bedrooms into 11 suites, thus enabling management to target higher rated business. In contrast, revenue for FY2019 is projected to increase considerably by 16% principally on account of a higher expected average room rate of £517 compared to £486 in FY2018. In turn, gross operating profit is set to grow from £18.4 million in FY2018 to £21.7 million (+18%) in 2019.

In FY2017, the Hotel changed the composition of its competitive set. As such, data relating to benchmark performance included in the above table has been amended as from FY2015.

In comparison to benchmark results, the Hotel managed an RGI of 0.81 in FY2015, mainly due to an adverse difference of £76 in its average room rate. Similar results for the Hotel as compared to its competitive set were registered in FY2015 (RGI of 0.79). The gap between the Hotel's performance and its benchmark improved considerably in FY2017 to an RGI of 0.90, as the Hotel's occupancy was higher than its competitive set by 9 percentage points, mitigated however by an adverse variance in average room rate of £104. In FY2018, the Hotel is expected to have achieved a higher occupancy level when compared to its benchmark by 5 percentage points to 76%, however average room rate was lower by 20% or £120. As such, the Hotel is expected to report an RGI of 0.85 in FY2018 compared to 0.90 in the prior year. In FY2019, management is projecting to reduce the gap in average room rate to £107, whilst increasing occupancy by 1 percentage point to 77%.

4.11 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. The Issuer 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 338 rooms (including the recent addition of 9 Sands Tower Suites), 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.

Works were completed on 9 new bedroom suites in the first semester of 2018 at a cost of €5 million and are being marketed for timeshare sales. Azure, the timeshare marketing company, has launched a sales strategy to sell a points-based membership system as opposed to specific rooms for specific weeks. The points-based system allows Azure to more readily procure products and inventory to sell, other than the Resort's own rooms' inventory. This could, eventually, include inventory in other resorts. The carrying amount of 50% of the Radisson Blu Resort & Spa Golden Sands as at 31 December 2017 is €40.1 million (2016: €31.5 million).

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 4.7 above.

Operational Performance

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

RADISSON BLU RESORT & SPA GOLDEN SANDS	**FY2015 14 months Actual**	**FY2016 12 months Actual**	**FY2017 12 months Actual**	**FY2018 12 months Forecast**	**FY2019 12 months Projection**
Turnover (€'000)	42,843	40,197	41,214	37,833	39,200
Timeshare revenue	27,426	25,614	21,907	19,118	20,038
Hotel operations	15,417	14,583	19,307	18,715	19,162
EBITDA (€'000)	13,547	14,451	9,889	1,804	2,000
EBITDA margin (%)	32	36	24	5	5
IHI's share of EBITDA at 50%	6,774	7,226	4,945	902	1,000

Source: Management information.
Note 1: The financial results of the Radisson Blu Resort & Spa Golden Sands are consolidated with the results of IHI, as a line item under 'share of profits/(losses) of equity accounted investments', 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.

A significant portion of the property's inventory is being operated on an upscale vacation ownership accommodation model (timeshare) through the Group's 50% holding 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 295 rooms have been released for sale on a timeshare basis. The remaining rooms together with any unsold weeks on the aforesaid 295 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. Until FY2017, timeshare units were sold in weeks with the calendar year split into four seasons: Bronze, Silver, Gold and Platinum. A new sales strategy has now been launched to sell a points-based membership system as opposed to specific rooms for specific weeks. The points-based system allows Azure to more readily procure products and inventory to sell, other than the Resort's own bedrooms. This could, eventually, include inventory in other resorts.

Timeshare revenue is generated from the sale of timeshare weeks or points (as of 2018) and resale of repossessed timeshare weeks/points 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 and shows that the principal source of revenue is the sale of timeshare units, which accounted for circa 60% of revenue between FY2015 to FY2017. The recovery in the UK economy (being Azure's principal market) and the strengthening of the Pound Sterling against the Euro were the main drivers for the robust increase in timeshare sales in FY2015, whereby revenue increased by 25% from €22.0 million in FY2014 to €27.4 million.

Revenue for FY2016 was lower by €2.6 million (-6%) when compared to the previous 14-month period of €40.2 million (but on an annualised basis y-o-y revenue was €3.5 million higher (+9.5%)). During FY2016, the vacation ownership operation was adversely impacted on translation of financial results from the Pound Sterling to the euro currency. In FY2017, timeshare revenue declined from €25.6 million in FY2016 to €21.9 million, reflecting a y-o-y decrease of €3.7 million (-14%). Revenue generated in FY2018 is forecasted to be lower by 13% to €19.1 million when compared to the prior year, mainly due to the adverse impact of the afore-mentioned change in the marketing of timeshare units to a points-based membership system. The projected revenue for FY2019 has been prudently set at €20.0 million, an increase of 5% over FY2018 forecast.

As for 'Hotel operations', revenue generated in FY2015 amounted to €15.4 million, an increase of €3.1 million from FY2014. Revenue decreased by €0.8 million (-5%) to €14.6 million in FY2016 in comparison to the prior year, but reported a substantial increase of 32% in the subsequent year from €14.6 million in FY2016 to €19.3 million in FY2017. Revenue in FY2018 is expected to register a decrease of €0.6 million (y-o-y) to €18.7 million, while a 2% increase to €19.2 million has been projected for FY2019.

The resort achieved a 13% growth in EBITDA in FY2015 (+€1.6 million), which actually represents a marginal decline from FY2014 given that FY2015 comprised a 14 month period. FY2016 was a very positive year for the resort as it generated an EBITDA of €14.5 million, surpassing FY2015's EBITDA by €0.9 million (notwithstanding that FY2015 included 14 months of operations). Lower timeshare revenue in FY2017 adversely impacted EBITDA for the year, which decreased by 32% from €14.5 million in FY2016 to €9.9 million. The transition in the way timeshare is sold adversely impacted EBITDA in FY2018, on account of a decrease in revenue generated during the year as well as the incidence of higher costs for third party product related offerings. As such, management expects EBITDA for FY2018 to amount to €1.8 million, as compared to €9.9 million achieved in the prior year, and is projected to amount to €2.0 million in the subsequent financial year.

4.12 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 a 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 2017 is €38.8 million (2016: €40.3 million).

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 4.7 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	FY2015 14 months Actual	FY2016 12 months Actual	FY2017 12 months Actual	FY2018 12 months Forecast	FY2019 12 months Projection
Turnover (€'000)	10,156	12,811	13,805	13,902	12,994
EBITDA (€'000)	2,642	4,492	4,701	4,739	4,079
EBITDA margin (%)	26	35	34	34	31
Occupancy level (%)	77	76	76	75	70
Average room rate (€)	135	123	134	137	140
Revenue per available room (RevPAR) (€)	104	93	102	103	98
Benchmark performance					
Occupancy level (%)	79	77	77	72	72
Average room rate (€)	144	146	164	181	186
Revenue per available room (RevPAR) (€)	113	113	125	130	134
Revenue Generating Index	0.92	0.82	0.82	0.79	0.73

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.

