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**SUMMARY NOTE  
DATED 28 OCTOBER 2021**

This document is a Summary issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the provisions of the Prospectus Regulation.

In respect of an issue of up to

**€80,000,000 3.65% Unsecured Bonds 2031 (ISIN MT0000111337)**

of a nominal value of €100 per bond, issued and redeemable at par by



**INTERNATIONAL HOTEL INVESTMENTS p.l.c.**

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA

WITH COMPANY REGISTRATION NUMBER C 26136

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Manager and Registrar

**BOV**  
Bank of Valletta

Sponsor



MZ INVESTMENT SERVICES

Legal Counsel

**CAMILLERI PREZIOSI**  
ADVOCATES

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**THIS SUMMARY HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVED THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.**

**THIS SUMMARY IS VALID FOR A PERIOD OF TWELVE (12) MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.**

**APPROVED BY THE BOARD OF DIRECTORS**

Joseph Fenech on behalf of: Alfred Pisani (Chairman), Moussa Alhassan Atiq Ali, Abdunaser M.B. Ahmida, David Curmi, Hamad Mubarak Mohd Buamin, Joseph Pisani, Frank Xerri de Caro, Douraid Zaghouani



## SUMMARY NOTE

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

### 1 INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer and the Bonds, summarised details of which are set out below:

Full legal and commercial name of the Issuer	International Hotel Investments p.l.c.
Registered address	22, Europa Centre, Floriana FRN 1400, Malta
Registration number	C 26136
Legal Entity Identification (LEI) Number	529900LVB0R279MUX376
Date of Registration	29 March 2000
Telephone number	+356 21 233 141
Email	ihi@corinthia.com
Website	www.corinthiagroup.com
Nature of the securities	Unsecured bonds of an aggregate principal amount of up to eighty million Euro (€80,000,000), of a nominal value of €100 per bond, issued at par and redeemable at their nominal value on 7 December 2031, and bearing interest at the rate of 3.65% per annum
ISIN number of the Bonds	ISIN MT0000111337
Competent authority approving the Prospectus	The Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta)
Address, telephone number and official website of the competent authority approving the Prospectus	Address: Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business, District, Birkirkara, Malta, CBD 1010; Telephone number: +356 21 441 155; Official website: www.mfsa.mt
Prospectus approval date	28 October 2021

Prospective investors are hereby warned that:

- i. this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Bonds being offered pursuant 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;
- ii. any decision of the investor to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- iii. an investor may lose all or part of the capital invested in subscribing for Bonds;
- iv. 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
- v. civil liability attaches only to those persons who have tabled the Summary including any translation thereof 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.



## SUMMARY NOTE

## 2 KEY INFORMATION ON THE ISSUER

### 2.1. Who is the Issuer of the securities?

#### 2.1.1. Domicile and legal form, its LEI and country of incorporation

The Issuer is International Hotel Investments p.l.c. (“IHI”), a public limited liability company registered in Malta in terms of the Companies Act (Cap.386 of the laws of Malta) with company registration number C 26136. The legal entity identifier (LEI) number of the Issuer is 529900LVB0R279MUX376.

#### 2.1.2. Principal activities of the Issuer

The Issuer is an investment company which carries on business relating to the ownership, development and operation of hotels, residential and commercial real estate. The Issuer holds investments in subsidiary and associate companies through which it furthers the business of the Group. To date, the Issuer 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). Through a joint venture with Libyan Foreign Investment Company (company registration number 9481) (“LAFICO”), the Issuer also has a 50% holding in a luxury hotel in London and a hotel development in Brussels.

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, through fees earned from hotels owned by the Issuer itself or managed pursuant to management contracts with CPHCL and other third parties, project managements services provided through QPM Limited (C 26148) (“QP”), and catering services provided through Corinthia Caterers, Catermax and Costa Coffee. Corinthia Hotels Limited (C 26086) (“CHL”), Corinthia Palace Hotel Company Limited (C 257) (“CPHCL”), QP, Corinthia Caterers, Catermax and Costa Coffee are wholly-owned subsidiaries of the Issuer.

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

#### 2.1.3. Major shareholders of the Issuer

As at the date of this Prospectus CPHCL holds 355,988,463 shares equivalent to 57.81% of the Issuer’s total issued share capital, Istithmar Hotels FZE (01256L) (“Istithmar”) holds 133,561,548 shares equivalent to 21.69% of the Issuer’s total issued share capital and LAFICO holds 66,780,771 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). The remaining shares in the Issuer are held by the general investing public. The entire issued share capital of the Issuer is listed on the Official List of the Malta Stock Exchange p.l.c.

#### 2.1.4. Board of Directors of the Issuer

The Board of Directors of the Issuer is composed of the following persons: Alfred Pisani (Chairman and Executive Director), Frank Xerri de Caro (Senior Independent Non-Executive Director), Hamad Mubarak Mohd Buamin (Independent Non-Executive Director), Abdalnaser M.B. Ahmida (Independent Non-Executive Director), Douraid Zaghouani (Independent Non-Executive Director), Joseph Pisani (Non-Executive Director), Joseph Fenech (Non-Executive Director), Moussa Alhassan Atiq Ali (Non-Executive Director) and David Curmi (Independent Non-Executive Director).

#### 2.1.5. Statutory auditors

The auditors of the Issuer as of the date of this Summary and for the financial years ended 2018, 2019 and 2020 are PricewaterhouseCoopers of 78, Mill Street, Qormi QRM 3101, Malta. The Accountancy Board registration number of PricewaterhouseCoopers is AB/26/84/38.

### 2.2. What is the key financial information regarding the Issuer?

The key financial information regarding the Issuer is set out below:

Income Statement	FY2020	FY2019	FY2018	6-mth period ended 30 Jun’21	6-mth period ended 30 Jun’20
Operating profit (loss) (€’000)	(50,050)	34,166	38,389	(16,795)	(20,537)
Balance Sheet	FY2020	FY2019	FY2018	30 June 2021	
Net financial debt (€’000)		556,842	530,095	511,238	598,052



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<b>Cash Flow Statement</b>	<b>FY2020</b>	<b>FY2019</b>	<b>FY2018</b>	<b>6-mth period ended 30 Jun'21</b>	<b>6-mth period ended 30 Jun'20</b>
Cash flows from (used in) operating activities (€'000)	(2,965)	62,850	58,980	11,829	5,054
Cash flows from (used in) financing activities (€'000)	(11,709)	(22,442)	(35,152)	(18,330)	(8,226)
Cash flows from (used in) investing activities (€'000)	(14,860)	(21,587)	(20,839)	(2,743)	(16,181)

### 2.3. What are the key risks that are specific to the Issuer?

The most material risk factors specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

#### 2.3.1. Risks relating to the impact of COVID-19

The global spread and impact of the COVID-19 pandemic is complex, unpredictable and continuously evolving and has resulted, since March 2020, in significant disruption and additional risks to the hospitality industry including to Corinthia Group's hospitality operations, the travel industries and the global economy. The full impact of the COVID-19 pandemic on the Group's business will depend on a range of factors, which the Issuer is not able to accurately predict as at the date of this Prospectus, including the duration of the pandemic, the impact of new COVID-19 variants, the pace and effectiveness of the vaccine roll-out, the impact on economic activity and any future measures adopted by the governments in various jurisdictions to mitigate the impact of the COVID-19 pandemic, any of which may have a negative impact on the Group's suppliers and customers, or the economy as a whole. Such factors could, in turn, have an adverse effect on the operations and financial results of the Group.

#### 2.3.2. The Group may not be able to realize 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 materializing at the prices and the tempo envisaged resulting in a liquidity strain, rental of commercial areas not being effected at the prices and within the timeframes envisaged, higher interest costs, and the erosion of revenue generation. If these risks were to materialize, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

#### 2.3.3. 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.

#### 2.3.4. Risks relating to the political, economic and social environment of the emerging markets in which part of the Group's operations are based

The Group has part of its operations situated in emerging markets. 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.

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, Libya and the Russian Federation, are subject to an unstable political, economic and social environment.

#### 2.3.5. Risks common to the hospitality and tourism industry

The Group's hospitality operations and the results thereof are subject to a number of internal and external factors that could adversely affect its business, many of which are common to the hospitality and tourism industry and beyond the Group's control. The following factors may have a negative impact on the hospitality sector of the Issuer's and the Group's business, including but not limited to:

- changes in travel patterns or seasonal variations, as well as consumer preferences;
- changes in laws and regulations affecting directly or indirectly the Group's property (re-)development business;
- changes in laws and regulations affecting directly or indirectly the tourism and hospitality industry;
- increases in operating costs due to general market conditions, inflation, employment costs, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs which could impact margins and could therefore impact the viability (or otherwise) of the operations of the Group;



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- e) socio-demographical changes; and
- f) changes in the sales terms and conditions of main sales channels.

The impact of any of these factors (or a combination of them) may adversely impact room rates and occupancy levels at the Group's hotels, or otherwise cause a reduction in its revenue or profitability, which could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

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

To varying degrees, the Group is reliant upon the efficient and uninterrupted operations of its computer systems, software and telecommunications networks, access to the internet, as well as the systems and services of other third parties for the running of its business and is exposed to the risk of failure of such systems. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating results.

### **2.3.7. 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. The Group is also dependent on the Issuer's ability, where applicable, to successfully roll over its current bonds listed on the Official List of the MSE.

A substantial portion of the cash flow generated from the Subsidiaries' operations is utilized 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 debt 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.

### **2.3.8. The Group's key senior personnel and management have been and remain material to its growth**

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

### **2.3.9. Competition risk**

The business of the Group is susceptible to strong and increasing local and global competition, influenced by a variety of determining factors including price, variety and quality of services, availability, reliability, after-sales service and logistical arrangements, and the fluctuations in demand and supply in respect of both competing or substitute goods and services. A decline in the relative competitive strength of the Group could adversely affect the Group's results of its operations, financial condition, and its prospects.

### **2.3.10. Currency fluctuations and 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 realization of amounts receivable and the settlement of amounts payable in currencies which are not Euro-denominated.

## 3 KEY INFORMATION ON THE SECURITIES

### **3.1. What are the main features of the securities?**

The Bonds are being issued in an aggregate amount of up to €80,000,000 with a nominal value of €100 per Bond issued and redeemable at par on 7 December 2031. The Bonds bear interest at the rate of 3.65% per annum on the nominal value of the Bonds. The Bonds shall be issued in fully registered and dematerialised form and shall 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 shall have the following ISIN: MT0000111337. The Bonds shall be freely transferable.

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. The payment obligations of the Issuer under the Bonds shall, save for such obligations as may be mandatorily preferred by law, at all times rank at least equally with all the Issuer's present and future unsecured and unsubordinated obligations.

There are no special rights attached to the Bonds other than the right of the Bondholders to: (i) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; (ii) payment of capital and interest in accordance with the ranking of the Bonds; and (iii) such other rights attached to the Bonds emanating from the Prospectus.

### **3.2. Where will the securities be traded?**

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



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### 3.3. What are the key risks that are specific to the securities?

#### 3.3.1. Status of the Bonds

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. This means that any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part.

Furthermore, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, for so long as such security interests remain in effect, which registration may further impede the ability of the Bondholders to recover their investment upon enforcement of such security interests, whether in full or in part.

#### 3.3.2. No prior market for the Bonds

Prior to the Bond Issue and admission of the Bonds to listing and trading, there has been no public market for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the price of the Bonds will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

#### 3.3.3. Orderly and liquid secondary market

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 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.

#### 3.3.4. Subsequent changes in interest rates

The Bonds shall carry fixed interest rates. Consequently, 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 should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising, their prices decline and conversely, if market interest rates are declining, the prices of fixed rate bonds rises.

#### 3.3.5. Amendments to the Terms and Conditions of the Bonds

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds, it may call a meeting of Bondholders. Defined majorities of Bondholders may 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.

## 4 KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

### 4.1. Under which conditions and timetable can I invest in this security?

#### 4.1.1. Application for the Bonds

The Bonds are open for subscription by (i) certain specified classes of Applicants holding listed securities in the Issuer, Corinthia Finance p.l.c. (C 25104) (“**Corinthia**”) and, or Mediterranean Investments Holding p.l.c. (C 37513) (“**MIH**”) (Maturing Bondholders, Existing IHI Bondholders, Existing IHI Shareholders, Existing Corinthia Bondholders, Existing MIH Bondholders as applicable) (ii) directors, executives and employees of the Corinthia Group as at 25 October 2021, (iii) Authorised Financial Intermediaries, either for their own account or for the account of their underlying customers pursuant to the Placement Agreements, and (iv) to the general public, in accordance with an allocation policy to be determined by the Issuer.

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

Existing IHI Bondholders who do not hold Maturing Bonds and Existing IHI Shareholders are to submit an Application Form ‘B’, Existing Corinthia Bondholders and Existing MIH Bondholders are to submit an Application Form ‘C’, and Corinthia Group Personnel and other Applicants not falling in any of the above categories, including the general public, are to complete Application Form ‘D’.

Where an individual holds, as at the Cut-Off Date, multiple securities issued by different issuers within the Corinthia Group, he will be receiving one (1) pre-printed Application Form depending on the highest level of priority as set out in the allocation policy of the Issuer.

All Applications for the Bonds must be submitted on the appropriate Application Form by not later than 14:00 hours on 26 November 2021 in the case of Maturing Bondholders and by not later than 14:00 hours on 30 November 2021 in the case of all other Applicants (or such earlier date as may be determined by the Issuer but in any case not earlier than 26 November 2021). All Application Forms are to be lodged with any of the Authorised Financial Intermediaries together with payment of the full price of the Bonds applied for, in



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Euro (€), with the exception of Application Forms 'A' submitted by Maturing Bondholders, where payment needs to correspond to the amount applied for less the aggregate value of the bonds forming the subject of the Maturing Bond Transfer.

Pursuant to the Placement Agreements, Authorised Financial Intermediaries (either in their own names or in the names of underlying clients) must provide details of Applicants representing the amount they have been allocated in terms of the respective Placement Agreement by completing a data file as provided by the Registrar by latest 14:00 hours on 29 November 2021, accompanied by full payment.

### 4.1.2. Plan of distribution, allotment and allocation policy

The Bond Issue is open for subscription to all categories of investors as detailed hereunder:

- i. Maturing Bondholders will be allocated such number of Bonds up to the amount of Maturing Bonds held as at the Cut-off Date and subject to any Cash Top-Up as and if applicable. Maturing Bondholders subscribing for Excess Bonds shall be subject to an allocation policy as further detailed in (iv) hereunder;
- ii. an amount of up to €30 million in nominal value of the Bonds has been reserved for a number of Authorised Financial Intermediaries which shall enter into Placement Agreements with the Issuer;
- iii. an amount of up to €3 million in nominal value of the Bonds has been reserved for Corinthia Group Personnel. In the event that subscriptions exceed the reserved portion of €3 million, the unsatisfied excess amount of such Applications will be considered for allocation purposes in line with (iv) hereunder. Any amount not subscribed for by Corinthia Group Personnel will be made available for allocation to other Applicants as set out in (iv) hereunder;
- iv. Following allocation in terms of (i), (ii) and (iii) above, the Issuer will be allocating the remaining Bonds to:
  - a. Maturing Bondholders in respect of any Excess Bonds applied for as further described in (i) above, other Existing IHI Bondholders who do not hold Maturing Bonds, Existing IHI Shareholders, and Corinthia Group Personnel to the extent that the allocation referred to in (iii) above is exceeded; and
  - b. Existing Corinthia Bondholders and Existing MIH Bondholders; and
  - c. the general public.

In determining its allocation policy, the Company will be applying a more favourable allocation according to the priority detailed in (a) to (c) above. Within each of (a) and (b) above, the respective classes of investors will share the same allocation policy without any priority or preference between themselves, should the need for scaling down arise in case of over-subscription.

The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List of the MSE by no later than 16 December 2021, and (ii) the proceeds raised from the amount of Bonds actually subscribed for amounting to a minimum of €50,000,000. In the event that any one of these conditions is not satisfied, any Application monies will be returned without interest by direct credit into the Applicant's bank account as indicated in the respective Application Form.

By not later than 7 December 2021, the Issuer shall announce the result of the Bond Issue through a company announcement. Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List.

### 4.1.3. Total estimated 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 €850,000 in the aggregate. There is no particular order of priority with respect to such expenses.

### 4.1.4. Expected timetable

1. Application forms mailed to Maturing Bondholders, Existing IHI Bondholders, Existing IHI Shareholders, Existing Corinthia Bondholders and Existing MIH Bondholders	4 November 2021
2. Application Forms available to Corinthia Group Personnel and the general public	8 November 2021
3. Offer Period for Maturing Bondholders	8 November 2021 to 26 November 2021, both days included
4. Placement Date	26 November 2021
5. Offer Period for all other Applicants*	8 November 2021 to 30 November 2021, both days included
6. Commencement of interest on the Bonds	7 December 2021
7. Announcement of basis of acceptance*	7 December 2021
8. Refunds of unallocated monies (if any) and dispatch of allotment letters*	16 December 2021
9. Expected date of admission of the securities to listing*	16 December 2021
10. Expected date of commencement of trading in the securities*	17 December 2021



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*\*The Issuer reserves the right to close the Offer Period for all other Applicants before 30 November 2021 but, in any case, not earlier than 26 November 2021 in the event of over-subscription, in which case while the events set out above in 7 to 10 above will be brought forward, they will keep the same chronological order as set out above.*

### 4.2. Why is this prospectus being produced?

#### 4.2.1. The use and estimated net amount of the proceeds

The aggregate proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €79,150,000 shall be used by the Issuer for the following purposes:

- i. acquiring for redemption and cancellation a maximum amount of €20,000,000 in Maturing Bonds from Maturing Bondholders subscribing for Bonds by way of Maturing Bond Transfer, and to redeem any Maturing Bonds remaining in issue as at the Maturing Bonds Redemption Date;
- ii. the amount of circa €9,000,000 will be used by the Issuer to finance CHL's obligations arising under the preliminary lease agreement pertaining to the Corinthia Hotel Rome;
- iii. an amount equivalent to circa €8,000,000 will be used by the Issuer to part-finance a premium payable by CHL under the management contract for the Corinthia Hotel New York;
- iv. the amount of circa €14,000,000 will be used by the Issuer to part-finance Corinthia Oasis' preparatory works at the Hal-Ferh Site, which amount will be utilized to finance: (i) the excavation of the site; (ii) the demolition works, clearance of the site and carting and dumping of materials from the said site; (iii) the erection of a boundary wall around the site; and (iv) the development of a car park adjacent to the site. All works at the Hal-Ferh Site are preparatory in nature.
- v. the amount of circa €20,000,000 will be used by the Issuer as a loan of €5 million to IHI Malta Hotel Limited (C 84130) and €15 million to Five Star Hotels Limited (C 4848), two wholly owned subsidiaries of the Issuer, to finance the soft refurbishment of the Corinthia Palace Hotel & Spa and the Corinthia Hotel St. George's Bay, respectively; and
- vi. the remaining amount of circa €8,150,000 will be used by the Issuer for general corporate funding purposes of the Group.

The Bond Issue is subject to a minimum subscription amount of €50,000,000. Should the amount of subscriptions received be lower than the total Bond Issue amount of €80,000,000 but equivalent to or higher than €50,000,000, the Issuer shall proceed with the listing of the Bonds so subscribed for and shall apply the net proceeds received in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in clauses (iv) (to the extent necessary) and (v) above, which shall not have been raised through the Bond Issue, shall be financed from the Group's general cash flow and, or banking facilities.

If the net proceeds raised from the amount of Bonds actually subscribed for are less than the above-quoted €50,000,000, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, all proceeds received from Applicants shall be refunded accordingly, and the Bond Issue shall be cancelled forthwith.

#### 4.2.2. Underwriting agreement

The Bond Issue is not subject to any underwriting agreement on a firm commitment basis.

#### 4.2.3. Conflicts of interest

Save for the subscription for Bonds by Authorised Financial Intermediaries (which includes M.Z. Investment Services Ltd as Sponsor and Bank of Valletta p.l.c. as Manager and Registrar), and any fees payable in connection with the Bond Issue to M.Z. Investment Services Ltd as Sponsor and Bank of Valletta p.l.c. as Manager and Registrar, in so far as the Issuer is aware, no person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.





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**REGISTRATION DOCUMENT  
DATED 28 OCTOBER 2021**

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and in accordance with the provisions of the Prospectus Regulation.

by



**INTERNATIONAL HOTEL INVESTMENTS p.l.c.**

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

**THE MFSA 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 CAPITAL MARKETS RULES. IN PROVIDING THIS AUTHORISATION, THE MFSA 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 MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.**

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

**APPROVED BY THE BOARD OF DIRECTORS**

Joseph Fenech on behalf of: Alfred Pisani (Chairman), Moussa Alhassan Atiq Ali, Abdalnaser M.B. Ahmida, David Curmi, Hamad Mubarak Mohd Buamin, Joseph Pisani, Frank Xerri de Caro, Douraid Zaghouani

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Manager and Registrar

**BOV**  
Bank of Valletta

Sponsor



MZ INVESTMENT SERVICES

Legal Counsel

**CAMILLERI PREZIOSI**  
ADVOCATES



# REGISTRATION DOCUMENT

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## REGISTRATION DOCUMENT

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### IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON INTERNATIONAL HOTEL INVESTMENTS P.L.C. AS ISSUER IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MFSA, THE ACT AND THE PROSPECTUS REGULATION.

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 MFSA 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.**

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.

**THIS REGISTRATION DOCUMENT IS VALID FOR A PERIOD OF TWELVE MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.**

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 OF 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 SECURITIES 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 JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE MALTA BUSINESS REGISTRY 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 HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS OF WHICH THIS REGISTRATION DOCUMENT FORMS PART, AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISORS ACCEPT ANY RESPONSIBILITY TOWARDS ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF AND ANY INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

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 UNLESS SUCH CONTENTS ARE INCORPORATED BY REFERENCE INTO 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 SECURITIES.



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

**THE VALUE OF INVESTMENTS CAN RISE AS WELL AS FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. INVESTORS MAY LOSE ALL OR PART OF THEIR CAPITAL INVESTED IN THE ISSUER'S SECURITIES. PROSPECTIVE INVESTORS ARE URGED TO CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENCED UNDER THE INVESTMENT SERVICES ACT (CAP. 370 OF THE LAWS OF MALTA) PRIOR TO INVESTING IN SECURITIES ISSUED BY THE COMPANY.**



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### 1. DEFINITIONS

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

<b>Act</b>	the Companies Act (Cap. 386 of the Laws of Malta);
<b>AHCT</b>	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;
<b>AUCC</b>	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;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bondholders</b>	a holder of Bonds to be issued by the Issuer in terms of the Prospectus;
<b>Bonds</b>	the €80,000,000 unsecured bonds of a nominal value of €100 per bond payable in full upon subscription, redeemable at their nominal value on the Redemption Date and bearing interest at a rate of 3.65% per annum, as described in further detail in the Securities Note;
<b>Capital Markets Rules</b>	the capital markets rules issued by the MFSA, as may be amended from time to time;
<b>CDI</b>	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;
<b>CHL</b>	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;
<b>Company, IHI or Issuer</b>	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;
<b>Corinthia Brand</b>	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;
<b>Corinthia Group</b>	CPHCL and the companies in which CPHCL has a controlling interest;
<b>Corinthia Oasis</b>	Corinthia Oasis Company Limited, a limited liability company registered under the laws of Malta with company registration number C 48380 and having its registered office at 22, Europa Centre, John Lopez Street, Floriana, FRN 1400, Malta;
<b>CPHCL</b>	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;
<b>Directors or Board</b>	the directors of the Issuer whose names are set out in section 3.1 of this Registration Document under the heading "Directors of the Issuer";
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>GHA</b>	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;
<b>Group</b>	the Issuer (as parent company) and its Subsidiaries;
<b>GSR</b>	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 Mellieħa, MLH 5510, Malta;
<b>IHGH</b>	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, John Lopez Street, Floriana FRN 1400, Malta, which company has been struck off the Registry of Companies following a merger by amalgamation with the Issuer;





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<b>IHGH Group</b>	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;
<b>Istithmar</b>	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;
<b>LAFICO</b>	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;
<b>Malta Stock Exchange or MSE</b>	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;
<b>Manager &amp; Registrar</b>	Bank of Valletta p.l.c., a public limited liability company with company registration number C 2833 and having its registered office at 58, Zachary Street, Valletta, VLT 1130, Malta;
<b>Medina Tower JSC (Libya) or MTJSC</b>	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 privatization and investment board number 343 and having its registered office at Tripoli Tower, Suite 107, Tower 2, Level 10, Tripoli, Libya;
<b>MFSA</b>	the Malta Financial Services Authority, appointed as the competent authority to approve prospectuses for the purposes of the Financial Markets Act (Cap. 345 of the laws of Malta);
<b>MIH</b>	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;
<b>NLI</b>	NLI Holdings Limited, a company registered and existing under the laws of Jersey with company registration number 100582 and having its registered office at First Floor, Durell House, 28 New Street, St. Helier, Jersey, JE2 3RA, United Kingdom;
<b>Prospectus</b>	collectively, the Registration Document, the Securities Note and the Summary Note;
<b>Prospectus Regulation</b>	Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and in accordance with the provisions of Commission Delegated Regulation No. 2019/979 and Commission Delegated Regulation No. 2019/980 issued thereunder;
<b>QP</b>	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;
<b>Redemption Date</b>	means the redemption date of the Bonds as specified in the Securities Note;
<b>Registration Document</b>	this document in its entirety;
<b>Securities Note</b>	the securities note issued by the Issuer dated 28 October 2021, forming part of the Prospectus;
<b>Sponsor</b>	M.Z. Investment Services Ltd, a company registered under the laws of Malta with company registration number C 23936 and having its registered office at 61, M.Z. House, St Rita Street, Rabat RBT 1523, licensed by the MFSA and a member of the MSE;
<b>Subsidiaries</b>	an entity over which the parent has control. In terms of the International Financial Reporting Standards (IFRS) as adopted by the European Union, 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. The term “ <b>Subsidiary</b> ” shall be construed accordingly. The term “ <b>Subsidiaries</b> ” shall collectively refer to the said entities;
<b>Summary</b>	the summary issued by the Issuer dated 28 October 2021, forming part of the Prospectus.

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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 also the feminine gender and *vice versa*;
- c. the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
- d. all references in this Prospectus to “*Malta*” shall be construed as defined in Article 124 (1) of the Constitution of Malta;
- e. any phrase introduced by the terms “*including*”, “*include*”, “*in particular*” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- f. any reference to a law, legislative act, and/or other legislation shall mean that particular law, legislative act and, or legislation as in force at the time of issue of this Registration Document.



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### 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 RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER FOUR MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) ECONOMIC RISKS; OR (II) RISKS RELATING TO THE GROUP'S FINANCING AND INVESTMENT STRATEGIES; (III) BUSINESS AND OPERATIONAL RISKS; AND (IV) LEGAL, REGULATORY AND COMPLIANCE RISKS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS REGISTRATION DOCUMENT. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER IF THE RISK FACTOR WERE TO MATERIALISE.

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 THIS REGISTRATION DOCUMENT, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES OR COULD 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 RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE AND, OR TRADING PROSPECTS OF THE ISSUER.

THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION; (II) IS NOT AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISORS LISTED IN SECTION 3 BELOW, THE SPONSOR, MANAGER AND REGISTRAR, OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER, INCLUDING THE BONDS. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THE PROSPECTUS; AND (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "*FORWARD LOOKING STATEMENTS*".

#### 2.1 FORWARD-LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "projects", "anticipates", "expects", "envisages", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur, in the future. Forward-looking statements are not a guarantee of future performance and should therefore not be construed as such. The Issuer's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under this section and elsewhere in the Prospectus.



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All forward-looking statements contained in the Prospectus are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### 2.2 ECONOMIC RISKS

#### 2.2.1 Risks relating to the impact of COVID-19

The global spread and impact of the COVID-19 pandemic is complex, unpredictable and continuously evolving and has resulted, since March 2020, in significant disruption and additional risks to the hospitality industry including Corinthia's Group's hospitality operations, the travel industries and the global economy. The COVID-19 pandemic has led governments and other authorities around the world to impose measures intended to control its spread, including restrictions on large gatherings of people, travel bans, border closing and restrictions, temporary business closures, quarantines, shelter-in-place orders and social distancing measures. As a result, the COVID-19 pandemic and its consequences have significantly reduced global travel and demand for hotel rooms and have had a material detrimental impact on the global commercial activity across the hospitality and travel industries all of which had, and may continue to have, a material adverse impact on the Corinthia Group's operations and financial results.

The extent, duration, and magnitude of the COVID-19 pandemic's effects will depend on various factors, all of which are highly uncertain and difficult to predict, including, but not limited to, the impact of the pandemic on global and regional economies, travel, economic activity, as well as actions taken by governments, businesses, and individuals in response to the pandemic, and any additional resurgence, or COVID-19 variants. These factors include the impact of the COVID-19 pandemic on unemployment rates and consumer discretionary spending; governmental or regulatory orders that impact the hospitality industry, including the Group's business and its industry; the demand for travel and transient and group business; levels of consumer confidence; and the pace of recovery until the effects of the pandemic subside, and immediately thereafter. Over the course of 2021, the majority of travel restrictions were lifted in Europe and most countries in which the Group operates recorded significant progress in the vaccine roll-out. Nonetheless, demand for hotel services, including corporate travel and group meetings, may remain depressed for a significant length of time, and as such, the Group cannot predict if and when demand will return to pre-COVID-19 levels.

The full impact of the COVID-19 pandemic on the Group's business will depend on a range of factors, which the Issuer is not able to accurately predict as at the date of this Prospectus, including the duration and scope of the pandemic, the impact of new COVID-19 variants, the pace and effectiveness of the vaccine roll-out, the impact on economic activity and any future measures adopted by the governments in various jurisdictions to mitigate the impact of the COVID-19 pandemic, any of which may have a negative impact on the Group's suppliers and customers, or the economy as a whole and, could, in turn have an adverse effect on the operations and financial results of the Group.

The Group has considered the potential continued impact of COVID-19 on the Group's business in the next few years and has assumed that a gradual recovery to pre COVID-19 level of business could be realised between 2023 and 2025. Notwithstanding this expectation, the anticipated recovery remains highly uncertain as it is dependent on external factors that are clearly not within the control of the Group's management. A delay in timing of the above-mentioned recovery may result in a situation where the Group may require additional short to medium term funding to meet its working capital and debt service obligations.

As the Group manages the effects of the pandemic on its business, the Group's level of indebtedness increased and may continue to increase. There is no guarantee that bank and other borrowings will be available in the future to fund the Group's obligations or will be available on terms consistent with the Group's expectations. Furthermore, there is no guarantee that the Issuer will be successful in rolling over its bonds presently listed on the Official List of the MSE on favourable terms.

The COVID-19 pandemic has impacted, and could continue to impact, the pace and timing of the Group's growth. During this period of uncertainty, the Group's principal goal is to preserve its liquidity position. As such, should the current environment prolong beyond the Group's expectations, the Group's current development pipeline may not be completed and developed within already determined timeframes. In addition, the Group may need to postpone or cancel planned renovations or developments, which could adversely impact the Group's business.

The impact of the COVID-19 pandemic is continuously evolving, and the continuation of the pandemic, any additional resurgence, or COVID-19 variants could precipitate or aggravate the other risk factors included in this Registration Document, which in turn could further materially adversely affect the Group's business, financial condition, liquidity, results of operations, and profitability, including in ways that are not currently known to the Group or that the Group does not currently consider to present significant risks.



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### **2.2.2 Risks relating to the political, economic and social environment of the emerging markets in which part of the Group's operations are based**

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

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

### **2.2.3 Risks relating to the political, economic and social environment in 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.

With intensifying conflict and a blockade of oil terminals and fields, the economy registered one of the worst performances in recent records for a substantial part of 2020. Starting in mid-September 2020, a rapprochement between political/military factions brought much-needed relief to the economy, capping the GDP plunge at 31.3%, annually. An interim government has been appointed earlier on this year and elections are expected to be held on 24 December 2021.

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. Such factors could have an adverse effect on the operations of the Corinthia Group as well as on its business, financial condition and results of operations.

### **2.2.4 Risks relating to the political, economic and social environment in 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 July 2021 but were extended by the European Union until 31 January 2022. 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 deemed responsible for various abuses affecting Ukraine. The measures also prohibit the direct or indirect import, export or transfer of all defence-related material and establish a ban for dual-use goods and technology for military use or military-end users in Russia. The sanctions further curtail Russian access to certain sensitive technologies that can be used in the Russian energy sector, for instance in oil production and exploration.

The abovementioned negative political or economic factors and trends may, if they were to impact a significant part of the customers of the Group's operations in St. Petersburg (and eventually, Moscow), have a material adverse effect on the Group's business, financial condition and results of operations.



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### **2.2.5 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 not only limited to the current COVID-19 pandemic, 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 travelers 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.

### **2.2.6 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 realization 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 occurrence of any of the risks specified herein, or an increased level of concern in relation thereto, could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

## **2.3 RISKS RELATING TO THE GROUP'S FINANCING AND INVESTMENT STRATEGIES**

### **2.3.1 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 timing envisaged resulting in a liquidity strain, rental of commercial areas not being effected at the prices and within the timeframes envisaged, higher interest costs, and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

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

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



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

### **2.3.2 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.

In addition, the Group may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risks, credit risk and interest rate risk, all of which could have adverse effects on the financial performance of the Group. Specifically, 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 counterparties. 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.

### **2.2.3 The Group may not be able to realize 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, in April 2018 of the Corinthia Palace Hotel & Spa from CPHCL; 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 boutique 42-room Corinthia hotel, 109 upmarket residential serviced apartments for re-sale and high-end retail and commercial outlets; and the acquisition of the remaining 50% of the issued share capital of Golden Sands Resort Limited in February 2021. In addition to the foregoing, the Corinthia Group invested in the following: (i) in October 2019, CHL entered into a preliminary lease for the operation of a property in Rome to be redeveloped into a Corinthia hotel; (ii) in October 2020, CHL signed an agreement for the management and operation of a luxury Corinthia hotel to be built in Gewan Island, located in close proximity of The Pearl-Qatar; and (iii) in April 2021, CHL signed an agreement for the management and operation of a luxury Corinthia hotel to be redeveloped in New York. 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.

