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## SUMMARY NOTE

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This document is a Summary Note issued in accordance with the provisions of Listing Rule 6.4.1 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the "Regulation"). Application has been made for the admission to listing and trading of the Bonds on the Malta Stock Exchange. This Summary Note should be read in conjunction with: the Securities Note (including the Supplement annexed thereto) dated the same date as this document (the "Securities Note"); and the Registration Document dated 12 June 2009 (the "Registration Document") which is incorporated by reference pursuant to Article 28 of the Regulation, subject to the amendments set out in the said Supplement to the Securities Note.

Dated 1 March 2010

## SUMMARY NOTE

**In respect of an Issue of €25,000,000 6.25% Bonds 2017–2020**  
of a nominal value of €100 per Bond issued at par by



## INTERNATIONAL HOTEL INVESTMENTS P.L.C.

(a public limited liability company registered under the laws of Malta with registration number C-26136)

ISIN: MT0000111261

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MANAGER & REGISTRAR



LEGAL COUNSEL

CAMILLERI PREZIOSI

SPONSORING STOCKBROKER

**CHARTS**  
WEALTH MANAGEMENT • CORPORATE BROKING



## **1 IMPORTANT INFORMATION**

THIS SUMMARY NOTE CONTAINS INFORMATION ON AN ISSUE BY INTERNATIONAL HOTEL INVESTMENTS PLC (THE “ISSUER”) OF €25,000,000 UNSUBORDINATED BONDS 2017-2020 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 6.25% PER ANNUM, PAYABLE ANNUALLY ON 8 APRIL OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 8 APRIL 2020 UNLESS OTHERWISE PREVIOUSLY REDEEMED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2020, UNLESS IT EXERCISES THE OPTION TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE.

THIS SUMMARY NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY AND THE COMPANIES ACT, 1995 (CAP. 386 OF THE LAWS OF MALTA) (THE “ACT”).

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISERS.

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFER OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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



## SUMMARY NOTE

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

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

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THE PROSPECTUS IN SECTION 5.3 OF THIS SUMMARY NOTE HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTION PROPOSED IN THE PROSPECTUS.

DURING THE ISSUE PERIOD, APPLICATIONS FOR SUBSCRIPTION TO THE BONDS MAY BE MADE THROUGH ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES.

## **2 WARNINGS**

THIS SUMMARY NOTE HAS TO BE READ IN CONJUNCTION WITH THE SECURITIES NOTE DATED 1 MARCH 2010 AND THE REGISTRATION DOCUMENT DATED 12 JUNE 2009 (AS AMENDED, SUPPLEMENTED AND UPDATED BY THE SUPPLEMENT CONTAINED IN THE SECURITIES NOTE), WHICH TOGETHER SHALL BE CONSIDERED TO CONSTITUTE THE PROSPECTUS FOR THE PURPOSE OF THIS BOND ISSUE.

ANY DECISION TO INVEST IN THE BONDS HAS TO BE BASED ON AN EXHAUSTIVE ANALYSIS BY THE INVESTOR OF THE PROSPECTUS AS A WHOLE. THIS SUMMARY NOTE SHOULD BE READ AS MERELY AN INTRODUCTION TO THE PROSPECTUS.

THE DIRECTORS HAVE TABLED THIS SUMMARY NOTE AND APPLIED FOR ITS NOTIFICATION, AND ASSUME RESPONSIBILITY FOR ITS CONTENT BUT ONLY IN SO FAR AS THE SUMMARY NOTE IS SHOWN TO BE MISLEADING, INACCURATE OR INCONSISTENT WHEN READ TOGETHER WITH THE OTHER PARTS OF THE PROSPECTUS.

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



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## SUMMARY NOTE

### 4 DEFINITIONS

Words and expressions and capitalised terms used in this Summary Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document issued by the Issuer on 12 June 2009, as amended, supplemented and updated by the Supplement contained in the Securities Note.

<b>Act</b>	the Companies Act, Cap. 386 of the Laws of Malta;
<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/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or to any of the Authorised Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for Bonds, specimens of which are contained in Annexes 2, 3 and 4 of the Securities Note;
<b>Authorised Financial Intermediaries</b>	the persons referred to in Annex 1 of the Securities Note;
<b>Bond(s)</b>	the €25,000,000 bonds of a face value of €100 per bond redeemable on the Redemption Date or, at the option of the Issuer, on any Early Redemption Dates, bearing interest at the rate of 6.25% per annum and redeemable at their nominal value;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<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>Company, IHI or Issuer</b>	International Hotel Investments p.l.c., a public company registered under the laws of Malta with registration number C-26136;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye- Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063;
<b>Cut-off Date</b>	means close of business of 26 February 2010;
<b>Early Redemption Date/s</b>	any day falling between and including 9 April 2017 and 7 April 2020;
<b>Exchange, Malta Stock Exchange or MSE</b>	the Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, and company registration C-42525;
<b>Existing Bondholder</b>	a holder of Maturing Bonds as at the Cut-off date;
<b>Euro or €</b>	the currency of the European Monetary Union of which Malta forms part;
<b>Interest Payment Date</b>	8 April of each year between and including each of the years 2011 and the year 2020, 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>Issue Period</b>	the period between: <ul style="list-style-type: none"><li>• 8 March 2010 to 23 March 2010 for Preferred Applicants; and</li><li>• 24 March 2010 to 30 March 2010 for the general public (or such earlier date as may be determined by the Issuer in the event of over-subscription);</li></ul> during which time the Bonds are in issue;