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.

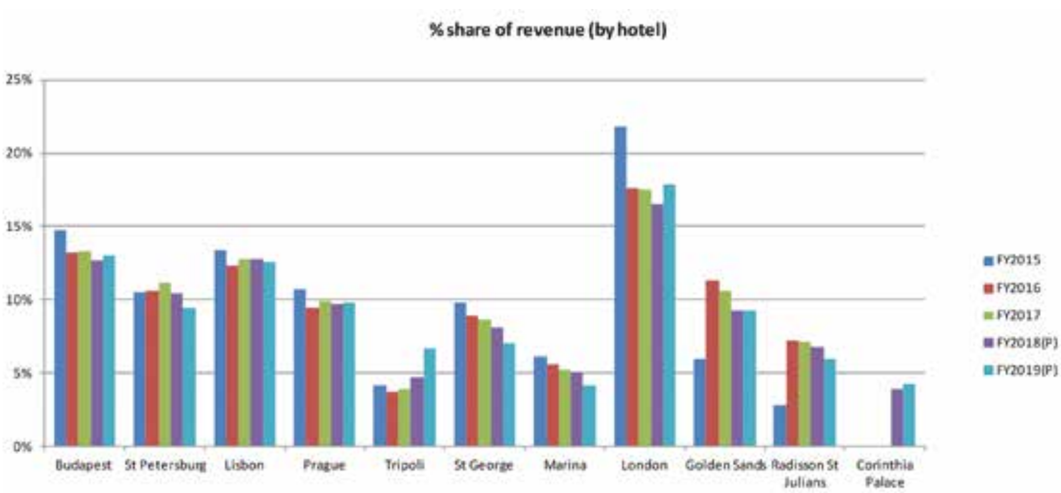
Revenue generated at the Hotel increased in FY2016 by €2.7 million (+26, y-o-y) and gross operating profit also increased from €2.6 million in FY2015 to €4.5 million in FY2016 (+73% y-o-y increase). Occupancy rate in FY2016 was broadly maintained at FY2015 level, but RevPAR was lower by 8% from €104 in FY2015 to €93 (it is to be noted that RevPAR in FY2015 excludes the dilution effect of the winter months).

In consequence of a robust local tourism market and management's focus to shift its principal revenue sectors from tour operator business to direct/online sales, in line with IHI's marketing strategy, in FY2017, the Hotel increased average room rate from €123 in FY2016 to €134 in FY2017, but achieved a similar occupancy rate as in the previous year (at 76%). Total revenue in FY2017 amounted to €13.8 million, a y-o-y increase of €1.0 million (+8%) and gross operating profit increased from €4.5 million in FY2016 to €4.7 million. Results for FY2018 are expected to have been broadly similar to those achieved in the prior year. As for FY2019, the Hotel may be impacted negatively by construction works in a neighbouring third party property and thus management has lowered projected revenue by €0.9 million (y-o-y) to €13.0 million, while gross operating profit is projected to decline by €0.7 million (y-o-y) and amount to €4.1 million. In comparison with its competitive set, the Hotel's RGI in FY2017 was 18% below par at 0.82. Management expects the RGI in FY2018 to equate to 0.79, principally as a result of a difference of €27 in the Hotel's RevPAR (€103) when compared to benchmark (€130). In the near term, the Hotel's RGI is projected to reduce further until development works in the vicinity are completed.

4.13 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.

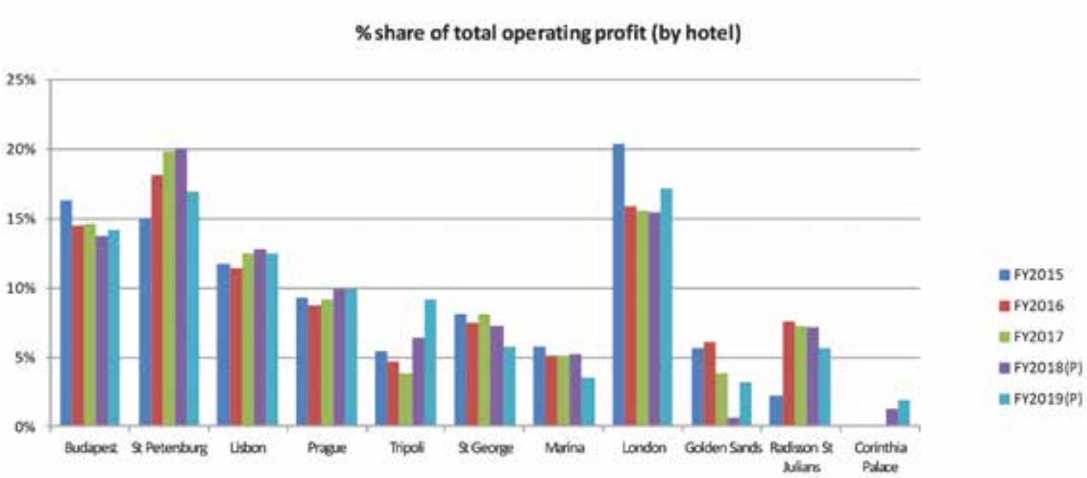


Source: Management information.

- Corinthia Hotel & Residences London generates circa 18% of Group hotel revenue and is the highest contributor, followed by Corinthia Hotel Budapest and Corinthia Hotel Lisbon with 13% each of Group hotel revenue.
- Radisson Blu Resort & Spa Golden Sands and Radisson Blu Resort St Julians were included in the portfolio of hotels as from 1 July 2015 pursuant to the acquisition of IHGH.
- Corinthia Palace Hotel & Spa was acquired in April 2018.

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.



Source: Management information.

- Corinthia Hotel St Petersburg and Corinthia Hotel & Residences London generated 20% and 16% respectively in FY2017 (being the latest available audited financial information) of IHI's total operating profit from hotel operations.
- In FY2019, management is projecting a recovery in operational activities at Corinthia Hotel Tripoli, and the expectation is that the Hotel will contribute 9% of IHI's total operating profit from hotel operations (as compared to 4% in FY2017.
- A decrease in contributions is projected in FY2019 from Corinthia Hotel St George's Bay, Marina Hotel and Radisson Blu Resort St Julians, due to the possible commencement of construction works in a neighbouring third party property.

4.14 MANAGEMENT COMPANY

Corinthia Hotels Limited (a fully-owned subsidiary of IHI previously trading under the name CHI Ltd) manages and operates a number of hotel properties, predominantly owned by IHI and CPHCL. IHI acquired the shares of CHL 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).