### **2.3.4 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. The Group is also dependent on the Issuer's ability, where applicable, to successfully roll over its current bonds listed on the Official List of the MSE. 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.



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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 utilized 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 debt 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.

### 2.4 BUSINESS AND OPERATIONAL RISKS

#### 2.4.1 Risks common to the hospitality and tourism industry

The Group's hospitality operations and the results thereof are subject to a number of internal and external factors that could adversely affect its business, many of which are common to the hospitality and tourism industry and beyond the Group's control.

The following factors may have a negative impact on the hospitality sector of the Issuer's and the Group's business:

- a. changes in travel patterns or seasonal variations, as well as consumer preferences concerning price, quality, location, and type of hospitality packages, any increase in or the imposition of new taxes or surcharges or other expenses relating to air travel and fuel, and cutbacks and stoppages on airlines or sea travel routes bound for countries in which the Group operates hotels, as well as the imposition of travel restrictions, bans or other measures by the relevant authorities which could have a bearing on the number of visitors arriving at such destinations;
- b. changes in laws and regulations affecting directly or indirectly the Group's property (re-)development business, including with respect to zoning and planning, health and safety, environmental concerns, and fiscal policies, as well as the related costs of compliance;
- c. changes in laws and regulations affecting directly or indirectly the tourism and hospitality industry;
- d. increases in operating costs due to general market conditions, inflation, employment costs, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs which could impact margins and could therefore impact the viability (or otherwise) of the operations of the Group;
- e. socio-demographical changes (ageing markets, family life-cycles and changing structures), and economical changes (recessions, increase in oil prices and exchange rates); and
- f. changes in the sales terms and conditions of main sales channels, the respective fees and commissions payable to online travel agents; the termination, non-renewal and, or the renewal on less favourable terms of agreements entered into with local or international intermediaries, or other material agreements such as management or operation agreements, services agreements, travel agent or platform booking agreements, and other distribution channel agreements.

The impact of any of these factors (or a combination of them) may adversely impact room rates and occupancy levels at the Group's hotels, or otherwise cause a reduction in its revenue or profitability, which could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

#### 2.4.2 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.





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### **2.4.3 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.

### **2.4.4 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.

### **2.4.5 Competition risk**

The business of the Group is susceptible to strong and increasing local and global competition, influenced by a variety of determining factors including price, variety and quality of services, availability, reliability, after-sales service and logistical arrangements, and the fluctuations in demand and supply in respect of both competing or substitute goods and services. A decline in the relative competitive strength of the Group could adversely affect the Group's results of its operations, financial condition, and its prospects.

In particular, the Group may be compelled by the strength of its competitors that are able to supply goods and services at lower prices, to reduce its own prices. The ability of the Group to maintain or increase its profitability will in turn be dependent on its ability to offset such decreases in the prices and margins of its goods and services.

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

To varying degrees, the Group is reliant upon the efficient and uninterrupted operations of its computer systems, software and telecommunications networks, access to the internet, as well as the systems and services of other 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.

### **2.4.7 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 its business, financial condition and results of operations.

### **2.4.8 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.

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

The Group has 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



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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.

### 2.5 LEGAL, REGULATORY AND COMPLIANCE RISKS

#### 2.5.1 Risks relating to the collection, processing and storage of personal data

Whenever personal data is collected, processed and stored by the Company and the Group, the activity conducted is subject to the rules governing the processing of personal data in terms of the Data Protection Act (Cap. 586 of the laws of Malta), subsidiary legislation issued thereunder and the GDPR.

The Issuer and the Group are subject to a number of obligations concerning the processing of personal data under such regulation which if breached, could result in the Company being liable to fines that could affect the financial position of the Company. To this end, 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 condition. The more restricted the 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.

#### 2.5.2 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.

## 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:

<b>Alfred Pisani</b> I.D. Card: 126839M	Chairman and Executive Director	29 March 2000
<b>Frank Xerri de Caro</b> ID Card: 122646M	Senior Independent Non-Executive Director	2 July 2004
<b>Hamad Mubarak Mohd Buamin</b> Emirati Passport N.: A2555282	Independent Non-Executive Director	31 December 2013
<b>Abdulnaser M.B. Ahmida</b> Libyan Passport N.: 740641	Independent Non-Executive Director	21 January 2014
<b>Douraid Zaghouni</b> French Passport N.: 13FV17960	Independent Non-Executive Director	3 November 2014
<b>Joseph Pisani</b> ID Card: 672637M	Non-Executive Director	22 December 2014



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<b>Joseph Fenech</b> ID Card: 656656M	Non-Executive Director	20 April 2021
<b>Moussa Alhassan Atiq Ali</b> Libyan Passport N.: PF1J3Z48	Non-Executive Director	23 July 2021
<b>David Curmi</b> ID Card: 0477759M	Independent Non-Executive Director	17 February 2021

The business address of the Directors is the same as that of the Issuer.

The *curriculum vitae* of each of the Directors are set out in Section 7.1.4 below.

### 3.2 COMPANY SECRETARY OF THE ISSUER

The Company Secretary of the Issuer is Mr Jean-Pierre Schembri (ID Card: 0573281M). The business address of the Company Secretary is the same as that of the Issuer.

### 3.3 SENIOR MANAGEMENT OF THE ISSUER

The Chairman, the Chief Executive Officer, and other senior members of the executive team, are responsible for the Issuer's day-to-day management. Alfred Pisani is the Chairman of the Company. Simon Naudi holds the post of Chief Executive Officer. Neville Fenech holds the post of Chief Financial Officer of the Issuer. Clinton Fenech is the Company's General Counsel.

### 3.4 RESPONSIBILITY AND AUTHORISATION STATEMENT

**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 (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.**

This Registration Document has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer and, or the Bonds.

### 3.5 ADVISORS TO THE ISSUER

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

#### *Legal Counsel to the Issuer*

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

#### *Sponsor*

Name: M.Z. Investment Services Ltd  
Address: 61, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta

#### *Financial Advisors*

Name: PricewaterhouseCoopers  
Address: 78, Mill Street, Zone 5, Central Business District, Qormi CBD 5090, Malta

#### *Manager and Registrar*

Name: Bank of Valletta p.l.c.  
Address: 58, Zachary Street, Valletta VLT 1130, Malta



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### 3.6 AUDITORS OF THE ISSUER

Name: PricewaterhouseCoopers  
Address: 78, Mill Street, Zone 5, Central Business District, Qormi CBD 5090, Malta

The annual statutory consolidated financial statements of the Issuer for the financial years ended 31 December 2018, 2019, and 2020 were audited by PricewaterhouseCoopers. PricewaterhouseCoopers is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta). The Accountancy Board registration number of PricewaterhouseCoopers is AB/26/84/38.

## 4. INFORMATION ABOUT THE ISSUER

### 4.1 HISTORICAL DEVELOPMENT OF THE ISSUER

Full legal and commercial name of the Issuer:	International Hotel Investments p.l.c.
Registered address:	22, Europa Centre, Floriana FRN 1400, Malta
Place of registration and domicile:	Malta
Company registration number:	C 26136
Legal Entity Identifier ('LEI'):	529900LVB0R279MUX376
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
Email:	ihi@corinthia.com
Website:	www.corinthiagroup.com

The Issuer was established 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. As at the date hereof, CPHCL holds directly 57.81% of the issued share capital of the Issuer, whilst Istithmar and LAFICO both act as strategic investors in the company with direct holdings of 21.69% and 10.85% respectively. The remaining shares in the Issuer are held by the general investing public. LAFICO also owns 50% of CPHCL, whilst up to approximately half of its direct holding of 10.85% in the Issuer is subject to a call option in favour of CPHCL.

### 4.2 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.



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The following diagram summarises the structure of the Corinthia Group and the position within the said group of the Issuer.





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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 JUNE 2021

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel Budapest	Hungary	Property owner	100	439
Corinthia Hotel St Petersburg	Russia	Property owner	100	385
Commercial property St Petersburg	Russia	Property owner	100	n/a
Corinthia Hotel Lisbon	Portugal	Property owner	100	518
Pinheiro Chagas	Portugal	Residential apartment block	100	n/a
Corinthia Hotel Prague	Czech Republic	Property owner	100	551
Corinthia Hotel Tripoli	Libya	Property owner	100	300
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George's Bay	Malta	Property owner	100	250
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London*	United Kingdom	Property owner	50	283
Corinthia Grand Astoria Hotel Brussels*	Belgium	Property owner (under development)	50	125
Corinthia Hotel & Residences Moscow	Russia	Property owner (under development)	10	42
Radisson Blu Resort St Julian's	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	100	338
Corinthia Palace Hotel & Spa	Malta	Property owner	100	146
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
Benghazi Development	Libya	Mixed-use property (to be developed)	55	n/a
Corinthia Catering and Complex	Malta	Event catering	100	n/a
Corinthia Oasis	Malta	Vacant site (to be developed)	100	n/a
Costa Coffee	Malta	Retail catering	100	n/a
				<b>3,830</b>

\*under control and management of IHI

## 5. BUSINESS OVERVIEW

IHI carries on the business of an investment company in connection with the ownership, development and operation of hotels, residential and commercial real estate. The Company holds investments in subsidiary and associate companies through which it furthers the business of the Group.

The entire issued share capital of the Issuer is listed on the Official List of the Malta Stock Exchange.

### 5.1 PRINCIPAL ACTIVITIES

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,



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each party holding 50% of the issued share capital in NLI. NLI owns the 283-roomed Corinthia Hotel located in London, United Kingdom. A penthouse apartment was sold in 2021 and the sale proceeds have been applied primarily towards the settlement of the bank loan on the said penthouse and in supporting the partial repayment of the bank loan on the London hotel. 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.

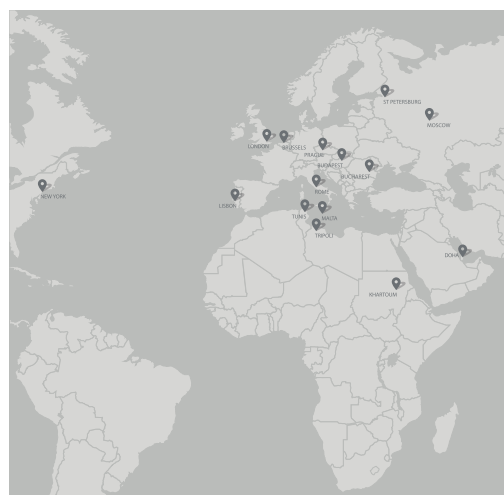
Revenue and earnings are derived primarily from the operation of owned hotels. A secondary source of income and earnings is rental income of residential and commercial premises, particularly in St Petersburg, Tripoli and Budapest. Additional revenue streams include fees earned by CHL, a wholly owned subsidiary of IHI, through fees earned from hotels owned by IHI itself or managed pursuant to management contracts with CPHCL and other third parties, project managements services provided through QP and catering services provided through Corinthia Caterers, Catermax and Costa Coffee. As at the date of this Prospectus, CHL manages 11 hotels owned by the Group and four hotels owned by CPHCL and, or third-party owners, and is due to manage another six hotels owned by third-party owners scheduled to open between 2022 and 2023.

IHI-owned and CHL-managed hotels	Ownership	rooms
Corinthia Hotel London	50%	283
Corinthia Hotel St George's Bay – Malta	100%	250
Corinthia Hotel Lisbon	100%	518
Corinthia Hotel Budapest	100%	439
Corinthia Hotel Prague	100%	551
Corinthia Hotel St Petersburg	100%	385
Corinthia Hotel Tripoli	100%	300
Marina Hotel St George's Bay – Malta	100%	200
Radisson Blu Resort Hotel – Malta	100%	252
Radisson Blu Golden Sands Resort – Malta	100%	338
Corinthia Palace Hotel – Malta	100%	146

Other CHL-managed hotels	Owner
Aquincum Hotel – Budapest	CPHCL
Ramada Plaza Hotel – Tunisia	CPHCL
Panorama Hotel – Prague	Third Party
Khartoum Hotel – Sudan	LAFICO

Hotels to be managed by CHL	Owner	Opening Date
Corinthia Hotel Bucharest	Third Party	Opening 2022
Corinthia Hotel & Residences – Doha	Third Party	Opening 2022
Corinthia Hotel – Rome	Third Party	Opening 2023
Corinthia Hotel – New York	Third Party	Opening 2023
Corinthia Hotel & Residences Moscow	Third Party	Opening 2023
Corinthia Hotel Brussels	50% NLI-owned	Opening 2023

Land and commercial properties	
Budapest	Royal Residences
Malta	Corinthia Oasis (detailed designed underway)
St Petersburg	Nevskij Plaza Shopping & Office Centre
Tripoli	Corinthia Commercial Centre
Moscow (10% ownership)	Corinthia Hotel & Residences (under development)





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QP, a wholly owned subsidiary of IHI, primarily generates fee income from project management, architectural, structural and other similar services. QP 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%.

The remainder of this section provides a timeline of key investments made by the Group, further information in respect of the more recent of which may be found in section 5.4 below:

### **i. Libya**

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<sup>2</sup> 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<sup>2</sup>. The project designs of the Medina Tower are complete and all development approvals had been obtained from the relevant authorities.

In addition to the aforementioned proposed project in Libya, 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<sup>2</sup> of retail space and 10,000m<sup>2</sup> of office space.

In light of the prevailing situation in Libya, all works on the Medina Tower and the project in Benghazi project have been put on hold.

### **ii. Belgium**

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.

### **iii. United Arab Emirates**

In May 2016, CHL signed a technical services and pre-opening services agreement with Meydan Group for the development of a hotel. The owner and CHL have since sold their interests in the hotel. As a result, CHL received a payment of US\$5,000,000 on such sale.

### **iv. Romania**

In March 2018, CHL entered into a management agreement with the owners of the property formerly known as the Grand Hotel du Boulevard 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 in 2022. The new hotel will feature 33 suites as well as the fully restored Grand Ballroom and various dining and leisure venues.

### **v. Russia**

In February 2019, IHI acquired a 10% minority share for US\$5.5 million in a company formed with a consortium of investors to acquire a landmark property 10 Tverskaya Street, Moscow (the "Moscow Project"). 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<sup>2</sup>, consisting of a mixed-use redevelopment into a 42-room boutique luxury Corinthia Hotel, 109 upmarket residential serviced apartments for re-sale, high-end retail and commercial outlets and underground parking.





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### **vi. Italy**

In October 2019, CHL entered into a preliminary lease agreement relating to the lease of a building being redeveloped into a 56-room ultra-luxury hotel in central Rome. CDI is project managing the development while CHL shall manage the hotel upon its opening. The hotel is expected to be developed and completed by the year 2023. In terms of the preliminary lease agreement, the owner of the property undertook to grant the lease upon the completion of the development of the property into a hotel and the necessary permits for the operation of the hotel being obtained.

### **vii. Qatar**

In October 2020, CHL entered into an agreement with United Development Company (UDC), the Qatari owner and master developer of The Pearl in Doha, to manage and operate a luxury Corinthia hotel to be built in UDC's newest flagship real estate development, Gewan Island. The Corinthia Hotel Doha will be built on a site having an area of 13,000m<sup>2</sup> and will feature 110 guestrooms, a 1,000-person banquet hall, several restaurants and a luxurious spa facility. The development will also include luxury branded villas, a golf course, and a beach and yacht club, all of which will be managed by CHL.

### **viii. Malta**

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 have been consolidated as from 1 April 2018. Furthermore, a significant upgrade of this hotel at a cost of €7.1million has been completed, whilst a further €5 million are earmarked for further upgrading in the rooms and food and beverage facilities.

Until the end of 2020, GSR was a joint venture within the Group. IHI acquired the remaining 50% ownership of GSR following its acquisition of Bezemer Limited, a third-party foreign-owned company incorporated in the British Virgin Islands, on the 26 February 2021. As a result, GSR is fully owned by the Company. The total consideration payable for the acquisition of the shares and other shareholder's receivables, was €13 million. 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 and leisure conference facilities. 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.

As at the date of this Prospectus, Corinthia Oasis holds, under title of emphyteusis a plot of land measuring 83,530m<sup>2</sup> located adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta (the "Hal Ferh Site"). The property is earmarked for the development of a mixed-use luxury tourist complex.

Furthermore, revenue is also generated from retail, events and conference catering business in Malta, and the operation of Costa Coffee outlets in Malta. In this respect, in 2019, the Issuer acquired the entire issued share capital and the businesses of Corinthia Caterers Limited and Catermax Limited from Corinthia Palace Hotel Company Limited.

### **ix. United States of America**

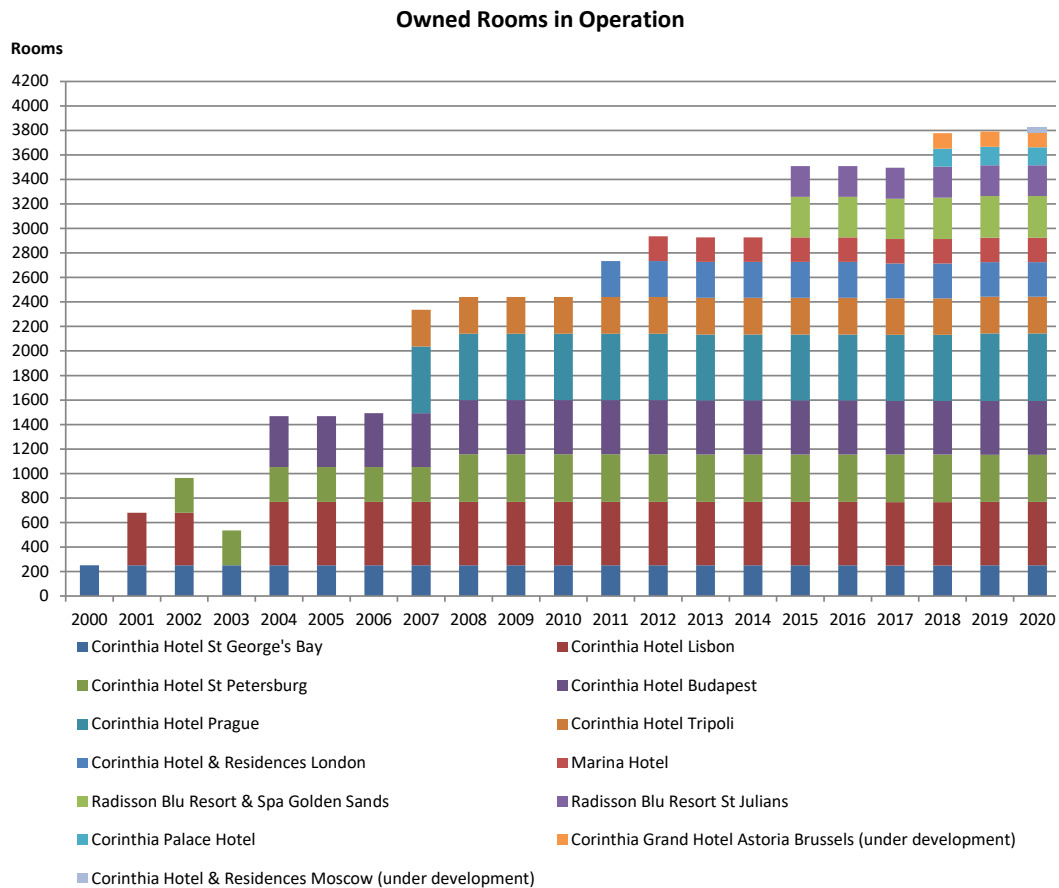
In April 2021, CHL entered into a hotel management agreement in relation to a building being redeveloped into a 97-room ultra-luxury hotel in downtown New York City. Once it opens in 2023, following extensive refurbishment the hotel will include 97 guest rooms including 33 suites, 5 signature suites and 12 luxury residences.



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### 5.2 ROOM INVENTORY

The Issuer fully owns 10 hotel properties, 50% in each of two other hotel properties (namely, Corinthia Hotel & Residences London and Corinthia Grand Hotel Astoria Brussels (under construction)), and 10% of the Corinthia Hotel & Residences Moscow (under construction). The chart below sets out the growth in owned-room inventory of the Issuer since incorporation, which increased from 250 to 3,830 rooms over a span of 21 years.



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 and four unfinished floors in the 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, whilst the remaining penthouse apartment was sold in August 2021).
- 2012: IHI acquired the 200-bedroom Marina Hotel in St. Julian's, Malta, on 13 February 2012.



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- 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 338 room Radisson Blu Resort & Spa, Golden Sands. The IHG group assets also included Island Caterers Ltd and the Costa Coffee franchise in Malta and the East of Spain.
- 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 the entire issued share capital and the businesses of Corinthia Caterers Limited (formerly named FCCL Limited) and Catermax Limited.
- 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.
- 2019: IHI Benelux B.V. commenced the development of a derelict building with a footprint measure circa 1,500 square meters into a car park and office space behind the Corinthia Hotel St Petersburg.
- 2019: CHL entered into a preliminary lease agreement for a building in Rome opening in 2023.
- 2021: CHL engaged to operate and manage a hotel building in New York City once it reopens in 2023 following extensive refurbishment set to result in 97 guest rooms including 33 suites, 5 signature suites and 12 luxury residences.
- 2021: Group acquired the remaining 50% shareholding in Golden Sands Resort Limited.

### 5.3 BUSINESS DEVELOPMENT STRATEGY

The onset of the COVID-19 pandemic in Q1 2020 caused the Group to swiftly implement a broad range of health and safety measures whilst ensuring the continued viability of the Group.

In brief, the following actions were implemented:

- a. All health and safety measures were adopted as directed by the relevant authorities in the various jurisdictions in which the Group operates. Internal guidelines on operations and staff welfare have also been circulated and updated regularly during the re-opening phase of the Group's hotels.
- b. Far-reaching cost cutting and cost containment measures were implemented, including temporarily shutting down hotels for varying periods since March 2020 whilst retaining ongoing security and maintenance in all properties.
- c. Capital expenditure has been suspended, other than to finish ongoing works nearing completion.
- d. Various actions were initiated following a detailed review of every cost item, including renegotiation of rates and payment deferrals.
- e. Payroll was curtailed by shedding all part-time workers and others on probation and removal of third-party labour service providers. Selected redundancy programs were also implemented in some of the Group's operations across Europe. Many of the Group's executives also took drastic temporary cuts in their salaries during the 15-month period between April 2020 and June 2021.
- f. The Group benefitted from various schemes adopted by Governments which included salary subsidies, as well as the waiver or deferral of payroll taxes and social security contributions. Countries such as the United Kingdom and Czech Republic went beyond wage subsidies to support the hospitality industry with property tax waivers or outright cash grants.
- g. The Group has also negotiated with its banks in Malta and internationally to defer payment of capital and, in some cases also interest, apart from the resetting of financial covenants. The Group has also organised separate lines of credit from various banks and even with related parties.

During the second half of 2021, as COVID-19 related restrictions were eased across Europe, the Group continues to adhere to all health and safety measures as directed by the relevant authorities in the various jurisdictions in which the Group operates. All hotels have re-opened, albeit with limited capacity, and room rates are gradually increasing to pre-pandemic levels. Any suspensions relating to capital expenditure are slowly being lifted, whilst all payroll cuts have been removed. IHI is set to maintain a strict focus on containing its costs going forward. As at the date of this Prospectus, most Government schemes are either shortly due to elapse or have been phased out entirely.

In 2021 revenue is projected to increase on account of all hotels having re-opened and a gradual improvement in the hospitality business generally in those jurisdictions where the Group operates. In markets where there is an internally generated demand through a domestic market, such as Russia and the UK, the Group expects hotels such as the Corinthia St Petersburg and Corinthia London to recover faster than others.



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The Group has considered the potential continued impact of COVID-19 on the Group's business in the next few years and has assumed that a gradual recovery to pre COVID-19 level of business could be realised between 2023 and 2025. Notwithstanding this expectation, the anticipated recovery remains highly uncertain as it is dependent on external factors that are clearly not within the control of the Group's management.

A delay in timing of the above-mentioned recovery may result in a situation where the Group may require additional short to medium term funding to meet its working capital and debt service obligations. To this effect, the Group has a long and positive track record in terms of negotiating with banks and other financial institutions to acquire or renegotiate financing facilities. Moreover, the Group has the ongoing support of its principal shareholders, particularly that of its majority shareholder Corinthia Palace Hotel Company Limited.

To further ensure that the Group maintains appropriate liquidity levels, the capital expenditure planned for the coming few years, principally relating to the projects described in section 5.4 below, shall be executed in accordance with expectations in the recovery of the hospitality industry. As such, most projects may be completed over a slightly longer period if required without significantly impacting the Group's projected growth.

The Group's total assets as at 30 June 2021 amounted to €1.6 billion, comprising mainly property, plant and equipment and investment property at a carrying amount of €1.4 billion. The potential of identifying property for disposal remains at the Group's discretion under active consideration, should the need arise going forward.

Beyond the COVID-19 crisis, the Group's business strategy is to focus 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 a better quality offering 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.

Due to the sudden drop in demand for accommodation services, Group payroll cost was reduced from €93.4 million in FY2019 to €47.3 million in FY2020. The Group intends to retain as much savings as possible in the years ahead although manning levels will have to be increased to an extent to manage growing occupancies. Other areas of cost were equally curtailed. Management is taking this opportunity to reassess the Group's cost structures and implement better controls over operating costs.

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

In addition, whilst the Group continues to target investments in under-performing properties in emerging markets, 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 hotel and mixed-use properties by acquisition, particularly if these entail a potential for capital appreciation.

Furthermore, other mixed-use properties described in section 5.4 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.

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 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 realized, 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. CDI is currently project managing the re-development in Rome.

In 2019, CHL acquired a 10% shareholding in GHA. Since the said acquisition, it increased its shareholding in GHA to 13.1%. GHA is a company that owns the Global Hotel Alliance of which CHL has been a member alongside 35 other hotel brands. The ownership of GHA comprises founding shareholders Kempinski, Omni and Oracle, as well as Pan Pacific and Minor Hotels.



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GHA has demonstrated impressive growth, adding luxury brands consistently, with a current member base of 35 upmarket and luxury brands or 550 upmarket and luxury hotels in more than 84 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. In 2018, the founding shareholders of GHA sought to strengthen the alliance by inviting strategic members to participate in an equity increase of 30%.

The Directors' strategic direction is to further consolidate the Group's acquisition of new properties, although the policy is to participate in joint ventures rather than acquire a 100% ownership, so that the Group's funds available for investment purposes are better utilised to acquiring an interest in more properties with the support of third-party shareholders joining the Group specifically in such individual developments. The ultimate objective is that many more hotels be operated by Corinthia Hotels and will carry the Corinthia flag.

- **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 has in the last few years signed hotel management agreements with third-party owners to operate hotels in Doha, Bucharest and Rome and more recently, in New York. 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 significantly 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.

- **Asset divestment**

The Group's strategic plan also comprises the divestment of assets located in secondary markets and that have achieved their mature stage of development, to maintain appropriate levels of cash flow, to fund future growth opportunities and, or to create value for shareholders.

- **Acquisition of intellectual property**

During 2018, CHL acquired rights to use the Corinthia brand in all respects. The acquired rights are in addition to the rights previously held by IHI on the acquisition of the Corinthia brand in 2010. The Corinthia brand is recognised in the statement of financial position as an intangible asset amounting to €21.9 million (FY2019: €21.9 million).

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.

### 5.4 INVESTMENTS

The Group's principal investments since 2015 are described hereunder:

- a. **Corinthia Hotel, St George's Bay**

Following the acquisition of IHGH 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. The said development has been put on hold by the Group.

The sum of €15 million of the net bond proceeds from the Bond Issue will be used to finance the refurbishment of the Corinthia Hotel in St George's Bay.

This five-star property occupies a prime waterfront location and was originally opened in 1995. Over the years, the hotel has established itself among the leading five-star hotels in the area, targeting all sectors including leisure tourism, conferences and corporate travelling. The funds have been allocated to a refurbishment of the hotel and will cover:



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- the refurbishment of the hotel's 250 bedrooms, including finishes, furniture, fixture & equipment, bathrooms, corridors and terraces;
- increasing the number of suites by combining standard rooms to create larger suites in keeping with increased demand for this type of room offering;
- a soft refurbishment of the hotel's lobby and public areas;
- enhanced landscaping of the hotel's external areas, swimming pools and restaurants;
- updates to back of house (BOH), mechanical & electrical equipment, as well as fire, life, health and safety measures in keeping with updated legislation and best practices.

A budget has been set at €40,000 per bedroom plus allocations for all other areas.

The precise timing of the project will be coordinated with other, large-scale development projects in the vicinity.

### b. 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. In Q3 2019, the Hotel commenced the development of a derelict building with a footprint measuring circa 1,500 square metres 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. Due to the COVID-19 pandemic, this latest project has been put on hold.

### c. Hal-Ferh Project

Corinthia Oasis, a subsidiary of IHL, holds a 83,900m<sup>2</sup> site located north-west coast of Malta (the "**Hal-Ferh Site**") under title of emphyteusis. The Hal Ferh Site was granted to IHGH in 2009 under title of perpetual emphyteusis. The perpetual *utile dominium* over the site was subsequently acquired by Corinthia Oasis. In 2020, the said company acquired the perpetual *directum dominium* from the Government of Malta and redeemed the ground-rent to which the site was subject, resulting in the site being held on a freehold basis. In terms of the deed of emphyteusis, the site may be used for tourism development which includes accommodation, ancillary and supporting facilities.

Permits for a 228-unit (735-bed) timeshare resort were issued by the Planning Authority in 2014, however, as at the date of this Prospectus, construction works have not commenced. This permit is still valid.

In July 2021, the Group submitted a revised planning application to the Planning Authority (PA/5420/21), for the development of a resort over the Hal Ferh Site. The regeneration project will include a 162-key resort hotel, a top-tier spa and wellness centre, 25 detached hotel-serviced residences and a host of ancillary resort amenities. The total area of the site which Corinthia would develop should such application be approved, amounts to 9,000 square metres.

As part of the project, Corinthia Oasis is also investing in an adjacent 330-space public car park for use by the local community, administered by the Scouts Association. The car park is currently in the construction phase. This carpark is intended to ensure the fulfilment of the condition imposed by the Planning Authority in Malta, namely, that the car park be developed into a public car park and that said car park remains accessible to the general public, thus alleviating demand for parking by visitors to the nearby Golden Bay and Hal-Ferh Site. The resort's own parking requirements will be catered for via an underground carpark located within the site itself and by parking facilities located under the residences.

Corinthia plans to start demolition works, clearance of site, carting away and dumping of material, in line with planning authority permit requirements as originally issued under permit number PA/03134/19. Such preparatory works are also included in the abovementioned PA/5420/21, which is still at application stage. Approximately €14 million of the bond proceeds will be used to fund the preparatory works which are covered under PA/03134/19.



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### d. 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 fourteen 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 in the London project), reorganized the ground floor flows and uses, as well as reconfigured the bedroom inventory, to ensure that all bedrooms are larger than 45m<sup>2</sup>. 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.

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 16,000m<sup>2</sup>. 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<sup>2</sup> spa, various dining venues, boutique meeting facilities and high-end retail shops. Initial strip-out and demolition works have commenced and a contractor for the main construction works was engaged in December 2020. Works have since commenced and are expected to be completed by October 2022.

In 2020, the Issuer, on behalf of NLI, drew up a revised cost estimate for the full refurbishment project, at €62 million, inclusive of all costs, fees and contingencies. The main construction works are under-way and as the date of this Prospectus approximately €16.1 million has been drawn down in associated construction costs. Total costs, including acquisition, professional fees, project costs, interest during the construction period and pre-operating costs are being financed out of an equity injection of €20 million, a bank loan facility of €45 million granted by ARES Bank of Spain and €10 million from each of LAFICO and the Issuer, the ultimate shareholders of NLI Group (which shall be on-lent by NLI to its fully-owned subsidiary and the hotel-owning company, Hotel Astoria S.A.). The Issuer's contribution of €10 million was raised from a bond issue pursuant to a prospectus dated 4 March 2019.

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

### e. 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 was due to be completed in FY2020. Due to the pandemic, the completion date has been extended by an additional 24 months to better manage cash flow and demand for the newly refurbished rooms.

### f. Corinthia Palace Hotel & Spa Malta

On 10 April 2018, CPHCL (the ultimate parent company of the Group) transferred the 150-room five-star Corinthia Palace Hotel & Spa located in Attard, Malta, to IHI. In 2018, the Group initiated 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 final phase of this extensive refurbishment includes the part of the property, commonly referred to as "The Villa", which is the main dining area of the hotel, and the hotel's bedrooms. The necessary works, comprising mechanical and electrical works, finishing works, furniture and joinery works, and the deployment of soft furnishings and accessories, are expected to be completed in 2022. Approximately €5 million of the net bond proceeds from the Bond Issue will be used to finance this final phase of the refurbishment of the Corinthia Palace Hotel & Spa Malta.

### g. Radisson Blu 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 fully owns the Golden Sands resort, increasing its holding from 50% to 100% in February 2021. 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 keys, various F&B outlets and is equipped with a 1,000m<sup>2</sup> 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.

In FY2020, the Radisson Blu Resort & Spa Golden Sands ceased the vacation ownership sales operations and placed the Azure Resorts Group into liquidation. Existing timeshare members will continue to enjoy their entitlement until the end of the term in 2045.



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### **h. Corinthia Hotel in Budapest**

IHI Magyarország Zrt., a fully-owned subsidiary of the Company, owns the 439-room five-star Corinthia Hotel located in Budapest, Hungary (“**Corinthia Hotel Budapest**”) which was officially opened in April 2003. The Corinthia Hotel Budapest has undergone a refurbishment of its corridors and of the bathrooms forming part of the hotel. The project commenced in April 2018 and is expected to be completed in 2022. €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.

### **i. Corinthia Hotel & Residences Moscow**

In February 2019, IHI acquired a 10% minority share for US\$5.5 million in a joint venture company formed with a consortium of investors to acquire the Russian company that owns a landmark property at 10, Tverskaya Street, Moscow. The acquisition has been made with a view to developing the site, having a development gross area of 43,000m<sup>2</sup>, into a mixed-use real estate project including a luxury boutique 42-room Corinthia hotel, 109 upmarket residential serviced apartments for re-sale, high-end retail and commercial outlets and underground parking.