## SUMMARY NOTE

<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
<b>Listing Rules</b>	the listing rules of the Listing Authority;
<b>Maturing Bonds</b>	the 5% Convertible Bonds due to mature on 29 May 2010, amounting to €11,596,944 as the date of the Prospectus, issued by the Issuer pursuant to a prospectus dated 27 April 2000;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Preferred Applicants</b>	<p>the following persons, whether natural or legal, who, as at the Cut-off Date, appear on the register (maintained by the CSD):</p> <ul style="list-style-type: none"><li>a) of Existing Bondholders;</li><li>b) of shareholders of the Issuer;</li><li>c) of holders of bonds issued by: the Issuer (other than the Maturing Bonds; Mediterranean Investments Holding p.l.c.; and/or Corinthia Finance p.l.c.</li></ul> <p>For the purposes of this Summary Note, the persons set out in paragraphs (b) and (c) hereof shall be referred to as “<b>Security Holders</b>”;</p>
<b>Prospectus</b>	together, the Registration Document, Securities Note and this Summary Note (each as defined in this Summary Note);
<b>Redemption Date</b>	8 April 2020, or at the Issuer’s sole discretion, any of the Early Redemption Dates;
<b>Redemption Value</b>	At par (€100 per Bond);
<b>Registration Document</b>	the registration document issued by the Issuer dated 12 June 2009, as amended, supplemented and updated by the Supplement contained in the Securities Note;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
<b>Securities Note</b>	the securities note issued by the Issuer dated 1 March 2010;
<b>Sponsor</b>	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
<b>Summary Note</b>	this document in its entirety;
<b>Supplement</b>	the supplement contained in Annex 5 of the Securities Note;
<b>Terms and Conditions</b>	the terms and conditions of the Bond Issue as contained in Section 8 of the Securities Note.



## **5 DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS**

### **5.1 DIRECTORS**

Alfred Pisani	Chairman and Chief Executive Officer
Joseph Fenech	Managing Director
Simon Naudi	Executive Director
Ibrahim Zletni	Non-Executive Director
Binod Narasimhan	Non-Executive Director
Andrew Watson	Non-Executive Director
Hamza Mustafa	Non-Executive Director
Joseph J. Vella	Non-Executive Director
Frank Xerri de Caro	Non-Executive Director

### **5.2 SENIOR MANAGEMENT**

The body of Executive Directors, constituted by Alfred Pisani, Joseph Fenech and Simon Naudi, in their capacity as Chief Executive Officer, Managing Director and Executive Director respectively, are responsible for the Issuer's day-to-day management.

### **5.3 ADVISERS**

Legal Counsel to the Issuer	Camilleri Preziosi Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Sponsoring Stockbroker	Charts Investment Management Service Limited Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta
Manager & Registrar	Bank of Valletta p.l.c. BOV Centre, Cannon Road, St Venera SVR 9030, Malta

### **5.4 AUDITORS**

Name	Grant Thornton
Address	Tower Business Centre, Tower Street, Swatar B'Kara BKR 3013, Malta

The annual statutory audited consolidated financial statements of the Issuer for the financial year ended 31 December 2007 were audited by KPMG of Portico Building, Marina Street, Pieta' PTA 4904, Malta. The annual statutory audited consolidated financial statements of the Issuer for the financial year ended 31 December 2008 were audited by Grant Thornton, the present auditors of the Issuer.

KPMG and Grant Thornton are both firms of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).



## SUMMARY NOTE

### 6 ISSUE STATISTICS AND EXPECTED TIMETABLE

#### 6.1 ISSUE STATISTICS

Amount	€25,000,000;
Form	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the Malta Stock Exchange ('CSD');
Denomination	Euro (€);
ISIN:	MT0000111261;
Minimum amount per subscription	Minimum of €1,000 and multiples of €100 thereafter;
Redemption Date	8 April 2020 unless otherwise redeemed on any of the Early Redemption Dates;
Early Redemption Dates	Any day falling between and including the 9 April 2017 and the 7 April 2020;
Bond Issue Price	At par (€100 per Bond);
Status of the Bonds	The Bonds constitute the general, direct, unconditional, unsubordinated 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 and unsubordinated debt;
Listing	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Issue Period	The period between: <ul style="list-style-type: none"><li>• 8 March 2010 to 23 March 2010 for Preferred Applicants; and</li><li>• 24 March 2010 to 30 March 2010 for the general public (or such earlier date as may be determined by the Issuer in the event of over-subscription);</li></ul> during which time the Bonds are in issue;
Interest	6.25% per annum;
Interest Payment Date(s)	Annually on 8 April as from 8 April 2011;
Redemption Value	At par (€100 per Bond);
Preferred Applicants	The following persons, whether natural or legal, who, as at the Cut-off Date, appear on the register (maintained by the CSD): <ul style="list-style-type: none"><li>a) of Existing Bondholders;</li><li>b) of shareholders of the Issuer;</li><li>c) of holders of bonds issued by: the Issuer (other than Maturing Bonds); Mediterranean Investments Holding p.l.c.; and/or Corinthia Finance p.l.c.;</li></ul>
Preferred Allocation to holders of Maturing Bonds	Existing Bondholders who apply for Bonds and settle by way of transfer of Maturing Bonds at par value will be allocated (in full) Bonds up to the nearest thousand. Bonds applied for by way of transfer as aforesaid shall be allocated prior to any other allocation of Bonds;
Governing Law of Bonds	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.





## **6.2 EXPECTED TIMETABLE**

1. Application Forms mailed to Preferred Applicants .....	8 March 2010
2. Application Forms available to the general public.....	15 March 2010
3. Closing date for applications to be received from Preferred Applicants.....	23 March 2010
4. Opening of subscription lists .....	24 March 2010
5. Closing of subscription lists .....	30 March 2010
6. Issue Period .....	8 March 2010 – 30 March 2010, both days included
7. Commencement of interest on the Bonds.....	8 April 2010
8. Announcement of basis of acceptance .....	10 April 2010
9. Expected dispatch of allotment advices and refunds of unallocated monies.....	15 April 2010

The Issuer reserves the right to close the Bond Issue before 30 March 2010 in the event of over-subscription, in which case, the events in steps 8 and 9 above shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

## **7 REASONS FOR THE ISSUE AND USE OF PROCEEDS**

The net proceeds from the Bonds amounting to €24,575,000 will be used by the Issuer principally for the purpose of redeeming the outstanding amount of the Maturing Bonds, which as at the date of the Prospectus stands at €11,596,944. Out of the remaining net proceeds of the Bond Issue: the outstanding balance on an existing loan facility with Raiffeisen Zentralbank Österreich Aktiengesellschaft amounting to €12,037,084 will be repaid in full; and the net balance will be used for general corporate funding purposes of the Issuer.

Raiffeisen Zentralbank Österreich Aktiengesellschaft is a commercial and investment bank incorporated in Austria having its registered address at Am Stadtpark 9, A-1030 Vienna, Austria, which for the purposes of the said facility is acting as agent and participant with other Austrian lending institutions.