CHL is a full-service hotel management company with in-house skills and capabilities supporting the Corinthia brand and operations. It has a track record of driving performance improvements across the Corinthia Group's existing assets, those of CPHCL and of third parties. It ensures consistent service levels and performance across the properties. CHL is scaled to support future growth of Corinthia. CHL currently manages 12 owned hotels (11 operational and 1 under development), 3 hotels owned by its parent company CPHCL, and 6 third party properties (3 operational and 3 under development). Management contracts are typically entered into and structured for a 20-year term. Its key commercial terms include management fees, marketing and reservation fees based on turnover and incentive fees based on gross operating profit achieved. It is an efficient use of capital and resource with no capital outlay required for each new management contract and a cost-effective way to gain in-depth knowledge of various markets.

In 2016, it signed a technical and pre-opening services and management agreement for the development and eventual management of a Corinthia hotel for a third-party owner in Dubai. In 2017, it signed a management agreement for two operational hotels owned by a third party in Dubai on a white label basis (the Meydan at the Meydan Horse Racing Track and the Bab al Shams Desert Resort). In addition, CHL is a party to two agreements with the Meydan Group to provide technical services and once built, to operate the 55-storey Corinthia Hotel and Residences Meydan Beach, Dubai. Furthermore, CHL has signed technical services and management agreements to operate, once redeveloped, the Corinthia Hotel Bucharest (formerly Grand Hotel du Bulevard), Corinthia Hotel Brussels and shortly a management agreement for the operation of the Corinthia Hotel and Residences Moscow, once this project is completed.

CHL continues to establish itself as a dynamic added-value operator of luxury hotels. As from FY2017, the Group commenced its execution of a strategic plan to build on the company's marketing and human resources dimensions, with a renewed focus on quality and service in all Corinthia hotels. As such, the company has expanded its senior management team with the appointment of a chief operating officer, a director of rooms & quality, a director of learning & development, and a director of marketing.

In October 2018, CHL signed an option agreement to acquire a 10% shareholding in GHA Holdings Limited (“**GHA**”), a company that owns the Global Hotel Alliance of which CHL has been a member for three years alongside 29 other hotel brands. The current ownership of GHA comprises founding shareholders (Kempinski, Omni and Oracle) as to 34%, 34% and 12% respectively, and Pan Pacific and Minor Hotels as to 10% each. On its part, CHL has communicated to the Issuer its intention to exercise its option to acquire a 10% shareholding before its expiry in April 2019 at the established price of US$3.5 million. In the meantime, CHL renewed its membership agreement with GHA for another five years.

Further detail on the managed hotels is provided hereunder:

CORINTHIA HOTELS LIMITED
MANAGED HOTEL PORTFOLIO AS AT 30 NOVEMBER 2018

Name	Location	% ownership	No. of hotel rooms
Owned and managed properties (operational)			
Corinthia Hotel Budapest	Hungary	100	437
Corinthia Hotel St Petersburg	Russia	100	388
Corinthia Hotel Lisbon	Portugal	100	518
Corinthia Hotel Prague	Czech Republic	100	539
Corinthia Hotel Tripoli	Libya	100	299
Corinthia Hotel St George’s Bay	Malta	100	249
Marina Hotel St George’s Bay	Malta	100	200
Radisson Blu Resort St Julians	Malta	100	252
Corinthia Palace Hotel & Spa	Malta	100	147
Radisson Blu Resort & Spa Golden Sands	Malta	50	338
Corinthia Hotel & Residences London	United Kingdom	50	284
Owned & managed properties (under development)			
Corinthia Grand Astoria Hotel Brussels (opening 2021)	Belgium	50	126
Managed properties (operational)			
Panorama Hotel Prague	Czech Republic	–	440
Aquincum Hotel Budapest	Hungary	–	310
Ramada Plaza	Tunisia	–	309
Corinthia Hotel Khartoum	Sudan	–	230
The Meydan Hotel	Dubai	–	284
Bab Al Shams Desert Resort	Dubai	–	115
Managed properties (under development)			
Corinthia Hotel Bucharest (opening 2020)	Romania	–	33
Corinthia at Meydan Beach (opening 2020)	Dubai	–	360
Corinthia Hotel & Residences Doha (opening 2022)	Qatar	–	118
			5,976

Operational Performance

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

CORINTHIA HOTELS LIMITED **Management Fees**	**FY2015** **Actual**	**FY2016** **Actual**	**FY2017** **Actual**	**FY2018** **Forecast**	**FY2019** **Projection**
Turnover (€'000)	13,702	14,207	16,936	18,429	18,174
IHI Properties (owned and associate) (€'000)	11,717	11,596	13,374	13,940	14,641
Other Properties (€'000)	1,985	2,611	3,562	3,171	3,236
Technical Services (€'000)	-	-	-	1,318	297

Source: Management information.

Turnover generated by CHL during the historical years FY2015 to FY2017 has increased on a yearly basis, as a consequence of higher y-o-y revenue results achieved by the majority of hotel properties under management. In FY2018, revenue is expected to have reached €18.4 million, an increase of 9% when compared to the prior year, principally on account of technical services fees receivable from third party hotel property owners in terms of the respective technical services and management agreements. As for FY2019, CHL is projecting turnover to amount to €18.2 million, broadly in line with the forecast for FY2018.

4.15 EVENT CATERING BUSINESS

Island Caterers Limited, a fully owned subsidiary 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	**FY2015** **14 months** **Actual**	**FY2016** **12 months** **Actual**	**FY2017** **12 months** **Actual**	**FY2018** **12 months** **Forecast**	**FY2019** **12 months** **Projection**
Turnover (€'000)	6,323	5,981	6,530	5,463	11,533
EBITDA (€'000)	380	371	167	319	604
EBITDA margin (%)	6	6	3	6	5

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. As such, financial information in the table above relating to the period prior to 1 July 2015 has been included comparison purposes only.

The table above summarises the financial performance of Island Caterers Limited for the period FY2015 to FY2019. Revenue in FY2015 increased by €1.1 million from a year earlier 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 amounted to €6.0 million, which was €0.3 million lower than FY2015's figure of €6.3 million. However, when adjusting FY2015's results to a 12-month period rather than the reported 14-month period, a y-o-y increase was registered in FY2016. In the first semester of FY2017, the company catered for a significant number of events tied to Malta's EU presidency. As such, revenue in FY2017 was higher than in the prior year by €0.5 million and amounted to €6.5 million.