Bank financing for the development of the property is being procured by the Russian company that owns the asset and as of September 2021 it entered a non-binding term sheet with a financial institution for a loan amount of RUB 14,256 million (circa €168 million Euro) with a view to formal documentation being finalised and entered into around December 2021. Should the loan be granted to the Russian company, a security package that is consistent with development finance of this nature will be granted to the final institution, however it is pertinent to note that no security is being granted over share capital in the joint venture company or its respective shareholders (including IHI), and no guarantees (whether for cost overruns or otherwise) are being given by the said shareholders.

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. Development works are presently underway, and the scheduled opening is set for the year 2023.

### **j. Corinthia Hotel Rome**

By virtue of a binding preliminary lease agreement signed in October 2019 with Reuben Brothers (a prominent private equity, real estate investment and development, and debt financing entity), Reuben Brothers undertook to lease a building to CHL following its development into a 60-room ultra-luxury hotel in central Rome upon the completion of the development of the building into a hotel and the issue of the relevant permits to operate the hotel. The property is situated in the former seat of the Central Bank of Italy in Parliament Square. The 7,000 square metre property will be converted into a luxury destination, featuring a number of suites and top of the range bedrooms. Two restaurants, bars, lounges, a spa and other amenities will wrap around a central garden forming part of the property. Once granted, the lease of the hotel is for a period of 25 years with a potential extension of a further five years. The rent payable by CHL is fixed with a reference to a percentage of revenue, with a guaranteed minimum of €5 million per annum as of the fifth year of operation.

CDI, by virtue of a development management agreement entered into with the owners of the property, Reuben Brothers, has assumed responsibility for the management of the development of the hotel in return for a fee.

The estimates cost for the development of the project is €37 million, which amount will be incurred by Reuben Brothers as owners of the property. CHL expects to incur €9 million in costs as lessee of the property, which will be used to finance: (i) the pre-opening budget costs, including, for the recruitment of personnel, marketing and concessions; (ii) the acquisition of supplies and operating equipment and (iii) a capital expenditure contribution towards the general cost of works for the development of the hotel. The €9 million required to be funded by CHL will be financed through the net bond proceeds of the Bond Issue.

### **k. The Corinthia Hotel New York: an investment in the Corinthia Brand**

A subsidiary of CHL incorporated in Delaware (CHL NYC Inc.) has entered into a 25-year hotel management agreement with the owner of a luxury Upper East Side hotel in New York City. The building was acquired by the private equity firm Reuben Brothers in 2020 and is to undergo extensive refurbishment to reopen in early 2023 as a Corinthia Hotel. Once renovated, the hotel will have 97 guest rooms including food and beverage facilities, a spa and gym and 12 luxury residences. By virtue of the management agreement, CHL is appointed as the sole and exclusive manager of the hotel to provide management services and to supervise, direct and control the management and the marketing of the hotel. The management agreement provides for an initial term of 25 years from commencement of operation subject to an extension.





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In terms of the management agreement, CHL is required to make a payment of a premium of USD 10.5 million (equivalent to approximately €8.5 million). USD 0.5 million was paid on the signing of the management agreement. The amount of USD 10 million (equivalent to approximately €8 million) is payable when the hotel opens in 2023. The amount of €8 million will be funded out of the net bond proceeds to be received from the Bond Issue.

## 6. TREND INFORMATION AND FINANCIAL PERFORMANCE

### 6.1 TREND INFORMATION

The spread of COVID-19 since Q1 2020 has severely impacted all economies worldwide. In many countries, including the countries in which the Group has operational activities, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As a result, the Group's business operations have been significantly impacted.

Save for the matter disclosed hereinabove, there have been no material adverse change in the prospects of the Group since the date of publication of its latest audited consolidated financial statements.

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

#### *Hungary<sup>1</sup>*

Hungary's economy started to emerge from the pandemic-induced recession in the second half of 2020. Real GDP fell by 5% in 2020 but industrial and construction activity returned to their pre-pandemic level before the end of the year.

The economy continued its recovery from the economic shock of the pandemic at the beginning of the year (2021). Real GDP rose by 2% quarter-on-quarter in the first quarter of 2021. Recent economic indicators suggest that the recovery may have paused in the second quarter, partly due to persisting supply chain disruptions affecting the automotive industry. The recovery is forecast to resume in the second half of the year as the pandemic recedes and the economy reopens. The expected rebound is signalled by the recent improvement in business and consumer confidence. Growth is set to be driven by the gradual recovery of consumer demand for services, high investment activity supported by EU funds and accommodative fiscal policies. Exports should also make a significant contribution thanks to the supportive external environment and the expected revival of intra-EU tourism.

Annual GDP growth is forecast at 6.3% in 2021, followed by 5.0% in 2022. This is a more frontloaded profile for the economic recovery than what was projected in the spring. The revision reflects data for the first quarter which indicate a milder impact of health-related restrictions on economic activity. Upside risks to the forecast stem from the potential introduction of further stimulus measures, notably a proposed personal income tax refund for families with children ahead of the 2022 elections.

The signals from the labour market are more mixed. In the first quarter of 2021, seasonally adjusted employment remained 1.1% below its pre-pandemic level (in the last quarter of 2019), and vacancy statistics do not yet suggest a strong recovery of aggregate labour demand. Monthly data also point to a slight deceleration of private sector wage growth in the first quarter of 2021. At the same time, firms' perceptions of labour shortages have increased recently and wage growth has held up better in the sectors where such shortages were reported. This could reflect mismatches in terms of the location of employment opportunities and prospective workers, as well as mismatches in the types of jobs available and the skills of the labour force. As a consequence, wage growth may remain elevated despite the more gradual recovery of employment.

HICP<sup>2</sup> inflation rose by 5.3% in May 2021 driven by higher fuel prices and recent excise duty increases. The pass-through of the forint's past depreciation and the repricing of various services after the reopening of the economy may continue to add to inflation in the coming months. The re-emergence of labour market bottlenecks could also fuel inflation in 2022. Overall, inflation is forecast at 4.4% in 2021 and 3.3% in 2022.

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<sup>1</sup> *European Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July'21).*

<sup>2</sup> *The Harmonised Indices of Consumer Prices (HICP) measure the changes over time in the prices of consumer goods and services acquired by households.*



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### *Russia*<sup>3</sup>

Even though the pandemic and lower oil prices hit Russia hard in 2020, the real GDP decline was still moderate reflecting relatively light lockdown restrictions, the use of macroeconomic policy buffers, and the small share of contact-intensive services in the economy. Nevertheless, the structure of the economy and renewed geopolitical tensions also imply only a moderate rebound over the forecast horizon.

Real GDP in Russia declined by a relatively moderate 3% in 2020, as net exports and public consumption partly offset contracting private demand. Private consumption dropped sharply as household income declined and uncertainty increased in particular for households working in the large informal sector. Investments, already low in recent years given the weak business environment, decreased further in 2020, amid a shortage of financing for SMEs, lockdowns hitting the service sector, and worse prospects for the oil sector. At the same time, public funding was redirected rapidly from large-scale investments in national projects that were slowly rolled out, towards public consumption, supporting growth. On the external side, oil production cuts undermined exports' growth, but non-oil exports, in particular agricultural exports, held up well due to a good grain harvest, a weaker rouble and rising global food consumption. Imports were down by a staggering 12% year-on-year, reflecting lower consumption, the depreciating rouble and the abrupt decline in outbound tourism.

Despite the recent increase in household savings which is expected to be unwound going forward, private consumption recovery in 2021 is set to be held back by continued uncertainty and weak disposable income growth as well as by slower credit growth as mortgage subsidies are set to be phased out. Slow progress with vaccinations is likely to cloud the outlook for the service sector for the remainder of 2021, as well. However, domestic consumption is set to be supported by continued social transfers and restrictions on outbound tourism.

Investment is expected to recover only slightly in 2021 and in 2022 as the medium-term outlook for the oil-market does not encourage capital spending, the overall investment climate remains muted and the space for expansionary macroeconomic policy is shrinking amid rising inflation. At the same time, geopolitical factors are expected to make financing of large investments more difficult, and the increasing 'de-coupling' of the Russian economy channels investments to less productive sectors, undermining long-term growth. The rise in public investment and consumption is likely to be moderate as fiscal policy is expected to get more restrictive due to worsening financing conditions following US sanctions and the desire to preserve buffers. Exports are expected to grow faster than imports in both 2021 and 2022, as energy exports are set to increase and the weak rouble supports non-energy exports. At the same time, the import substitution policy, the weak rouble and the negative income trend are likely to curb imports.

Simultaneously, the macroeconomic framework with flexible exchange rates and a fiscal rule centred on a fixed oil price, make Russia less vulnerable to external pressures. In addition, the increase of reserve buffers even in crisis times and the payback of foreign currency denominated debt as well as the declining role of foreigners in the government debt market further insulate Russia from international financial trends. However, this greater macroeconomic stability does not automatically lift growth prospects, given structural weaknesses and bottlenecks in the economy. Taken together, real GDP is expected to grow by 2.7% in 2021 and 2.3% in 2022, taking GDP above the pre-pandemic level in the course of 2022.

At its meeting on 23 July 2021, the Board of Directors of the Central Bank of the Russian Federation (CBR) raised the key interest rate by 100 basis points to 6.50%. The move represented the sharpest increase in rates since late 2014 and marked the fourth consecutive hike since March. In line with the previous hike, the decision was driven by elevated price pressures. Inflation accelerated to 6.5% in June 2021 (May: 6.0%), marking the highest reading in nearly five years and climbing further above the Bank's 4.0% target. The price rally continued to gain steam on the back of a robust economic recovery, with GDP estimated to have bounced back to its pre-crisis levels in Q2 2021. Strengthening demand in many industries outpaced their capacity to ramp up output, while consumer lending accelerated, stoking price pressures in turn. Soaring prices for vegetables and tourism services also added fuel to the rally.

The CBR revised its inflation forecast for end-2021 by one percentage point to 5.7% - 6.2% but the Bank expects inflation to slow to 4.0% - 4.5% in 2022 and stay close to 4.0% further ahead - at which point it projects the key rate to return to its long-term neutral range, which is currently estimated at 5.0% - 6.0%.

Fiscal packages of around 3% of GDP, including increased social transfers and support measures for corporations contributed to mitigating the impact of the crisis. While the size of the packages might have not been large compared to other economies, it followed a relatively long phase of restrictive fiscal policy, increasing its impact. After a surplus of 2.6% of GDP in 2019 the budget turned into a deficit of 4.7% of GDP in 2020. Going forward, the deficit is expected to be significantly lower in 2021 at around 3.5% of GDP and 2.5% of GDP in 2022 reflecting higher oil-related revenues, leaving some room for a moderate rise in expenditures.

Downside risks on the external side are related to uncertainty around oil demand and oil prices as well as further escalation of geopolitical tensions, including the possibility of further sanctions. On the upside, higher oil revenues might boost incomes, consumption and investments more than expected as output restrictions are lifted. Higher demand for technology sectors during the pandemic could result in a more efficient use of technology and therefore in higher productivity growth.

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<sup>3</sup> *European Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July'21).*



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### **Portugal<sup>4</sup>**

Portugal's economy has been recovering since the beginning of the second quarter of 2021, along with the gradual relaxation of pandemic restrictions. This can already be seen in the sharp increase in the Commission's Economic Sentiment Indicator and hard data for retail sales, industrial production and service sector turnover. The pace of recovery has been dampened by the partial reimposition of temporary restrictions in June, which was triggered by a resurgence in infections. Nevertheless, GDP is projected to rise by 3.3% in the second quarter after a drop of 3.2% during the strict lockdown in the previous quarter. A further increase in growth is expected in the third quarter when foreign tourism in Portugal is set to rise, helped by the vaccination campaign in Europe and the rollout of the EU digital COVID certificate.

In full-year terms, domestic demand is expected to contribute the most to GDP growth in both 2021 and 2022. This reflects pent-up demand from domestic consumers as well as support to both corporate and public investment from the country's Recovery and Resilience Plan<sup>5</sup>. Regarding the external sector, exports of services remain constrained by the international travel industry, which is not expected to fully recover by the end of the forecast period. However, the outlook for goods exports has improved since the previous forecast. Despite mobility restrictions, Portugal's goods exports increased substantially in the first quarter of this year, surpassing their pre-pandemic levels. Export growth continued in April alongside a further improvement in export order books in May.

Overall, GDP is forecast to increase by 3.9% in 2021 and 5.1% in 2022. The economy is thus expected to reach its pre-pandemic level by mid-2022. Risks remain tilted to the downside due to the country's large exposure to foreign tourism. At the same time, this is now largely offset by upside risks in the manufacturing sector, which could benefit further from global demand tailwinds.

Inflation picked up from 0.2% (y-o-y) in the first quarter of 2021 to 0.5% in May on the back of a surge in energy prices, which also had repercussions on transport services and some industrial goods. However, prices of accommodation and restaurants declined substantially in April and May relative to a year earlier, thus keeping the overall inflation rate well below the EU average. Prices of services are expected to gradually increase over the forecast horizon while the upward impact of energy and commodity prices is projected to subside in parallel. Overall, inflation is forecast to increase to 0.8% in 2021 and 1.1% in 2022.

### **Czech Republic<sup>6</sup>**

The strong second wave of the pandemic and related containment measures brought further disruptions to the economy in the first months of this year, leading to a 0.3% quarter-on-quarter GDP decline in the first quarter of 2021. Household consumption slightly declined and together with decreasing government consumption became the most important negative factors behind the decrease in economic activity. On the contrary, investment expenditure provided a positive surprise, growing by 1.6% quarter-on-quarter. Foreign demand developments remained favourable, however, the overall contribution of net exports was lower compared to the previous quarter mainly due to increased imports.

The Czech Republic's economy has been recovering since the second half of April. Positive developments in the public health situation and rising foreign demand are reflected in the sentiment indicators for both households and firms. Private consumption is expected to remain the main driver of the Czech Republic's economic recovery over the forecast horizon, reflecting the stable situation on the labour market, pent-up demand and the drawing down of accumulated excess savings. At the same time, supply chain disruptions due to the ongoing shortage of semi-conductors are weighing on the Czech Republic's automotive sector production and exports. However, these disruptions are expected to be only temporary.

The country's Recovery and Resilience Plan is also set to strengthen private and public investment and thereby boost the economic recovery. In 2022, GDP growth will also be supported by the new EU funding cycle. Overall, GDP is forecast to increase by 3.9% in 2021 and by 4.5% in 2022. Towards the end of the forecast horizon, economic growth in The Czech Republic is expected to reach its potential level.

### **Libya<sup>7</sup>**

Libya entered 2021 as a divided nation aspiring for recovery and healing. With intensifying conflict and a blockade of oil terminals and fields, the economy registered one of the worst performances in recent records for a substantial part of 2020. Starting in mid-September, a rapprochement between political/military factions brought much-needed relief to the economy, capping the GDP plunge at 31.3%, annually. The appointment of an interim Government of National Unity on 10 March 2021 is a positive turn of events and there is rekindled hope for a lasting political settlement leading to elections, which are due to be held in December 2021.

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<sup>4</sup> *European Economic Forecast – Summer 2021 (European Commission; Instituto Nacional De Estatistica (www.ine.pt). Institutional Paper 156 July'21).*

<sup>5</sup> *The Recovery and Resilience Facility will make €672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.*

<sup>6</sup> *European Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July'21).*

<sup>7</sup> <https://www.worldbank.org/en/country/libya/publication/economic-update-april-2021>



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For the most part of 2020, the performance of the Libyan economy was the worst in recent records. Even with the rebounding oil proceeds in the last quarter, the economy could not recover its earlier losses, and registered a 31.3% real decrease in GDP. On average, oil production in 2020 is estimated at 405,000 barrels per day, roughly a third of actual output in 2019.

With looming uncertainties, projecting future economic trends is a daunting task. However, if the current rapprochement remains on track, a significant economic recovery in Libya from the 2020 slump is within reach in the forthcoming year. With major maintenance problems still pending, oil production is projected to reach 1.1 million barrel per day (MBD) in 2021. This would lead to a rebound in real GDP growth, to 67% in 2021. In terms of level of GDP, the economy would still be 23% below that in 2010, the year prior to the start of the conflict.

### *United Kingdom<sup>8</sup>*

After falling by 19.5% in the second quarter of 2020 as a consequence of strict lockdown measures implemented to contain the first wave of the pandemic, UK GDP partially rebounded by 16.9% in the third quarter. To contain a second wave of the pandemic, another lockdown was introduced for the month of November, and GDP growth slowed to 1.3% in the fourth quarter of 2020. Overall, real GDP in 2020 fell by 9.8%, mainly due to a fall in private consumption.

The government tightened restrictions again significantly at the end of December 2020 after a sharp increase in the prevalence of COVID-19 cases. This third lockdown, which was only partially eased on 8 March with the re-opening of schools, weighed on output in the first quarter of 2021.

Shortly before the end of 2020, the UK and the EU signed the Trade and Cooperation Agreement (TCA). While the TCA provides for zero tariffs and zero quotas for all goods complying with the appropriate rules of origin, the UK leaving the European Union has inevitably created significant non-tariff barriers (NTBs). This became evident in early 2021 when UK trade volumes with the EU fell sharply. While some of these disruptions will be temporary, as businesses get used to the new rules, UK trade is expected to remain permanently lower over the forecast period as compared to a situation with unchanged EU-UK trading relations.

Private consumption is expected to pick up quickly as restrictions are being eased and pent-up demand is released, though an increase in unemployment following the end of the furlough scheme in September 2021 is expected to temper private consumption slightly. Business investment is forecast to pick up more strongly in the second half of 2021 and in 2022, as uncertainties regarding the further evolution of the pandemic and the new EU-UK trade relationship fade away. In addition, the 'super-deduction' announced in the March 2021 budget, which allows businesses to offset 130% of eligible investment spending, is expected to have a positive impact on business investment over the forecast period. Government consumption is forecast to contribute positively particularly in 2021. Net exports are projected to be a drag on growth over the forecast horizon, as imports are expected to recover more quickly than exports. This would also cause the current account deficit to increase to around 5% of GDP over the forecast horizon. Overall, GDP is expected to increase by 5.0% in 2021 and by 5.3% in 2022. It is set to recover to pre-pandemic levels by the third quarter of 2022.

Government measures supporting employees and the self-employed are expected to keep unemployment relatively low until the third quarter of 2021. Unemployment is then expected to increase, as not all of the employees still on the furlough scheme are expected to return to their jobs. The unemployment rate in 2021 is projected to increase from 4.4% in 2020 to 5.6% in 2021 and to 5.9% in 2022.

The general government deficit is expected to fall from 12.3% in 2020 to 11.8% of GDP in 2021 and to 5.4% in 2022 as the economy recovers. Government fiscal measures to deal with the consequences of the pandemic in 2020-2021 amounted to around 16% of GDP and include income support for employees and self-employed workers, support for businesses and increases in welfare spending. The government also announced liquidity measures of about 16% of GDP, creating contingent liabilities. The main measures from the latest budget in March 2021 to be implemented in the forecast years are the previously mentioned 'super-deduction' and the freezing of the income tax personal allowance from April 2022.

The general government debt-to-GDP ratio increased to above 100% in 2020 as a consequence of the additional fiscal measures and the fall in GDP. It is expected to exceed 100% over the forecast horizon, at 108.1% in 2021 and 108.4% in 2022.

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<sup>8</sup> *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). Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July '21).*

<sup>9</sup> *Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July '21).*



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### Malta<sup>9</sup>

Malta's economy grew at a solid quarter-on-quarter rate of 1.9% in the first quarter of this year (2021), driven mainly by service exports. After a considerable decline (-7.8%) in 2020, real GDP is forecast to rebound to 5.6% in 2021. This is more than the 4.6% projected in the spring. The better growth outlook is driven by the strong performance in the first quarter, which has a strong carry-over effect, and the positive picture painted by recent confidence indicators. It also adjusts the recovery path for the downward revision to 2020 GDP growth. The forecast for 2022 is similarly strong, at 5.8%, which means that Malta's economy is expected to reach pre-pandemic levels of activity around mid-2022.

The high pace of vaccinations in Malta and the improvement in the public health situation allowed for a significant relaxation of restriction measures in the second quarter of 2021. Continued strong improvement in business and consumer sentiment up until May 2021, including in the hard-hit food and accommodation services sectors, suggest that economic activity is on a path to a solid recovery. A strong uptake of government-paid consumption vouchers is also supporting a rebound in consumption. Going forward, growth is expected to remain strong on the back of a gradual recovery in the tourism sector, favourable prospects for external demand for other services, and a recovery in private and public investment, supported also by the implementation of the Recovery and Resilience Plan. A limited downside risk is related to possible consequences of the decision of the Financial Action Task Force (an inter-governmental body against money laundering) to add Malta to the grey list of jurisdictions under increased monitoring.

HICP inflation has increased moderately since January, but the increase in energy and imported goods prices and a recovery in the tourism and hospitality sectors are set to increase price pressures in 2021. After picking up to 1.1% in 2021, inflation (HICP) is expected to reach 1.6% in 2022.

## 6.2 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 2018, 2019 and 2020. The said statements have been published and are available on the Issuer's website ([www.corinthiagroup.com](http://www.corinthiagroup.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 2018, 2019 and 2020.

The tables and discussion included in this section 6.2 contain certain alternative performance measures (as defined by the European Securities and Markets Authority (ESMA)), including EBITDA (earnings before interest, tax, depreciation and amortization), 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.

<b>IHI Group Income Statement (€'000)</b>	<b>FY2018 Actual</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>
Revenue	256,314	268,286	91,909
Direct costs	(141,467)	(145,800)	(53,956)
<b>Gross profit</b>	<b>114,847</b>	<b>122,486</b>	<b>37,953</b>
Other operating costs	(47,343)	(52,696)	(41,703)
<b>EBITDA</b>	<b>67,504</b>	<b>69,790</b>	<b>(3,750)</b>
Depreciation and amortisation	(33,202)	(36,766)	(35,779)
Adjustments in value of property and intangible assets	3,944	(3,656)	(10,521)
Changes in value of liabilities and indemnification assets	143	4,798	-
<b>Results from operating activities</b>	<b>38,389</b>	<b>34,166</b>	<b>(50,050)</b>
Share of (loss) profit: equity accounted investments	(1,364)	(3,951)	(2,448)
Finance income	833	546	702
Finance costs	(21,484)	(23,765)	(23,554)
Other	(7,902)	6,916	(15,012)

<sup>9</sup> Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July '21).



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<b>Profit/(Loss) before tax</b>	<b>8,472</b>	<b>13,912</b>	<b>(90,362)</b>
Taxation	(13)	(8,793)	14,713
<b>Profit/(Loss) for the year</b>	<b>(8,459)</b>	<b>5,119</b>	<b>(75,649)</b>
<b>Other comprehensive income (expense)</b>			
Gross surplus (impairment) – revaluation of hotel properties	35,842	7,000	(10,246)
Gross share of other comprehensive income of equity accounted investments	–	(4,550)	–
Other effects, currency translation diff and tax	(19,039)	31,331	(38,076)
	<b>16,803</b>	<b>33,781</b>	<b>(48,322)</b>
<b>Total comprehensive income (expense) for the year net of tax</b>	<b>25,262</b>	<b>38,900</b>	<b>(123,971)</b>

The financial performance for 2020 was materially impacted by COVID-19 and the restrictions and limitations it imposed on the Group's businesses and everyday lives. Total revenue for the year under review amounted to €91.9 million, a reduction of €176.4 million from the revenue generated the year before on account of lockdowns and other restrictions imposed in all countries where we operate.

Notwithstanding the significant reduction in revenue generation, the loss at EBITDA level for 2020 was limited to €3.8 million (FY2019: positive EBITDA of €69.8 million). The minimal loss at EBITDA level in 2020 was achieved in consequence of proactive cost-cutting decisions taken at Group and operating subsidiary levels, including reducing staff complements at all levels as well as various programmes on salary cuts and deferrals.

Adjustments in value of property and intangible assets amounted to a loss of €10.5 million in FY2020 compared to a loss of €3.7 million in FY2019. The said loss for 2020 represents an impairment on goodwill of €2.4 million, an impairment of €5.2 million in the carrying value of the London apartment and a write off of €2.9 million with regard to the work in progress on the Hotel Astoria.

The Group's share of results of associates and joint ventures amounted to a loss of €2.4 million compared to a loss in FY2019 of €4.0 million. This loss reflects the performance of hotel operations at Golden Sands and four months of timeshare operations. The timeshare sales operation was discontinued in May 2020.

In 2020 'other' items amounted to a loss of €15.0 million (FY2019: profit of €6.9 million). This adverse amount mainly represents exchange differences related to the St Petersburg property on account of a weaker Rouble compared to FY2019. Year-on-year the Rouble devalued by 32% against the Euro. Furthermore, currency translation differences of €2.8 million relating to Azure Resorts Group, previously recorded in translation reserves, were released to profit or loss as a result of the loss of joint control over the joint venture.

Changes in fair value during 2020 in respect of the Group's properties amounting to €10.3 million have been recognized with other comprehensive income to reverse previously recognized revaluation reserves. These impairments relate to the Corinthia Hotel Budapest and Corinthia Hotel London. In 2019, a revaluation surplus of €7.0 million in respect of the Group's properties was recognized within other comprehensive income.

On account of a weaker Sterling and Rouble relative to the reporting currency of the Group which is Euro, the Group recorded a combined currency translation loss of €44.1 million in 2020, relative to a profit of €34.5 million registered in 2019.

The Group registered a loss on total comprehensive income of €123.9 million in 2020 against a profit of €38.9 million registered in 2019.

<b>IHI Group Cash Flow Statement (€'000)</b>	<b>FY2018 Actual</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>
Net cash from operating activities	58,980	62,850	(2,965)
Net cash from investing activities	(35,152)	(22,442)	(11,709)
Net cash from financing activities	(20,839)	(21,587)	(14,860)
<b>Net movement in cash and cash equivalents</b>	<b>2,989</b>	<b>18,821</b>	<b>(29,534)</b>
Cash and cash equivalents at the beginning of year	42,652	44,291	65,463
Effect of translation of presentation currency	(1,350)	2,351	454
<b>Cash and cash equivalents at end of year</b>	<b>44,291</b>	<b>65,463</b>	<b>36,383</b>



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2020, operating activities across the Group's properties was minimal. As such, net cash used in operating activities amounted to €3.0 million compared to net cash generated in the prior year of €62.9 million.

Due to the pandemic, the Group curtailed its capital expenditure plans for the year. Net cash used in investing activities was reduced by almost 50% in FY2020 and amounted to €11.7 million (FY2019: €22.4 million).

Financing activities principally comprise movement in bank and other borrowings, issuance of debt securities, payment of leases and dividends, and interest paid. During FY2020, the Group repaid €24.0 million of bank borrowings and made withdrawals of €33.6 million (net proceeds of €9.6 million), compared to net proceeds of €19.6 million in FY2019 from bank borrowings and bond issues. Interest paid during the year amounted to €21.9 million (FY2019: €23.0 million), while nil dividends were paid compared to €12.3 million in FY2019.

<b>IHI Group Balance Sheet (€'000)</b>	<b>31 Dec'18 Actual</b>	<b>31 Dec'19 Actual</b>	<b>31 Dec'20 Actual</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets (including indemnification)	71,966	72,432	68,035
Investment property	203,539	214,174	191,355
Property, plant and equipment	1,151,245	1,181,944	1,102,885
Right-of-use assets	–	13,776	11,690
Investments accounted for using the equity method	48,189	40,144	31,831
Other investments	–	8,401	7,198
Other financial assets at amortised cost and receivables	780	1,801	6,739
Deffered tax assets	10,963	9,233	14,214
Assets placed under trust management (5.8% Bonds 2021)	3,645	3,698	–
	<b>1,490,327</b>	<b>1,545,603</b>	<b>1,433,947</b>
<b>Current assets</b>			
Inventories	11,490	12,626	10,647
Other financial assets at amortised cost and receivables	1,683	125	43
Trade and other receivables	53,029	43,192	35,106
Taxation	2,527	3,922	3,324
Financial assets at fair value through profit and loss	8,485	8,909	9,250
Cash and cash equivalents	50,190	72,699	46,145
Assets placed under trust management (5.8% Bonds 2021)	122	122	5,637
	<b>127,526</b>	<b>141,595</b>	<b>110,152</b>
<b>Total assets</b>	<b>1,617,853</b>	<b>1,687,198</b>	<b>1,544,099</b>
<b>IHI Group Balance Sheet (cont.) (€'000)</b>	<b>31 Dec'18 Actual</b>	<b>31 Dec'19 Actual</b>	<b>31 Dec'20 Actual</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital	615,685	615,685	615,685
Reserves and other equity components	7,943	31,073	(3,646)
Retained earnings (accumulated losses)	59,746	54,247	(8,803)
Minority interest	194,246	196,142	169,940
	<b>877,620</b>	<b>897,147</b>	<b>773,176</b>



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### LIABILITIES

#### Non-current liabilities

Bank borrowings	317,559	324,597	345,920
Bonds	202,507	222,584	203,061
Lease and other financial liabilities	59	11,202	9,767
Other non-current liabilities	102,552	106,885	92,476
	<u>622,677</u>	<u>665,268</u>	<u>651,227</u>

#### Current liabilities

Bank overdrafts	5,899	7,236	9,762
Borrowings	34,618	38,200	37,403
Lease and other financial liabilities	4,553	2,795	2,711
Other current liabilities	72,486	76,552	69,820
	<u>117,556</u>	<u>124,783</u>	<u>119,696</u>
	<u><b>740,233</b></u>	<u><b>790,051</b></u>	<u><b>770,923</b></u>

<b>Total equity and liabilities</b>	<b>1,617,853</b>	<b>1,687,198</b>	<b>1,544,099</b>
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Total assets of the Group as at 31 December 2020 amounted to €1,544 million (FY2019: €1,687 million) and principally comprise the assets included in section 4.2 of this registration document.

Investment property amounting to €191.4 million includes the apartment in London valued at €35.6 million (FY2019: €42.9 million). This apartment was sold in 2021.

In view of the loss incurred in 2020, equity value decreased from €897.1 million in FY2019 to €773.2 million.

Net debt in FY2020 amounted to €544.4 million compared to €516.2 million in FY2019 (a variance of €28.2 million). To support the Group's cash availability, the Company early on in the pandemic engaged with its banks across Europe. Bank of China, HSBC, Bank of Valletta, APS, Sberbank and others were forthright in their support by way of capital repayment deferral schemes and the restatement of banking covenants to match current realities. In the Czech Republic, the Group also successfully paid off a maturing loan, by replacing an €18.1 million bullet payment with a new loan from a new banking relationship on favourable terms. In Malta, the Group took full advantage of the EU-sponsored state scheme whereby companies could tap into soft loans, which in the case of IHI amounted to €24.5 million.

Set out below are the interim financial results of the Issuer for the six-month period 1 January to 30 June 2021, and the comparative interim financial statements for the period 1 January to 30 June 2020. The said results, which are unaudited, have been published and are available on the Issuer's website ([www.corinthiagroup.com](http://www.corinthiagroup.com)) and at its registered office.

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

	2021	2020
	Unaudited	Unaudited
	(€'000)	(€'000)
Revenue	34,618	51,709
Direct costs	<u>(18,240)</u>	<u>(32,166)</u>
	16,378	19,543
Marketing costs	(1,686)	(3,791)
Administrative expenses	(11,866)	(14,549)
Other operating expenses	<u>(3,652)</u>	<u>(3,335)</u>
EBITDA	(826)	(2,132)
Depreciation and amortization	(15,920)	(18,405)
Other losses arising on property, plant and equipment	(49)	-
Net changes in fair value of indemnification assets	<u>(105)</u>	<u>(105)</u>





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<b>Results from operating activities</b>	(16,795)	(20,537)
Net changes in fair value of financial assets through profit and loss	629	366
Finance income		
– interest expense and similar charges	218	191
Finance costs		
– interest expense and similar charges	(12,140)	(11,580)
– net exchange differences on borrowings	(1,777)	(4,061)
Share of net loss of associates and joint ventures accounted for using the equity method	(292)	(1,029)
<b>Loss before tax</b>	<b>(30,157)</b>	<b>(36,650)</b>
Tax credit	3,775	6,592
<b>Loss for the period</b>	<b>(26,382)</b>	<b>(30,058)</b>
<b>Other comprehensive income/(loss):</b>		
Translation reserve	18,182	(36,849)
Income tax relating to components of other comprehensive income	(747)	1,667
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		
– currency translation differences	(7,346)	–
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>10,089</b>	<b>(35,182)</b>
<b>Total comprehensive (loss) for the period</b>	<b>(16,293)</b>	<b>(65,240)</b>

### IHI GROUP BALANCE SHEET AS AT

	30 June 2021 Unaudited (€'000)	31 December 2020 Audited (€'000)
<b>ASSETS</b>		
<b>Non-current</b>		
Intangible assets	48,861	44,639
Indemnification assets	23,395	23,396
Investment property	195,619	191,355
Property, plant and equipment	1,177,479	1,102,885
Right-of-use assets	11,323	11,690
Deferred tax assets	13,651	14,214
Investments accounted for using the equity method	4,838	31,831
Financial assets at fair value through profit or loss	7,404	7,198
Other financial assets at amortized cost	5,679	6,739
Trade and other receivables	196	–
	<b>1,488,445</b>	<b>1,433,947</b>
<b>CURRENT</b>		
Inventories	12,659	10,647
Other financial assets at amortised cost	43	43
Trade and other receivables	30,106	35,106
Current tax asset	3,198	3,324
Financial assets at fair value through profit or loss	8,745	9,250
Cash and cash equivalents	39,082	46,145
Assets placed under trust arrangement	7,780	5,637
	<b>101,613</b>	<b>110,152</b>
<b>Total assets</b>	<b>1,590,058</b>	<b>1,544,099</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Capital and reserves attributable to owners of IHI:		
Issued capital	615,685	615,685
Revaluation reserve	20,365	20,365
Translation reserve	(25,017)	(27,071)
Reporting currency conversion difference	443	443



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Other components of equity	2,617	2,617
Retained earnings	(31,082)	(8,803)
	<b>583,011</b>	603,236
Non-controlling interests	173,872	169,940
<b>Total equity</b>	<b>756,883</b>	<b>773,176</b>
<b>LIABILITIES</b>		
<b>Non-current</b>		
Trade and other payables	12,528	5,250
Bank borrowings	348,417	345,920
Bonds	203,246	203,061
Lease liabilities	8,610	9,486
Other financial liabilities	17,758	281
Deferred tax liabilities	92,041	87,023
Provisions	206	206
	<b>682,806</b>	<b>651,227</b>
<b>CURRENT</b>		
Trade and other payables	82,350	69,000
Bank borrowings	43,604	27,227
Bond	19,969	19,938
Lease liabilities	3,184	2,591
Other financial liabilities	126	120
Current tax liabilities	1,136	820
	<b>150,369</b>	<b>119,696</b>
<b>Total liabilities</b>	<b>833,175</b>	<b>770,923</b>
<b>Total equity and liabilities</b>	<b>1,590,058</b>	<b>1,544,099</b>

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

	2021	2020
	Unaudited	Unaudited
	(€'000)	(€'000)
Net cash generated from operating activities	11,829	5,054
Net cash used in investing activities	(18,330)	(8,226)
Net cash used in financing activities	(2,743)	(16,181)
<b>Net change in cash and cash equivalents</b>	<b>(9,244)</b>	<b>(19,353)</b>
Cash and cash equivalents at beginning of period	36,383	65,463
Effect of translation of group entities to presentation currency	(1,021)	(2,906)
<b>Cash and cash equivalents at end of period</b>	<b>26,118</b>	<b>43,204</b>

#### Review of Performance

The disruption caused by COVID-19 on the global hospitality industry remains ongoing. The period January to June 2021 is the first full half-yearly reporting period under such conditions with the results of the comparative period in 2020 including results under a normalized situation for January, February and up to mid-March 2020.