## **8 RISK FACTORS**

### **8.1 GENERAL**

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

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED, CANCELLED OR REDEEMED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2020, SUBJECT TO THE RIGHT OF THE ISSUER TO REDEEM ALL OR PART OF THE BONDS ON EITHER OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE.

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



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

## 8.2 FORWARD-LOOKING STATEMENTS

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

## 8.3 RISK FACTORS - ISSUER

One should carefully consider the following matters, as well as the other information contained in the Prospectus, before making any investment decision with respect to the Issuer. Information contained in the Prospectus contains “forward-looking statements” which are subject to the qualifications discussed below. If any of the risks described were to materialise, they could have a serious effect on the Issuer’s financial results, trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued.

## 8.4 RISKS RELATING TO THE ISSUER’S BUSINESS

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

The Issuer’s prospects should be considered in the light of the risks and the difficulties generally encountered by companies operating in new and rapidly developing markets. However, recent developments have ensured that the Issuer’s business interests cover a wider geographical spread and are less reliant on hotel assets, thus reducing the Issuer’s exposure to country and industry risks.

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

### *Risks relating to the political, economic and social environment of the countries in which the Issuer operates*

Although the Group’s major operations are located in stable economies, the Group also owns certain subsidiaries that have operations situated in emerging markets. Emerging markets present economic and political conditions which differ from those of the more developed markets, thereby possibly resulting in less social, political and economic stability. Businesses in emerging markets may not be operating in a market-oriented economy as is generally associated with developed markets.

The value of the Issuer’s investment may be affected by uncertainties, such as political and diplomatic developments, social and economic instability, changes in government policies, taxation, high inflation, interest rates, exchange controls and other restrictions on the repatriation of capital as well as other developments in the laws or regulations of such countries and in particular the risks of expropriation, nationalisation and/or confiscation of assets.

The underdeveloped legal and judicial systems in some emerging countries, including those in which the Issuer may be investing, may pose difficulties for the Issuer to enforce its legal rights pursuant to the investments made in such countries.



*Currency fluctuations may have a material adverse effect on the Issuer's business, financial condition and results of operations*  
The Issuer's consolidated financial statements, which are presented in Euro, can be impacted by foreign exchange fluctuations through both:

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

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

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

#### *Lack of Liquidity*

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

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

### **8.5 RISKS RELATING TO THE ISSUER'S ACQUISITION STRATEGY**

The Issuer's business consists of the acquisition, development and running of real estate projects having a hotel as their main component. Property acquisition and development projects are subject to a number of specific risks, including, the inability to source adequate opportunities, cost overruns, insufficiency of resources to complete the projects, rental of commercial areas not being effected at the prices and within the times envisaged, higher interest costs, and curtailment of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

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

### **8.6 RISKS EMANATING FROM THE ISSUER'S FINANCING STRATEGY**

*The Issuer's indebtedness could adversely affect its financial position*

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



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

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

*The Issuer may be unable to effectively hedge against interest rates*

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

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

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

*The Group's insurance policies*

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in 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 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.

## 8.7 RISKS RELATING TO THE BONDS

- Prior to the Bond Issue, there has been no public market nor trading record 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 Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell the Bonds at or above the Bond Issue Price or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.



## SUMMARY NOTE

- The Bonds constitute the general, direct, unconditional, unsubordinated 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 and unsubordinated debt.

In essence, the above means that for as long as the Issuer has secured, privileged or other higher-ranking creditors (as is the case as at the date of the Prospectus), in the event of insolvency of the Issuer the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer.

Furthermore, subject to the negative pledge clause (Section 6.7 of the Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for as long as such security interests remain in effect.

- The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of Section 6.9 of the Securities Note), together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond, it shall call a meeting of Bondholders in accordance with the provisions of Section 6.13 of the Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- The Terms and Conditions of Issue are based on Maltese law in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.

## 9 INFORMATION ABOUT THE ISSUER

### 9.1 HISTORY AND DEVELOPMENT OF THE ISSUER

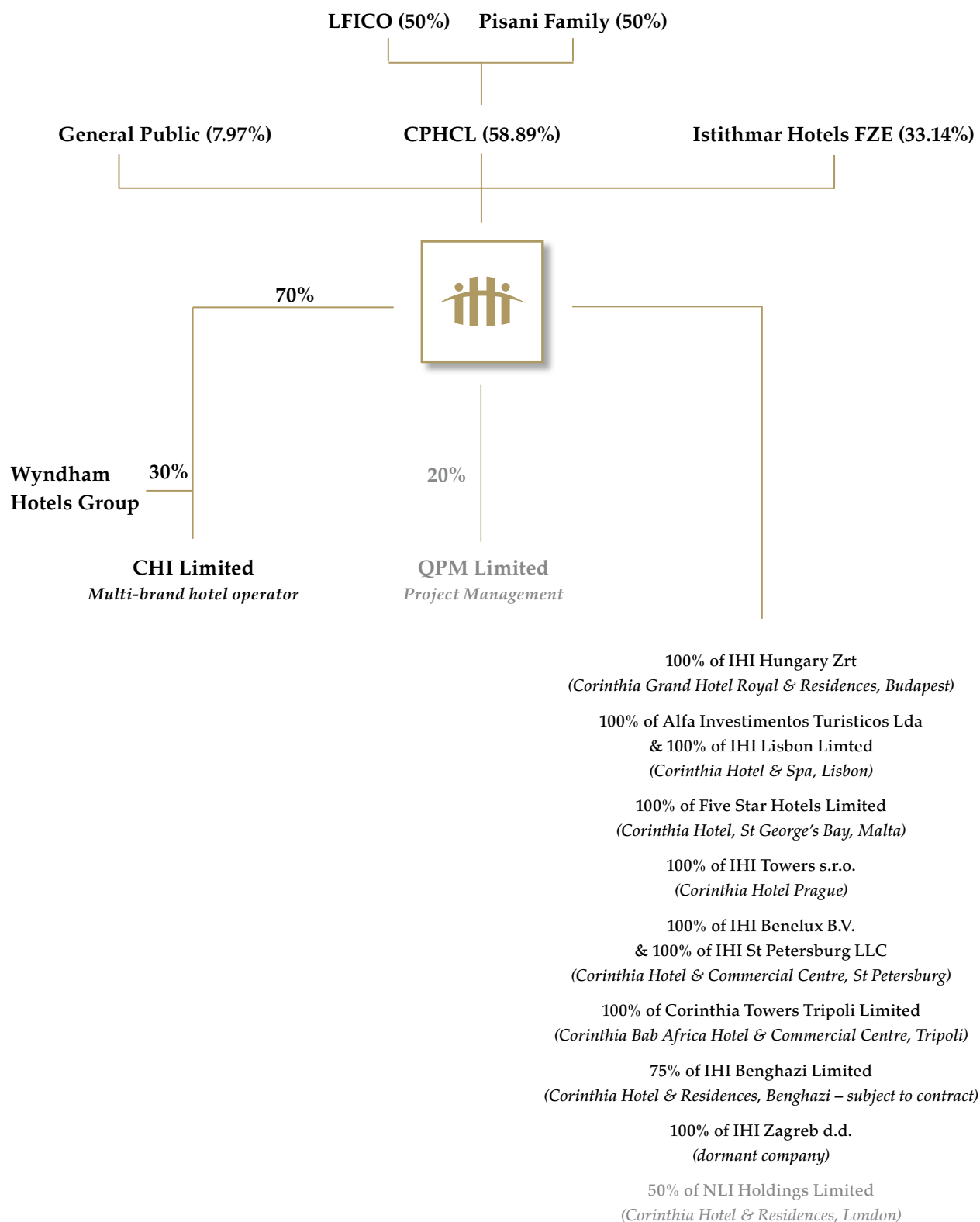
Full Legal and Commercial Name of Issuer	International Hotel Investments p.l.c.
Registered Address	22, Europa Centre, Floriana FRN 1400, Malta
Place of Registration and Domicile	Malta
Registration Number	C-26136
Date of Registration	29 March 2000
Legal Form	The Issuer is lawfully existing and registered as a public limited company in terms of the Act.
Telephone Number	+356 2123 3141
Fax	+356 2123 4219
Email	ihi@corinthia.com
Website	www.ihiplc.com