Revenue generated in FY2018 is expected to amount to €5.5 million, €1.0 million lower than that achieved in the prior year. However, EBITDA is set to increase from €0.2 million in FY2017 to €0.3 million due to a higher EBITDA margin. The sales mix was unchanged during FY2018 and comprised weddings, corporate events, conference incentive travel (CIT) and the Coastline catering contract. In FY2019, the Group plans to consolidate the various catering operations under the Corinthia Caterers brand and as a consequence, management is projecting consolidated turnover to double from €5.5 million in FY2018 to €11.5 million, with a similar effect at EBITDA level.

4.16 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.

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 eleven 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, Spinola Bay St Julians, Mriehel Industrial Park and PAMA Shopping Village Mosta. The company intends to open an additional outlet in Malta during FY2019.

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 FY2017, total openings had increased to 15 outlets.

The company is currently consolidating its position on the Spanish market, in consequence of which three loss-making outlets were closed in FY2018. Once results achieve the expected levels of performance, further outlets will be opened across the region. Presently, there are nine outlets in Barcelona, one in Benidorm and two in Palma de Mallorca.

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

BUTTIGIEG HOLDINGS LIMITED (including Costa Coffee)	**FY2015 14 months Actual**	**FY2016 12 months Actual**	**FY2017 12 months Actual**	**FY2018 12 months Forecast**	**FY2019 12 months Projection**
Turnover					
Costa Coffee (Malta) (€'000)	6,647	7,081	8,039	9,270	9,471
Costa Coffee (Spain) (€'000)	1,906	4,592	5,359	5,543	5,726
Other catering operations (€'000)	5,419	3,313	3,188	3,100	3,162
	13,972	14,986	16,586	17,913	18,359
EBITDA (€'000)	(413)	(1,231)	72	214	904
EBITDA margin (%)	(3)	(8)	–	1	5
Costa Malta					
No. of outlets (at end of financial year)	8	10	11	12	13
Costa Spain					
No. of outlets (at end of financial year)	10	15	15	12	12

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.

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 two outlets were opened in FY2016, and revenue generated from the ten outlets amounted to €7.1 million (+7%, y-o-y). Revenue in FY2017 increased by €0.9 million (+14%) to €8.0 million due to a general increase in business activity and the opening of another outlet at PAMA Shopping Village. The Mriehel outlet was added during FY2018 and turnover is forecasted to amount to €9.3 million, an increase of 15% when compared to the prior year.

In FY2015, TCCS operated ten outlets in Spain and generated €1.9 million in revenue. An additional five outlets initiated operations in FY2016 and aggregate revenue amounted to €4.6 million. Revenue increased by 17% in the subsequent year (+€0.8 million) to €5.4 million. In FY2018, it is anticipated that TCCS will achieve the same revenue results as in FY2017, but with 3 fewer outlets. Revenue generated in FY2019 is projected to increase by 3% (y-o-y) to €5.7 million.

Revenue derived from 'other catering operations' increased to €5.4 million in FY2015 from €4.0 million in FY2014. The increase was mainly due to the additional two months' revenue in the financial year. Revenue for FY2016 amounted to €3.3 million, which is comparably lower than normalised revenue generated in FY2015 of €4.6 million (being €5.4 million as adjusted to reflect a 12-month period). The lower revenue registered in FY2016 (€3.3 million as compared to €5.4 million in FY2015) is primarily the result of consolidation of certain catering operations with other companies forming part of the Corinthia Group. As from FY2017, revenue has been broadly stable at the €3 million mark and is expected to remain so in the near term.

4.17 OTHER ASSETS

In December 2010, IHI acquired the 'Corinthia' hotel 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 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 re-positioning of the Corinthia brand as a global luxury hotel brand.

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 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 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 and business district. 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 requirement for the said project. The remaining 60% of funding will be derived from a Libyan financial institution in terms of a sanction letter that has been approved and signed, but now needs to be reactivated. The project is on hold until Libya stabilises and its prospects improve. The investment has a carrying amount of €12.6 million (2016: €13.6 million).

IHI owns 100% of QPM Limited ("QP"), a company which specialises in construction and project management services, both locally and overseas. QP 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 QP 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, QP is increasing its third-party client base and revenue generation.

FY2017 was a positive year for QP, during which a number of projects were secured with the company offering a host of professional building services including design, engineering and project management. Revenue for FY2017 amounted to just under €4 million, a significant increase when compared to the €2.9 million generated a year earlier. It is worthy to note that over 80% of revenue was derived from third party owned projects, which are totally unrelated to the Corinthia Group. Revenue generated in FY2018 is expected to amount to €5.3 million, a y-o-y increase of 33%, and a further 19% growth to €6.3 million in projected for FY2019.

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 2017 at €21.8 million (2016: €21.6 million). 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.

5. 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, it enables the Group to target higher-yielding customers, in particular those from the leisure and conference & event segments.

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

From a cost perspective, better results are being achieved through the implementation of cost-control and energy-efficient measures at Group hotels, particularly since the acquisition of IHGH and the subsequent merger of this company with the Issuer in December 2017. 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 members sitting on the board of directors and other administrative costs across the 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. As such, apart from the afore-mentioned 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, including properties in Golden Bay and St Julian's, Malta. The latter constitutes a fundamental part of the luxury re-development of the three neighbouring hotels located near St George's Bay, St Julian's, Malta, which the Group plans to undertake subject to obtaining all necessary approvals. The IHGH acquisition also enables the Group to diversify its revenue streams into timeshare in Malta and, through the Costa Coffee franchise, in the retail catering sector in Malta and Eastern Spain. On 29 December 2017, IHGH was merged with the Issuer. By virtue of this merger by amalgamation, IHI acquired all the assets and liabilities of IHGH and same company was struck off the registry of companies.

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. In addition, 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 developing hotels in mature markets, specifically in certain key European cities.

On 11 April 2016, NLI Holdings Ltd (in which IHI owns a 50% shareholding) 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. 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. After it was bought by the hotel's former owners in 2007, it closed for business 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 re-developed, will be renamed the Corinthia Hotel Brussels and will add another key destination to the Corinthia brand's growing portfolio.

In 2016, the Issuer launched Corinthia Developments International Limited ("CDI"), a development company with a remit to plan and execute acquisitions and developments in the hotel and real estate sector, whether for the Company or third parties. CDI has been highly active in 2018, wherein it has originated various off-market projects, in cities and resorts such as Moscow, New York, Miami, Rome, Bucharest and Cannes. Even though some of the projects might not be fully realised, the ability of CDI to tap on and originate real estate projects and raise external funding from renowned institutional investors worldwide, augurs well for the future of this company.

Hotel management contracts

The Group is intent on growing ancillary business lines such as hotel management. When originally set up, CHL's activities were limited to the management of hotels that were owned by the Corinthia Group. CHL was active in 2016, 2017 and 2018 in signing three hotel management agreements with third party owners to develop one project in Dubai, Doha and Bucharest. CHL 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 accelerate its growth path in the forthcoming years.