In this unprecedented situation the Group registered revenue of €34.6 million in the first six months of 2021 of which approximately 30% is not hotel-related. The Company posted a negative EBITDA of €0.8 million for the period under review. This compares to revenue of €51.7 million and a negative EBITDA of €2.1 million in the corresponding period last year. This performance clearly evidences the fact that despite a 33% reduction in revenue during the reporting period relative to the corresponding period in 2020, the strict measures of control implemented on payroll and other operating costs were effective to the extent that the EBITDA loss between the two reporting periods actually reduced by €1.3 million.

In reviewing the financial results for the first six months of 2021, one should also note the following:

- Compared to 2020, net depreciation charges decreased by €2.5 million on account of fully depreciated assets, mainly in London.
- Interest income and expense are in line with last year with additional interest cost in some properties offset by lower interest in others, on account of loan capital repayments.



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- c. The share of associates' and joint ventures' results in the comparative period include the Golden Sands Resort joint venture for the full six months whereas in 2021 this is included for the first two months of the year until its acquisition in February. Following the acquisition, the assets and liabilities, and results of this operation are consolidated in the Group.
- d. Net foreign exchange translation differences represent the unrealized exchange movements registered mainly in Libya following the devaluation of the Libyan dinar in early January 2021.

As a result of the above, during the period under review, the Group registered a loss after tax of €26.4 million compared to a loss of €30.1 million reported in the same period last year.

The gain, net of tax, of €10.1 million in the Statement of Comprehensive Income mainly reflects the currency translation difference on the Group's non-Euro denominated investments in London and in St Petersburg, in consequence of an improvement in Sterling and Rouble respectively against the reporting currency of the Group which is the Euro.

## 7. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Alfred Pisani, an Executive Director, is the Chairman of the Company. Simon Naudi, previously an Executive Director of the Issuer, holds the post of Chief Executive Officer. Neville Fenech holds the post of Group Chief Financial Officer. Clinton Fenech is the Company's General Counsel. Jean-Pierre Schembri holds the post of Company Secretary. The Chairman, Chief Executive Officer, and other senior members of the executive team are responsible for the Issuer's day-to-day management.

### 7.1 THE BOARD OF DIRECTORS OF THE ISSUER

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

The Chairman of the Board of Directors of the Company and the Chief Executive Officer, 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.

#### 7.1.1 Executive Directors

The Chairman of the Board of Directors of the Issuer and the Chief Executive Officer 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 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.

#### 7.1.2 Non-Executive Directors

The Non-Executive Directors' main function is to monitor the operations and performance of the Chairman and the Chief Executive Officer, 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.

#### 7.1.3 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.



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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.

### 7.1.4 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.

**Frank Xerri de Caro** joined the Board of the Issuer as an independent non-executive director in 2005, having previously been General Manager of Bank of Valletta p.l.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.

**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 organization, with the aim of optimizing 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.

**Joseph Fenech** is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom and a Fellow of the Malta Institute of Accountants. Mr Fenech joined the Corinthia Group in 1980. Mr Fenech enjoys an acknowledged reputation in the hotel business and corporate financing, having been intimately involved in the Corinthia Group for the past 41 years. Between 1 June 2014 and 11 April 2021, Mr Fenech occupied the position of Joint Chief Executive of the Company apart from holding a number of directorships in Group subsidiary companies.

**David Curmi** is a financial services professional and corporate executive. He is currently the Executive Chairman of Air Malta p.l.c., the flag carrier airline of the Maltese Islands. Mr Curmi is an Associate of the Chartered Insurance Institute of the United Kingdom and a Chartered Insurer. He is also a Director of Midi p.l.c., Deputy Chairman of Plaza Centres p.l.c., Director of QP Management, Member of the Board of the Doctoral School (University of Malta), Chairman of L.B. Factors Ltd (a Lasselsberger Group Company) and Member of the Board of the Insurance Protection and Compensation Fund.

**Moussa Albassan Atiq Ali** has been the General Manager of LAFICO since 13 June 2021. He has previously occupied the post of Managing Director of the Libya Africa Investment Portfolio (LAIP). He also occupied the position of Legal Consultant at the Libyan Investment Authority (LIA).



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### 7.1.5 Curriculum Vitae of the Chief Executive Officer

**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 1 June 2014 Simon Naudi was appointed Joint Chief Executive Officer of the Issuer and on 12 April 2021 he was appointed as Chief Executive Officer. He is also the CEO of CHL, the Issuer's hotel management company.

### 7.1.6 Curriculum Vitae of the Issuer's Senior Management

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

**Jean-Pierre Schembri** was appointed as Company Secretary of the Issuer in 2018. Mr Schembri is a graduate in European Studies from the University of Malta and holds a Masters in European Politics and Administration from The College of Europe in Bruges. Between 2005 and 2007 he occupied senior positions at the Ministry of Foreign Affairs and at the Office of the Prime Minister. Between 2007 and 2012 he served at the Permanent Representation of Malta to the EU in Brussels, where he also occupied the post of Chef de Cabinet. Between 2012 and 2018, Mr Schembri joined the European Union Civil Service where he occupied the senior management role of Head of Communications and Stakeholders Unit at the European Asylum Support Office (EASO). While at EASO, Mr Schembri also headed the board secretariat of the agency.

**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 articulated at Ashurst, London where he was from 1998 to 2006. From 2006 to 2008, Dr. Fenech was a member of Gide Loyrette Nouel's corporate finance team in London. Dr. Fenech is responsible for legal matters relating to acquisitions, finance and related corporate matters of the IHI Group.

**Neville Fenech** has held the position of Group Chief Financial Officer since 2019. Mr 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 IHI Group's financial reporting.

## 8. MANAGEMENT STRUCTURE

### 8.1 GENERAL MANAGEMENT STRUCTURE

The Directors have appointed Simon Naudi as the Chief Executive Officer 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 Chief Executive Officer of the Issuer in fulfilling his role as officer of the Issuer.

### 8.2 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.

### 8.3 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.

### 8.4 CONFLICT OF INTEREST

Alfred Pisani, in addition to sitting on the board of directors of the Issuer, also acts as director of CPHCL. Simon Naudi, in addition to occupying the post of Chief Executive Officer of the Issuer, provides 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 and Joseph Pisani, as well as Joseph Fenech, 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.



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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 Capital Markets 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.

### 8.5 EMPLOYEES

As at 31 December 2020, the Issuer employed 1,813 members of staff, 1,346 of whom work in operations and the remaining 467 in management and administration.

## 9. BOARD PRACTICES OF THE ISSUER

### 9.1 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 Joseph Fenech (non-executive director) and Abdalnaser M.B. Ahmida (independent non-executive director) act as members. The Issuer's Company Secretary, Jean-Pierre Schembri, acts as Secretary to the Committee. In compliance with the Capital Markets Rules, Frank Xerri de Caro is considered by the Board to be the Director competent in accounting and, or auditing matters.

### 9.2 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 organization.

The internal auditor reports directly to the Audit Committee.

### 9.3 NOMINATION AND REMUNERATION COMMITTEES

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 Fenech (who acts as chairman of the committee) whilst Frank Xerri de Caro and Joseph Pisani act as members. The Issuer's Secretary, Jean-Pierre Schembri, acts as secretary to the Committee.



## REGISTRATION DOCUMENT

### 10. 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 Capital Markets 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 2020, the Company was in compliance with the Code save as set out hereunder.

As at 30 April 2021, 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.

### 11. MAJOR SHAREHOLDERS

As at the date of this Prospectus, CPHCL holds 355,988,463 shares equivalent to 57.81%, Istithmar holds 133,561,548 shares equivalent to 21.69% and LAFICO holds 66,780,771 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.

### 12. FINANCIAL INFORMATION CONCERNING THE ISSUER’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

#### 12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information relating to the Issuer for the three financial years ended 31 December 2018, 2019 and 2020 as audited by PricewaterhouseCoopers are set out in the consolidated financial statements of the Issuer. Such audited consolidated financial statements are available for inspection as set out in section 17 of this Registration Document. The audit reports of these three financial years do not contain any qualification, modification of opinion, disclaimers or emphasis of matter.

The unaudited interim financial statements of the Issuer for the six months ended 30 June 2021 are also available for inspection as set out in section 17 of this Registration Document.

Historical financial information covering financial years ended 31 December 2019 and 31 December 2020 and the interim financial information for the 6-month period until 30 June 2021 is being incorporated by reference as per below. The financial information about the Issuer may be obtained from the Issuer’s website <https://www.corinthiagroup.com/investors/>

	Page number in Annual Report	Page number in Annual Report	Page Number in the Interim Financial Statements
Information incorporated by reference in this Registration Document	Financial year ended 31 December 2019	Financial year ended 31 December 2020	Interim financial information for the six months ended 30 June 2021
Income Statement	FS34	FS28	4
Statement of Financial Position	FS36 – FS37	FS30 – FS31	6 - 7
Statement of Cash Flows	FS39 – FS40	FS33 – FS34	9
Notes to the Financial Statements	FS46 – FS121	FS40 – FS102	10 – 11
Independent Auditor’s Report	FS25 – FS33	FS19 – FS27	N/A



## REGISTRATION DOCUMENT

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Save for the impacts of the COVID-19 pandemic referred to in section 6 of this Registration document, there were no significant changes to the financial or trading position of the Group since the end of the financial period to which the last audited consolidated financial statements relate.

### 13. 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.

### 14. ADDITIONAL INFORMATION

#### 14.1 SHARE CAPITAL OF THE ISSUER

The authorized 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 authorized 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 (66,780,771 ordinary shares) that LAFICO bought from Istithmar on 22 April 2010, which is currently subject to a call option in favour of CPHCL.

#### 14.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

##### 14.2.1 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.

The Memorandum and Articles of Association of the Issuer are registered with the Registry of Companies at the Malta Business Registry. A full list of the objects for which the Issuer is established is set out in Clause 3 of the Memorandum of Association. These objects include:

- a. 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, mixed-use properties and 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. To borrow and raise money for the purpose of its business and to secure the repayment of the money borrowed by hypothecation or other charge upon the whole or part of the movable and immovable assets or property of the Issuer present and future;
- c. To invest the capital and other moneys of the company in the purchase or subscription of any stocks, equity securities, debentures, bonds or other securities; and
- d. To issue bonds, commercial paper or other instruments creating or acknowledging indebtedness and the sale or offer thereof to the public.

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 Malta Business Registry.

### 15. 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.





## REGISTRATION DOCUMENT

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

Save for the financial analysis summary dated 28 October 2021 drawn up by the Sponsor, M.Z. Investment Services Ltd of 61, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta, set out as Annex III to the Securities Note (the “**Financial Analysis Summary**”), the Prospectus does not contain any statement or report attributed to any person as an expert. The author of the Financial Analysis Summary is Mr. Evan Mohnani, Senior Financial Advisor at MZ Investment Services Ltd. The Sponsor does not hold any material interest in the Issuer.

The Financial Analysis Summary has been included in the form and context in which it appears with the authorisation of the Sponsor, which has given and has not withdrawn its consent to the inclusion of such report herein.

The Issuer confirms that the Financial Analysis Summary and any other information sourced from third parties have been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware and is able to ascertain that have been omitted and which would render the reproduced information inaccurate or misleading.

### 17. 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 2018, 2019 and 2020;
- c. Unaudited consolidated financial information of the Issuer for the six-month period 1 January 2021 to 30 June 2021;
- d. Financial analysis summary prepared by the Sponsor and dated 28 October 2021; and
- e. The letter of confirmation drawn up by PricewaterhouseCoopers dated 28 October 2021.

These documents are also available for inspection in electronic form on the Issuer’s website <https://www.corinthiagroup.com/investors/>



## REGISTRATION DOCUMENT

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REGISTRATION DOCUMENT

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## REGISTRATION DOCUMENT

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## SECURITIES NOTE DATED 28 OCTOBER 2021

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the provisions of the Prospectus Regulation.

This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of up to

**€80,000,000 3.65% Unsecured Bonds 2031 (ISIN MT0000111337)**

of a nominal value of €100 per bond, issued and redeemable at par by



**INTERNATIONAL HOTEL INVESTMENTS p.l.c.**

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA

WITH COMPANY REGISTRATION NUMBER C 26136

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS ONLY APPROVED THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE SECURITIES THAT IS THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES 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 INSTRUMENTS.

THE MALTA FINANCIAL SERVICES 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 THE 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. A PROSPECTIVE INVESTOR SHOULD MAKE HIS OR HER OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

APPROVED BY THE BOARD OF DIRECTORS

Joseph Fenech on behalf of: Alfred Pisani (Chairman), Moussa Alhassan Atiq Ali, Abdalnaser M.B. Ahmida, David Curmi, Hamad Mubarak Mohd Buamin, Joseph Pisani, Frank Xerri de Caro, Douraid Zaghouani

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Manager and Registrar

**BOV**  
Bank of Valletta

Sponsor



MZ INVESTMENT SERVICES

Legal Counsel

**CAMILLERI PREZIOSI**  
ADVOCATES



## SECURITIES NOTE

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## SECURITIES NOTE

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## SECURITIES NOTE

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### IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY INTERNATIONAL HOTEL INVESTMENTS P.L.C. (THE “ISSUER”) OF UP TO €80,000,000 UNSECURED BONDS OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR, AND BEARING INTEREST AT THE RATE OF 3.65% PER ANNUM, PAYABLE ANNUALLY ON 7 DECEMBER OF EACH YEAR UNTIL THE REDEMPTION DATE (THE “BONDS”). THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

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 SECURITIES NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISORS.

**THE MALTA FINANCIAL SERVICES 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.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER: (I) 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 (II) 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 SECURITIES 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.

**THE PROSPECTUS IS VALID FOR A PERIOD OF TWELVE (12) MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO UPDATE THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.**

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND ANY PERSON 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 THIS 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 SECURITIES 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 JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.





## SECURITIES NOTE

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

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA).

**STATEMENTS MADE IN THIS PROSPECTUS 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 TO THE ISSUER" IN SECTION 3.5 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS 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 UNLESS SUCH CONTENTS ARE INCORPORATED BY REFERENCE INTO 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 SECURITIES.

**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 BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURITIES.**



## SECURITIES NOTE

### 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, expressions and capitalized terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions used in the Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalized form, except where the context otherwise requires:

<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application Form/s</b>	the forms of application of subscription for the Bonds, specimen of which are contained in Annex II of this Securities Note;
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Authorised Financial Intermediaries</b>	the financial intermediaries whose details appear in Annex I to this Securities Note;
<b>Bond Issue</b>	the issue of the Bonds being made pursuant to and in accordance with the terms and conditions of this Securities Note;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Corinthia Bonds</b>	the 4.25% Corinthia Finance p.l.c. Unsecured Bonds 2026 (ISIN MT0000101262) currently listed and trading on the Official List;
<b>Corinthia Finance p.l.c.</b>	Corinthia Finance p.l.c., a company registered under the laws of Malta with company registration number C 25104 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
<b>Corinthia Group Personnel</b>	Directors, executives and employees of the Corinthia Group as at 25 October 2021;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Cut-Off Date</b>	close of business of 22 October 2021 (trading session of 20 October 2021);
<b>Existing Corinthia Bondholders</b>	the holders of Corinthia Bonds registered on the relevant register of bondholders of Corinthia Finance p.l.c. as at the Cut-Off Date;
<b>Existing IHI Bondholders</b>	the holders of IHI Bonds registered on the relevant register of bondholders of the Issuer as at the Cut-Off Date;
<b>Existing IHI Shareholders</b>	the shareholders of the Issuer registered on the register of members of the Issuer as at the Cut-Off Date;
<b>Existing MIH Bondholders</b>	the holders of MIH Bonds registered on the relevant register of bondholders of Mediterranean Investments Holding p.l.c. as at the Cut-Off Date;
<b>IHI Bonds</b>	collectively, the 5.8% International Hotel Investments p.l.c. unsecured bonds 2023 (ISIN: MT0000111287), the 6% International Hotel Investments p.l.c. (formerly Island Hotels Group Holdings p.l.c.) unsecured bonds 2024 (ISIN: MT0000481227), the 5.75% International Hotel Investments p.l.c. unsecured bonds 2025 (ISIN: MT0000111295), the 4.0% International Hotel Investments p.l.c. unsecured bonds 2026 (ISIN: MT0000111311) and the 4.0% International Hotel Investment p.l.c. secured bonds 2026 (ISIN: MT0000111303), all of which are currently listed and trading on the Official List;
<b>Maturing Bonds</b>	the 5.8% unsecured bonds 2021 (ISIN: MT0000111279) redeemable on 21 December 2021, issued by the Issuer by virtue of a prospectus dated 16 November 2012, amounting as at the date of the Prospectus to €20,000,000;
<b>Maturing Bonds Redemption Date</b>	the 21 December 2021;



## SECURITIES NOTE

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<b>MIH Bonds</b>	collectively, (i) the 5% Mediterranean Investment Holding p.l.c. unsecured bonds 2022 (ISIN: MT0000371287) and (ii) the 5.5% Mediterranean Investments Holding p.l.c. unsecured bonds 2023 (ISIN: MT0000371295), both of which are currently listed and trading on the Official List;
<b>Maturing Bond Transfer</b>	the subscription for Bonds by a Maturing Bondholder settled, after submitting the appropriate pre-printed Application Form 'A' received by mail directly from the Issuer, by the transfer to the Issuer of all or part of the Maturing Bonds held by such Maturing Bondholder as at the Cut-Off Date;
<b>Maturing Bondholder</b>	the holders of Maturing Bonds as at the Cut-Off Date;
<b>Official List</b>	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond);
<b>Terms and Conditions</b>	the terms and conditions of the Bond Issue specified in section 7 of this Securities Note.

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.



## SECURITIES NOTE

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### 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.

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 THIS PROSPECTUS, OR INCORPORATED BY REFERENCE THEREIN, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE, AT THE DATE OF THIS SECURITIES NOTE, THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT A RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR INCORPORATED BY REFERENCE THEREIN, 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, THE SPONSOR OR ANY OF THE 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 statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer’s and, or the Group’s strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s and, or the Group’s actual results of operations, financial condition, liquidity, and the development of its business may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition, and, or liquidity of the Issuer and, or the Group are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled ‘Risk Factors’ in the Registration Document, for a review of the factors that could affect the Issuer’s performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.



## SECURITIES NOTE

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### 2.3 SUITABILITY

An investment in 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 and that the Bonds meet the investment objectives of the prospective investor;
- c. understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- d. is able to evaluate possible scenarios for economic, interest rate and other factors that may effect its investment and its ability to bear the applicable risks.

An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Issuer's business. In the event that an investor does not seek professional advice and, or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

### 2.4 RISKS RELATING TO THE BONDS

#### *No prior market for the Bonds*

Prior to the Bond Issue and admission of the Bonds to listing and trading, there has been no public market for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the price of the Bonds will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in this section 2 of the Securities Note.

#### *Orderly and liquid secondary market*

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 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.

The emergence of the Covid-19 pandemic in Q1 2020 has resulted in a highly volatile economy with the magnitude of the downturn in terms of depth and duration particularly uncertain across the globe. The exact nature of the risks that the Issuer faces and the manner and the extent to which they ultimately will impact the Issuer is difficult to predict and to guard against in the light of: (i) the uncertainty as to the duration and depth of the impact of the Covid-19 pandemic; (ii) the difficulties in predicting whether recoveries will be sustained and at what rate; and (iii) the fact that the risks are totally or to a large extent outside the control of the Issuer. There can be no assurance that continued or increased volatility and disruption in the capital markets will not impair the saleability of the Bonds. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to trade in the Bonds at all.

#### *Future public offers*

No prediction can be made about the effect which any future public offerings of the Issuer's securities (including but not limited to the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer *vis-à-vis* the new security holders), or any takeover or merger activity involving the Issuer (including but not limited to a delisting, in full or in part, of the Bonds), will have on the market price of the Bonds prevailing from time to time.



## SECURITIES NOTE

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### *The Status of the Bonds*

The Bonds, as and when 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, of the Issuer.

This means that any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover all or part of their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part. 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, as the case may be, for so long as such security interests remain in effect, which registration may further impede the ability of the Bondholders to recover their investment upon enforcement of such security interests, whether in full or in part.

### *Conditions precedent*

The attention of prospective investors in the Bonds is drawn to section 7.1.1 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.

### *Subsequent changes in market interest rates*

The Bonds shall carry fixed interest rates. 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 should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising, their prices decline and conversely, if market interest rates are declining, the prices of fixed rate bonds rises. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

### *Currency of reference*

A Bondholder will bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

### *Continuing obligations*

After the Bonds are admitted to trading on the Official List of the MSE, the Issuer must remain in compliance with certain requirements. The Malta Financial Services Authority has the authority to suspend trading of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the market. Furthermore, the Malta Financial Services Authority may discontinue the listing of the Bonds if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the Bonds are no longer possible, or upon the request of the Issuer or 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.

### *Amendments to the Terms and Conditions of the Bonds*

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds 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.

### *Changes in law*

The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this Securities Note. 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 Securities Note.



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### 3 PERSONS RESPONSIBLE AND CONSENT FOR USE OF PROSPECTUS

#### 3.1 PERSONS RESPONSIBLE

All of the Directors of the Issuer, whose names and functions appear under the subheading '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 of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Issuer accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Issuer, and the Directors of the Issuer take sole responsibility for all such representations and statements. The Issuer's advisors have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

#### 3.2 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 Regulation, 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 the Authorised Financial Intermediaries listed in Annex I of this Securities Note;
- ii. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta; and
- iii. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of sixty (60) days from the date of the Prospectus.

None of the Issuer, the Sponsor, the Manager and Registrar or any of their respective advisors take 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 the Bonds.

Other than as set out above, neither the Issuer nor the Sponsor, Manager and Registrar has authorized (nor do they authorize 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 circumstance. Any such unauthorized 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 obtain legal advice.

No person has been authorized 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 authorized 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 the 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 the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor, including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor has any responsibility or liability for such information.

**Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of the Bonds subsequent to the Bond Issue shall, limitedly for the period of sixty (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.**



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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: [www.corinthiagroup.com](http://www.corinthiagroup.com)

### 4 ESSENTIAL INFORMATION ON THE BOND ISSUE

#### 4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The aggregate proceeds from the Bond Issue, which net of expenses are expected to amount to approximately €79,150,000, will be used by the Issuer for the following purposes:

- 4.1.1 acquiring for redemption and cancellation a maximum amount of €20,000,000 in Maturing Bonds from Maturing Bondholders subscribing for Bonds by way of Maturing Bond Transfer, and to redeem any Maturing Bonds remaining in issue as at the Maturing Bonds Redemption Date;
- 4.1.2 the amount of *circa* €9,000,000 will be used by the Issuer to finance CHL's obligations arising under the preliminary lease agreement pertaining to the Corinthia Hotel Rome, which amount will be utilized to finance: (i) pre-operating costs for, *inter alia*, the recruitment of personnel, marketing and concessions; (ii) operating costs related to the purchasing of supplies and operating equipment; and (iii) a capital expenditure contribution towards the general cost of works for the development of the hotel;
- 4.1.3 an amount equivalent to *circa* €8,000,000 will be used by the Issuer to part-finance a premium payable by CHL under the management contract for the Corinthia Hotel New York;
- 4.1.4 the amount of *circa* €14,000,000 will be used by the Issuer to part-finance Corinthia Oasis' preparatory works at the Hal-Ferh Site, which amount will be utilized to finance: (i) the excavation of the site; (ii) the demolition works, clearance of the site and carting and dumping of materials from the said site; (iii) the erection of a boundary wall around the site; and (iv) the development of a car park adjacent to the site. All works at the Hal-Ferh Site are preparatory in nature, as further detailed in section 5.4 of the Registration Document;
- 4.1.5 the amount of *circa* €20,000,000 will be used by the Issuer as a loan of €5 million to IHI Malta Hotel Limited (C 84130) and €15 million to Five Star Hotels Limited (C 4848), two wholly owned subsidiaries of the Issuer, to finance the soft refurbishment of the Corinthia Palace Hotel & Spa and the Corinthia Hotel St. George's Bay, respectively; and
- 4.1.6 the remaining amount of *circa* €8,150,000 will be used by the Issuer for general corporate funding purposes of the Group.

The Bond Issue is subject to a minimum subscription amount of €50,000,000. Should the amount of subscriptions received be lower than the total Bond Issue amount of €80,000,000 but equivalent to or higher than €50,000,000, the Issuer shall proceed with the listing of the Bonds so subscribed for and shall apply the net proceeds received in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in clauses 4.1.4 (to the extent necessary) and 4.1.5 above, which shall not have been raised through the Bond Issue, shall be financed from the Group's general cash flow and, or banking facilities.

If the net proceeds raised from the amount of Bonds actually subscribed for are less than the above-quoted €50,000,000, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, all proceeds received from Applicants shall be refunded accordingly, and the Bond Issue shall be cancelled forthwith.

#### 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 €850,000 in the aggregate.

There is no particular order of priority with respect to such expenses. The expenses pertaining to the Bond Issue shall be deducted entirely from the proceeds of the Bond Issue and accordingly shall be borne exclusively by the Issuer.

#### 4.3 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by Authorised Financial Intermediaries (which includes MZ Investment Services Ltd as Sponsor and Bank of Valletta plc as Manager and Registrar), and any fees payable in connection with the Bond Issue to MZ Investment Services Ltd as Sponsor and Bank of Valletta plc as Manager and Registrar, in so far as the Issuer is aware, no person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.





## SECURITIES NOTE

### 4.4 EXPECTED TIMETABLE OF THE BOND ISSUE

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1. Application forms mailed to Maturing Bondholders, Existing IHI Bondholders, Existing IHI Shareholders, Existing Corinthia Bondholders and Existing MIH Bondholders	4 November 2021
2. Application Forms available to Corinthia Group Personnel and the general public	8 November 2021
3. Offer Period for Maturing Bondholders	8 November 2021 to 26 November 2021, both days included
4. Placement Date	26 November 2021
5. Offer Period for all other Applicants*	8 November 2021 to 30 November 2021, both days included
6. Commencement of interest on the Bonds	7 December 2021
7. Announcement of basis of acceptance*	7 December 2021
8. Refunds of unallocated monies (if any) and dispatch of allotment letters*	16 December 2021
9. Expected date of admission of the securities to listing*	16 December 2021
10. Expected date of commencement of trading in the securities*	17 December 2021

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*\*The Issuer reserves the right to close the Offer Period for all other Applicants before 30 November 2021 but in any case not earlier than 26 November 2021 in the event of over-subscription, in which case while the events set out above in 7 to 10 will be brought forward, they will keep the same chronological order as set out above.*



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### 5 INFORMATION CONCERNING THE BONDS

#### 5.1 BOND ISSUE STATISTICS

<b>ISIN:</b>	MT0000111337;
<b>Amount:</b>	up to €80,000,000;
<b>Denomination:</b>	Euro (€);
<b>Bond Issue Price:</b>	the price of €100 per Bond;
<b>Issue Date:</b>	expected on 16 December 2021;
<b>Plan of Distribution:</b>	the Bonds are open for subscription by Maturing Bondholders, Existing IHI Bondholders, Existing IHI Shareholders, Existing Corinthia Bondholders, Existing MIH Bondholders, Corinthia Group Personnel, Authorised Financial Intermediaries (either for their own account or for the account of their underlying customers) pursuant to the Placement Agreements, and to the general public, in accordance with an allocation policy as further specified in section 7.4 below;
<b>Allocation Policy:</b>	<p>i. Maturing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Maturing Bonds at par value, subject to a minimum application of €2,000 in Bonds. Any Maturing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference (“<b>Cash Top-Up</b>”). Maturing Bondholders electing to subscribe for Bonds by way of Maturing Bond Transfer shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds. Subject to interest payable to the Maturing Bondholders and in accordance with section 5.4 below, the transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to the Maturing Bonds to be extinguished and shall give rise to obligations on the part of the Issuer under the Bonds. Maturing Bondholders wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date (the “<b>Excess</b>”) may subscribe for such additional Bonds in terms of sub-section 7.2 below;</p> <p>ii. an amount of up to €30 million of the Bond Issue shall be allocated to a number of Authorised Financial Intermediaries through Placement Agreements, details of which can be found in section 7.5 of this Securities Note;</p> <p>iii. an amount of up to €3 million of the Bond Issue shall be allocated to Corinthia Group Personnel; and</p> <p>iv. following the allocation in terms of (i) to (iii) above, the Company will be allocating the remaining Bonds to:</p> <p>a. Maturing Bondholders in respect of Excess Bonds applied for as further described in (i) above, other Existing IHI Bondholders who do not hold Maturing Bonds, Existing IHI Shareholders, and Corinthia Group Personnel in the event that the allocation referred to in (iii) above is exceeded;</p> <p>b. Existing Corinthia Bondholders and Existing MIH Bondholders; and</p> <p>c. the general public.</p> <p>In determining its allocation policy, the Company will be applying a more favourable allocation according to the priority detailed in (a) to (c) above.</p>

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<b>Minimum amount per subscription:</b>	minimum of €2,000 and multiples of €100 thereafter for all types of Applications including subscriptions submitted under the Placement Agreements;
<b>Placement Agreements:</b>	the agreements to be entered into between the Issuer and a number of Authorised Financial Intermediaries in respect of the amount of the Bond Issue reserved for subscription by the said Authorised Financial Intermediaries as further described in section 7.5 below;
<b>Interest:</b>	3.65% per annum;
<b>Interest Payment Date(s):</b>	7 December of each year between and including each of the year 2022 and the year 2031, 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;
<b>Redemption Date:</b>	7 December 2031, unless previously purchased for cancellation by the Issuer;
<b>Cancellation of the Maturing Bonds:</b>	Following the closing of the Bond Issue, the Issuer will proceed to: <ol style="list-style-type: none"><li>list the Bonds subscribed for on the Official List;</li><li>effect cancellation of the Maturing Bonds received from Maturing Bondholders electing to acquire Bonds by Maturing Bond Transfer in respect of part or all of their holding of Maturing Bonds. Any Maturing Bonds remaining in issue shall be redeemed by the Issuer on the Maturing Bonds Redemption Date;</li></ol>
<b>Form:</b>	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;
<b>Status of the Bonds:</b>	the Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt, present and future, if any;
<b>Underwriting:</b>	the Bond Issue is not underwritten;
<b>Admission to Listing and Trading:</b>	the Malta Financial Services Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the MSE. Application has been made to the MSE for the Bonds to be listed and traded on its Official List;
<b>Governing Law:</b>	the Bonds are governed by and shall be construed in accordance with the laws of Malta; and
<b>Jurisdiction:</b>	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, provided that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction.

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### 5.2 RANKING OF THE BONDS

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 amongst themselves and with other unsecured debt of the Issuer, present and future, if any.

This means that any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover all or part of their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part. Furthermore, subject to the negative pledge clause found 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, as the case may be, for so long as such security interests remain in effect, which registration may further impede the ability of the Bondholders to recover their investment upon enforcement of such security interests, whether in full or in part.

### 5.3 RIGHTS ATTACHING TO THE BONDS

A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- the repayment of capital;
- the payment of interest;



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- iii. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and
- iv. the enjoyment of all such other rights attached to the Bonds emanating from the Prospectus.

### 5.4 INTEREST

The Bonds shall bear interest from and including 7 December 2021 at the rate of 3.65% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 7 December 2022 (covering the period 7 December 2021 to 6 December 2022). 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.

A Maturing Bond Transfer effected by a Maturing Bondholder shall be without prejudice to the rights of all the holders of Maturing Bonds to receive interest on the Maturing Bonds up to and including 21 December 2021. The Issuer will settle the difference between the interest rate applicable to the Maturing Bonds (5.80%) and the interest rate of 3.65% applicable to the Bonds, from and including 7 December 2021 up to and including 20 December 2021, being the day prior to the Maturing Bonds Redemption Date, to all persons holding Maturing Bonds who would have submitted their Application Form 'A' by not later than 14:00 hours on 26 November 2021 and, consequently, exercising their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Maturing Bonds to the Issuer as mentioned above.

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 (5) years.

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

### 5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds on Redemption Date is 3.65%.

### 5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in 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.

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.

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

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.

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 and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.



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**“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 103.65% 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

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

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

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

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 or may become 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.

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

### 5.9 REDEMPTION AND PURCHASE

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

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.

All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be reissued or re-sold.