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



## SUMMARY NOTE

Further to the milestones in the Issuer's development described in the following section, the Group's organisational structure may be depicted as follows:



- **Subsidiary Companies**
- **Associate Companies**



## SUMMARY NOTE

### 9.2 INVESTMENT OBJECTIVE

The principal objective of the Issuer is to achieve above average long-term returns for its shareholders, principally through its long-term growth via investment in a balanced portfolio of mixed use developments having hotel properties as their main component, and hotel operations in a balanced mix between mature and emerging markets.

The following is a summarised list of milestones in the development of the Issuer's investment objective:

2000	The acquisition of the 250-bedroom Corinthia Hotel situated in St George's Bay, Malta, and the derelict shell of the Grand Hotel Royal in Budapest.
2001	The acquisition of the 430-bedroom Alfa Hotel in Lisbon.
2002	The acquisition of the 285-bedroom Corinthia Hotel St Petersburg together with adjoining buildings for development.
2003	The closure of the Alfa Hotel, Lisbon for refurbishment and extension.
2004	The inauguration of the Corinthia Grand Hotel Royal, Budapest.
2005	The official opening of the enlarged and refurbished 518-room Corinthia Hotel, Lisbon.
2006	The inauguration of the 26 penthouse apartments situated at the Corinthia Grand Hotel Royal in Budapest.
2006	The raising of the Issuer's interest in CHI Limited to 70%. CHI Limited is the Group's hotel management arm which, following the investment by Wyndham Hotel Group International through an acquisition of 30% of its shareholding, now acts as the exclusive licensed hotel management company for the Corinthia®, Wyndham® and Ramada Plaza® brands in Europe, the Middle East, the Russian Federation and Africa.
2006	The subscription by Istithmar to 178 million shares of €1 per share in the Issuer, payment of which was made following completion of the acquisition of the Corinthia Hotel, Prague and the Corinthia Bab Africa Hotel & Commercial Centre, Tripoli referred to below.
2007	The acquisition of the 544-bedroom Corinthia Hotel, Prague and the 299-bedroom Corinthia Bab Africa Hotel & Commercial Centre, Tripoli.
2008	IHI & LFICO entered into a preliminary agreement to jointly develop a mixed-use project including a 250-room luxury hotel in Benghazi, Libya.
2009	The extension of the Corinthia Hotel St Petersburg by a further 105 bedrooms, together with a retail mall and office complex.
2009	The acquisition by IHI and its consortium partners of the landmark Metropole Building and 10, Whitehall Place in London from the Crown Estate and initiated plans to develop a 296-bedroom luxury hotel and 12 residential apartments.

### 9.3 BUSINESS DEVELOPMENT STRATEGY

The strategic alliances struck with Istithmar and Wyndham® in 2006-2007, together with the subsequent acquisitions and the resultant increased equity has led the Board to re-assess its future investment strategy for the Group.

Whilst the Issuer continues to target investments in under-performing properties in emerging markets, it now has the opportunity to further diversify the geographical and business segment spread of its investments. This diversification is intended to improve the Group's profitability, cash generation capabilities and return on investment.



## SUMMARY NOTE

Another major change of the Issuer resulted from the willingness and ability of its principal shareholders to invest, alongside the Issuer, in acquisitions and development that the Issuer would otherwise not have been able to acquire.

In the context of the re-defined strategy, the Issuer has continued with the refurbishment and extension of the Corinthia Hotel St Petersburg and adjoining buildings into a mixed use development. This development features an extension consisting of 105 executive rooms to the existing top-end luxury hotel and enlarged conference facilities, a 11,000 sq.m. high-street commercial centre including, a high end retail mall and office space for rental which were all completed and fully operational in May 2009. Works are still underway with respect to a 185 space car park and a further 1,500 sq.m. area of office space for rental at the back of the building.

It has also embarked on the following two new projects:

- Entered into a joint venture company, in which the Company and LFICO each hold a 50% equity participation<sup>1</sup>, which acquired the Metropole Building and adjoining Whitehall Place situated on Northumberland Avenue in London. These two properties will be developed into a 296 room 5 Star Hotel and Spa and 12 luxury residences. On completion, CHI will be entrusted with the management of the hotel operation under the Corinthia® Brand; and
- Entered into a joint venture company, with a 75% equity participation, together with LFICO for the purpose of acquiring the derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya and its eventual development into a mixed use project containing a 250 room 5-Star Hotel, 30 luxury apartments, 700 sq.m. of retail space and 3,700 sq.m. of office space. On completion, CHI will be entrusted with the management of the hotel operation under the Corinthia® Brand.