Accordingly, where attractive opportunities arise, the Group, through CHL, will seek to expand its portfolio of hotels under the Corinthia brand 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.

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.

PART 3 – PERFORMANCE REVIEW

The financial information provided hereunder is extracted from the audited consolidated financial statements of IHI for each of the years ended 31 December 2015 to 31 December 2017. In 2017, IHI secured the right to nominate and appoint the majority of the board of directors of NLI such that IHI can consolidate the performance of the Corinthia Hotel London in its financial statements. The forecasted financial information for the years ending 31 December 2018 and 31 December 2019 has been provided by management of the Company.

Note 5 to the 2017 financial statements explains the significant uncertainties and judgments surrounding the valuation of the Group's assets in Libya that have 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 and the recoverability of certain debtors, which as at 31 December 2017 were carried at €189.2 million and €6.1 million respectively (2016: €192.5 million and €6.1 million respectively).

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, the assessment of future performance is more difficult to make 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)	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**	**FY2019 Projection**
Revenue	134,074	157,901	242,413	253,080	278,970
Direct costs	(70,326)	(87,519)	(132,015)	(129,778)	(144,891)
Gross profit	**63,748**	**70,382**	**110,398**	**123,302**	**134,079**
Other operating costs	(31,631)	(33,641)	(46,881)	(56,549)	(60,469)
EBITDA[1]	**32,117**	**36,741**	**63,517**	**66,753**	**73,610**
Depreciation and amortisation	(20,093)	(23,307)	(31,066)	(32,690)	(32,743)
Movement in fair value of investment property	193	(19,712)	278	–	–
Net impairment of hotel properties & intangibles	11,639	2,960	998	(1,980)	(1,600)
Results from operating activities	**23,856**	**(3,318)**	**33,727**	**32,083**	**39,267**
Share of (loss) profit: equity accounted investments	(2,557)	1,661	2,119	–	–
Net finance costs	(13,984)	(16,036)	(21,118)	(20,433)	(21,110)
Other	(8,215)	11,140	(4,909)	(4,541)	–
Movement in fair value of indemnification assets	551	(210)	(210)	(210)	(210)
Profit (loss) before tax	**(349)**	**(6,763)**	**9,609**	**6,899**	**17,947**
Taxation	(3,398)	(895)	5,288	(2,791)	(3,595)
Profit (loss) for the year	**(3,747)**	**(7,658)**	**14,897**	**4,108**	**14,352**
Other comprehensive income					
Net impairment of hotel properties	21,105	37,131	15,853	–	–
Share of other comprehensive income of equity accounted investments	9,674	6,598	10,348	–	–
Other effects and tax	(15,883)	(3,165)	(1,783)	–	–
	14,896	**40,564**	**24,418**	**–**	**–**
Total comprehensive income (expense) for the year net of tax	**11,149**	**32,906**	**39,315**	**4,108**	**14,352**

[1] *EBITDA – Earnings before Interest, Tax, Depreciation and Amortisation.*

IHI GROUP CASH FLOW STATEMENT (€'000)	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Forecast	FY2019 Projection
Net cash from operating activities	29,502	27,635	60,013	58,712	58,469
Net cash from investing activities	(28,555)	(29,099)	(15,579)	(41,898)	(59,596)
Net cash from financing activities	(7,133)	10,632	(21,956)	(28,096)	6,049
Net movement in cash and cash equivalents	**(6,186)**	**9,168**	**22,478**	**(11,282)**	**4,922**
Cash and cash equivalents at beginning of year	17,850	11,664	20,832	42,652	31,370
Effect of translation of presentation currency	–	–	(658)	–	–
Cash and cash equivalents at end of year	**11,664**	**20,832**	**42,652**	**31,370**	**36,292**

IHI GROUP BALANCE SHEET (€'000)	31 Dec' 15 Actual	31 Dec' 16 Actual	31 Dec' 17 Actual	31 Dec' 18 Forecast	31 Dec' 19 Projection
ASSETS					
Non-current assets					
Intangible assets (including indemnification)	78,227	80,794	75,173	70,245	66,417
Investment property	166,274	164,278	205,238	201,090	202,038
Property, plant and equipment	572,103	617,765	1,108,251	1,142,678	1,160,755
Investments accounted for using the equity method	267,045	250,913	59,872	64,572	71,432
Loan receivable	3,728	4,570	1,598	1,598	1,598
Deferred tax assets	–	–	12,157	–	–
Assets placed under trust management	3,870	1,077	2,168	3,645	5,431
	1,091,247	**1,119,397**	**1,464,457**	**1,483,828**	**1,507,671**
Current assets					
Inventories	6,280	6,727	10,197	11,415	12,708
Loan receivable	7,325	12,982	17,984	8,650	8,650
Trade and other receivables	33,032	42,151	46,841	39,597	43,487
Taxation	2,896	4,654	3,318	3,190	3,117
Available-for-sale investments	–	–	8,603	–	–
Cash and cash equivalents	18,863	29,382	50,795	35,840	40,732
Assets placed under trust management	–	4,961	122	–	–
	68,396	**100,857**	**137,860**	**98,692**	**108,694**
Total assets	**1,159,643**	**1,220,254**	**1,602,317**	**1,582,520**	**1,616,365**
EQUITY					
Capital and reserves					
Called up share capital	573,636	597,750	615,685	615,685	615,685
Reserves and other equity components	86,719	108,797	(8,015)	(15,922)	(18,408)
Retained earnings	(52,665)	(60,323)	76,379	70,574	73,298
Minority interest	598 598	200,583	196,331	195,646	–
	608,288	**646,822**	**884,632**	**866,668**	**866,221**
LIABILITIES					
Non-current liabilities					
Borrowings and bonds	342,616	370,486	527,969	520,516	557,029
Other non-current liabilities	108,740	117,365	99,995	86,867	85,537
	451,356	**487,851**	**627,964**	**607,383**	**642,566**
Current liabilities					
Borrowings and bonds	25,784	34,906	28,263	36,941	40,943
Other current liabilities	74,215	50,675	61,458	71,528	66,635
	99,999	**85,581**	**89,721**	**108,469**	**107,578**
	551,355	**573,432**	**717,685**	**715,852**	**750,144**
Total equity and liabilities	**1,159,643**	**1,220,254**	**1,602,317**	**1,582,520**	**1,616,365**

Key Accounting Ratio	31 Dec' 15 Actual	31 Dec' 16 Actual	31 Dec' 17 Actual	31 Dec' 18 Forecast	31 Dec' 19 Projection
Gross profit margin *(Gross profit/revenue)*	48%	45%	46%	49%	48%
Operating profit margin *(EBITDA/revenue)*	24%	23%	26%	26%	26%
Interest cover (times) *(EBITDA/net finance cost)*	2.30	1.39	3.01	3.27	3.49
Net profit margin *(Profit after tax/revenue)*	-3%	-5%	6%	2%	5%
Earnings per share (€) *(Profit after tax/number of shares)*	-0.01	-0.01	0.02	0.01	0.02
Return on equity *(Profit after tax/shareholders' equity)*	-1%	-1%	2%	0%	2%
Return on capital employed *(EBITDA/total assets less current liabilities)*	3%	3%	4 %	5%	5%
Return on assets *(Profit after tax/total assets)*	0%	-1%	1%	0%	1%

Source: Charts (a division of MeDirect Bank (Malta) plc)

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 83,530m2 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. 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 a combined reduction of €9.7 million from the Group's hotels located in St Petersburg and Tripoli.