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### 5.10 EVENTS OF DEFAULT

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

- 5.10.1 the Issuer fails to effect payment of interest under the Bonds on an Interest Payment Date and such failure continues for a period of sixty (60) days after written notice thereof has been given to the Issuer by any Bondholder; or
- 5.10.2 the Issuer fails to pay the principal amount on any Bond on the Redemption Date, and such failure continues for a period of sixty (60) days after written notice thereof has been given to the Issuer by any Bondholder; or
- 5.10.3 the Issuer fails to duly perform or otherwise breaches any other material obligation contained in the Prospectus and such failure continues for a period of sixty (60) days after written notice thereof has been given to the Issuer by any Bondholder; or
- 5.10.4 in terms of article 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn or discharged within one month; 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 within the meaning of article 214(5) of the Act, or any statutory modification or re-enactment thereof; or
- 5.10.7 the Issuer ceases or announces an intention to cease or threatens to cease, to carry on its business or a substantial part of its business; or
- 5.10.8 any material indebtedness of the Issuer is not paid when properly due or becomes properly due and payable or any creditor of the Issuer (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding € 25 million; or
- 5.10.9 the Issuer repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds; or
- 5.10.10 it becomes unlawful at any time for the Issuer to perform all or any of its obligations under the Bonds; or
- 5.10.11 all of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer are seized, nationalized, expropriated or compulsorily acquired by or under the authority of any government.

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

### 5.11 TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (i.e. in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time. The minimum subscription amount of €2,000 shall only apply during the Offer Period. No minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter, subject to trading in multiples of €100.

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 the 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.

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



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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 transferee.

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

### 5.12 FURTHER ISSUES

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further secured or unsecured 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

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 and to effect any change to the applicable Terms and Conditions of the Bonds.

A meeting of Bondholders shall be called by the Directors to all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, and not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders.

Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

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.

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

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.

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.

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



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The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty-five per cent (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.

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 25 August 2021.

### 5.15 NOTICES

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty four (24) hours after the letter containing the notice is posted, and in providing such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

### 5.16 GOVERNING LAW AND JURISDICTION

The 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 as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as on 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 MALTESE INCOME TAX ON INTEREST INCOME ARISING FROM THE HOLDING OF BONDS

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is instructed by a Bondholder to receive the interest gross (i.e. without the deduction of 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**") (see further below), interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of fifteen per cent (15%) (ten per cent (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 other rules may apply.

Article 41(c) of the Income Tax Act defines the term "Recipient", which includes, *inter alia*, a person resident in Malta during the year in which investment income is payable, and EU/EEA nationals (and their spouse where applicable) who are not resident in Malta for Maltese tax purposes but who apply (at their option) the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their worldwide income.





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The aforementioned 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 or her income tax return (to the extent that the interest is paid net of tax). No person shall 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 is required to comply with a number of obligations, including the submission to the Maltese Commissioner for Revenue of the tax withheld within prescribed timeframes, and rendering 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 tax, interest will be paid gross and such person will be obliged to declare the interest so received in his or her 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 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 certain Bondholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will 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 in the Bonds are to consult their own independent tax advisors in case of doubt.

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

As the Bonds do 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 Bondholders, no tax on capital gains should be chargeable in respect of the 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 *inter vivos* 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, 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 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) since the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

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



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### 7 TERMS AND CONDITIONS OF THE BOND ISSUE

#### 7.1 GENERAL TERMS AND CONDITIONS OF THE BONDS

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Applicant.

- 7.1.1** The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List of the MSE by no later than 16 December 2021; and (ii) the proceeds raised from the amount of Bonds actually subscribed for amounting to a minimum of €50,000,000 as specified in section 4.1 of this Securities Note titled 'Reasons for the Issue and Use of Proceeds'. In the event that the Bonds are not admitted to the Official List of the MSE by the date indicated, and, or condition (ii) is not satisfied, no Maturing Bond Transfers will take effect and the Issuer undertakes to procure that any application monies (including Cash Top-Ups or Excess) received by the Registrar will be returned without interest by direct credit into the Applicants' bank account as indicated in the respective Application Form.
- 7.1.2** Maturing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by completing a pre-printed Application Form 'A', indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Maturing Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for, subject to a minimum application of €2,000 ("**Maturing Bond Transfer**"). Any Maturing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the Cash Top-Up together with the submission of their pre-printed Application Form 'A'.
- 7.1.3** By submitting a signed pre-printed Application Form 'A' indicating that the option of the Maturing Bond Transfer is being selected (whether in whole or in part consideration for the Bonds being applied for), the Applicant is thereby confirming:
- i. that all or part (as the case may be) of the Maturing Bonds held by the Applicant as at the Cut-Off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, if applicable;
  - ii. that the pre-printed Application Form 'A' constitutes the Applicant's irrevocable mandate to the Issuer to:
    - a. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
    - b. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
  - iii. the obligations of the Issuer with respect to the Maturing Bonds being transferred to the Issuer are extinguished, replaced by obligations on the part of the Issuer under the Bonds to be issued upon acceptance by the Issuer of the application in question; and
  - iv. the matter specified in 7.1.7 below;
- 7.1.4** Existing IHI Bondholders who do not hold Maturing Bonds and Existing IHI Shareholders are to submit an Application Form 'B', a pre-printed version of which will be sent to them by mail. Existing Corinthia Bondholders and Existing MIH Bondholders are to submit an Application Form 'C', a pre-printed version of which will be sent to them by mail. Corinthia Group Personnel and other Applicants not falling in any of the above categories, including the general public, are to complete Application Form 'D'. Application Form 'D' may be obtained by Corinthia Group Personnel from the Issuer's offices and by other Applicants from any Authorised Financial Intermediary.
- 7.1.5** Pursuant to the Placement Agreements as described in more detail under section 7.5 below, Authorised Financial Intermediaries (either in their own names or in the names of underlying clients) will be required to provide details of Applicants representing the amount they have been allocated in terms of the respective Placement Agreement by completing a data file as provided by the Registrar by latest 14:00 hours on 29 November 2021 accompanied by full payment.
- 7.1.6** Where an individual holds, as at the Cut-Off Date, multiple securities issued by different issuers within the Corinthia Group, he will be receiving one (1) pre-printed Application Form depending on the highest level of priority as set out in section 7.4 below.



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- 7.1.7 An Applicant applying for the Bonds is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the application is made, that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer, the Registrar or the respective Authorized Financial Intermediary reserve the right to invalidate the relative application. Furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such payment is accepted by the respective Authorised Financial Intermediary, Registrar and, or Issuer, as applicable, which acceptance shall be made in the Authorised Financial Intermediary, Registrar and, or Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary, Registrar and, or Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation.
- 7.1.8 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.
- 7.1.9 If an Application Form is submitted on behalf of another person, whether legal or natural, the person submitting such Application Form will be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application Form has been submitted. The person submitting such Application Form shall 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, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to sign on the Application Form. Furthermore, in cases where the 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 relative panel of the Application Form.
- 7.1.10 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.
- 7.1.11 In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person/s authorized to sign and bind such Applicant. It shall not be incumbent on the Company or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorized. Applications by corporate Applicants have to include a valid legal entity identifier ("**LEI**") which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 7.1.12 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). Furthermore, the signatures of both the bare owner and the usufructuary will be required in the respective Application Form.
- 7.1.13 Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 7.1.14 All Applications for the Bonds must be submitted on the appropriate Application Form by not later than 14:00 hours on 26 November 2021 in the case of Maturing Bondholders and by not later than 14:00 hours on 30 November 2021 in the case of all other Applicants (or such earlier date as may be determined by the Issuer but in any case not earlier than 26 November 2021). All Application Forms are to be lodged with any of the Authorised Financial Intermediaries listed in Annex I of this Securities Note together with



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payment of the full price of the Bonds applied for, in Euro (€) with the exception of Application Forms 'A' submitted by Maturing Bondholders, where payment needs to correspond to the amount applied for less the aggregate value of the bonds forming the subject of the Maturing Bond Transfer where applicable. Payments may be made by cheque payable to the respective Authorised Financial Intermediary or by any other method of payment as accepted by the respective Authorised Financial Intermediary. In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Authorised Financial Intermediary and, or the Company acting through the Registrar reserve the right to invalidate the relative Application Form.

**7.1.15** By completing and delivering an Application Form, the Applicant:

- a. accepts to be irrevocably contractually committed to acquire the number of Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Bonds specified in the Application Form submitted by the Applicant (or any smaller number of Bonds for which the Application is accepted) at the Bond Issue Price (as applicable) being made subject to the provisions of the Prospectus, the Terms and Conditions, the Application Form and the Memorandum and Articles of Association of the Company;
- b. 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;
- c. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with section 7.1.15(g) below. 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. 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.corinthiagroup.com](http://www.corinthiagroup.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 General Data Protection Regulation (GDPR) (EU) 2016/679 ("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;
- e. authorises the Issuer (or its service providers, including the CSD and, or 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 the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;
- f. 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;
- g. agrees that any refund of unallocated Application monies, will be paid by direct credit, without interest, at the Applicant's own risk, to the bank account as indicated in the Application Form. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- h. warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until a payment is made in cleared funds within the Offer Period for such Bonds and such payment is accepted by the respective Authorised Financial Intermediary or by the Issuer acting through the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary or the Issuer acting through the Registrar is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the



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Registrar of such late payment in respect of the Bonds); or (ii) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Bonds (other than return of such late payment);

- i. 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;
- j. agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- k. agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- l. warrants that, where an Applicant signs and submits an Application Form on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorized to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertake to submit his power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- m. warrants that where the Applicant is under the age of eighteen (18) years, or where an Application is being lodged in the name and for the benefit of a minor, the Applicant is the parent/s or legal guardian/s of the minor;
- n. 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 Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond and, or his Application;
- o. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- p. 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;
- q. agrees that the advisors to the Bond Issue (listed in section 3.5 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;
- r. 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
- s. 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.

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



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- 7.1.17** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the 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 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and the GDPR, as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.
- 7.1.18** 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.
- 7.1.19** By not later than 7 December 2021, the Issuer shall announce the result of the Bond Issue through a company announcement.
- 7.1.20** 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. In light of the aforesaid, including but not limited to the onerous requirements involved in the registration of the Prospectus in any territory other than Malta and, or compliance with the relevant legal or regulatory requirements, the Issuer has elected not to send Application Forms to Maturing Bondholders, other Existing IHI Bondholders, Existing IHI Shareholders, Existing Corinthia Bondholders and Existing MIH Bondholders having their address as included in the respective register of bondholders (or in the case of Existing IHI Shareholders, the company’s register of members) outside Malta, except where, *inter alia*, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.
- 7.1.21** Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisors (including tax and legal advisors) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself/herself/itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- 7.1.22** 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 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds will be available for subscription by all categories of investors, which may be broadly split as follows:

- i. Maturing Bondholders up to the amount of Maturing Bonds held as at the Cut-Off Date and subject to any Cash Top-Up as and if applicable;
- ii. An amount of up to €30 million in nominal value of the Bonds has been reserved for a number of Authorised Financial Intermediaries which shall enter into Placement Agreements with the Issuer (as further detailed in section 7.5 below);
- iii. An amount of up to €3 million in nominal value of the Bonds has been reserved for Corinthia Group Personnel;
- iv. Following allocation in terms of (i), (ii) and (iii) above, the remaining balance of Bonds shall be made available for subscription by Maturing Bondholders in respect of any Excess, Existing IHI Bondholders who do not hold Maturing Bonds, Existing IHI Shareholders, Corinthia Group Personnel in respect of any amount of Bonds applied for in excess of the allocation specified in (iii) above, Existing Corinthia Bondholders, Existing MIH Bondholders, and the general public, in line with the allocation policy as further described in section 7.4 below.

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



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By not later than 7 December 2021, the Issuer shall announce the result of the Bond Issue through a company announcement. Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List.

### 7.3 PRICING

The Bonds are being issued at par, that is, at €100 per Bond with the full amount payable upon subscription.

### 7.4 ALLOCATION POLICY

The Issuer shall allocate the total Bonds amounting to €80,000,000 on the basis of the following policy:

- a. Maturing Bondholders will be allocated such number of Bonds equivalent to the Maturing Bond Transfer subject to any Cash Top-Up as and if applicable. Maturing Bondholders subscribing for Excess Bonds shall be subject to an allocation policy as further detailed in (d) hereunder;
- b. an amount of up to €30 million of the Bond Issue shall be allocated to a number of Authorised Financial Intermediaries through Placement Agreements, details of which can be found in section 7.5 of this Securities Note;
- c. an amount of up to €3 million of the Bond Issue shall be allocated to Corinthia Group Personnel. In the event that subscriptions exceed the reserved portion of €3 million, the unsatisfied excess amount of such Applications will be considered for allocation purposes in line with (d) hereunder. Any amount not subscribed for by Corinthia Group Personnel will be made available for allocation to other Applicants as set out in (d) hereunder;
- d. following the allocation of Bonds in terms of (a), (b) and (c) above, the Company will be allocating the remaining Bonds to:
  - i. Maturing Bondholders in respect of any Excess Bonds applied for as further described in (a) above, other Existing IHI Bondholders who do not hold Maturing Bonds, Existing IHI Shareholders and Corinthia Group Personnel to the extent that the allocation referred to in (c) above is exceeded;
  - ii. Existing Corinthia Bondholders and Existing MIH Bondholders; and
  - iii. the general public.

In determining its allocation policy, the Company will be applying a more favourable allocation according to the priority detailed in (i) to (iii) above. Within each of (i) and (ii) above, the respective classes of investors will share the same allocation policy without any priority or preference between themselves, should the need for scaling down arise in case of over-subscription.

### 7.5 PLACEMENT AGREEMENTS

The Issuer has reserved an amount of up to €30 million in Bonds for subscription by Authorised Financial Intermediaries. The Issuer shall enter into Placement Agreements with a number of Authorised Financial Intermediaries whereby the Issuer shall bind itself to allocate an amount of up to €30 million in nominal value of Bonds to such Authorised Financial Intermediaries, which in turn shall bind themselves to subscribe to, for their own account or for the account of their underlying clients, a specified number of Bonds, subject to:

- i. the Prospectus being approved by the Malta Financial Services Authority; and
- ii. the Bonds being admitted to trading on the Official List.

In terms of the Placement Agreements to be entered into, the Authorised Financial Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either:

- i. distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or
- ii. complete a data file representing the amount being allocated in terms of the respective Placement Agreement as provided by the Registrar by latest 14:00 hours on 29 November 2021 being the Placement Date.

Authorised Financial Intermediaries which enter into Placement Agreements with the Issuer will be required to effect payment to the Issuer for the Bonds subscribed to by not later than the Placement Date.



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### 7.6 ADMISSION TO TRADING

- i. The Malta Financial Services Authority has authorised the Bonds as admissible to Listing pursuant to the Capital Markets Rules by virtue of a letter dated 28 October 2021.
- ii. 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 of the MSE.
- iii. The Bonds are expected to be admitted to the MSE with effect from 16 December 2021 and trading is expected to commence on 17 December 2021.

### 7.7 ADDITIONAL INFORMATION

Save for the financial analysis summary set out as Annex III to this Securities Note, this 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 M.Z. Investment Services Ltd of 61, M.Z. House, St Rita Street, Rabat RBT 1523, Malta, which has given and has not withdrawn its consent to the inclusion of such report herein.

M.Z. Investment Services Ltd 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.





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### ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

<b>NAME</b>	<b>ADDRESS</b>	<b>TELEPHONE</b>
<b>APS Bank p.l.c.</b>	APS Centre, Tower Street, Birkirkara BKR 4012	2560 3000
<b>Bank of Valletta p.l.c.</b>	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011	2275 1732
<b>Calamatta Cuschieri Investment Services Ltd</b>	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	2568 8688
<b>Curmi &amp; Partners Ltd</b>	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	2134 7331
<b>FINCO Treasury Management Ltd</b>	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	2122 0002
<b>Hogg Capital Investments Ltd</b>	Nu Bis Centre, Mosta Road, Lija LJA 9012	2132 2872
<b>Jesmond Mizzi Financial Advisors Ltd</b>	67 Level 3, South Street, Valletta VLT 1105	2122 4410
<b>Lombard Bank Malta p.l.c.</b>	67, Republic Street, Valletta VLT 1117	2558 1806
<b>Medirect Bank (Malta) plc</b>	The Centre, Tigne` Point, Sliema TPO 0001	2557 4400
<b>Michael Grech Financial Investment Services Ltd</b>	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2551	2258 7000
<b>MZ Investment Services Ltd</b>	61, St Rita Street, Rabat RBT 1523	2145 3739
<b>Rizzo, Farrugia &amp; Co (Stockbrokers) Ltd</b>	Airways House, Fourth Floor, High Street, Sliema SLM 1551	2258 3000

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# SECURITIES NOTE

## ANNEX II - SPECIMEN APPLICATION FORMS



### INTERNATIONAL HOTEL INVESTMENTS P.L.C. €80,000,000 3.65% UNSECURED BONDS 2031 APPLICATION FORM 'A' MATURING BONDHOLDERS

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

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

<b>A APPLICANT</b> (see notes 2 to 8)			
		I.D. CARD / PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. (mandatory for e-portfolio)
<b>B ADDITIONAL (JOINT) APPLICANTS</b> (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
<b>C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES</b> (see notes 4, 7 & 8) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
<b>D I/WE APPLY TO PURCHASE AND ACQUIRE</b> (see note 9):			
BOX 1 - Nominal Value of Maturing Bonds		AMOUNT IN FIGURES <b>Box 1</b>	
BOX 2 - I/We wish to purchase and acquire the amount set out in Box 2 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 28 October 2021 (the "Prospectus") (minimum €2,000 and in multiples of €100 thereafter).		€	
AMOUNT IN WORDS		AMOUNT IN FIGURES <b>Box 2</b>	
		€	
BOX 3 - Amount of Bonds applied for less the nominal holding in the Maturing Bonds payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.		AMOUNT IN FIGURES <b>Box 3</b> Difference payable on Application <b>Box 2 - Box 1</b>	
		€	
<b>E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION</b> (see notes 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)	
<b>F NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (see notes 2 & 11) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
<b>G INTEREST, REFUND AND REDEMPTION MANDATE</b> (see notes 12 & 13) (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 International Hotel Investments p.l.c. (the "Company" or the "Issuer") 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		Date	
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor; All parties are to sign in the case of a joint Application); (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)			
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER	



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### Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 28 October 2021 regulating the Bond Issue*

This Application Form is not transferable and entitles you to a preferential treatment as holder of the 5.8% International Hotel Investments p.l.c. 2021 (the "**Maturing Bonds**") and is to be submitted as a method of payment where the Applicant selects to apply for the 3.65% International Hotel Investments p.l.c. Unsecured Bonds 2031 (the "**Bond/s**") so as to transfer to the Issuer all or part of the holding in the Maturing Bond held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel B. By submitting this signed Application Form, Maturing Bondholders shall be deemed to:

- i. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
- ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

1. This Application is governed by the Terms and Conditions of the Bonds contained in Section 8 of the Securities Note dated 28 October 2021 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. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the Maturing Bondholders, has been preprinted in Panel A and reflects the MSE account number on the bond register of the Maturing Bonds held at the CSD as at 22 October 2021 (trading session of the 20 October 2021). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder 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 A), 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 detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Any Bonds allocated pursuant to an Application in the name and for the benefit of minors 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 Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **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. **MATURING BONDHOLDERS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**
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 Panel C.
8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. 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.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.  
In terms of Section 6.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

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

12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
13. The Offer Period for Maturing Bondholders will open at 08:30 hours on 8 November 2021 and will close at 14:00 hours on 26 November 2021. Application for Bonds may be lodged with any Authorised Intermediary listed in Annex I of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Company 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 the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
  - b. the Company 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 Company.

Any such requests must be made in writing and addressed to the Company. 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.**



# SECURITIES NOTE



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## INTERNATIONAL HOTEL INVESTMENTS P.L.C. €80,000,000 3.65% UNSECURED BONDS 2031 APPLICATION FORM 'B' EXISTING IHI SECURITIES HOLDERS

This Application Form is not transferable and entitles you to subscribe for International Hotel Investments p.l.c. 3.65% Unsecured Bonds 2031 as either an Existing IHI Bondholder not holding Maturing Bonds or an Existing IHI Shareholder (each as defined in the Prospectus dated 28 October 2021. Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable

<b>A APPLICANT</b> (see notes 2 to 8)			
		I.D. CARD / PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. (mandatory for e-portfolio)
<b>B ADDITIONAL (JOINT) APPLICANTS</b> (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
<b>C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES</b> (see notes 4, 7 & 8) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
<b>D I/WE APPLY TO PURCHASE AND ACQUIRE</b> (see note 9):			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
International Hotel Investments p.l.c. 3.65% Unsecured Bonds 2031 (the "Bonds") (minimum subscription of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 28 October 2021 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.			
<b>E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION</b> (see notes 10 & 11) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)	
<b>F NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (see notes 2 & 11) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
<b>G INTEREST, REFUND AND REDEMPTION MANDATE</b> (see notes 12 & 13) (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 International Hotel Investments p.l.c. (the "Issuer" or 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 <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)</small>			Date
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER	



## SECURITIES NOTE

### Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 28 October 2021 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of the Bonds contained in Section 7 of the Securities Note dated 28 October 2021 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. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the Existing IHI Bondholders and Existing IHI Shareholders, has been preprinted in Panel A and reflects the MSE account number on the respective register held at the CSD as at 22 October 2021 (trading session of the 20 October 2021). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder 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 A), 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 detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Any Bonds allocated pursuant to an Application in the name and for the benefit of minors 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 Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **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. **EXISTING IHI SECURITIES HOLDERS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**
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 Panel C.
8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. 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.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.  
  
In terms of Section 6.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
11. 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 10 and 11 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.*
12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
13. The Offer Period will open at 08:30 hours on 8 November 2021 and will close at 14:00 hours on 30 November 2021 or earlier as may be determined by the Issuer but in any case not earlier than 14:00 hours on 26 November 2021. Application for Bonds may be lodged with Authorised Intermediary listed in Annex I of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Company 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 the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
  - b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; andyou, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.  
  
Any such requests must be made in writing and addressed to the Company. 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.**



# SECURITIES NOTE



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## INTERNATIONAL HOTEL INVESTMENTS P.L.C. €80,000,000 3.65% UNSECURED BONDS 2031 APPLICATION FORM 'C' EXISTING CORINTHIA AND MIH BONDHOLDERS

This Application Form is not transferable and entitles you to subscribe for International Hotel Investments p.l.c. 3.65% Unsecured Bonds 2031 as either an Existing Corinthia Bondholder or Existing MIH Bondholder (each as defined in the Prospectus dated 28 October 2021). Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable

<b>A APPLICANT</b> (see notes 2 to 8)			
		I.D. CARD / PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. (mandatory for e-portfolio)
<b>B ADDITIONAL (JOINT) APPLICANTS</b> (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
<b>C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES</b> (see notes 4, 7 & 8) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
<b>D I/WE APPLY TO PURCHASE AND ACQUIRE</b> (see note 9):			
AMOUNT IN FIGURES €	AMOUNT IN WORDS		
International Hotel Investments p.l.c. 3.65% Unsecured Bonds 2031 (the "Bonds") (minimum subscription of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 28 October 2021 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.			
<b>E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION</b> (see notes 10 & 11) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)	
<b>F NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (see notes 2 & 11) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY	CITY OF BIRTH		
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH		
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
<b>G INTEREST, REFUND AND REDEMPTION MANDATE</b> (see notes 12 & 13) (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 International Hotel Investments p.l.c. (the "Issuer" or 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 <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)</small>		Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER	



## SECURITIES NOTE

### Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 28 October 2021 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of the Bonds contained in Section 7 of the Securities Note dated 28 October 2021 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. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the Existing Corinthia Bondholders and Existing MIH Bondholders, has been preprinted in Panel A and reflects the MSE account number on the respective register held at the CSD as at 22 October 2021 (trading session of the 20 October 2021). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder 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 A), 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 detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Any Bonds allocated pursuant to an Application in the name and for the benefit of minors 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 Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **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. **EXISTING CORINTHIA BONDHOLDERS AND EXISTING MIH BONDHOLDERS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**
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 Panel C.
8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. 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.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.  
  
In terms of Section 6.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
11. 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 10 and 11 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.*
12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
13. The Offer Period will open at 08:30 hours on 8 November 2021 and will close at 14:00 hours on 30 November 2021 or earlier as may be determined by the Issuer but in any case not earlier than 14:00 hours on 26 November 2021. Application for Bonds may be lodged with Authorised Intermediary listed in Annex I of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Company 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 the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
  - b. the Company 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 Company.

Any such requests must be made in writing and addressed to the Company. 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.**





# SECURITIES NOTE



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

**INTERNATIONAL HOTEL INVESTMENTS P.L.C.  
€80,000,000 3.65% UNSECURED BONDS 2031  
APPLICATION FORM 'D'  
CORINTHIA GROUP PERSONNEL/GENERAL PUBLIC**

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

<b>A APPLICANT</b> (see notes 2 to 6)			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
<b>B</b> TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME/REGISTERED NAME	
MSE A/C NO. (mandatory)	I.D. CARD / PASSPORT / COMPANY REG. NO.	DOCUMENT TYPE	COUNTRY OF ISSUE
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)	DATE OF BIRTH	NATIONALITY	MOBILE NO.
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			
<b>C ADDITIONAL (JOINT) APPLICANTS</b> (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
<b>D DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES</b> (see notes 4, 7 & 8) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
<b>E I/WE APPLY TO PURCHASE AND ACQUIRE</b> (see note 9):			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
International Hotel Investments p.l.c. 3.65% Unsecured Bonds 2031 (the "Bonds") (minimum subscription of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 28 October 2021 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.			
<b>F RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION</b> (see notes 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)	
<b>G NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (see notes 2 & 11) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
<b>H INTEREST, REFUND AND REDEMPTION MANDATE</b> (see notes 12 & 13) (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 International Hotel Investments p.l.c. (the "Issuer" or 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			Date
<small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor); (All parties are to sign in the case of a joint Application); (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)</small>			
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER	



## SECURITIES NOTE

### Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 28 October 2021 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in section 7 of the Securities Note dated 28 October 2021 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 indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
3. **Corinthia Group Personnel (as defined in the Prospectus) may obtain Application Form 'D' from the Issuer's offices.**  
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 detail 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 the applicant already holds an account with the MSE. 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. Panel D must be inserted with full details of the parents/legal guardians.
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 INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM WITH THE DETAILS (INCLUDING REGISTERED ADDRESS), AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE.**
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 Panel D.
8. Where an Applicant quotes an MSE account number which is held subject to usufruct, both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. 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.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.  
  
In terms of section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.  
  
The contents of notes 10 and 11 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
13. The Offer Period will open at 08:30 hours on 8 November 2021 and will close at 14:00 hours on 30 November 2021 or earlier as may be determined by the Issuer but in any case not earlier than 14:00 hours on 26 November 2021. Completed Application Forms are to be submitted to any Authorised Financial Intermediary listed in Annex 1 of the Securities Note during normal office hours. **Remittances by post are made at the risk of the Applicant and the Company, the Registrar and Authorised Financial Intermediaries disclaim all responsibility for any such remittances not being received by the date of closing of the subscription lists.** If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel H.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Company 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 the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
  - b. the Company 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 Company.

Any such requests must be made in writing and addressed to the Company. 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.**



SECURITIES NOTE

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ANNEX III – FINANCIAL ANALYSIS SUMMARY

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

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FINANCIAL ANALYSIS SUMMARY

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28 OCTOBER 2021

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MZ INVESTMENT SERVICES

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## M Z I N V E S T M E N T S E R V I C E S

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

28 October 2021

Dear Sirs

### **Financial Analysis Summary**

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the “**Analysis**”) set out in 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 2018 to 31 December 2020 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 2021 and 31 December 2022 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**  
Senior Financial Advisor

**MZ Investment Services Ltd**  
63, St Rita Street,  
Rabat RBT 1523,  
Malta  
Tel: 2145 3739



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## 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, residential and commercial real estate. 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 FY2017.

##### **Corinthia Grand Astoria Hotel Brussels (opening 2023)**

NLI Holdings Ltd, the owner of the Corinthia Hotel and Residential Development in London, acquired the Grand Hotel Astoria in Brussels in 2016 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 building and four vacant town houses at the rear of the original hotel, was originated and executed by CDI Limited (“**CDI**”), IHI’s development company. QPM Limited (“**QP**”), another IHI subsidiary, is engaged as project manager to coordinate and supervise the reconstruction process. Once complete, the hotel will be operated by Corinthia Hotels Limited (“**CHL**”), another IHI subsidiary.

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 16,000m<sup>2</sup>. The new hotel will have 126 luxury bedrooms and suites. It will offer unrivalled amenities for the city of Brussels including a fully restored grand ballroom, an 850m<sup>2</sup> spa, various dining venues, boutique meetings’ facilities and high-end retail shops.

Development of the Corinthia hotel in Brussels has been delayed due to intensive re-design and negotiations with various contractors with the objective to achieve a project budget in line with the Group’s targets. The contract for phase one of the hotel, which covers the demolition, foundations and construction to watertight finish has been signed and works on site have commenced. Project costs are being financed out of an equity injection of €20 million, a bank loan facility of €45 million granted by ARES Bank of Spain and €10 million from each of LAFICO and the Issuer, the ultimate shareholders of NLI Group (which shall be on-lent by NLI to its fully-owned subsidiary and the hotel-owning company, Hotel Astoria S.A.). The Issuer’s contribution of €10 million was raised from a Bond Issue pursuant to a prospectus dated 4 March 2019.

##### **Corinthia Meydan Beach Hotel**

In May 2016, CHL signed a technical services and pre-opening services agreement with Meydan Group of Dubai for the development of a hotel. The owner and CHL have earlier on this year sold their interests in the hotel. As a result, CHL received a payment of USD5,000,000 on such sale.

##### **Corinthia Hotel Bucharest (opening 2022)**

In March 2018, CHL entered into a management agreement with the owners of the property, once re-developed, of the former Grand Hotel du Boulevard as the Corinthia Hotel Bucharest. Subsequent to the above signing, QP has also 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 in 2022. The reconstructed hotel will feature 33 suites as well as the fully restored Grand Ballroom and various dining and leisure venues.

##### **Corinthia Palace Hotel Attard**

In April 2018, IHI acquired the Corinthia Palace Hotel in Attard through a new formed subsidiary from its ultimate parent, CPHCL. The operating results and assets and liabilities of the acquired business have been consolidated with the Group as from 1 April 2018. Since its acquisition, IHI embarked on a very significant improvement to the hotel’s amenities and food and beverage facilities.



### **Shareholding in GHA Holdings Limited**

In 2019, CHL acquired a 10% shareholding in GHA Holdings Limited (“GHA”). The other shareholders of GHA comprise Kempinski, Omni, Oracle, Pan Pacific and Minor Hotels. Since the said acquisition, it increased its shareholding in GHA to 13.1%.

GHA launched the DISCOVERY programme in 2010 as its in-house loyalty programme for independent hotel brands. DISCOVERY members enrol through [discoveryloyalty.com](http://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.

### **Corinthia Hotel & Residences Moscow (opening 2023)**

In February 2019, IHI acquired a 10% minority share for US\$5.5 million in a company formed with a consortium of investors to acquire a landmark property at 10, Tverskaya Street, Moscow (the “Moscow Project”). The acquisition has been made with a view to developing the site, having a development gross area of 43,000m<sup>2</sup>, into a mixed-use real estate project including a luxury boutique 42-room Corinthia hotel, 109 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 Red Square in a highly popular shopping, cultural and business location, as well as a luxury hotspot with other competing luxury brands, all in close proximity of each other. Development works are presently underway.

### **Corinthia Hotel Rome (opening 2023)**

CHL, through a lease agreement, will be operating a redeveloped hotel property in Rome which was acquired and is being funded through its extensive reconstruction and refurbishment, by a third part investor. The property is the former seat of the Central Bank of Italy in Parliament Square. Plans are in hand for the conversion of the 7,500m<sup>2</sup> building into a luxury destination, featuring a number of suites and top of the range bedrooms. The luxurious public areas include 2 restaurants, bars and lounges, all wrapped around a central garden. The hotel also has a spa and other amenities. CDI is contracted to support in the delivery of the project, whilst CHL is the operator and lessee.

### **Corinthia Hotel Residences Doha (opening 2022/23)**

CHL has signed an agreement with United Development Company (UDC), the Qatari master developer of The Pearl in Doha, to manage and operate a luxury Corinthia hotel to be built in UDC’s newest flagship real estate development, Gewan Island. The Corinthia Hotel Doha will be built on a site having an area of 13,000m<sup>2</sup> and will feature 110 guestrooms, a 1,000-person banquet hall, several restaurants and a luxurious spa facility. The development will also include luxury branded villas, a golf course, and a beach and yacht club, all of which will be also managed by CHL. The beach and yacht club is scheduled to open in 2022 whilst the hotel and luxury branded villas will follow in 2023.

### **Hal Ferh Site (planning stage)**

The Group has completed the re-zoning of the Hal Ferh site at Golden Bay to permit 25 low-rise luxury villas alongside a 162-room resort property. Architectural designs for this site measuring circa 85,000m<sup>2</sup> are largely completed in keeping with the Group’s aim to create a luxury resort that is sensitive to Malta’s materials and rural landscape. An application to Planning Authority has been submitted recently.

### **Event Catering**

During 2019, the Issuer acquired the entire issued share capital and the businesses of Corinthia Caterers Limited and Catermax Limited from Corinthia Palace Hotel Company Limited.

### **Golden Sands Resort Limited**

On 26 February 2021, the Issuer acquired the remaining 50% of the issued share capital of Golden Sands Resort Limited. The total consideration payable for the acquisition of the shares and other shareholder’s receivables amounted to €13 million.

**Corinthia Hotel New York**

CHL has been engaged to operate and manage the Corinthia Hotel New York once it opens following extensive refurbishment in early 2023. The hotel was acquired by the private investment firm Reuben Brothers in 2020 and is located in New York's luxurious upper east side. It will have 97 guest rooms including 33 suites, 5 signature suites and 12 luxury residences.

**2. DIRECTORS AND KEY EMPLOYEES**

The Issuer is presently managed by a Board consisting of nine 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 Moussa Alhassan Atiq Ali	Non-Executive Director
Mr Hamad Buamin	Non-Executive Director
Mr Abuagila Almahdi	Non-Executive Director
Mr Douraid Zaghoulani	Non-Executive Director
Mr Joseph Pisani	Non-Executive Director
Mr Joseph Fenech	Non-Executive Director
Mr Frank Xerri de Caro	Senior Independent Non-Executive Director
Mr David Curmi	Independent Non-Executive Director

Joseph Fenech has been appointed as Director of the Company with effect from 20 April 2021, replacing Dr Joseph J. Vella. Mr Fenech has also been appointed member of the Group's Advisory Committee, including the Audit Committee, Nomination Committee and Remuneration Committee. Following Mr Fenech's appointment to the Board, the post of Chief Executive Officer is solely occupied by Simon Naudi.