The Issuer plans to sell the residential components within these two developments in order to realize part of the capital appreciation at an early stage and, in so doing, improve the overall return on investment.

## 10 TREND INFORMATION AND FINANCIAL PERFORMANCE

### 10.1 TREND INFORMATION

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

According to the World Tourism Organisation (UNWTO), following the events leading to the general economic downturn in Q3 and Q4 2008, international tourist arrivals declined worldwide by an estimated 4% in 2009. However, according to the same source the industry experienced a growth in the last quarter of 2009, thus contributing to a full year which ultimately exceeded expectations when considering the outlook at the outset of 2009.

Regions in which the Group operates have had mixed fortunes during 2009. Despite the overall global downward trend, North Africa reported an increase in 2009 in international visitation of 5.0% over 2008. On the other hand, Central Europe recorded a decrease of 8.0%, the Mediterranean region a decrease of 5.0% whereas Western Europe recorded a drop in annual visitation of 4.0%. Given the recent upturn in both international tourism figures and the overall economic indicators, UNWTO forecasts a growth in international tourist arrivals of between 3% and 4% in 2010.<sup>2</sup>

<sup>1</sup> Originally the Company had a 37.04% shareholding in this joint venture company, with the remaining shares held by LFICO and Istithmar. In October 2009 Istithmar sold its shares in the joint venture company to LFICO and the Company, which have since then been 50% shareholders.

<sup>2</sup> UNWTO World Tourism Barometer January 2010.

The information extracted from the UNWTO (United Nations World Tourism Organization) World Tourism Barometer January 2010 has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the UNWTO, no facts have been omitted which would render the reproduced information inaccurate or misleading.





## SUMMARY NOTE

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

- Ambitious target setting and a results-driven approach to business that have produced year-on-year improvements in performances for the last five successive years;
- Diverse geographical and business spread of investments. Whereas the issuer remains primarily a hotel owning company, it has through the years managed to put its competences in hotel management and real estate development to profitable use; and
- Prudent equity and loan policies resulting in a balance sheet funded with relatively low and sustainable levels of debt.

These three policies are better described in detail in Section 5.1 of the Registration Document.

The Issuer remains committed to the principle of a second listing on a major global exchange, as had been announced and agreed some time back.

### 10.2 KEY FINANCIAL REVIEW

The most recent audited financial information about the Issuer is included in the audited financial statements for each of the financial years ended 31 December 2007 and 2008. The said statements have been published and are available on the Issuer's web site ([www.ihiplc.com](http://www.ihiplc.com)) and at its registered office. Set out below are highlights taken from the consolidated financial statements of the Issuer for the years ended 31 December 2007 and 2008.

#### Condensed Income Statement

For the year ended 31 December	2008 €'000	2007 €'000
Turnover	127,966	104,182
Direct costs	(78,782)	(65,710)
<b>Gross profit</b>	<b>49,184</b>	<b>38,472</b>
Other operating costs	(28,565)	(22,340)
Net reversal of impairment losses on hotel properties	3,543	–
Revaluation to fair value of investment properties	26,253	7,723
Impairment of goodwill	(15,114)	–
<b>Results from operating activities</b>	<b>35,301</b>	<b>23,855</b>
Finance income	5,512	3,860
Finance costs	(15,854)	(13,720)
Net fair value (loss) gain on interest rate swaps	(3,294)	64
Share of profit (loss) of equity accounted investments	622	(34)
<b>Profit before tax</b>	<b>22,287</b>	<b>14,025</b>
Tax expense	(8,284)	(4,016)
<b>Profit for the year</b>	<b>14,003</b>	<b>10,009</b>
Attributable to:		
Equity holders of the Issuer	13,602	9,594
Minority interest	401	415
<b>Profit for the year</b>	<b>14,003</b>	<b>10,009</b>
<b>Earnings per share</b>	<b>0.03</b>	<b>0.03</b>



## SUMMARY NOTE

### Condensed Balance Sheet

At 31 December	2008 €'000	2007 €'000
<b>ASSETS</b>		
Non-current	922,487	802,332
Current	100,147	190,998
<b>Total assets</b>	<b>1,022,634</b>	<b>993,330</b>
<b>EQUITY</b>		
<b>Total equity</b>	<b>624,093</b>	<b>585,559</b>
<b>LIABILITIES</b>		
Non-current	336,644	339,335
Current	61,897	68,436
<b>Total liabilities</b>	<b>398,541</b>	<b>407,771</b>
<b>Total equity and liabilities</b>	<b>1,022,634</b>	<b>993,330</b>
<b>Net asset value per share</b>	<b>1.12</b>	<b>1.08</b>

### Condensed Statement of Cash Flows

For the year ended 31 December	2008 €'000	2007 €'000
Net cash from operating activities	44,214	29,321
Net cash used in investing activities	(93,541)	(37,878)
Net cash (used in) from financing activities	(46,489)	155,216
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(95,816)</b>	<b>146,659</b>
Cash and cash equivalents at 1 January	165,713	19,054
<b>Cash and cash equivalents at end of year</b>	<b>69,897</b>	<b>165,713</b>

Group revenues increased by 22.8% to €127.97 million in 2008, from €104.18 million in 2007. Gross operating profit also increased significantly by 27.8% to €49.18 million in 2008 compared to €38.47 million in 2007.

For the first time in the history of the Issuer, total asset value exceeded €1 billion in 2008, out of which more than 60% is represented by equity and shareholders' funds. The Issuer considers this to be a very healthy position, particularly in the current market conditions. The Group follows a prudent equity-to-debt ratio policy and is therefore well poised to face the current challenges brought about by the financial crisis.

In 2008, shareholders' funds increased by €38.53 million. This increase represents the profit after tax registered for the year of €14 million and a net revaluation uplift on the Group's properties of €24.53 million. Net asset value per share increased from €1.08 as at December 2007 to €1.12 as at December 2008.