EBITDA for 2015, excluding the consolidation of 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. Administrative costs for the year under review 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 closer towards its maturity. IHI's 50% share of 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 was 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 were marginally higher than in FY2014 by €0.4 million, from €13.6 million in FY2014 to €14.0 million. The financial results for FY2015 were impacted by a charge of €8.5 million, which represented adverse exchange differences on bank borrowings in Euro on the property in St Petersburg in consequence of the adoption 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).

Revenue for **FY2016** increased by €23.8 million, from €134.1 million in FY2015 to €157.9 million, mainly due to the consolidation of a full year's results of IHGH (+€16.2 million y-o-y). QPM Limited, which was acquired in July 2016, contributed €1.4 million. The remaining balance of €6.2 million is attributable to improved performance from the European operations of the Group. In consequence of the higher revenue, the Group reported an increase in EBITDA of €4.6 million (+14% y-o-y) to €36.7 million, which was to some extent adversely impacted by losses from the catering operations in Spain.

In FY2016, the Group generated €1.7 million from its equity accounted investments (being the 50% ownership in the Corinthia Hotel & Residences London and the Radisson Blu Resort & Spa Golden Sands) compared to a loss of €2.6 million reported in the prior year. Both operations had a positive year compared to FY2015, but given their exposure to the Pound Sterling, were negatively impacted on translation of their respective financial results to the euro currency.

During the year under review, the Group registered property uplifts before tax of €47.4 million on account of the improved trading performance of the Group's hotels located in Europe, which was partly mitigated by an impairment charge of €20.4 million on the value of the St Petersburg Commercial Centre (a net positive movement of €27.0 million). Further detail of the movement in property values is provided below:

ANALYSIS OF MOVEMENTS IN PROPERTY VALUES
FOR THE YEAR ENDED 31 DECEMBER 2016

(€'000)	**Income Statement**	**Other Comprehensive Income**	**Total**
Corinthia Hotel Lisbon	–	5,702	5,702
Lisbon Apartments	680	–	680
Corinthia Hotel St George's Bay	–	3,469	3,469
Corinthia Hotel Prague	–	2,423	2,423
Corinthia Hotel Budapest	–	18,613	18,613
Marina Hotel	–	2,640	2,640
Radisson Blu Resort, St Julians	–	4,284	4,284
Corinthia Hotel St Petersburg	2,960	–	2,960
St Petersburg Commercial Centre	(20,392)	–	(20,392)
Corinthia Hotel & Residences London	–	6,598	6,598
Net movement in property values	**(16,752)**	**43,729**	**26,977**
Classified in the financial statements as follows:			
Movement in fair value of investment property	(19,712)	–	(19,712)
Net impairment reversal (loss) on hotel properties	2,960	37,131	40,091
Revaluation of hotel property (equity accounted investments)	–	6,598	6,598
Net movement in property values	**(16,752)**	**43,729**	**26,977**

Net finance costs increased by €2.1 million as a result of increased bond interest costs, primarily due to the new €55 million secured bond issued by IHI in July 2016 and the fact that IHGH's finance costs for 2015 only represent the charges for six months (post acquisition), whilst those for 2016 cover a full year. During the year under review, a positive amount of €11.1 million was recorded in other movements compared to an adverse amount of €8.2 million in FY2015. Such movements mainly represented exchange differences on borrowings denominated in Rouble on conversion to the Euro.

Overall, the Group incurred a loss for the year of €7.7 million (FY2015: loss of €3.7 million), but reported a total comprehensive income for the year, net of tax, of €32.9 million (FY2015: €14.9 million).

As of **FY2017**, IHI secured the right to nominate and appoint the majority of the board of directors of NLI (the owning company of Corinthia Hotel London & Penthouse and the newly-acquired Grand Hotel Astoria in Brussels under development), such that IHI started to consolidate the performance of the Corinthia Hotel London in its financial statements. Total revenue for the year under review amounted to €242.4 million compared to €157.9 million the year before (+€84.5 million). The increase in revenue is mainly attributable to the consolidation of the Corinthia Hotel London which contributed €68.7 million of the increase, the remaining €15.8 million is the result of continuing performance improvements in the other operations of IHI.

EBITDA for 2017 amounted to €63.5 million, an increase of €26.8 million from a year earlier (FY2016: €36.7 million). The contribution of Corinthia Hotel London amounted to €15.2 million, whilst the remaining balance of €11.6 million is mainly attributable to a marked performance improvement in all IHI's hotels. In particular, the y-o-y performance of the Corinthia Hotel St Petersburg was €2.6 million higher in 2017 relative to 2016. Similar marked improvements were achieved at the Corinthia Hotel Lisbon and CHL.

The Group's share of associates and joint ventures (equity accounted investments) now reflects principally the Radisson Blu Resort & Spa Golden Sands operation as the Corinthia Hotel London operation is fully consolidated. In FY2017, share of profit of equity accounted investments amounted to €2.1 million (FY2016: €1.7 million). Net finance costs in 2017 amounted to €21.1 million compared to €16.0 million in FY2016. After taking into account a tax credit of €5.3 million (FY2016: tax charge of €0.9 million), IHI registered a profit for the year of €14.9 million, a material turnaround to the loss incurred in FY2016 of €7.7 million.