The Chairman and the Chief Executive Officer 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 Chief Executive Officer, are Jean-Pierre Schembri (Company Secretary), Neville Fenech (Group Chief Financial Officer) and Clinton Fenech (General Counsel).

The weekly average number of employees engaged at the Issuer's corporate office and in its owned hotels during FY2020 amounted to 1,813 persons (FY2019: 2,952).





### 3. PRINCIPAL ASSETS AND ORGANISATIONAL STRUCTURE

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 JUNE 2021**

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel	Budapest Hungary	Property owner	100	439
Corinthia Hotel St Petersburg	Russia	Property owner	100	385
Commercial property St Petersburg	Russia	Property owner	100	n/a
Corinthia Hotel Lisbon	Portugal	Property owner	100	518
Pinheiro Chagas	Portugal	Residential apartment block	100	n/a
Corinthia Hotel Prague	Czech Republic	Property owner	100	551
Corinthia Hotel Tripoli	Libya	Property owner	100	300
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George's Bay	Malta	Property owner	100	250
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London*	United Kingdom	Property owner	50	283
Corinthia Grand Astoria Hotel Brussels*	Belgium	Property owner (under development)	50	126
Corinthia Hotel & Residences Moscow	Russia	Property owner (under development)	10	42
Radisson Blu Resort St Julian's	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	100	338
Corinthia Palace Hotel & Spa	Malta	Property owner	100	146
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
Benghazi Development	Libya	Mixed-use property (to be developed)	55	n/a
Corinthia Catering and Catermax	Malta	Event catering	100	n/a
Corinthia Oasis	Malta	Vacant site (to be developed)	100	n/a
Costa Coffee	Malta	Retail catering	100	n/a
				<b>3,830</b>

\* under control and management of IHI



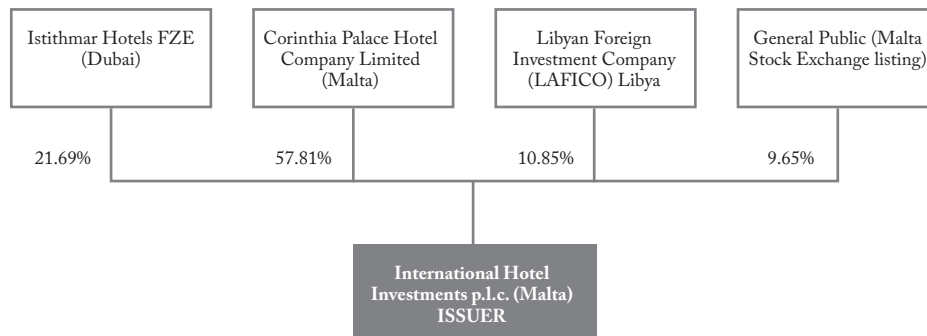
The following table illustrates the carrying values of the principal properties of the Issuer, accounted for in the audited consolidated balance sheet as at 31 December 2018, 2019 and 2020 under the headings: “investment property”, “property, plant & equipment” and “investments accounted for using the equity method”:

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

	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>
<b>Investment Properties</b>			
Commercial Centre St Petersburg	55,687	64,829	49,350
Commercial Centre Tripoli	73,743	73,743	73,743
Apartment Block Lisbon	2,800	3,160	3,168
Site in Tripoli	29,500	29,500	29,500
Apartment in London	41,809	42,942	35,594
	<b>203,539</b>	<b>214,174</b>	<b>191,355</b>
<b>Hotel Properties</b>			
Corinthia Hotel St George's Bay	39,070	38,498	37,819
Radisson Blu Resort, St Julian's	37,513	36,580	35,536
Corinthia Hotel Lisbon	114,736	116,943	115,048
Corinthia Hotel Prague	88,300	93,552	92,636
Corinthia Hotel Tripoli	76,367	74,106	71,707
Corinthia Hotel Budapest	121,874	122,774	116,727
Corinthia Hotel St Petersburg	79,022	88,690	66,934
Corinthia Hotel London	495,854	485,509	438,060
Corinthia Palace Hotel and Spa	28,915	30,925	32,701
Marina Hotel	30,500	29,918	29,385
	<b>1,112,151</b>	<b>1,117,465</b>	<b>1,036,553</b>
<b>Joint Ventures and Associates</b>			
Radisson Blu Resort & Spa Golden Sands (50%)	35,429	27,354	19,647
Medina Towers J.S.C. (25%)	12,760	12,790	12,184
	<b>48,189</b>	<b>40,144</b>	<b>31,831</b>
<b>Assets in the Course of Development</b>			
The Heavenly Collection Ltd (Hal Ferh)	21,800	21,800	21,800
Corinthia Grand Astoria Hotel Brussels	23,725	26,663	24,048
	<b>45,525</b>	<b>48,463</b>	<b>45,848</b>
<b>Total</b>	<b>1,409,404</b>	<b>1,420,246</b>	<b>1,305,587</b>



The diagram below summaries, in simplified format, the structure of the Issuer and the position within the said Group of the Corinthia Group. The complete organigram is included in section 4.2 of the registration document forming part of the prospectus dated 28 October 2021.



## PART 2 – OPERATIONAL DEVELOPMENT

### 4. HOTEL PROPERTIES

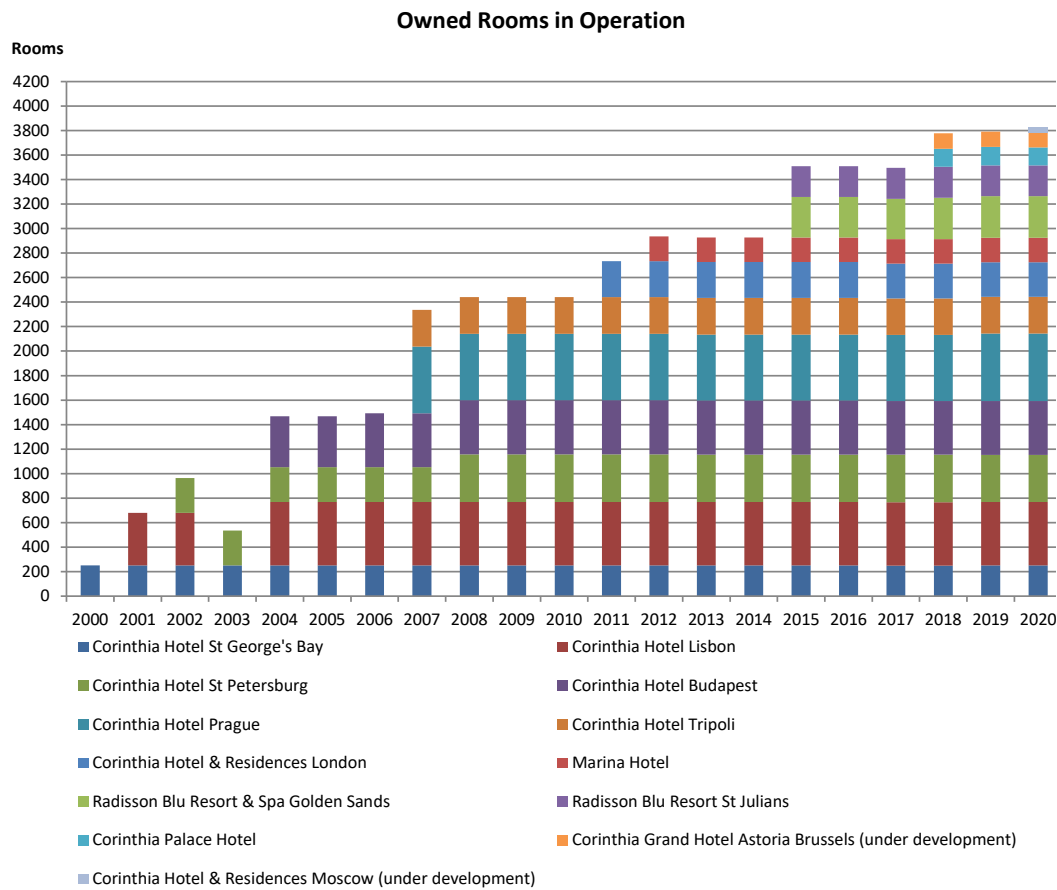
#### *Effects of the COVID-19 Pandemic*

The global spread and impact of the COVID-19 pandemic is complex, unpredictable, and continuously evolving and has resulted, since March 2020, in significant disruption and additional risks to the Group's hospitality operations, the travel industries, and the global economy. The COVID-19 pandemic has led governments and other authorities around the world to impose measures intended to control its spread, including restrictions on large gatherings of people, travel bans, border closings and restrictions, business closures, quarantines, shelter-in-place orders, and social distancing measures. As a result, the COVID-19 pandemic and its consequences have significantly reduced global travel and demand for hotel rooms and have had a material detrimental impact on the global commercial activity across the hospitality and travel industries, all of which had, and is expected to continue to have, a material adverse impact on the Group's business, operations, and financial results.

The extent, duration, and magnitude of the COVID-19 pandemic's effects will depend on various factors, all of which are highly uncertain and difficult to predict, including, but not limited to, the impact of the pandemic on global and regional economies, travel, economic activity, as well as actions taken by governments, businesses, and individuals in response to the pandemic, and any additional resurgence, or COVID-19 variants. These factors include the impact of the COVID-19 pandemic on unemployment rates and consumer discretionary spending; governmental or regulatory orders that impact the Group's business and its industry; the demand for travel and transient and group business; levels of consumer confidence; and the pace of recovery when the pandemic subsides. Moreover, even after shelter-in-place orders and travel bans are lifted and vaccines are more widely distributed and available, demand for hotel services, including corporate travel and group meetings, may remain depressed for a significant length of time, and as such, the Group cannot predict with any degree of certainty if and when demand will return to pre-COVID-19 levels.

#### 4.1 ROOM INVENTORY

As at the date of this report, the Issuer fully owns 10 hotel properties, 50% in each of 2 other hotel properties (namely, Corinthia Hotel & Residences London and Corinthia Grand Hotel Astoria Brussels (under construction)), and 10% of the Corinthia Hotel & Residences Moscow (under construction). The chart below sets out the growth in owned-room inventory of the Issuer since incorporation, which increased from 250 to 3,830 rooms over a span of 21 years.



Source: Management information

## 4.2 CORINTHIA HOTEL BUDAPEST

### Introduction

IHI Magyarország Zrt., a fully-owned subsidiary of the Company, owns the 439-room five-star Corinthia Hotel located in Budapest, Hungary ("Corinthia Hotel Budapest"). The carrying value of the Corinthia Hotel Budapest as at 31 December 2020 was €116.7 million (FY2019: €122.7 million).

### Economic Update<sup>1</sup>

Hungary's economy started to emerge from the pandemic-induced recession in the second half of 2020. Real GDP fell by 5% in 2020 but industrial and construction activity returned to their pre-pandemic level before the end of the year.

The economy continued its recovery from the economic shock of the pandemic at the beginning of the year (2021). Real GDP rose by 2% quarter-on-quarter in the first quarter of 2021. Recent economic indicators suggest that the recovery may have paused in the second quarter, partly due to persisting supply chain disruptions affecting the automotive industry. The recovery is forecast to resume in the second half of the year as the pandemic recedes and the economy reopens. The expected rebound is signalled by the recent improvement in business and consumer confidence. Growth is set to be driven by the gradual recovery of consumer demand for services, high investment activity supported by EU funds and accommodative fiscal policies. Exports should also make a significant contribution thanks to the supportive external environment and the expected revival of intra-EU tourism.

<sup>1</sup>European Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July'21).



Annual GDP growth is forecast at 6.3% in 2021, followed by 5.0% in 2022. This is a more frontloaded profile for the economic recovery than what was projected in the spring. The revision reflects data for the first quarter which indicate a milder impact of health-related restrictions on economic activity. Upside risks to the forecast stem from the potential introduction of further stimulus measures, notably a proposed personal income tax refund for families with children ahead of the 2022 elections.

The signals from the labour market are more mixed. In the first quarter of 2021, seasonally adjusted employment remained 1.1% below its pre-pandemic level (in the last quarter of 2019), and vacancy statistics do not yet suggest a strong recovery of aggregate labour demand. Monthly data also point to a slight deceleration of private sector wage growth in the first quarter of 2021. At the same time, firms' perceptions of labour shortages have increased recently and wage growth has held up better in the sectors where such shortages were reported. This could reflect mismatches in terms of the location of employment opportunities and prospective workers, as well as mismatches in the types of jobs available and the skills of the labour force. As a consequence, wage growth may remain elevated despite the more gradual recovery of employment.

HICP<sup>2</sup> inflation rose by 5.3% in May 2021 driven by higher fuel prices and recent excise duty increases. The pass-through of the forint's past depreciation and the repricing of various services after the reopening of the economy may continue to add to inflation in the coming months. The re-emergence of labour market bottlenecks could also fuel inflation in 2022. Overall, inflation is forecast at 4.4% in 2021 and 3.3% in 2022.

### Operational Performance

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

CORINTHIA HOTEL BUDAPEST	FY2018	FY2019	FY2020
	Actual	Actual	Actual
Turnover (€'000)	26,360	28,054	6,116
Gross operating profit before incentive fees (€'000)	8,952	9,790	724
Gross operating profit margin (%)	34	35	12
Occupancy level (%)	81	80	14
Average room rate (€)	135	146	147
Revenue per available room (RevPAR) (€)	109	117	20
<b>Benchmark performance</b>			
Occupancy level (%)	79	80	n/a
Average room rate (€)	151	155	n/a
Revenue per available room (RevPAR) (€)	120	125	n/a
<b>Revenue Generating Index</b>	0.91	0.94	n/a

Source: Management information.

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). FY2018's revenue increased compared to FY2017 by €0.6 million (+2%) and amounted to €26.4 million (FY2017: €25.8 million), while gross operating profit decreased by €0.5 million from €9.5 million in FY2017 to €9.0 million mainly on account of a €2 decrease in RevPAR to €109.

In FY2019, management completed a refurbishment programme of the Hotel, which reflected positively in an improvement of 8% in average room rate from €135 in FY2018 to €146 whilst occupancy was maintained at 80% (FY2018: 81%). As such, during the year under review, revenue increased by €1.7 million (+6%) and amounted to €28.1 million (FY2018: €26.4 million). Gross operating profit increased in FY2019 from €9.0 million in FY2018 to €9.8 million (+9%) and gross operating profit margin improved by one percentage point to 35%. During the year, the Hotel performed below its benchmark at an RGI of 0.94 which was nonetheless better than the 0.91 achieved in the prior year.

<sup>2</sup>The Harmonised Indices of Consumer Prices (HICP) measure the changes over time in the prices of consumer goods and services acquired by households.



The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 14% (FY2019: 80%) and revenue amounted to €6.1 million, a decrease of €21.9 million from the previous year (FY2019: €28.0 million). Gross operating profit amounted to €0.7 million compared to €9.8 million in FY2019. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year.

### 4.3 CORINTHIA HOTEL ST PETERSBURG

#### Introduction

IHI Benelux B.V. (a fully-owned subsidiary of the Company) owns the 385-room five-star Corinthia Hotel located in St Petersburg, Russia ("Corinthia Hotel St Petersburg") and adjoining Commercial Centre (Nevskij Plaza Shopping and Office Centre). 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. In Q3 2019, the Hotel commenced the development of a derelict building with a footprint measuring circa 1,500 square metres 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. Due to the COVID-19 pandemic, this latest project has been put on hold. The carrying amount of the Corinthia Hotel St Petersburg and the Commercial Centre as at 31 December 2020 was €66.9 million (FY2019: €88.7 million) and €49.4 million (FY2019: €64.8 million) respectively.

#### Economic update<sup>3</sup>

Even though the pandemic and lower oil prices hit Russia hard in 2020, the real GDP decline was still moderate reflecting relatively light lockdown restrictions, the use of macroeconomic policy buffers, and the small share of contact-intensive services in the economy. Nevertheless, the structure of the economy and renewed geopolitical tensions also imply only a moderate rebound over the forecast horizon.

Real GDP in Russia declined by a relatively moderate 3% in 2020, as net exports and public consumption partly offset contracting private demand. Private consumption dropped sharply as household income declined and uncertainty increased in particular for households working in the large informal sector. Investments, already low in recent years given the weak business environment, decreased further in 2020, amid a shortage of financing for SMEs, lockdowns hitting the service sector, and worse prospects for the oil sector. At the same time, public funding was redirected rapidly from large-scale investments in national projects that were slowly rolled out, towards public consumption, supporting growth. On the external side, oil production cuts undermined exports' growth, but non-oil exports, in particular agricultural exports, held up well due to a good grain harvest, a weaker rouble and rising global food consumption. Imports were down by a staggering 12% year-on-year, reflecting lower consumption, the depreciating rouble and the abrupt decline in outbound tourism.

Despite the recent increase in household savings which is expected to be unwound going forward, private consumption recovery in 2021 is set to be held back by continued uncertainty and weak disposable income growth as well as by slower credit growth as mortgage subsidies are set to be phased out. Slow progress with vaccinations is likely to cloud the outlook for the service sector for the remainder of 2021, as well. However, domestic consumption is set to be supported by continued social transfers and restrictions on outbound tourism.

Investment is expected to recover only slightly in 2021 and in 2022 as the medium-term outlook for the oil-market does not encourage capital spending, the overall investment climate remains muted and the space for expansionary macroeconomic policy is shrinking amid rising inflation. At the same time, geopolitical factors are expected to make financing of large investments more difficult, and the increasing 'de-coupling' of the Russian economy channels investments to less productive sectors, undermining long-term growth. The rise in public investment and consumption is likely to be moderate as fiscal policy is expected to get more restrictive due to worsening financing conditions following US sanctions and the desire to preserve buffers. Exports are expected to grow faster than imports in both 2021 and 2022, as energy exports are set to increase and the weak rouble supports non-energy exports. At the same time, the import substitution policy, the weak rouble and the negative income trend are likely to curb imports.

Simultaneously, the macroeconomic framework with flexible exchange rates and a fiscal rule centred on a fixed oil price, make Russia less vulnerable to external pressures. In addition, the increase of reserve buffers even in crisis times and the payback of foreign currency denominated debt as well as the declining role of foreigners in the government debt market further insulate Russia from international financial trends. However, this greater macroeconomic stability does not automatically lift growth prospects, given structural weaknesses and bottlenecks in the economy. Taken together, real GDP is expected to grow by 2.7% in 2021 and 2.3% in 2022, taking GDP above the pre-pandemic level in the course of 2022.

<sup>3</sup>European Economic Forecast – Spring 2021 (European Commission Institutional Paper 149 May'21).



At its meeting on 23 July 2021, the Board of Directors of the Central Bank of the Russian Federation (CBR) raised the key interest rate by 100 basis points to 6.50%. The move represented the sharpest increase in rates since late 2014 and marked the fourth consecutive hike since March. In line with the previous hike, the decision was driven by elevated price pressures. Inflation accelerated to 6.5% in June 2021 (May: 6.0%), marking the highest reading in nearly five years and climbing further above the Bank's 4.0% target. The price rally continued to gain steam on the back of a robust economic recovery, with GDP estimated to have bounced back to its pre-crisis levels in Q2 2021. Strengthening demand in many industries outpaced their capacity to ramp up output, while consumer lending accelerated, stoking price pressures in turn. Soaring prices for vegetables and tourism services also added fuel to the rally.

The CBR revised its inflation forecast for end-2021 by one percentage point to 5.7% - 6.2% but the Bank expects inflation to slow to 4.0% - 4.5% in 2022 and stay close to 4.0% further ahead - at which point it projects the key rate to return to its long-term neutral range, which is currently estimated at 5.0% - 6.0%.

Fiscal packages of around 3% of GDP, including increased social transfers and support measures for corporations contributed to mitigating the impact of the crisis. While the size of the packages might have not been large compared to other economies, it followed a relatively long phase of restrictive fiscal policy, increasing its impact. After a surplus of 2.6% of GDP in 2019 the budget turned into a deficit of 4.7% of GDP in 2020. Going forward, the deficit is expected to be significantly lower in 2021 at around 3.5% of GDP and 2.5% of GDP in 2022 reflecting higher oil-related revenues, leaving some room for a moderate rise in expenditures.

Downside risks on the external side are related to uncertainty around oil demand and oil prices as well as further escalation of geopolitical tensions, including the possibility of further sanctions. On the upside, higher oil revenues might boost incomes, consumption and investments more than expected as output restrictions are lifted. Higher demand for technology sectors during the pandemic could result in a more efficient use of technology and therefore in higher productivity growth.

### Operational Performance

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

<b>CORINTHIA HOTEL ST PETERSBURG</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Turnover (€'000)	16,500	16,243	3,171
Gross operating profit before incentive fees (€'000)	8,522	7,857	(612)
Gross operating profit margin (%)	52	48	(19)
Occupancy level (%)	54	60	17
Average room rate (€)	165	144	92
Revenue per available room (RevPAR) (€)	89	87	15
<b>Benchmark performance</b>			
Occupancy level (%)	65	61	n/a
Average room rate (€)	187	196	n/a
Revenue per available room (RevPAR) (€)	122	122	n/a
<b>Revenue Generating Index</b>	0.73	0.71	n/a

Source: Management information.

During FY2018, the refurbishment programme of 280 rooms in the original hotel, acquired in 2002, was completed at a cost of €3.4 million. Revenue in the said year amounted to €16.5 million, an increase of €0.7 million (+5%) over the comparative period. Gross operating profit increased by 20% (y-o-y) to €8.5 million (FY2017: €7.1 million). The growth in profitability in 2018 was attributed mainly to the income and profit margins generated during FIFA World Cup, which enabled the Hotel to achieve a better average room rate and RevPAR.

Revenue in FY2019 amounted to €16.2 million, a decrease of €0.3 million from FY2018, while gross operating profit declined from €8.5 million in FY2018 to €7.9 million. The average room rate in the prior year was relatively high (at €165 compared to €144 in FY2019) principally due to FIFA World Cup event, which was partly offset by an increase in occupancy in FY2019 of 6 percentage points to 60% (FY2018: 54%). Compared to benchmark, the Hotel's occupancy level was broadly in line with its competitive set (60% vs 61% respectively). However, the Hotel's achieved average room rate lagged its benchmark by 27% (€144 vs €196 respectively), which inevitably impacted RGI.



The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 17% (FY2019: 60%) and revenue amounted to €3.2 million, a decrease of €13.0 million from the previous year (FY2019: €16.2 million). The hotel incurred a gross operating loss amounted to €0.6 million compared to a gross operating profit of €7.9 million in FY2019. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with domestic leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year.

### 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)	FY2018 Actual	FY2019 Actual	FY2020 Actual
Turnover (€'000)	5,229	4,751	3,887

Source: Management information.

The commercial properties comprise a mix of commercial areas, shops and office space, with total rentable area in excess of 11,600 square metres. In FY2020, rental income declined by €864,000 (y-o-y) to €3.9 million (FY2019: €4.8 million). Management is of the view that rental income will take longer to recover as a more competitive market for offices and retail comes to the fore, albeit many of existing tenants are long-standing.

## 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"). A renovation programme is presently underway at an estimated cost of €14 million. The refurbishment started in November 2016 and was due to be completed in FY2020. Due to the pandemic, the completion date has been extended by an additional 24 months to better manage cash flow and demand for the newly refurbished rooms. 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 is being 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. The majority of the rooms inventory have been fully renovated.

The carrying amount of the Corinthia Hotel Lisbon as at 31 December 2020 was €115.0 million (FY2019: €116.9 million). Alfa Investimentos Lda also owns an apartment block in Lisbon for investment purposes, valued at €3.2 million as at 31 December 2020 (FY2019: €3.1 million).

### Economic Update<sup>4</sup>

Portugal's economy has been recovering since the beginning in the second quarter of 2021, along with the gradual relaxation of pandemic restrictions. This can already be seen in the sharp increase in the Commission's Economic Sentiment Indicator and hard data for retail sales, industrial production and service sector turnover. The pace of recovery has been dampened by the partial reimposition of temporary restrictions in June, which was triggered by a resurgence in infections. Nevertheless, GDP is projected to rise by 3.3% in the second quarter after a drop of 3.2% during the strict lockdown in the previous quarter. A further increase in growth is expected in the third quarter when foreign tourism in Portugal is set to rise, helped by the vaccination campaign in Europe and the rollout of the EU digital COVID certificate.

In full-year terms, domestic demand is expected to contribute the most to GDP growth in both 2021 and 2022. This reflects pent-up demand from domestic consumers as well as support to both corporate and public investment from the country's Recovery and Resilience Plan<sup>5</sup>. Regarding the external sector, exports of services remain constrained by the international travel industry, which is not expected to fully recover by the end of the forecast period (FY2022). However, the outlook for goods exports has improved since the previous forecast. Despite mobility restrictions, Portugal's goods exports increased substantially in the first quarter of this year, surpassing their pre-pandemic levels. Export growth continued in April alongside a further improvement in export order books in May.

<sup>4</sup>European Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July'21).

<sup>5</sup>The Recovery and Resilience Facility will make €672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.





Overall, GDP is forecast to increase by 3.9% in 2021 and 5.1% in 2022. The economy is thus expected to reach its pre-pandemic level by mid-2022. Risks remain tilted to the downside due to the country's large exposure to foreign tourism. At the same time, this is now largely offset by upside risks in the manufacturing sector, which could benefit further from global demand tailwinds.

Inflation picked up from 0.2% (y-o-y) in the first quarter of 2021 to 0.5% in May on the back of a surge in energy prices, which also had repercussions on transport services and some industrial goods. However, prices of accommodation and restaurants declined substantially in April and May relative to a year earlier, thus keeping the overall inflation rate well below the EU average. Prices of services are expected to gradually increase over the forecast horizon while the upward impact of energy and commodity prices is projected to subside in parallel. Overall, inflation is forecast to increase to 0.8% in 2021 and 1.1% in 2022.

### Operational Performance

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

CORINTHIA HOTEL LISBON	FY2018 Actual	FY2019 Actual	FY2020 Actual
Turnover (€'000)	26,404	28,621	7,358
Gross operating profit before incentive fees (€'000)	8,667	9,419	467
Gross operating profit margin (%)	33	33	6
Occupancy level (%)	69	66	13
Average room rate (€)	140	150	140
Revenue per available room (RevPAR) (€)	96	99	18
<b>Benchmark performance</b>			
Occupancy level (%)	71	74	n/a
Average room rate (€)	146	153	n/a
Revenue per available room (RevPAR) (€)	104	113	n/a
<b>Revenue Generating Index</b>	0.92	0.88	n/a

Source: Management information.

In FY2018, revenue increased y-o-y by €1.6 million (+7%) to €26.4 million, principally due to a €7 increase in the average room rate to €140. This had a positive impact on gross operating profit, which increased from €8.1 million in FY2017 to €8.7 million in FY2018.

FY2019 was another positive year where the Hotel registered an 8% increase in revenue and a 9% improvement in gross operating profit. The growth in revenue of €2.2 million to €28.6 million was achieved following a 7% increase in average room rate, from €140 in FY2018 to €150. Notwithstanding the y-o-y improvement in results, the Hotel's performance has lagged its competitive set. In FY2019, the Hotel's occupancy level and average room rate were below benchmark in consequence of the on-going refurbishment works which reduced available hotel inventory and resulted in an RGI of 0.88.

The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 13% (FY2019: 66%) and revenue amounted to €7.4 million, a decrease of €21.2 million from the previous year (FY2019: €28.6 million). Gross operating profit amounted to €467,000 compared to €9.4 million in FY2019. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year

## 4.5 CORINTHIA HOTEL PRAGUE

### Introduction

IHI Towers s.r.o. (a fully-owned subsidiary of the Company) owns the 551-room five-star Corinthia Hotel located in Prague, Czech Republic ("Corinthia Hotel Prague"). The carrying amount of the Corinthia Hotel Prague as at 31 December 2020 was €92.6 million (FY2019: €93.6 million).



## Economic Update<sup>6</sup>

The strong second wave of the pandemic and related containment measures brought further disruptions to the economy in the first months of this year, leading to a 0.3% quarter-on-quarter GDP decline in the first quarter of 2021. Household consumption slightly declined and together with decreasing government consumption became the most important negative factors behind the decrease in economic activity. On the contrary, investment expenditure provided a positive surprise, growing by 1.6% quarter-on-quarter. Foreign demand developments remained favourable, however, the overall contribution of net exports was lower compared to the previous quarter mainly due to increased imports.

Czech Republic's economy has been recovering since the second half of April. Positive developments in the public health situation and rising foreign demand are reflected in the sentiment indicators for both households and firms. Private consumption is expected to remain the main driver of Czech Republic's economic recovery over the forecast horizon, reflecting the stable situation on the labour market, pent-up demand and the drawing down of accumulated excess savings. At the same time, supply chain disruptions due to the ongoing shortage of semi-conductors are weighing on Czech Republic's automotive sector production and exports. However, these disruptions are expected to be only temporary.

The country's Recovery and Resilience Plan is also set to strengthen private and public investment and thereby boost the economic recovery. In 2022, GDP growth will also be supported by the new EU funding cycle. Overall, GDP is forecast to increase by 3.9% in 2021 and by 4.5% in 2022. Towards the end of the forecast horizon, economic growth in Czech Republic is expected to reach its potential level.

## Operational Performance

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

CORINTHIA HOTEL PRAGUE	FY2018 Actual	FY2019 Actual	FY2020 Actual
Turnover (€'000)	20,099	20,454	3,514
Gross operating profit before incentive fees (€'000)	6,373	6,396	(2,161)
Gross operating profit margin (%)	32	31	(61)
Occupancy level (%)	74	76	11
Average room rate (€)	86	85	70
Revenue per available room (RevPAR) (€)	63	65	8
<b>Benchmark performance</b>			
Occupancy level (%)	79	77	n/a
Average room rate (€)	114	119	n/a
Revenue per available room (RevPAR) (€)	91	92	n/a
<b>Revenue Generating Index</b>	0.69	0.71	n/a

Source: Management information.

In FY2018, revenue reached €20.1 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. Gross operating profit increased by 7% from €6.0 million in FY2017 to €6.4 million in FY2018.

Performance in FY2019 was broadly unchanged when compared to FY2018, with achieved revenue amounting to €20.5 million (FY2018: €20.1 million) and gross operating profit of €6.4 million (FY2018: €6.4 million). RevPAR in FY2019 amounted to €65 compared to €63 in the prior year. The Hotel has consistently underperformed its competitive set principally in terms of room rates. This gap in room rates is largely linked to the Hotel's location just outside the City centre in Prague 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.

<sup>6</sup>European Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July'21).



The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 11% (FY2019: 76%) and revenue amounted to €3.5 million, a decrease of €17.0 million from the previous year (FY2019: €20.5 million). The hotel incurred a gross operating loss of €2.2 million in FY2020 compared to a gross operating profit of €6.4 million in FY2019. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year.

#### 4.6 CORINTHIA HOTEL TRIPOLI

##### Introduction

Corinthia Towers Tripoli Limited (a fully-owned subsidiary of the Company) owns the 300-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 carrying amounts of the Corinthia Hotel Tripoli, commercial centre and the adjacent plot as at 31 December 2020 were €71.7 million, €73.7 million and €29.5 million respectively (FY2019: €74.1 million, €73.7 million, €29.5 million), for a combined total of €174.9 million.

##### Market Overview<sup>7</sup>

Libya entered 2021 as a divided nation aspiring for recovery and healing. With intensifying conflict and a blockade of oil terminals and fields, the economy registered one of the worst performances in recent records for a substantial part of 2020. Starting in mid-September, a rapprochement between political/military factions brought much-needed relief to the economy, capping the GDP plunge at 31.3%, annually. The appointment of an interim Government of National Unity on 10 March 2021 is a positive turn of events and there is rekindled hope for a lasting political settlement leading to elections, which are due to be held on 24 December 2021.

For a significant part of 2020, the performance of the Libyan economy was the worst in recent records. Even with rebounding oil proceeds in the last quarter, the economy could not recover its earlier losses, and registered a 31.3% real decrease in GDP. On average, oil production in 2020 is estimated at 405,000 barrels per day, roughly a third of actual output in 2019.

With looming uncertainties, projecting future economic trends is a daunting task. However, if the current rapprochement remains on track, a significant economic recovery in Libya from the 2020 slump is within reach in the forthcoming year. With major maintenance problems still pending, oil production is projected to reach 1.1 million barrel per day (MBD) in 2021. This would lead to a rebound in real GDP growth, to 67% in 2021. In terms of level of GDP, the economy would still be 23% below that in 2010, the year prior to the start of the conflict.

##### Operational Performance

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

CORINTHIA HOTEL TRIPOLI	FY2018 Actual	FY2019 Actual	FY2020 Actual
Turnover – Hotel operations (€'000)	3,778	3,156	5,148
Turnover – Commercial Centre (€'000)	6,927	6,736	7,351
Gross operating profit before incentive fees (€'000)	4,061	4,997	6,938
Gross operating profit margin (%)	38	51	56
Occupancy level (%)	5	4	16
Average room rate (€)	178	205	161
Revenue per available room (RevPAR) (€)	8	7	26

Source: Management information.

<sup>7</sup><https://www.worldbank.org/en/country/libya/publication/economic-update-april-2021>



The Commercial Centre has remained operational and practically leased out over the years despite the ongoing instability in Libya and in FY2020 generated €7.4 million compared to €6.7 million in the prior year. The remaining office areas for lease will soon be rented out bringing the Centre's retail income to over €7.7 million per annum.

In 2018, the Corinthia Hotel Tripoli generated €3.8 million in revenue, primarily from food and beverage activities at the hotel. Inclusive of the adjoining office and commercial centre, the Hotel registered aggregate revenue of €10.7 million compared to €7.6 million in the prior year (+41%). In turn, gross operating profit increased by €1.6 million (y-o-y) to €4.1 million.

Revenue in FY2019 decreased to €9.9 million compared to €10.7 million (-7%), but gross operating profit improved from €4.1 million to €5.0 million, primarily on account of lower operating costs incurred at the hotel.