The positive trend in cash flow generation gathered further momentum during the course of 2008. In total, cash generated from operations increased from €29.32 million in 2007 to €44.21 million in 2008, equivalent to a year-on-year increase of 50.78%. This strong cash flow generation coupled with the cash available through the equity increase of 2007, enabled the Group to reduce its loan balances by €16.52 million and to internally fund capital expenditure and investments to the tune of €93.54 million during the course of 2008.

A more detailed narrative of the above extracts is set out in Section 5.2 of the Registration Document.



## SUMMARY NOTE

### 10.3 UPDATES TO THE KEY FINANCIAL REVIEW

The following information is extracted from the Group's unaudited interim consolidated management accounts for the nine month period ended 30 September 2009.

#### Condensed Income Statement for the period ended 30 September

	Unaudited 2009 €'000	Unaudited 2008 €'000
Turnover	76,565	96,884
Direct costs	52,489	64,842
<b>EBITDA</b>	<b>24,076</b>	<b>32,042</b>
Finance income	932	4,306
Finance costs	(9,683)	(11,953)
Net fair value (loss) gain on interest rate swaps	(1,401)	15
Share of profit of equity accounted investments	147	188
<b>EBTDA</b>	<b>14,071</b>	<b>24,598</b>
Depreciation & amortisation	(18,328)	(16,641)
Difference on exchange	438	(799)
<b>Profit before tax</b>	<b>(3,819)</b>	<b>7,158</b>
Tax expense	(2,122)	(2,403)
<b>Profit for the period after tax</b>	<b>(5,941)</b>	<b>4,755</b>
Attributable to:		
Equity holders of the Issuer	(6,112)	5,059
Minority interest	171	(304)
<b>(Loss) Profit for the period</b>	<b>(5,941)</b>	<b>4,755</b>

#### Condensed Balance Sheet

	Unaudited at 30 Sep 2009 €'000	Audited at 31 Dec 2008 €'000
<b>ASSETS</b>		
Non-current	942,105	922,487
Current	102,140	100,147
<b>Total assets</b>	<b>1,044,245</b>	<b>1,022,634</b>
<b>EQUITY</b>		
<b>Total equity</b>	<b>618,157</b>	<b>624,093</b>
<b>LIABILITIES</b>		
Non-current	347,680	336,644
Current	78,408	61,897
<b>Total liabilities</b>	<b>426,088</b>	<b>398,541</b>
<b>Total equity and liabilities</b>	<b>1,044,245</b>	<b>1,022,634</b>



## SUMMARY NOTE

### Condensed Statement of Cash Flows for the period ended 30 September

	Unaudited 2009 €'000	Unaudited 2008 €'000
Net cash from operating activities	20,303	33,690
Net cash used in investing activities	(46,013)	(43,346)
Net cash from (used in) financing activities	20,493	(38,195)
<b>Net decrease in cash and cash equivalents</b>	<b>(5,217)</b>	<b>(47,851)</b>
Cash and cash equivalents at 1 January	69,897	165,713
<b>Cash and cash equivalents at end of period</b>	<b>64,680</b>	<b>117,862</b>

During the nine month period between 1 January to 30 September 2009, the Group's turnover amounted to €76.6 million representing a decrease of 21% on the turnover levels registered during the same period in 2008. EBITDA for the same period amounted to €24.1 million compared to €32.0 million in 2008. However, in view of the geographical spread of its hotels, the Group still managed to limit the impact of the recessionary effects from its feeder markets. The Group also retained a healthy EBITDA conversion on turnover, that is 31.4% this year against 33.1% achieved in the corresponding period last year, reflecting the improved cost efficiency and rationalisation measures introduced by the Group in 2009.

Finance income decreased from €4.3 million in 2008 to €0.9 million in 2009 due to the reduction in interest rates on the international markets and the fact that during 2009 part of the Group's surplus cash was invested in capital expenditure. On the other hand, finance costs decreased from €12.0 million in 2008 to €9.7 million in 2009. These costs were positively affected by the reduction in interest rates. However, the reduction in the Euro base rate triggered a fair value loss on the two interest rate swap arrangements that the Group has currently in place. It is the intention of the Group to hold on to these instruments and as a result this negative fair value adjustment will reverse upon maturity.

The loss for the nine month period before tax amounted to €3.8 million (Jan – Sep 2008: profit of €7.2 million). Although the Group reported this consolidated loss, a tax expense is still being recognised as a result of the taxable profits generated by the Corinthia Hotel Tripoli.

In its financial statements for the full year 2008, the Group had registered a significant increase in the carrying amount of its property, plant and equipment, both on account of the continued development activities carried out during the year, as well as through uplifts in value as recommended by independent professional valuing firms. This had resulted in a substantial positive effect on the income statement for the year through the revaluation to fair value of investment properties amounting to €26.3 million, a net positive effect of €3.5 million resulting from a reversal of impairments in value of hotel properties recognised in previous years amounting to €12.8 million and impairment losses of €9.3 million. In 2008, the Group had also recognised an impairment of goodwill amounting to €15.1 million. The net effect of all these uplifts and impairments was a gain of €14.7 million. It is expected that in view of the global recession, the value of some of the Group's properties as at the end of December 2009 will be negatively affected. This negative effect is expected to be somewhat mitigated by the geographical diversification of the Group's properties.

The increase in cash used in investment activities, amounting to €46.0 million, was principally the result of the Group's substantial investment in the Corinthia Hotel London and in the Corinthia Hotel St Petersburg. This investment was financed through €20.3 million of cash generated from operations, €20.5 million from the Group's financing activities and by €5.2 million from cash balances brought forward from December 2008.

Since December 2008 the Group raised an additional €44.3 million from bond issues and bank borrowings. Debt service repayments amounted to €13.2 million in principal and €10.6 million in interest. The Group therefore generated a net amount of €20.5 million from its financing activities. As a result of these developments, the IHI Group's gearing ratio increased marginally from 28.5% in December 2008 to 31.2% in September 2009.

During 2009, the Group continued to follow its strategy of improving its operational results, diversifying its business, ensuring healthy interest covers and retaining prudent loan to equity ratios.

There were no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the Group's unaudited interim consolidated management accounts relate.



## **11 DIRECTORS AND MANAGEMENT STRUCTURE**

The Issuer is managed by a Board consisting of nine Directors entrusted with its overall direction and management, including the establishment of strategies for future development. Its responsibilities include the oversight of the Issuer's internal control procedures and financial performance, and the review of Issuer's business risks, thus ensuring such risks are adequately identified, evaluated, managed and minimised.