In 2017, the Group registered net property uplifts before tax of €30.5 million on account of the continuing improved trading performance of the Group's assets located in Europe. This amount included a full reversal of all impairments previously recorded on Corinthia Hotel St Petersburg. Further detail of the movement in property values is provided below:

ANALYSIS OF MOVEMENTS IN PROPERTY VALUES
FOR THE YEAR ENDED 31 DECEMBER 2017

(€'000)	**Income Statement**	**Other Comprehensive Income**	**Total**
Lisbon Apartments	(106)	–	(106)
Radisson Blu Resort, St Julians	–	10,348	10,348
Corinthia Hotel St Petersburg	3,998	3,667	7,665
St Petersburg Commercial Centre	(2,750)	–	(2,750)
London Apartment	3,134	–	3,134
Corinthia Hotel & Residences London	–	12,186	12,186
Net movement in property values	**4,276**	**26,201**	**30,477**
Classified in the financial statements as follows:			
Movement in fair value of investment property	278	–	278
Net impairment reversal (loss) on hotel properties	3,998	15,853	19,851
Revaluation of hotel property (equity accounted investments)	–	10,348	10,348
Net movement in property values	**4,276**	**26,201**	**30,477**

Other comprehensive income comprises a combined currency conversion loss of €22.8 million on account of the weakened Sterling and Rouble. This negative movement was offset by the one-time release of all deferred tax recorded to date on the Corinthia Hotel London due to the change in accounting treatment to a subsidiary company. Total comprehensive income for the year amounted to €39.3 million (FY2016: €32.9 million).

Revenue generated by IHI in **FY2018** is forecasted to have amounted to €253.1 million, an increase of €10.7 million (+4%) when compared to the prior year (FY2017: €242.4 million). This y-o-y increase is expected to result from aggregate growth in revenue across the majority of Group properties and the addition of Corinthia Palace Hotel as from April 2018. As a consequence, EBITDA is expected to have increased by €3.2 million (+5%) from €63.5 million in FY2017 to €66.8 million. After factoring in depreciation and amortisation of €32.7 million and impairment of hotel properties and intangibles amounting to €2.0 million, results from operating activities are expected to have marginally decreased y-o-y by €1.6 million to €32.1 million.

Profit before tax is forecasted at €6.9 million in FY2018, compared to €9.6 million a year earlier (-28%). The movements between results from operating activities and profit before tax primarily include net finance costs of €20.4 million and adverse exchange fluctuations amounting to €4.5 million. Profit for the year is expected to be lower than previous year's figure by €10.8 million to €4.1 million, principally due to the effect of taxation, which is forecasted to amount to €2.8 million compared to a tax credit in FY2017 of €5.3 million (that is, an adverse movement amounting to €8.1 million). Overall forecasted comprehensive income in FY2018 is expected to amount to €4.1 million (FY2017: €39.3 million).

Management is projecting revenue for **FY2019** to increase y-o-y by €25.9 million (+10%) to €279.0 million, mainly on account of increases in turnover from the hotel operations segment. Corinthia Hotel Tripoli and Corinthia Hotel London are projected to increase revenue by €10.2 million (in aggregate), while the 3 hotels situated in St Julians (namely, Corinthia St George, Marina Hotel and Radisson St Julians) are expected to register a decrease of €3.5 million (in aggregate) in annual turnover due to construction works in a neighbouring third party property. EBITDA is projected to grow y-o-y by €6.9 million (+10%) to €73.6 million, while results from operating activities are expected to amount to €39.3 million, an increase of €7.2 million (+22%) when compared to FY2018. As such, total comprehensive income is projected to increase by €10.2 million (y-o-y) to €14.4 million (FY2018: €4.1 million).

The estimates for the projected financial years as presented in this document assume that the carrying values of hotel and investment properties will not be revalued upwards or impaired, and therefore no adjustment has been made as to possible uplifts or impairments in value of assets which can materially affect the consolidated income statement and the balance sheet values.

The principal movement in the Group Balance Sheet as at 31 December 2018 is expected in property, plant and equipment, which is forecasted to have increased by €34.4 million to €1,142.7 million. This figure comprises capital expenditure relating to the acquisition of Corinthia Palace Hotel, Attard, Malta, the development of Corinthia Grand Astoria Hotel Brussels, upgrades to various hotel properties and other projects.

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' 15 Actual**	**31 Dec' 16 Actual**	**31 Dec' 17 Actual**	**31 Dec' 18 Forecast**	**31 Dec' 19 Projection**
Bank borrowings					
Bank loans	205,990	180,330	341,269	349,483	370,079
Bank overdrafts	7,199	8,550	8,143	4,470	4,440
	213,189	**188,880**	**349,412**	**353,953**	**374,519**
Bonds					
6.25% IHI Bonds 2015 – 2019					
6.25% IHI Bonds 2017 – 2020	24,695	6,572	–	–	–
5.8% IHI Bonds 2021	19,676	19,722	19,770	19,822	19,877
5.8% IHI Bonds 2023	9,887	9,899	9,912	9,925	9,939
5.75% IHI Bonds 2025	44,060	44,138	44,220	44,307	44,400
4% IHI Secured Bonds 2026	–	54,230	54,297	54,367	54,440
4% IHI Unsecured Bonds 2026	–	39,450	39,427	39,480	59,284
6.5% IHGH Bonds 2017 – 2019	14,000	3,134	–	–	–
6% IHI (formerly IHGH) Bonds 2024	34,384	34,457	34,530	34,603	34,676
	146,702	**211,602**	**202,156**	**202,504**	**222,616**
Other interest bearing borrowings					
Parent company	3,091	–	–	–	–
Related companies	5,418	4,910	4,664	1,000	837
	8,509	**4,910**	**4,664**	**1,000**	**837**
Total borrowings and bonds	**368,400**	**405,392**	**556,232**	**557,457**	**597,972**

KEY ACCOUNTING RATIO	**31 Dec' 15 Actual**	**31 Dec' 16 Actual**	**31 Dec' 17 Actual**	**31 Dec' 18 Forecast**	**31 Dec' 19 Projection**
Net assets per share (€) *(Net asset value/number of shares)*	1.06	1.08	1.11	1.09	1.09
Liquidity ratio (times) *(Current assets/current liabilities)*	0.68	1.18	1.54	0.91	1.01
Gearing ratio *(Total net debt/net debt and shareholders' equity)*	36%	37%	36%	38%	39%
Debt service cover ratio (times) *(EBITDA/net finance cost and loan capital repayment)*	1.08	1.48	1.62	1.86	2.01

Source: Charts (a division of MeDirect Bank (Malta) plc)

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 fund.