Operating performance improved further in FY2020 as revenue increased by €2.6 million (y-o-y) to €12.5 million. Occupancy at the hotel improved from 4% (a year earlier) to 16%, while rental income increased by €0.6 million to €7.4 million. Gross operating profit in FY2020 amounted to €6.9 million, a y-o-y increase of €1.9 million. Looking ahead, developments on the political front augur well for increased demand for the hotel's services.

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 & RESIDENCES LONDON

##### Introduction

NLI Holdings Limited (equally owned by the Libyan Foreign Investment Company (LAFICO) and IHI) owns the 283-room luxury Corinthia Hotel located in London, United Kingdom ("Corinthia Hotel London"). The Group also owned a penthouse apartment which was sold during FY2021. The sale proceeds were principally applied towards the settlement of the bank loan on the said penthouse and in supporting the partial repayment of the bank loan on the London hotel. The carrying amount of the Corinthia Hotel London (including the penthouse) as at 31 December 2020 was €473.7 million (FY2019: €528.5 million).

##### Economic Update<sup>8</sup>

After falling by 19.5% in the second quarter of 2020 as a consequence of strict lockdown measures implemented to contain the first wave of the pandemic, UK GDP partially rebounded by 16.9% in the third quarter. To contain a second wave of the pandemic, another lockdown was introduced for the month of November, and GDP growth slowed to 1.3% in the fourth quarter of 2020. Overall, real GDP in 2020 fell by 9.8%, mainly due to a fall in private consumption.

The government tightened restrictions again significantly at the end of December 2020 after a sharp increase in the prevalence of COVID-19 cases. This third lockdown, which was only partially eased on 8 March with the re-opening of schools, weighed on output in the first quarter of 2021.

Shortly before the end of 2020, the UK and the EU signed the Trade and Cooperation Agreement (TCA). While the TCA provides for zero tariffs and zero quotas for all goods complying with the appropriate rules of origin, the UK leaving the European Union has inevitably created significant non-tariff barriers (NTBs). This became evident in early 2021 when UK trade volumes with the EU fell sharply. While some of these disruptions will be temporary, as businesses get used to the new rules, UK trade is expected to remain permanently lower over the forecast period as compared to a situation with unchanged EU-UK trading relations.

Private consumption is expected to pick up quickly as restrictions are being eased and pent-up demand is released, though an increase in unemployment when the furlough scheme finishes at the end of September 2021 is expected to temper private consumption slightly. Business investment is forecast to pick up more strongly in the second half of 2021 and in 2022, as uncertainties regarding the further evolution of the pandemic and the new EU-UK trade relationship fade away. In addition, the 'super-deduction' announced in the March 2021 budget, which allows businesses to offset 130% of eligible investment spending, is expected to have a positive impact on business investment over the forecast period. Government consumption is forecast to contribute positively particularly in 2021. Net exports are projected to be a drag on growth over the forecast horizon, as imports are expected to recover more quickly than exports. This would also cause the current account deficit to increase to around 5% of GDP over the forecast horizon. Overall, GDP is expected to increase by 5.0% in 2021 and by 5.3% in 2022. It is set to recover to pre-pandemic levels by the third quarter of 2022.

<sup>8</sup>European Economic Forecast – Spring 2021 (European Commission Institutional Paper 149 May'21).



Government measures supporting employees and the self-employed are expected to keep unemployment relatively low until the third quarter of 2021. Unemployment is then expected to increase, as not all of the employees still on the furlough scheme are expected to return to their jobs. The unemployment rate in 2021 is projected to increase from 4.4% in 2020 to 5.6% in 2021 and to 5.9% in 2022.

The general government deficit is expected to fall from 12.3% in 2020 to 11.8% of GDP in 2021 and to 5.4% in 2022 as the economy recovers. Government fiscal measures to deal with the consequences of the pandemic in 2020-2021 amounted to around 16% of GDP and include income support for employees and self-employed workers, support for businesses and increases in welfare spending. The government also announced liquidity measures of about 16% of GDP, creating contingent liabilities. The main measures from the latest budget in March 2021 to be implemented in the forecast years are the previously mentioned 'super-deduction' and the freezing of the income tax personal allowance from April 2022.

The general government debt-to-GDP ratio increased to above 100% in 2020 in consequence of the additional fiscal measures and the fall in value of GDP. It is expected to exceed 100% over the forecast horizon, at 108.1% in 2021 and 108.4% in 2022.

### Operational Performance

The following table sets out the highlights of the hotel's operating performance (in Pounds Sterling) for the years indicated therein:

CORINTHIA HOTEL LONDON	FY2018 Actual	FY2019 Actual	FY2020 Actual
Turnover (£'000)	61,370	65,358	20,280
Gross operating profit before incentive fees (£'000)	20,594	19,588	(221)
Gross operating profit margin (%)	34	30	(1)
Occupancy level (%)	76	78	21
Average room rate (£)	486	499	518
Revenue per available room (RevPAR) (£)	369	391	110
<b>Benchmark performance</b>			
Occupancy level (%)	71	67	n/a
Average room rate (£)	606	661	n/a
Revenue per available room (RevPAR) (£)	432	443	n/a
<b>Revenue Generating Index</b>	0.85	0.88	n/a

Source: Management information.

The Hotel's performance in FY2018 improved considerably compared to FY2017, where revenue and gross operating profit increased by 6% and 14% respectively and amounted to £61.4 million and £20.6 million respectively. During the year, the Hotel was nearing completion of the conversion of 22 bedrooms into 11 suites, thus enabling management to target higher rated business.

Revenue for FY2019 increased by 6% to £65.4 million on account of a £22 increase in RevPAR from £369 in FY2018 to £391. Notwithstanding, gross operating profit decline by £1.0 million on a comparable basis to £19.6 million because a significant part of the increase in revenue came from the food and beverage department, which has a much lower contribution than increases in rooms' revenue. The gap between the Hotel's performance and its benchmark improved in FY2019 to an RGI of 0.88 (FY2018: 0.85), as the Hotel's occupancy was higher than its competitive set by 11 percentage points, mitigated however by an adverse variance in average room rate of £162.

The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 21% (FY2019: 78%) and revenue amounted to £20.3 million, a decrease of £45.1 million from the previous year (FY2019: £65.4 million). The hotel incurred a gross operating loss of £221,000 in FY2020 compared to a gross operating profit of £19.6 million in FY2019. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year.



#### 4.8 CORINTHIA HOTEL ST GEORGE'S BAY

##### Introduction

Five Star Hotels Limited (a fully-owned subsidiary of the Company) owns the 250-room five-star Corinthia Hotel located in St Julians, Malta (“**Corinthia Hotel St George’s Bay**”). The carrying amount of the Corinthia Hotel St George’s Bay as at 31 December 2020 was €37.8 million (FY2019: €38.5 million).

##### Economic Update<sup>9</sup>

Malta’s economy grew at a solid quarter-on-quarter rate of 1.9% in the first quarter of this year (2021), driven mainly by service exports. After a considerable decline (-7.8%) in 2020, real GDP is forecast to rebound to 5.6% in 2021. This is more than the 4.6% projected in the spring. The better growth outlook is driven by the strong performance in the first quarter, which has a strong carry-over effect, and the positive picture painted by recent confidence indicators. It also adjusts the recovery path for the downward revision to 2020 GDP growth. The forecast for 2022 is similarly strong, at 5.8%, which means that Malta’s economy is expected to reach pre-pandemic levels of activity around mid-2022.

The high pace of vaccinations in Malta and the improvement in the public health situation allowed for a significant relaxation of restriction measures in the second quarter of 2021. Continued strong improvement in business and consumer sentiment up until May 2021, including the hard-hit food and accommodation services sectors, suggest that economic activity is on a path to a solid recovery. A strong uptake of government-paid consumption vouchers is also supporting a rebound in consumption. Going forward, growth is expected to remain strong on the back of a gradual recovery in the tourism sector, favourable prospects for external demand for other services, and a recovery in private and public investment, supported also by the implementation of the Recovery and Resilience Plan. A limited downside risk is related to possible consequences of the decision of the Financial Action Task Force (an inter-governmental body against money laundering) to add Malta to the grey list of jurisdictions under increased monitoring.

HICP inflation increased moderately since January, but the increase in energy and imported goods prices and a recovery in the tourism and hospitality sectors are set to increase price pressures in 2021. After picking up to 1.1% in 2021, inflation (HICP) is expected to reach 1.6% in 2022.

##### 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	FY2018 Actual	FY2019 Actual	FY2020 Actual
Turnover (€'000)	16,499	16,223	7,344
Gross operating profit before incentive fees (€'000)	4,819	4,643	1,517
Gross operating profit margin (%)	29	29	21
Occupancy level (%)	77	77	33
Average room rate (€)	154	151	120
Revenue per available room (RevPAR) (€)	119	116	39
<b>Benchmark performance</b>			
Occupancy level (%)	71	71	n/a
Average room rate (€)	182	182	n/a
Revenue per available room (RevPAR) (€)	130	129	n/a
<b>Revenue Generating Index</b>	0.92	0.90	n/a

Source: Management information.

<sup>9</sup>Economic Forecast – Summer 2021 (European Commission Institutional Paper 156 July'21).



FY2018 results were 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 €0.5 million (y-o-y) to €4.8 million in terms of gross operating profit. In FY2019, revenue and gross operating profit decreased marginally by €0.3 million and €0.2 million respectively compared to the prior year. Occupancy level was unchanged at 77%, but average room rate decreased by €3 from €154 in FY2018 to €151.

The Hotel's competitive set also recorded positive results in recent years, which is a reflection of the then present buoyant tourism market in Malta. As such, the Hotel performed marginally below par when compared to its competitive set in both FY2018 and FY2019.

The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 33% (FY2019: 77%) and revenue amounted to €7.3 million, a decrease of €8.9 million from the previous year (FY2019: €16.2 million). Gross operating profit amounted to €1.5 million compared to €4.6 million in FY2019. Notwithstanding the sharp drops in revenue and profitability in 2020 compared to 2019, the performance of this property was not as hard hit as the hospitality industry average as all bookings to the three hotels owned by the Company in the St George's area were consolidated at the Corinthia San Gorg Hotel. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year.

#### 4.9 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. A number of facilities at the Hotel are shared with the Corinthia Hotel St George's Bay, which provides guests with a larger product choice, 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 2020 was €29.4 million (2019: €29.9 million).

##### Market Overview

The market overview relating to the economy in Malta is included in section 4.8 above.

##### Operational Performance

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

MARINA HOTEL	FY2018 Actual	FY2019 Actual	FY2020 Actual
Turnover (€'000)	10,269	9,776	1,908
Gross operating profit before incentive fees (€'000)	3,355	3,047	14
Gross operating profit margin (%)	33	31	1
Occupancy level (%)	82	80	12
Average room rate (€)	123	120	77
Revenue per available room (RevPAR) (€)	101	96	9
<b>Benchmark performance</b>			
Occupancy level (%)	71	71	n/a
Average room rate (€)	145	147	n/a
Revenue per available room (RevPAR) (€)	103	104	n/a
<b>Revenue Generating Index</b>	0.98	0.92	n/a

Source: Management information.



The Hotel's performance in FY2018 was in line with FY2017's results, with revenue and gross operating profit amounting to €10.3 million (FY2017: €10.3 million) and €3.4 million (FY2017: €3.3 million) respectively. Revenue generated in FY2019 amounted to €9.8 million, a decrease of €0.5 million (-5%) from the prior year. Gross operating profit margin declined by 2 percentage points to 31%, resulting in a gross operating profit of €3.0 million compared to €3.4 million in FY2018. During the year, RevPAR was lower on a comparable basis by €5 to €96. The reduction in both revenue and gross operating profit in 2019 was in consequence of the uncertainty that was created because of the timing of the development of a mixed-use project opposite the Marina Hotel.

Compared to benchmark, the Hotel's occupancy level exceeded its competitive set in both FY2018 and FY2019 (FY2019 – Hotel: 80% vs Benchmark: 71%) but underperformed in the average room rate. Overall, the RGI in FY2019 was at 0.92 (FY2018: RGI 0.98).

The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 12% (FY2019: 80%) and revenue amounted to €1.9 million, a decrease of €7.9 million from the previous year (FY2019: €9.8 million). Gross operating profit amounted to €14,000 compared to €3.0 million in FY2019. The hotel was closed for part of the year under review. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year.

#### 4.10 CORINTHIA PALACE HOTEL & SPA MALTA

##### Introduction

On 10 April 2018, Corinthia Palace Hotel Company Limited (the ultimate parent company) transferred to IHI the 150-room five-star Corinthia Palace Hotel & Spa located in Attard, Malta. The operating results and assets and liabilities of the acquired business are consolidated as of April 2018. **As such, the financial information for Q1 2018 has been included for comparison purposes only.** The carrying amount of the Corinthia Palace Hotel & Spa as at 31 December 2020 was €32.7 million (FY2019: €30.9 million).

##### Market Overview

The market overview relating to the economy in Malta is included in section 4.8 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	FY2018 Actual	FY2019 Actual	FY2020 Actual
Turnover (€'000)	8,166	8,604	3,053
Gross operating profit before incentive fees (€'000)	640	513	(767)
Gross operating profit margin (%)	8	6	(25)
Occupancy level (%)	66	67	16
Average room rate (€)	128	136	114
Revenue per available room (RevPAR) (€)	84	91	18
<b>Benchmark performance</b>			
Occupancy level (%)	71	72	n/a
Average room rate (€)	156	161	n/a
Revenue per available room (RevPAR) (€)	111	116	n/a
<b>Revenue Generating Index</b>	0.76	0.78	n/a

Source: Management information.

In FY2018, the Group initiated an extensive refurbishment program of the hotel's bedrooms 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 declined by €0.4 million to €8.2 million.





Revenue generated in FY2019 amounted to €8.6 million, an increase of €0.4 million over FY2018. In contrast, gross operating profit decreased from €0.6 million in FY2018 to €0.5 million. During the year, management recruited additional resources to support the repositioning of the property in view of the improved ambience at the Hotel and its Spa facilities. However, due to various delays, the additional costs more than offset the increase in revenue. As for benchmark performance, the Hotel's operating results were below the figures achieved by its competitive set.

The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 16% (FY2019: 67%) and revenue amounted to €3.0 million, a decrease of €5.6 million from the previous year (FY2019: €8.6 million). The hotel incurred a gross operating loss in FY2020 of €767,000 compared to a gross operating profit of €513,000 in FY2019. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year.

#### 4.11 RADISSON BLU RESORT & SPA GOLDEN SANDS

##### Introduction

The Radisson Blu Resort & Spa Golden Sands is located on a cliff's edge overlooking Golden Bay beach on the Northern coast of Malta. The 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 units (including 9 Sands Tower Suites) and a private sandy beach. As at 31 December 2020, the Issuer held a 50% shareholding in the Golden Sands Resort and the carrying amount thereof amounted to €19.6 million (2020: €27.4 million). On 26 February 2021, the Group acquired the remaining 50% shareholding in Golden Sands Resort Limited.

The shareholding in the Radisson Blu Resort & Spa comprised the Group's investment in Golden Sands Resort Limited and Azure Group. Together, these companies were engaged in the operation and management of a combined vacation ownership and hotel operation of the Radisson Blu Resort & Spa. In FY2020, the Azure Group ceased the vacation ownership sales operations and placed the said Group into liquidation. Existing timeshare members will continue to enjoy their entitlement until the end of the term in 2045.

##### Market Overview

The market overview relating to the economy in Malta is included in section 4.8 above.

##### Operational Performance

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

<b>RADISSON BLU RESORT &amp; SPA GOLDEN SANDS</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Turnover (€'000)	32,032	25,993	5,647
<i>Timeshare</i>	13,318	8,165	0
<i>Hotel operations</i>	18,714	17,828	5,647
EBITDA (€'000)	2,788	(2,915)	(1,896)
EBITDA margin (%)	9	(11)	(34)
<b><i>IHI's share of EBITDA at 50%</i></b>	<b>1,394</b>	<b>(1,458)</b>	<b>(948)</b>

Source: Management information.

Until FY2017, timeshare units were sold in weeks with the calendar year split into four seasons: Bronze, Silver, Gold and Platinum. In FY2018 and FY2019, timeshare revenue was generated from the sale of timeshare points and resale of repossessed timeshare points to targeted vacation ownership guests. 'Hotel operations' revenue principally comprise the generation of yearly maintenance fees receivable from timeshare owners, allocation charges in terms of an allocation and occupation 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 of the two entities.



As highlighted above, the Azure Group has been placed into liquidation in FY2020 and thereby ceased selling timeshare points.

In FY2018, revenue was higher on a comparable basis to the previous year by 4% and amounted to €32.0 million. During the year, timeshare revenue increased by €1.8 million to €13.3 million, partly offset by a €0.6 million decline in hotel operations revenue. The transition in the way timeshare was sold adversely impacted EBITDA in FY2018, on account of the incidence of higher costs for third party product related offerings. Accordingly, the joint operations reported an EBITDA for FY2018 of €2.8 million, compared to €3.4 million achieved in the prior year.

A significant downturn was reported in timeshare revenue in FY2019, which declined from €13.3 million in FY2018 to €8.2 million (-39%). In addition, revenue from hotel operations decreased by €0.9 million (-5%) from €18.7 million in FY2018 to €17.8 million. In FY2019, the joint operations registered a loss at EBITDA level amounting to €2.9 million.

The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, revenue amounted to €5.6 million, a decrease of €20.4 million from the previous year (FY2019: €26.0 million). Notwithstanding the very substantial reduction in year-on-year revenue, the hotel incurred a loss at EBITDA level limited to €1.9 million compared to a loss of €2.9 million in FY2019. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year.

#### 4.12 RADISSON BLU RESORT ST JULIAN'S

##### Introduction

The Radisson Blu Resort St Julians is a 252-room 5-star hotel located in St George's Bay, St Julians. The carrying amount of the Radisson Blu Resort St Julians as at 31 December 2020 was €35.5 million (2019: €36.6 million).

##### Market Overview

The market overview relating to the economy in Malta is included in section 4.8 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	FY2018 Actual	FY2019 Actual	FY2020 Actual
Turnover (€'000)	13,927	13,397	2,375
Gross operating profit before incentive fees (€'000)	4,727	4,306	(744)
Gross operating profit margin (%)	34	32	(31)
Occupancy level (%)	75	69	13
Average room rate (€)	137	137	99
Revenue per available room (RevPAR) (€)	103	94	13
<b>Benchmark performance</b>			
Occupancy level (%)	72	72	n/a
Average room rate (€)	181	184	n/a
Revenue per available room (RevPAR) (€)	130	132	n/a
<b>Revenue Generating Index</b>	0.79	0.71	n/a

Source: Management information.

Total revenue in FY2018 amounted to €13.7 million (FY2017: €13.8 million) and gross operating profit remained stable at €4.7 million. In FY2019, revenue generated by the Hotel amounted to €13.4 million, a decrease of €0.5 million from the prior year. Gross operating profit was also lower by €0.4 million, from €4.7 million in FY2018 to €4.3 million.



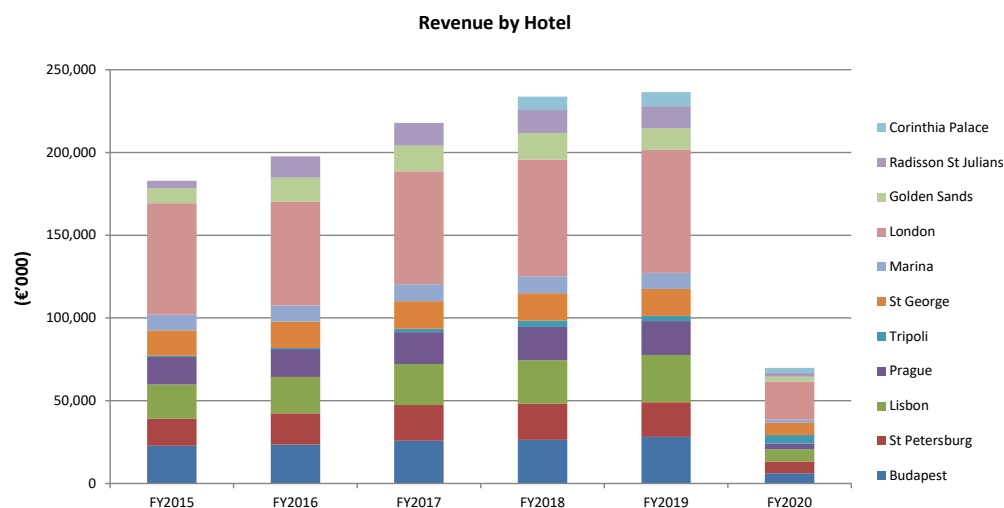
Overall, the Hotel's RevPAR has declined from €103 in FY2018 to €94 in FY2019, while RevPAR of its competitive set increased from €130 in FY2018 to €132. As such, the Hotel's RGI deteriorated from 0.79 in FY2018 to 0.71 in FY2019.

The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services, including the closure of the hotel for a number of months. During the said period, revenue amounted to €2.4 million, a decrease of €11.0 million from the previous year (FY2019: €13.4 million). The hotel incurred a gross operating loss of €744,000 compared to a profit of €4.3 million in FY2019. The recovery anticipated in 2021 is somewhat delayed, but travel demand is gradually improving with leisure bookings leading the way compared to group activity and corporate bookings. Management is hopeful that the positive trends and momentum in business will continue for the remainder of the year.

#### 4.13 IHI'S AGGREGATE HOTEL REVENUE AND OPERATING PROFIT

##### Revenue Geographic Distribution

The chart below depicts revenue generated by each hotel. In the case of Corinthia Hotel London, although the property is 50% owned by IHI, the chart includes 100% of the Hotel's revenue given that 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. For comparison purposes only, 100% of revenue of the Corinthia Hotel London for FY2015 and FY2016 has also been included. As for 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 property.



Source: Management information.

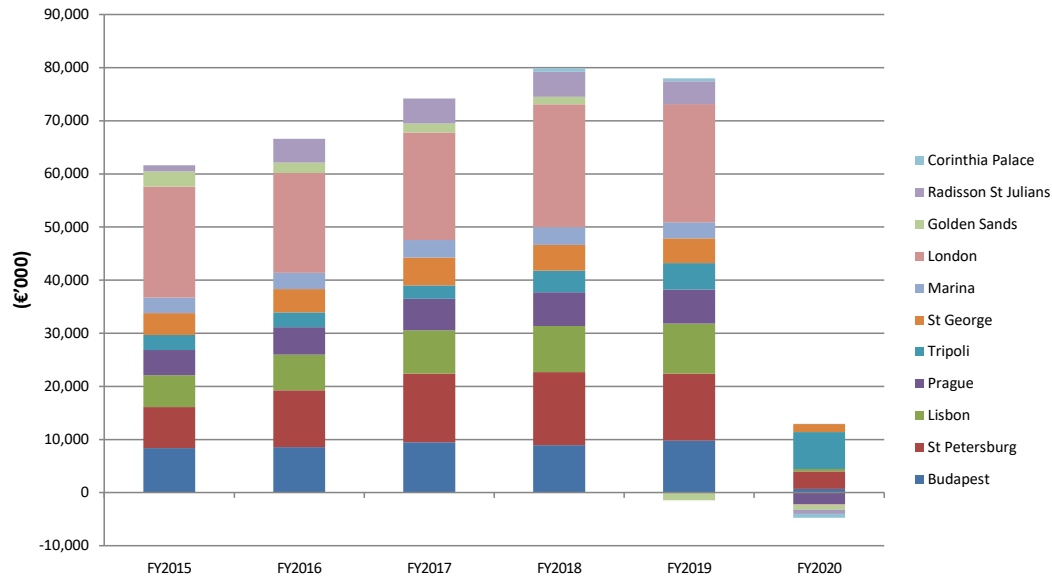
- The above chart shows the adverse impact on the Group's hospitality operations following the Covid-19 outbreak in March 2020. The sharp decline in revenue was felt by each and every hotel property, save for the hotel and commercial property in Tripoli.
- Corinthia Hotel & Residences London generates on average 30% of the Group's hotel revenue, followed by Corinthia Hotel Budapest, Corinthia Hotel St Petersburg and Corinthia Hotel Lisbon with circa 12% each of Group hotel revenue.
- Corinthia Palace Hotel & Spa was acquired in April 2018.

##### Operating Profit Geographic Distribution

The chart below shows operating profit generated by each hotel. In the case of Corinthia Hotel London, although the property is 50% owned by IHI, the chart includes 100% of the Hotel's operating profit given that 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. For comparison purposes only, 100% of operating profit of the Corinthia Hotel London for FY2015 and FY2016 has also been included. As for the Radisson Blu Resort & Spa Golden Sands, the amounts included for each year is 50% of actual results, reflecting the 50% shareholding (directly or indirectly) of IHI in the property.



### Operating Profit by Hotel



Source: Management information.

- In FY2020, total operating profit decreased from €76.5 million in FY2019 to €8.1 million. Corinthia Hotel St Petersburg and Corinthia Hotel Tripoli generated €3.3 million and €6.9 million respectively mainly from rental income derived from their respective commercial properties.

#### 4.14 CORINTHIA HOTELS LIMITED

Corinthia Hotels Limited is a fully owned subsidiary of IHI which manages and operates a number of hotel properties, predominantly owned by IHI and CPHCL, but also including third party hotel properties.

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 the future growth of the Corinthia brand. CHL currently manages or is involved in the development of 13 owned (fully or partly) hotels (11 operational and 2 under development), 2 hotels owned by its parent company CPHCL, and 7 third party properties (2 operational and 5 under development). Management contracts are typically entered into and structured for a 20-year term. Its key commercial terms include management fees based on total turnover, marketing and reservation fees based on rooms' revenue and incentive fees based on gross operating profit achieved. It is an efficient use of capital and resource with minimal capital outlay, if any, required for each new management contract and a cost-effective way to gain in-depth knowledge of various markets.



The portfolio of hotels managed by CHL comprise the following:

**CORINTHIA HOTELS LIMITED  
MANAGED HOTEL PORTFOLIO AS AT 30 JUNE 2021**

<b>Name</b>	<b>Location</b>	<b>% ownership</b>	<b>No. of hotel rooms</b>
<b>Owned and managed properties (operational)</b>			
Corinthia Hotel Budapest	Hungary	100	439
Corinthia Hotel St Petersburg	Russia	100	385
Corinthia Hotel Lisbon	Portugal	100	518
Corinthia Hotel Prague	Czech Republic	100	551
Corinthia Hotel Tripoli	Libya	100	300
Corinthia Hotel St George's Bay	Malta	100	250
Marina Hotel St George's Bay	Malta	100	200
Radisson Blu Resort St Julian's	Malta	100	252
Corinthia Palace Hotel & Spa	Malta	100	146
Radisson Blu Resort & Spa Golden Sands	Malta	100	338
Corinthia Hotel & Residences London	United Kingdom	50	283
<b>Owned &amp; managed properties (under development)</b>			
Corinthia Grand Astoria Hotel Brussels (opening 2023)	Belgium	50	126
Corinthia Hotel & Residences Moscow (opening 2023)	Russia	10	42
<b>Managed properties (operational)</b>			
Aquincum Hotel Budapest	Hungary	–	310
Ramada Plaza	Tunisia	–	309
Panorama Hotel Prague	Czech Republic	–	440
Corinthia Hotel Khartoum	Sudan	–	230
<b>Managed properties (under development)</b>			
Corinthia Hotel Bucharest (opening 2022)	Romania	–	34
Corinthia Hotel & Residences Doha (opening 2022)	Qatar	–	118
Corinthia Hotel Rome (opening 2023)	Italy	–	60
Corinthia Hotel New York (opening 2023)	United States of America	–	97
			<b>5,428</b>

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 Senior VP - Operations, a director of rooms & quality, a director of learning & development, and a director of marketing.

CHL has a 13.1% shareholding in GHA Holdings Limited ("GHA"), a company that owns the Global Hotel Alliance of which CHL has been a member alongside 35 other hotel brands. The ownership of GHA also comprises founding shareholders Kempinski, Omni and Oracle, as well as Pan Pacific and Minor Hotels.



## Operational Performance

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

<b>CORINTHIA HOTELS LIMITED</b>			
<b>Management Fees</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Turnover (€'000)	17,656	16,963	3,205
IHI Properties (owned and associate) (€'000)	14,205	14,425	2,363
Other Properties (€'000)	2,050	2,307	797
Technical Services (€'000)	1,401	231	45

Source: Management information.

Turnover generated by CHL in FY2018 registered year-on-year growth in consequence of higher revenue results achieved by the majority of hotel properties under management. In addition, revenue for the said year was further supplemented by fees for technical services amounting to €1.4 million.

In FY2019, revenue amounted to €17.0 million, a decrease of €0.7 million from a year earlier. During the year, revenue was impacted by lower technical services fees which declined by €1.2 million from €1.4 million in FY2018 to €0.2 million. In contrast, other management fees increased by 3% (y-o-y) to €16.8 million.

Due to the significant decline in hotel services and revenue generation during FY2020, CHI's revenue decreased by 81% from €17.0 million in FY2019 to €3.2 million.

### 4.15 COSTA COFFEE

In May 2012, the Coffee Company Malta Limited ("TCCM") entered into a 10-year franchise agreement with Costa Coffee International Limited for the development of Costa Coffee retail outlets in Malta. As at 31 December 2020, TCCM operated 13 outlets each enjoying a strategic location in areas popular for retail operations (FY2019: 13 outlets).

The impact of the pandemic resulted in the temporary closure of Costa Coffee outlets in Q2 2020 and restricted operations thereafter. The outlets located at Malta International Airport were directly impacted by the significant drop in airport passengers following the imposition of travel restrictions between March and December 2020. In consequence, TCCM reported revenue of €3.2 million in FY2020, a decrease of 64% compared to the prior year (FY2019: €9.0 million).

Until FY2019, the Group operated 12 Costa Coffee outlets in the East Coast of Spain through The Coffee Company Spain S.L. ("TCCS"). These outlets were closed in the early part 2020 and TCCS was placed into voluntary liquidation when all remaining outlets closed shop as well. A substantial part of the intangible assets relating to this operation was written off during 2019.

### 4.16 OTHER ASSETS

During 2019, IHI acquired rights to use the Corinthia brand in all respects. The acquired rights are in addition to the rights previously held by the Group on the acquisition of the Corinthia brand in 2010. The Corinthia brand is recognised in the statement of financial position as an intangible asset amounting to €21.9 million (FY2019: €21.9 million).

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 worldwide. 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<sup>2</sup> of retail space and 10,000m<sup>2</sup> 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<sup>2</sup> 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<sup>2</sup>. 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 €12.2 million as at the end of FY2020 (2019: €12.8 million).

IHI owns 100% of QPM Limited ("QP"), a company which specialises in construction, interior design 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. Since January 2019, QP has included archaeology and land surveying to its list of services, thereby offering a one-stop-shop service for any complex building project. Whilst continuing to provide services to the Corinthia Group, QP is increasing its third-party client base and revenue generation, with the latter representing the most significant part of annual turnover.

Revenue generated by QP in FY2020 amounted to €6.5 million compared to €6.9 million in FY2019 (-6%). It is worth noting that over 80% of revenue was generated from third party owned projects, which are totally unrelated to the Corinthia Group.

## 5. BUSINESS DEVELOPMENT STRATEGY

The onset of the COVID-19 pandemic in Q1 2020 caused the Group to swiftly implement a broad range of health and safety and cost containment measures to ensure the continued viability of the Group.

In brief, the following actions were implemented:

- All health and safety measures were adopted as directed by the relevant authorities in the various jurisdictions in which the Group operates. Internal guidelines on operations and staff welfare have also been circulated and updated regularly during the re-opening phase of the Group's hotels.
- Far-reaching cost cutting and cost containment measures were implemented, including temporarily shutting down hotels from March 2020 whilst retaining ongoing security and maintenance in all properties.
- Capital expenditure has been suspended, other than to finish ongoing works nearing completion.
- Various actions were initiated following a detailed review of every cost items, including renegotiation of rates and payment deferrals.
- Payroll was curtailed by shedding all part-time workers and others on probation and removal of third party labour service providers. Selected redundancy programs were also implemented in some of the Group's operations across Europe. Many of the Group's executives have also taken temporary drastic cuts in their salaries during the 15-month period April 2020 to June 2021.
- The Group benefitted from various schemes adopted by Governments which included salary subsidies, as well as the waiver or deferral of payroll taxes and social security contributions. Countries such as the United Kingdom and Czech Republic went beyond wage subsidies to support the hospitality industry with property tax waivers or outright cash grants.
- The Group has also negotiated with its banks in Malta and internationally to defer payment of capital and, in some cases also interest, apart from the resetting of financial covenants. The Group has also organised separate lines of credit from various banks and even with related parties.

During the second half of 2021, whilst COVID-19 related restrictions have started to ease in Europe, the Group continues to adhere to all health and safety measures as directed by the relevant authorities in the various jurisdictions in which the Group operates. All hotels have re-opened albeit with limited capacity and room rates are gradually increasing to pre-pandemic levels and even higher, particularly in London. Any suspensions relating to capital expenditure are slowly being lifted, whilst all payroll cuts have been removed. IHI is set to maintain a strict focus on containing its cost base going forward. Most government schemes have been scaled down by the time of this Report.



In 2021, revenue is projected to increase on account of all hotels having re-opened and a gradual improvement in the hospitality business generally in those jurisdictions where the Group operates. In markets where there is an internally generated demand through a domestic market, such as Russia and the UK, the Group expects the performance of the Corinthia St Petersburg and Corinthia London to recover faster than the other hotels.

The Group has considered the potential continued impact of COVID-19 on the Group's business in the next few years and has assumed that a gradual recovery to pre COVID-19 level of business could be realised between 2023 and 2025. Notwithstanding this expectation, the anticipated recovery remains highly uncertain as it is dependent on external factors that are clearly not within the control of the Group's management.

A delay in timing of the above-mentioned recovery may result in a situation where the Group may require additional short to medium term funding to meet its working capital and debt service obligations. To this effect, the Group has a long and positive track record in terms of negotiating with banks and other financial institutions to acquire or renegotiate financing facilities. Moreover, the Group has the ongoing support of its principal shareholders, particularly that of its majority shareholder Corinthia Palace Hotel Company Limited.

To further ensure that the Group maintains appropriate liquidity levels, the capital expenditure planned for the coming few years shall be executed in accordance with expectations in the recovery of the hospitality industry. As such, most projects may be completed over a slightly longer period if required without significantly impacting the Group's projected growth.