The Board consists of three executive Directors and six non-executive Directors. The Executive Directors, constituted by the CEO (Mr Alfred Pisani), Managing Director (Mr Joseph Fenech) and Executive Director (Mr Simon Naudi), 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. 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 Executive Directors in fulfilling their role as officers of the Issuer.

In aggregate, the Group employs 2,153 employees in six different jurisdictions.

### **11.1 BOARD COMMITTEES**

The Board of Directors has established the following Committees:

#### **Monitoring Committee**

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

Currently the members of the Monitoring Committee are: Mr Joseph M Pisani, an Executive Director on the board of CPHCL, who acts as Chairman; Ms Valerie Vella, an accountant by profession; and Mr Joe Caruana, a former General Manager of Mid Med Bank who is independent of the Group.

#### **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 Committee is made up of a majority of Non-executive Directors who are appointed for a period of three years. Mr Frank Xerri de Caro, a Non-executive Director, acts as Chairman, whilst Mr Joseph Fenech (the Managing Director) and Dr Joseph J. Vella act as members. The Issuer's Secretary, Mr Alfred Fabri acts as Secretary to the Committee. In compliance with the Listing Rules, Mr Frank Xerri de Caro is considered by the Board to be competent in accounting and/or auditing matters.

### **11.2 AGGREGATE EMOLUMENTS OF DIRECTORS**

For the financial year ended 31 December 2008 the Group paid an aggregate of €598,000 to its Directors (2007: €367,000). 2008 figures cover a full year whereas 2007 figures only relate to a seven month period, that is, the period following the termination of the agreement referred to in Section 7.5 of the Registration Document.

## **12 HOLDINGS IN EXCESS OF 5% OF SHARE CAPITAL**

On the basis of information available to the Issuer as at the date of this document, Corinthia Palace Hotel Limited and Istithmar Hotels FZE hold 325,777,026 and 183,340,000 shares respectively, equivalent to 58.89% and 33.14% of the Issuer's total issued share capital. As far as the Issuer is aware, no other persons hold a shareholding, direct or indirect, in excess of 5% of its total issued share capital.

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



## 13 FINANCIAL INFORMATION

### 13.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information for the two financial years ended 31 December 2007 as audited by KPMG and 31 December 2008 as audited by Grant Thornton are set out in the financial statements of the Issuer. Such audited financial statements are available on the Issuer's web site [www.ihplc.com](http://www.ihplc.com).

### 13.2 SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION

There has been no significant change in the financial or trading position of the Issuer or the Group since the date of the financial period to which the last unaudited consolidated interim financial statements relate.

## 14 DETAILS OF THE ISSUE

### 14.1 PLAN OF DISTRIBUTION AND ALLOTMENT

During the Issue Period, Applications for subscription to the Bonds may be made through the Sponsor or any of the Authorised Financial Intermediaries. The Bonds are open for subscription to all categories of investors.

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

### 14.2 PLACING ARRANGEMENTS AND PUBLIC OFFER

The Bonds shall be available for subscription by Preferred Applicants in two tranches:

- a) By Existing Bondholders through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of Section 14.2.1 of this Summary Note;
- b) By the Security Holders (any of the shareholders of the Issuer, and the holders of bonds issued by any of: the Issuer (other than Maturing Bonds); Mediterranean Investments Holding p.l.c.; and/or Corinthia Finance p.l.c.) through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of Section 14.2.2 of this Summary Note.

#### 14.2.1 Existing Bondholders

The Issuer has reserved €11,800,000 (47.2%) of the amount of Bonds being issued for subscription by Existing Bondholders (the "**Existing Bondholders' Portion**"). Such Applicants shall receive a pre-printed Application Form ("**Application Form (A)**") by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with clear funds (if applicable) between 8 March 2010 and 23 March 2010, both days inclusive (the "**Preferred Applicants' Period**").

The Issuer shall, with a preferred allocation over all other Applicants up to the level of the Existing Bondholders' Portion, allocate the Bonds to those Existing Bondholders indicating their agreement, by virtue of the submission of the duly completed Application Form (A), to settle the consideration for the Bonds by surrendering in the Issuer's favour Maturing Bonds of an equivalent value in Euro. Existing Bondholders shall be required to apply for the value of their holding of Maturing Bonds, rounded up to the nearest thousand (the difference hereinafter referred to as the "**Cash Top-Up**"), subject to a minimum application of €1,000. The aggregate amount required for the purpose of satisfying such Cash Top-Up requirement shall form part of the amount of €11,800,000 reserved for subscription by the Existing Bondholders as aforesaid.

Such transfer of Maturing Bonds shall be without prejudice to the rights of the Existing Bondholders to receive interest on the Maturing Bonds up to and including 7 April 2010.



## SUMMARY NOTE

By submitting the signed Application Form (A), Existing Bondholders shall be deemed to confirm that:

- (a) their holding of the Maturing Bonds indicated in the said Application Form (A) is being surrendered in favour of the Issuer; and
- (b) the Application Form (A) constitutes the Existing Bondholder's irrevocable mandate to the Issuer to:
  - i. surrender the said Maturing Bonds in the Issuer's favour and to pay the Cash Top-Up, if any, 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 carry out all procedures necessary with the MSE for the surrender of the said Maturing Bonds and to fully and effectively vest title in the appropriate number of Bonds in the Existing Bondholder.

Existing Bondholders wishing to surrender their Maturing Bonds in exchange for Bonds shall only be entitled to do so by not later than 23 March 2010.

In the event that an Existing Bondholder intends to apply for more Bonds than the value of Maturing Bonds held by him/her as at the Cut-Off Date (as such value may be topped up to the nearest thousand by way of payment of the Cash Top-Up), such Existing Bondholder shall, by not later than 23 March 2010, be required to indicate such amount on the Application Form (A) and submit same accompanied by payment in clear funds.

### 14.2.2 Security Holders

The Issuer has reserved €8,200,000 (32.8%) of the amount of Bonds being issued for subscription by Security Holders (the "**Security Holders' Portion**"). Such Security Holders shall receive a pre-printed application form ("**Application Form (B)**") by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with clear funds between 8 March 2010 and 23 March 2010, both days inclusive (the "**Preferred Applicants' Period**").