CONTRIBUTIONS TO SINKING FUND (€'000)	31 Dec' 15 Actual	31 Dec' 16 Actual	31 Dec' 17 Actual	31 Dec' 18 Forecast	31 Dec' 19 Projection
€25 million 6.25% Bonds 2017 – 2020	3,363				
€20 million 5.8% Bonds 2021		1,077	2,168	3,645	5,431
€14 million 6.50% IHGH Bonds 2017 – 2019	507				
	3,870	**1,077**	**2,168**	**3,645**	**5,431**

Variance Analysis

IHI GROUP INCOME STATEMENT (€'000)	FY2018 Forecast (FAS' 18)	FY2018 Forecast (FAS' 19)	Variance
Revenue	255,807	253,080	(2,727)
Direct costs	(131,398)	(129,778)	1,620
Gross profit	**124,409**	**123,302**	**(1,107)**
Other operating costs	(54,136)	(56,549)	(2,413)
EBITDA[1]	**70,273**	**66,753**	**(3,520)**
Depreciation and amortisation	(33,476)	(32,690)	786
Net impairment of hotel properties & intangibles	(1,000)	(1,980)	(980)
Results from operating activities	35,797	32,083	**(3,714)**
Share of (loss) profit: equity accounted investments	1,501	–	91,501)
Net finance costs	(20,550)	(20,433)	117
Other	(2,658)	(4,541)	(1,883)
Movement in fair value of indemnification assets	(210)	(210)	–
Profit (loss) before tax	**13,880**	**6,899**	**(6,981)**
Taxation	(4,973)	(2,791)	2,182
Profit (loss) for the year	**8,907**	**4,108**	**(4,799)**
Other comprehensive income			
Other effects and tax	2,406	–	-2,406
	2,406	**–**	**-2,406**
Total comprehensive income (expense) for the year net of tax	**11,313**	**4,108**	**-7,205**

FY2018 Forecast (FAS '18) – refers to the FY2018 forecast included in the financial analysis summary dated 27 July 2018.

FY2018 Forecast (FAS '19) – refers to the FY2018 forecast as updated by management and included in this report.

As presented in the above table, revised revenue for FY2018 is expected to be lower than initially forecasted by €2.7 million to amount to €253.1 million. Direct and other operating costs have been revised upwards and thus, results from operating activities are now expected to be lower by €3.7 million to €32.1 million. Share of profit from equity accounted investments has been lowered to nil from €1.5 million, whilst losses from exchange fluctuations are expected to be higher by €1.9 million from €2.7 million in FAS'18 to €4.5 million in FAS'19. This has resulted in an adverse movement in profit before tax of €7.0 million, which is partly mitigated by a lower tax expense then originally forecasted amounting to €2.2 million. Forecast comprehensive income for FY2018 has been revised downwards from €11.3 million in FAS'18 to €4.1 million in FAS'19.

[1] *EBITDA – Earnings before Interest, Tax, Depreciation and Amortisation.*

Related Party Listed Debt

Corinthia Palace Hotel Company Limited ("CPHCL") is the parent company and owns 57.81% 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
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:

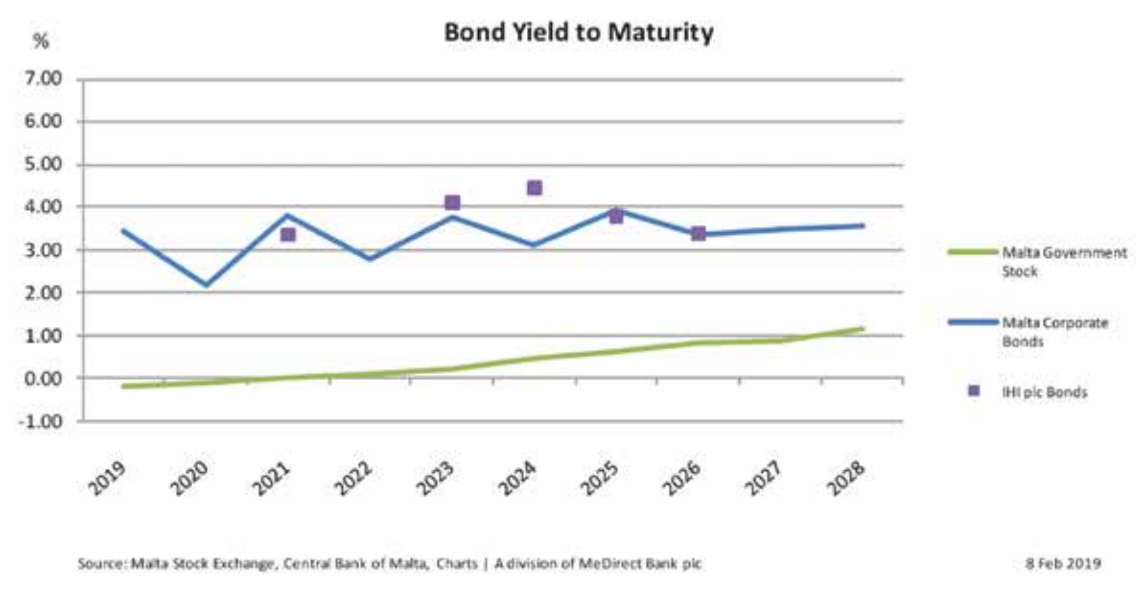
Security ISIN	Amount Listed	Security Name	Currency
MT0000371279	20,000,000	5.5% MIH 2020	EUR
MT0000371261	12,000,000	6.0% MIH 2021	EUR
MT0000371287	40,000,000	5.0% MIH 2022	EUR
n/a	11,000,000	6% Notes 2020 (unlisted)	EUR

Source: Malta Stock Exchange

PART 4 – COMPARABLES

The table below compares the Group and its bonds 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 (%)
5.5% Pendergardens Dev. plc Secured € 2020 Series I	15,000,000	2.17	6.29	68,589	14,418	66.04
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	2.77	6.29	68,589	14,418	66.04
4.25% Gap Group plc Secured € 2023	40,000,000	3.06	2.61	56,906	6,696	85.08
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	3.77	1.19	21,625	4,844	69.04
6% AX Investments Plc Unsecured € 2024	40,000,000	3.47	6.97	325,243	214,590	18.66
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.10	4.42	77,088	38,701	45.62
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.64	3.05	107,801	39,813	54.01
4.25% Best Deal Properties Holding plc Secured 2024	16,000,000	3.48	4.02	25,986	3,432	82.64
5.1% 1923 Investments plc Unsecured € 2024	36,000,000	4.23	1.69	118,490	33,711	58.11
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.64	1.26	135,879	39,974	68.23
5.1% 6PM Holdings plc Unsecured € 2025	13,000,000	4.64	–	6,191	-19,896	–
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.60	2.59	1,765,072	901,595	40.43
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.31	3.03	1,602,317	884,632	36.36
4.0% International Hotel Invest. plc Unsecured € 2026	60,000,000	3.40	3.03	1,602,317	884,632	36.36
4.0% MIDI plc Secured € 2026	50,000,000	3.38	-0.98	235,302	86,621	39.27
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.16	7.90	161,128	47,607	57.32
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.84	39.11	17,088	5,835	30.63
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.60	5.93	229,882	63,771	50.15
4.0% Eden Finance plc Unsecured 2027	40,000,000	3.49	4.46	169,936	90,162	36.52
4% Stivala Group Finance plc Secured 2027	45,000,000	3.33	6.21	199,560	121,041	31.54
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.55	3.27	408,204	82,870	73.40



To date, there are no corporate bonds which have a redemption date beyond 2028. 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.