The Group's total assets as at 30 June 2021 amounted to €1.6 billion, comprising mainly property, plant and equipment and investment property at a carrying amount of €1.4 billion. The potential of identifying property for disposal remains at the Group's discretion under active consideration, should the need arise going forward.

Beyond the COVID-19 crisis, the Group's business strategy is to focus 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 a better quality offering 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.

Due to the sudden drop in demand for accommodation services, Group payroll cost was reduced from €93.4 million in FY2019 to €47.3 million in FY2020. The Group intends to retain as much savings as possible in the years ahead although manning levels will have to be increased to manage growing occupancies. Other areas of cost were equally curtailed. Management is taking this opportunity to reassess the Group's cost structures and implement better controls over operating costs.

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

In addition, whilst the Group continues to target investments in under-performing properties in emerging markets, 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.

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.





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, both 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. CDI is currently project managing the re-development in Rome and Brussels.

The Directors’ strategic direction is to further consolidate the Group’s acquisition of new properties, although the policy is to participate in joint ventures rather than acquire a 100% ownership, so that the Group’s funds available for investment purposes are better utilised to acquiring an interest in more properties with the support of third-party shareholders joining the Group specifically in such individual developments. The ultimate objective is that many more hotels be operated by Corinthia Hotels and will carry the Corinthia flag.

#### **Hotel management contracts**

The Group is intent on growing ancillary business lines such as hotel management. On its formation, CHL’s activities were limited to the management of hotels that were owned by the Corinthia Group. CHL has in the last few years signed hotel management agreements with third party owners to operate hotels in Doha, Bucharest and Rome and more recently, in New York. 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 significantly 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.

#### **Asset divestment**

The Group’s strategic plan also comprises the divestment of assets located in secondary markets and that have achieved their mature stage of development, to maintain appropriate levels of cash flow, to fund future growth opportunities and, or to create value for shareholders.

## **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 2018 to 31 December 2020. The projected financial information for the years ending 31 December 2021 and 31 December 2022 has been provided by management of the Company.

#### **The Group’s operations in Libya**

Note 5 to the 2020 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 2020 were carried at €187.1 million and €5.4 million respectively (2019: €190.1 million and €5.3 million respectively).

#### **Projections**

**The projected financial information relates to events in the future and is based on assumptions which IHI believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations particularly during this uncertain period of the pandemic where new variants are regularly emerging, and the variation between forecast and actual results may be material.**

The Company’s senior management team has compiled Group financial projections for the years ending 31 December 2021 and 31 December 2022, comprising historical financial information up to 30 June 2021 and forecast financial information for the residual period, incorporating the estimated impact of the events referred to above on the projected financial results, cash flows and financial position of the Group.



The projected financial information reflects the estimated impact of the prevailing conditions currently experienced, under a scenario which encompasses a set of prudent assumptions that capture the forecast business conditions until 31 December 2022. These assumptions centre around the expected pace of recovery of business. The projections are based on a fraction of the historical 2019 figures. Hence the Group is projecting that only during 2024 revenue levels will fully revert to pre COVID-19 benchmarks, with prior years only representing a percentage of the 2019 revenue and profitability levels. The projections referred to above contemplate the impact of the cost containment and management measures taken, together with government support in various jurisdictions in respect of operating expenditure until a maximum of 31 December 2021.

The Group has been successful in securing banking facilities with local banks under the Malta Development Bank COVID-19 Guarantee Scheme, with the approved facilities amounting to the maximum amount possible under the Scheme.

During 2020, the Group entered into ad hoc arrangements with most of its principal lending banks to defer capital and in some cases interest payments too, which deferrals are reflected within the projections. These moratorium on interest and capital not only cover 2020 but, in some instances, also extend to the first part of 2021.

The Company also secured a line of credit from its parent company, Corinthia Palace Hotel Company Limited, to ensure funding is available in case of any cashflow shortfalls. This line of credit will be partly utilised during 2021 according to the projections with the possibility of using further this credit line in the early part of 2022, if so required.

The Group will be reviewing other funding arrangements expected to mature throughout 2021. Interest payment obligations and bank capital repayments on all such funding arrangements are included within the projections.

Other than the sale of the penthouse apartment in London in 2021, which proceeds were principally utilised to reduce its bank loan indebtedness on the penthouse itself and the Corinthia London hotel and the Apartment block in Lisbon in 2022, the Group is not relying on asset disposals. Accordingly, the projections do not reflect proceeds from disposal of any significant assets during the explicit period thereof, although disposals are an option.

<b>IHI GROUP INCOME STATEMENT</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
<b>(€'000)</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>
Revenue	256,314	268,286	91,909	116,109	232,186
Direct costs	(141,467)	(145,800)	(62,786)	(70,842)	(120,230)
<b>Gross profit</b>	<b>114,847</b>	<b>122,486</b>	<b>29,123</b>	<b>45,267</b>	<b>111,956</b>
Other operating costs	(47,343)	(52,696)	(32,873)	(30,196)	(57,134)
<b>EBITDA</b>	<b>67,504</b>	<b>69,790</b>	<b>(3,750)</b>	<b>15,071</b>	<b>54,822</b>
Depreciation and amortisation	(33,202)	(36,766)	(35,779)	(30,419)	(31,133)
Adjustments in value of property and intangible assets	3,944	(3,656)	(10,521)	–	2,000
Changes in value of liabilities and indemnification assets	143	4,798	–	–	–
<b>Results from operating activities</b>	<b>38,389</b>	<b>34,166</b>	<b>(50,050)</b>	<b>(15,348)</b>	<b>25,689</b>
Share of (loss) profit: equity accounted investments	(1,364)	(3,951)	(2,448)	(219)	–
Finance income	833	546	702	312	207
Finance costs	(21,484)	(23,765)	(23,554)	(24,751)	(24,329)
Other	(7,902)	6,916	(15,012)	(2,779)	–
<b>Profit (loss) before tax</b>	<b>8,472</b>	<b>13,912</b>	<b>(90,362)</b>	<b>(42,785)</b>	<b>1,567</b>
Taxation	(13)	(8,793)	14,713	8,600	(3,563)
<b>Profit (loss) for the year</b>	<b>8,459</b>	<b>5,119</b>	<b>(75,649)</b>	<b>(34,185)</b>	<b>(1,996)</b>
<b>Other comprehensive income (expense)</b>					
Gross surplus (impairment) – revaluation of hotel properties	35,842	7,000	(10,246)	–	–
Gross share of other comprehensive income of equity accounted investments	–	(4,550)	–	–	–
Other effects and tax	(19,039)	31,331	(38,076)	9,749	–
	<b>16,803</b>	<b>33,781</b>	<b>(48,322)</b>	<b>9,749</b>	<b>–</b>



<b>Total comprehensive income (expense) for the year net of tax</b>	<b>25,262</b>	<b>38,900</b>	<b>(123,971)</b>	<b>(24,436)</b>	<b>(1,996)</b>
<b>Key Accounting Ratios</b>	<b>FY2018 Actual</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Forecast</b>	<b>FY2022 Forecast</b>
Gross profit margin <i>(Gross profit/revenue)</i>	45%	46%	32%	39%	48%
Operating profit margin <i>(EBITDA/revenue)</i>	26%	26%	-4%	13%	24%
Interest cover (times) <i>(EBITDA/net finance cost)</i>	3.14	2.94	-0.16	0.61	2.25
Net profit margin <i>(Profit after tax/revenue)</i>	3%	2%	-82%	-29%	-1%
Earnings per share (€) <i>(Profit after tax/number of shares)</i>	0.01	0.01	-0.12	-0.06	-0.00
Return on equity <i>(Profit after tax/shareholders' equity)</i>	1%	1%	-10%	-5%	0%
Return on capital employed <i>(EBITDA/total assets less current liabilities)</i>	4%	4%	0%	1%	4%
Return on assets <i>(Profit after tax/total assets)</i>	1%	0%	-5%	-2%	0%

Source: Mz Investments Services Ltd

Revenue generated by IHI in **FY2018** amounted to €256.3 million, an increase of €13.9 million (+6%) when compared to the prior year (FY2017: €242.4 million). This y-o-y increase was mostly due to an improvement in revenue across the majority of Group properties and the addition of Corinthia Palace Hotel as from April 2018. In consequence, EBITDA increased by €3.6 million (+6%) from €63.9 million in FY2017 to €67.5 million. After factoring in depreciation and amortisation of €33.2 million, uplift in fair value of investment property of €7.0 million and net impairment of hotel properties & intangible assets of €2.0 million, the Group registered a profit from operating activities of €38.4 million, an increase of €4.2 million (+12%) over the prior year. The uplift in fair value referred to above related to an uplift of €5.5 million in the value of the commercial centre in Tripoli, €2.1 million with respect to the commercial centre in St Petersburg, €0.5 million on a block of apartments in Lisbon against €1.1 million impairment on the London apartment.

Profit before tax amounted to €8.5 million in FY2018, compared to €6.6 million a year earlier (+28%). The movements between results from operating activities and profit before tax primarily include net finance costs of €20.6 million and adverse exchange fluctuations amounting to €8.0 million. The latter amount mainly refers to currency exchange fluctuations recorded by the operation in St Petersburg on its bank debt, which is denominated in euro, whilst the company's reporting currency is rouble.

The Group registered a lower profit for FY2018 than that reported in FY2017, at €8.5 million compared to €11.9 million in the prior year. Taxation in FY2017 included a one-time positive effect of recognising the benefit of tax losses available to the London operation, which was not repeated in FY2018. This recognition arose in consequence of exercising control at IHI level over the London operation. In FY2018, another favourable tax adjustment relating to the transfer of the brand from IHI to CHL was recognised, thereby reducing the overall tax charge by €4.2 million. Overall comprehensive income in FY2018 amounted to €25.3 million (FY2017: €37.0 million).

Revenue generated by the Group in **FY2019** amounted to €268.3 million, an increase of €12.0 million (+5%) from the prior year (FY2018: €256.3 million), mainly on account of increases in turnover from the hotel operations segment. EBITDA increased by €2.3 million (+3%) from €67.5 million in FY2018 to €69.8 million. Following the adoption of IFRS 16, operating lease costs are accounted for below the EBITDA line as depreciation charge of right-of-use assets and interest expense. In FY2018, operating lease costs (accounted for above the EBITDA line) amounted to €4.7 million.

Depreciation and amortisation increased by €3.6 million (y-o-y) to €36.8 million, principally due to a higher charge in depreciation on the hotel properties in London, Lisbon and Prague in consequence of property value uplifts in these hotels in FY2018. Furthermore, an amount of €2.2 million related to shop leases (due to IFRS 16) on the Costa Coffee operations in Malta and Spain.



Adjustments in value of property and intangible assets amounted to a loss of €3.6 million in FY2019 relative to a gain of €3.9 million in FY2018. The movements in this line item for 2019 mainly represent a decrease of €1.2 million in the carrying value of the London Penthouse, a €3.0 million impairment on the brand value of Island Caterers Ltd and an impairment on the property, plant and equipment of Costa Coffee Spain less an increase in the investment property value in St Petersburg of €1.0 million.

'Changes in value of liabilities and indemnification assets' includes the reversal of an overprovision of €4.4 million in the overage payment to the **Crown Estate** on the London Penthouse the year before.

'Other' comprises a €4.7 million gain on exchange rate movements in Pound Sterling and Russian Rouble compared to a loss of €8.0 million in FY2018. Furthermore, an amount of €2.3 million (FY2018: nil) reflects a fair value gain on financial assets.

Tax charge for FY2019 amounted to €8.8 million compared to €13,000 a year earlier. In FY2018, the Group benefitted from a one-time tax gain of €5 million following an increase in the tax base of the Corinthia brand.

Profit for the year decreased by €3.3 million, from €8.5 million in FY2018 to €5.1 million, while total comprehensive income increased from €25.3 million in FY2018 to €38.9 million in FY2019.

The financial performance for **2020** was materially impacted by COVID-19 and the restrictions and limitations it imposed on the Group's businesses and everyday lives. Total revenue for the year under review amounted to €91.9 million, a reduction of €176.4 million from the revenue generated the year before on account of lockdowns and other restrictions imposed in all countries where the Group operates.

Notwithstanding the significant reduction in revenue generation, the loss at EBITDA level for 2020 was limited to €3.8 million (FY2019: positive EBITDA of €69.8 million). The minimal loss at EBITDA level in 2020 was achieved in consequence of proactive cost-cutting decisions taken at Group and operating subsidiary levels, including reducing staff complements at all levels as well as various programmes on salary cuts and deferrals, apart from government subsidies.

Adjustments in value of property and intangible assets amounted to a loss of €10.5 million in FY2020 compared to a loss of €3.7 million in FY2019. The said loss for 2020 represents an impairment on goodwill of €2.4 million, an impairment of €5.2 million in the carrying value of the London apartment and a write off of €2.9 million with regard to the work in progress on the Hotel Astoria.

The Group's share of results of associates and joint ventures amounted to a loss of €2.4 million compared to a loss in FY2019 of €4.0 million. This loss reflects the performance of hotel operations at Golden Sands and four months of timeshare operations. The timeshare sales operation was discontinued in May 2020. In 2020 'other' items amounted to a loss of €15.0 million (FY2019: profit of €6.9 million). This adverse amount mainly represents exchange differences related to the St Petersburg property on account of a weaker Rouble compared to FY2019. Year-on-year the Rouble devalued by 32% against the Euro. Furthermore, currency translation differences of €2.8 million relating to Azure Resorts Group, previously recorded in translation reserves, were released to profit or loss as a result of the loss of joint control over the joint venture.

Changes in fair value during 2020 in respect of the Group's properties amounting to €10.3 million have been recognised with other comprehensive income to reverse previously recognised revaluation reserves. These impairments relate to the Corinthia Hotel Budapest and Corinthia Hotel London. In 2019, a revaluation surplus of €7.0 million in respect of the Group's properties was recognised within other comprehensive income.

On account of a weaker Sterling and Rouble relative to the reporting currency of the Group which is Euro, the Group recorded a combined currency translation loss of €44.1 million in 2020, relative to a profit of €34.5 million registered in 2019.

The Group registered a loss on total comprehensive income of €123.9 million in 2020 against a profit of €38.9 million registered in 2019.

**The estimates for the projected financial year 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. However, in consequence of the annual depreciation charge, the carrying values of hotel properties is reducing on an annual basis.**

Revenue in **FY2021** is projected to increase by €24.2 million (+26%) y-o-y to €116.1 million on account of an expected improvement in hospitality business in the second semester of the year and the consolidation of Golden Sands Resort Limited's results following the acquisition by IHI of the remaining 50% shareholding thereof in February 2021. Management expects Corinthia St Petersburg and Corinthia London to recover faster than the other hotels mainly due to internally generated demand (domestic tourism).



The above-mentioned increase in revenue is expected to reverse a negative EBITDA of €3.8 million registered in FY2020 to a positive balance amounting to €15.1 million. Notwithstanding, after accounting for depreciation & amortisation of €30.4 million, finance costs of €24.8 million and other net expense items amounting to €2.7 million, the Group is projected to report a loss before taxation of €42.8 million compared to €90.4 million in the prior year.

Other comprehensive income is projected to amount to €9.7 million (FY2020: comprehensive expense of €48.3 million) and principally comprises anticipated positive currency translation differences in Pound Sterling and Russian Rouble. As such, total comprehensive expense is estimated to amount to €24.4 million compared to €124.0 million in FY2020.

The ongoing recovery in hospitality activities is expected to continue in **FY2022**. As such, the Group is projecting revenue for the said financial year to amount to €232.2 million, a 100% increase over FY2021 forecasted revenue of €116.1 million. In terms of hotel occupancies, the Group is assuming that most of its properties should achieve at least 55% - 65% in FY2022 compared to approx. 20% - 30% forecasted for FY2021. The increase in revenue is expected to have a positive impact on the Group's EBITDA, which is projected to increase from €15.1 million in FY2021 to €54.8 million. The operating profit margin is also expected to improve to 24% (from 13% in FY2021) as it is assumed that certain cost-cutting measures and efficiencies implemented during FY2020 are maintained going forward.

Depreciation & amortisation and finance costs are expected to remain broadly unchanged at *circa* €31 million and €24 million respectively.

The projections include a €2.0 million profit from the prospective sale of an apartment block in Rua Pinheiro Chagas in Lisbon which is presently being refurbished. Overall, the Group's annual loss is projected to decrease significantly from €34.2 million in FY2021 to €2.0 million.

IHI GROUP BALANCE SHEET (€'000)	31 Dec' 18 Actual	31 Dec' 19 Actual	31 Dec' 20 Actual	31 Dec' 21 Forecast	31 Dec' 22 Forecast
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets (including indemnification)	71,966	72,432	68,035	71,041	69,430
Investment property	203,539	214,174	191,355	158,925	154,979
Property, plant and equipment	1,151,245	1,181,944	1,102,885	1,187,090	1,226,297
Right-of-use assets	–	13,776	11,690	9,561	7,621
Investments accounted for using the equity method	48,189	40,144	31,831	5,590	5,590
Other investments	–	8,401	7,198	9,082	11,418
Other fin. assets at amortised cost and receivables	780	1,801	6,739	2,939	2,939
Deferred tax assets	10,963	9,233	14,214	14,717	14,717
Assets placed under trust management (5.8% Bonds 2021)	3,645	3,698	–	–	–
	1,490,327	1,545,603	1,433,947	1,458,945	1,492,991
<b>Current assets</b>					
Inventories	11,490	12,626	10,647	12,109	14,263
Other fin. assets at amortised cost and receivables	1,683	125	43	43	43
Trade and other receivables	53,029	43,192	35,106	34,258	38,906
Taxation	2,527	3,922	3,324	3,322	3,322
Financial assets at fair value through profit or loss	8,485	8,909	9,250	8,018	–
Cash and cash equivalents	50,190	72,699	46,145	55,861	46,937
Assets placed under trust management (5.8% Bonds 2021)	122	122	5,637	–	–
	127,526	141,595	110,152	113,611	103,471
<b>Total assets</b>	<b>1,617,853</b>	<b>1,687,198</b>	<b>1,544,099</b>	<b>1,572,556</b>	<b>1,596,462</b>



IHI GROUP BALANCE SHEET (€'000)	31 Dec' 18 Actual	31 Dec' 19 Actual	31 Dec' 20 Actual	31 Dec' 21 Forecast	31 Dec' 22 Forecast
<b>EQUITY</b>					
<b>Capital and reserves</b>					
Called up share capital	615,685	615,685	615,685	615,685	615,685
Reserves and other equity components	7,943	31,073	(3,646)	(1,123)	(1,123)
Retained earnings (accumulated losses)	59,746	54,247	(8,803)	(37,404)	(39,174)
Minority interest	194,246	196,142	169,940	171,582	171,356
	<b>877,620</b>	<b>897,147</b>	<b>773,176</b>	<b>748,740</b>	<b>746,744</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Bank borrowings	317,559	324,597	345,920	337,239	316,797
Bonds	202,507	222,584	203,061	282,581	283,037
Lease and other financial liabilities	59	11,202	9,767	7,416	5,720
Other non-current liabilities	102,552	106,885	92,479	93,964	90,449
	<b>622,677</b>	<b>665,268</b>	<b>651,227</b>	<b>721,200</b>	<b>696,003</b>
<b>Current liabilities</b>					
Bank overdrafts	5,899	7,236	9,762	9,843	17,217
Bank borrowings	34,618	38,200	17,465	16,617	48,800
Bonds	–	–	19,938	–	–
Lease and other financial liabilities	4,553	2,795	2,711	2,546	2,283
Other current liabilities	72,486	76,552	69,820	73,610	85,415
	<b>117,556</b>	<b>124,783</b>	<b>119,696</b>	<b>102,616</b>	<b>153,715</b>
	<b>740,233</b>	<b>790,051</b>	<b>770,923</b>	<b>823,816</b>	<b>849,718</b>
<b>Total equity and liabilities</b>	<b>1,617,853</b>	<b>1,687,198</b>	<b>1,544,099</b>	<b>1,572,556</b>	<b>1,596,462</b>
<b>KEY ACCOUNTING RATIO</b>					
	<b>FY2018 Actual</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Forecast</b>	<b>FY2022 Forecast</b>
Gearing ratio <i>(Net debt/net debt and shareholders' equity)</i>	37%	37%	42%	45%	46%
Gearing ratio 2 (times) <i>(Net debt/net debt and shareholders' equity)</i>	0.58	0.59	0.69	0.80	0.84
Net debt to EBITDA (years) <i>(Net debt/EBITDA)</i>	7.57	7.60	-143.17	39.84	11.44
Net assets per share (€) <i>(Net asset value/number of shares)</i>	1.11	1.14	0.98	0.94	0.93
Debt service cover ratio (times) <i>(EBITDA/net finance cost and loan capital repayment)</i>	1.86	1.82	n/a	1.39	1.62
Liquidity ratio (times) <i>(Current assets/current liabilities)</i>	1.08	1.13	0.92	1.11	0.67

Source: MZ Investments Services Ltd

Total assets of the Group as at 31 December 2020 amounted to €1,544 million (FY2019: €1,687 million) and principally include the assets described in section 3 of this report.



Investment property amounting to €191.4 million includes the apartment in London valued at €35.6 million (FY2019: €42.9 million). This apartment was marketed for sale and a promise of sale agreement was signed in March 2021. The sale was completed in August 2021.

In view of the loss incurred in 2020, equity value decreased from €897.1 million in FY2019 to €773.2 million.

Net debt in FY2020 amounted to €544.4 million compared to €516.2 million in FY2019 (an increase of €28.2 million). To support the Group's cash availability, in the early part of the pandemic the Company engaged with its banks across Europe. Bank of China, HSBC, Bank of Valletta, APS, Sberbank and others were forthright in their support by way of capital repayment deferral schemes and the resetting of banking covenants to match current realities. In Czech Republic, the Group also successfully paid off a maturing loan, by replacing an €18.1 million bullet payment with a new loan from a new banking relationship on favourable terms. In Malta, the Group took full advantage of the EU-sponsored state scheme whereby companies could tap into soft loans, which in the case of IHI amounted to €24.5 million.

Total assets in FY2021 are projected to amount to €1,596 million, an increase of €23.9 million from a year earlier. The value of investment property is expected to decrease by €32.4 million following the sale of the London apartment, while investments accounted for using the equity method are expected to decrease by €26.2 million on account of taking full ownership of Golden Sands Resort Limited and a reduction in the value of Medina Tower following the devaluation of the Libyan dinar in early January 2021.

Property, plant & equipment is projected to increase by €84.2 million, principally reflecting the carrying value of the Radisson Blu Resort & Spa Golden Sands (since it is consolidated on a line-by-line basis). Cash and cash equivalents are projected to increase by €4.1 million from €51.8 million in FY2020 (which comprises also assets placed under trust management) to €55.9 million.

Total liabilities are projected to increase by €52.9 million (y-o-y) and mainly represent additional borrowings concluded during the year as well as the inclusion of liabilities of Golden Sands Resort Limited. Further analysis of borrowings shows that the Group expects to increase outstanding bonds (y-o-y) by €59.6 million while borrowings (bank facilities and advances from Group company) are projected to decrease by €9.4 million from €373.1 million to €363.7 million.

Due to the projected increase in borrowings, the gearing ratio of the Group is expected to increase from 42% in FY2020 to 45%. The liquidity ratio is expected to improve marginally to 1.11 times compared to 0.92 times in FY2020.

In **FY2022**, total assets are expected to increase by €23.9 million mainly due to an increase in property, plant & equipment of €39.2 million and principally comprise various refurbishment programmes and the development of Grand Hotel Astoria. Cash balances are projected to decrease from €55.9 million in FY2021 to €46.9 million (lower by €9.0 million).

Year-on-year increase in liabilities is projected at €19.6 million and are expected to amount to €849.7 million (FY2021: €823.8 million). Pursuant to the expected increase in business activities, trade and other payables are projected to increase by €11.8 million in FY2022 from the prior year, while borrowings should increase by €19.6 million to €665.9 million. The gearing ratio of the Group is expected to increase by 1 percentage point in FY2022 to 46%.

<b>IHI GROUP CASH FLOW STATEMENT (€'000)</b>	<b>FY2018 Actual</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Forecast</b>	<b>FY2022 Forecast</b>
Net cash from operating activities	58,980	62,850	(2,965)	8,642	54,679
Net cash from investing activities	(35,152)	(22,442)	(11,709)	(3,006)	(63,419)
Net cash from financing activities	(20,839)	(21,587)	(14,860)	7,085	(7,558)
<b>Net movement in cash and cash equivalents</b>	<b>2,989</b>	<b>18,821</b>	<b>(29,534)</b>	<b>12,721</b>	<b>(16,298)</b>
Cash and cash equivalents at beginning of year	42,652	44,291	65,463	36,383	46,018
Effect of translation of presentation currency	(1,350)	2,351	454	(3,086)	–
<b>Cash and cash equivalent at end of year</b>	<b>44,291</b>	<b>65,463</b>	<b>36,383</b>	<b>46,018</b>	<b>29,720</b>

Net cash flows from operating activities principally relate to the operations of the Group, which are analysed in further detail in Part 2 of this report. During 2020, operating activities across the Group's properties was minimal. As such, net cash used in operating activities amounted to €3.0 million compared to net cash generated in the prior year of €62.9 million. In the forecast years (2021 and 2022), the Group expects to generate €8.6 million and €54.7 million respectively in net cash from operating activities.



Due to the pandemic, the Group curtailed its capital expenditure plans for the year. As such, net cash used in investing activities was reduced by almost 50% in FY2020 and amounted to €11.7 million (FY2019: €22.4 million).

Net cash used in investing activities in FY2021 is expected to amount to €3.0 million and comprises cash receipt from sale of the London apartment of €35.7 million while cash outflows include the acquisition of 50% of the Golden Sands Resort amounting to €13 million and capex of circa €25.7 million. In FY2022, net cash outflows are projected to amount to €63.4 million, of which, circa 75% relates to the development of the Grand Hotel Astoria. The remaining balance represents expected capital expenditure programmes to be executed at various Group's properties (particularly at the Corinthia St George's Bay).

Financing activities principally comprise movement in bank and other borrowings, issuance of debt securities, payment of leases and interest paid. During FY2020, the Group repaid €24.0 million of bank borrowings and made withdrawals of €33.6 million (net proceeds of €9.6 million), compared to net proceeds of €19.6 million in FY2019 from bank borrowings and bond issue. Interest paid during the year amounted to €21.9 million (FY2019: €23.0 million), while nil dividends were paid compared to €12.3 million in FY2019.

Net cash from financing activities in FY2021 is projected to amount to €7.1 million, comprising net cash inflows from borrowings (mainly Group loans, bank facilities and bonds) of €34.4 million less lease liabilities and interest payable amounting to €2.6 million and €24.7 million respectively. In FY2022, net cash outflows are projected to amount to €7.5 million and principally include net cash inflows from borrowings amounting to €19.8 million while outflows of €27.3 million primarily comprise interest payable and to a lesser extent tax and lease payments.

#### Sinking Fund

As at 31 December 2020, the balance held in the reserve account relating to the 5.8% Bonds 2021 amounted to €5.6 million (FY2019: €3.7 million).

#### 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
MT0000101262	40,000,000	4.25% Corinthia Finance plc 2026	EUR

Source: Malta Stock Exchange

CPHCL also 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. In June 2021, MIH (a company principally involved in the operation of the Palm City Residences in Libya) repaid in full the €11.9 million 6% MIH Unsecured Bonds 2021 (MT0000371261). Below is a list of outstanding debt securities as at the date of this report.

Security ISIN	Amount Listed	Security Name	Currency
MT0000371287	40,000,000	5.0% MIH 2022	EUR
MT0000371295	20,000,000	5.5% MIH 2023	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.

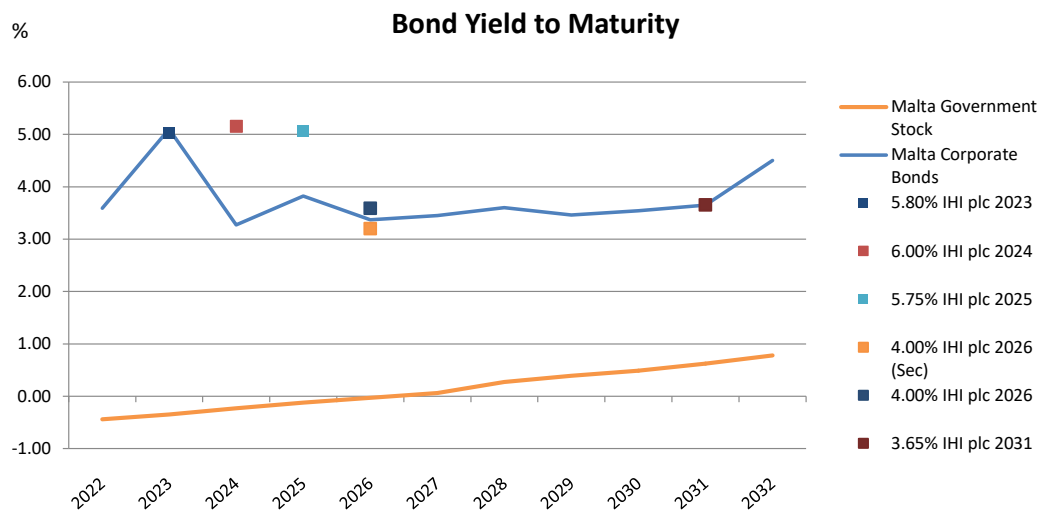
COMPARATIVE ANALYSIS	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
<b>5.80% International Hotel Investments plc 2021</b>	<b>20,000,000</b>	<b>5.55</b>	<b>0.61</b>	<b>1,544,099</b>	<b>773,176</b>	<b>41.87</b>
3.65% GAP plc Secured € 2022	29,218,000	3.69	2.24	103,895	15,134	73.44
6.00% Pendergardens Developments plc Secured € 2022 Series	21,518,400	5.69	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	19,247,300	3.67	2.24	103,895	15,134	73.44
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	5.10	0.67	37,298	6,677	75.91
<b>5.80% International Hotel Investments plc 2023</b>	<b>10,000,000</b>	<b>5.02</b>	<b>0.61</b>	<b>1,544,099</b>	<b>773,176</b>	<b>41.87</b>
6.00% AX Investments Plc € 2024	40,000,000	4.52	0.76	348,657	217,449	25.57
<b>6.00% International Hotel Investments plc € 2024</b>	<b>35,000,000</b>	<b>5.15</b>	<b>0.61</b>	<b>1,544,099</b>	<b>773,176</b>	<b>41.87</b>
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	3.27	3.66	100,350	50,297	48.12
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.67	2.04	122,396	47,319	52.86
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	3.74	3.09	135,492	45,574	27.66
4.25% Best Deal Properties Holding plc Secured € 2024	14,371,600	2.92	–	27,453	4,128	81.72
3.7% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.44	2.24	103,895	15,134	73.44
<b>5.75% International Hotel Investments plc Unsecured € 2025</b>	<b>45,000,000</b>	<b>5.06</b>	<b>0.61</b>	<b>1,544,099</b>	<b>773,176</b>	<b>41.87</b>
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.23	7.33	160,836	54,602	29.84
4.50% Hili Properties plc Unsecured € 2025	37,000,000	3.82	1.46	149,639	62,675	54.94
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	3.37	3.16	43,383	5,522	81.61
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.88	0.51	1,717,057	828,470	42.64
<b>4.00% International Hotel Investments plc Secured € 2026</b>	<b>55,000,000</b>	<b>3.20</b>	<b>0.61</b>	<b>1,544,099</b>	<b>773,176</b>	<b>41.87</b>
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.00	7.39	278,759	53,003	75.22
<b>4.00% International Hotel Investments plc Unsecured € 2026</b>	<b>60,000,000</b>	<b>3.59</b>	<b>0.61</b>	<b>1,544,099</b>	<b>773,176</b>	<b>41.87</b>
3.25% AX Group plc Unsec Bds 2026 Series	15,000,000	3.23	0.76	348,657	217,449	25.57
4.35% SD Finance plc Unsecured 12,000,000	65,000,000	3.84	0.88	328,464	131,504	30.32



COMPARATIVE ANALYSIS (cont.)	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.45	0.50	190,466	108,369	31.32
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.51	2.30	354,069	231,437	26.54
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.60	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.46	2.30	354,069	231,437	26.54
3.80% Hili Finance Comapny plc Unsecured € 2029	80,000,000	3.65	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.19	0.76	348,657	217,449	25.57
<b>3.65% Intentional Hotel Investments plc Unsecured € 2031</b>	<b>80,000,000</b>	<b>3.65</b>	<b>0.61</b>	<b>1,544,099</b>	<b>773,176</b>	<b>41.87</b>

30 Sept 2021

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



30 Sept 2021

Source: Malta Stock Exchange, Central Bank of Malta, MZ Investments Services Ltd

To date, there are no corporate bonds which have a redemption date beyond 2032. 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'.
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.
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**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.



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Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
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. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.

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## SECURITIES NOTE

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### ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

<b>NAME</b>	<b>ADDRESS</b>	<b>TELEPHONE</b>
<b>APS Bank p.l.c.</b>	APS Centre, Tower Street, Birkirkara BKR 4012	2560 3000
<b>Bank of Valletta p.l.c.</b>	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011	2275 1732
<b>Calamatta Cuschieri Investment Services Ltd</b>	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	2568 8688
<b>Curmi &amp; Partners Ltd</b>	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	2134 7331
<b>FINCO Treasury Management Ltd</b>	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	2122 0002
<b>Hogg Capital Investments Ltd</b>	Nu Bis Centre, Mosta Road, Lija LJA 9012	2132 2872
<b>Jesmond Mizzi Financial Advisors Ltd</b>	67 Level 3, South Street, Valletta VLT 1105	2122 4410
<b>Lombard Bank Malta p.l.c.</b>	67, Republic Street, Valletta VLT 1117	2558 1806
<b>Medirect Bank (Malta) plc</b>	The Centre, Tigne` Point, Sliema TPO 0001	2557 4400
<b>Michael Grech Financial Investment Services Ltd</b>	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2551	2258 7000
<b>MZ Investment Services Ltd</b>	61, St Rita Street, Rabat RBT 1523	2145 3739
<b>Rizzo, Farrugia &amp; Co (Stockbrokers) Ltd</b>	Airways House, Fourth Floor, High Street, Sliema SLM 1551	2258 3000

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