Each application submitted by a Security Holder shall be accompanied by the subscription proceeds in clear funds, corresponding to the Bond Issue Price, on the day of submission of the relevant application.

The minimum subscription amount for each pre-printed Application lodged with Authorised Financial Intermediaries during the Preferred Applicants' Period shall be €1,000.

### 14.2.3 Treatment of Existing Bondholders' Portion and Security Holders' Portion

The Existing Bondholders' Portion and the Security Holders' Portion shall be subject to the following limits:

- (i) The Existing Bondholders shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of eleven million and eight hundred thousand euro (€11,800,000).
- (ii) The Security Holders shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of eight million two hundred thousand euro (€8,200,000).

The above shall be subject to the following:

- (a) any amount not taken up by Existing Bondholders under (i) above shall be available for subscription by Security Holders, subject to a combined limit of twenty million euro (€20,000,000). In the event that applications submitted by Security Holders are in excess of the said amount, any unsatisfied part of such applications shall automatically participate during the Issue Period *pari passu* with other Applicants;
- (b) any amount not taken up by Security Holders under (ii) above shall be included with the amount of Bonds available for subscription during the Public Offer pursuant to Section 14.2.4 below.



## SUMMARY NOTE

### 14.2.4 Public Offer

The balance of the Bonds not subscribed to during the Existing Bondholders' Period and the Security Holders' Period shall be offered and issued to the general public during the Issue Period at the Bond Issue Price.

Preferred Applicants are also at liberty to apply for Bonds during the Issue Period, at which stage, no preference shall be provided to their application.

### 14.3 ESTIMATED EXPENSES OF THE BOND ISSUE

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €425,000. There is no particular order of priority with respect to such expenses. Accordingly, the net amount of proceeds from the Bond Issue is estimated to be €24,575,000.

### 14.4 ADMISSION TO TRADING

14.4.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 1 March 2010.

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

14.4.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 16 April 2010 and trading is expected to commence on 19 April 2010.

## 15 ADDITIONAL INFORMATION

### 15.1 SHARE CAPITAL

The Authorised share capital of the Issuer is €1 billion. The issued share capital is €553,225,643 fully paid up, divided into 553,225,643 ordinary shares of a nominal value of €1 each.

### 15.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum and Articles of Association of the Issuer, described in Section 12.2 of the Registration Document, are registered with the Registry of Companies and may be inspected during the lifetime of the Prospectus at the registered office of the Issuer and at the Registry of Companies.

## 16 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents (or copies thereof), may be inspected at the registered office of the Issuer at 22, Europa Centre, Floriana FRN 1400, Malta:

- The Memorandum and Articles of Association of the Issuer;
- The Consolidated Audited Financial Statements of the Issuer for each of the financial years ended 31 December 2007 and 31 December 2008;
- The Unaudited Interim Consolidated Management Accounts of the Issuer for the six month period ended 30 June 2009; and
- The Unaudited Interim Consolidated Management Accounts of the Issuer for the nine month period ended 30 September 2009.

The Consolidated Audited Financial Statements of the Issuer may also be inspected on the Issuer's website: [www.ihiplc.com](http://www.ihiplc.com)





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## REGISTRATION DOCUMENT

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This Registration Document is issued in accordance with the provisions of Listing Rule 6.4.2 issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

Dated 12 June 2009

## REGISTRATION DOCUMENT



# INTERNATIONAL HOTEL INVESTMENTS P.L.C.

(a public limited liability company registered under the laws of Malta with registration number C-26136)

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JOINT MANAGER & REGISTRAR



JOINT MANAGER



LEGAL COUNSEL



SPONSORING STOCKBROKER





### **IMPORTANT INFORMATION**

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON INTERNATIONAL HOTEL INVESTMENTS P.L.C. IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND THE COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS.

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 ADVISERS.

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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

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

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



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## REGISTRATION DOCUMENT

### 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>Corinthia Group</b>	CPHCL and the companies in which CPHCL has a controlling interest;
<b>CPHCL</b>	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana FRN 1400 and company registration number C-257, and also acting as the parent company of the Corinthia Group;
<b>Directors or Board</b>	the directors of the Issuer whose names are set out under the heading "Identity of Directors, Senior Management, Advisers and Auditors";
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Group</b>	the Issuer (as parent company) and its Subsidiaries;
<b>Issuer or IHI</b>	International Hotel Investments p.l.c.;
<b>Isthmar</b>	Isthmar Hotels FZE a company registered under the laws of Dubai with company registration number 01256L, having its registered office at PO Box 262080, Level 38, Al Shatha Tower, Media City, Dubai, United Arab Emirates;
<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990 (Cap. 345 of the Laws of Malta) by virtue of L.N. 1 of 2003;
<b>MFSA</b>	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Cap. 330 of the Laws of Malta);
<b>Malta Stock Exchange or MSE</b>	the Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Market Act, 1990 (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and company registration number C-42525;
<b>Pound Sterling or £</b>	the lawful currency of the United Kingdom;
<b>Prospectus</b>	collectively, the Registration Document, the Securities Note and the Summary Note;
<b>QPM</b>	QPM Ltd., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana FRN 1400 and company registration number C-26148;
<b>Registration Document</b>	this document in its entirety;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus;
	the securities note issued by the Issuer dated 12 June 2009, forming part of the Prospectus;



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## REGISTRATION DOCUMENT

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<b>Subsidiary</b>	<p>any one of the following companies:</p> <ul style="list-style-type: none"><li>i. Five Star Hotels Limited (incorporated under the laws of Malta);</li><li>ii. Alfa Investimentos Turisticos Lda (incorporated under the laws of Portugal);</li><li>iii. IHI Lisbon Limited (incorporated under the laws of Malta);</li><li>iv. IHI St. Petersburg LLC (incorporated under the laws of the Russian Federation);</li><li>v. IHI Benelux B.V. (incorporated under the laws of the Netherlands);</li><li>vi. IHI Hungary Zrt (incorporated under the laws of Hungary);</li><li>vii. IHI Zagreb d.d. (incorporated under the laws of Croatia). This company is currently dormant;</li><li>viii. CHI Limited (incorporated under the laws of Malta);</li><li>ix. Corinthia Towers Tripoli Limited (incorporated under the laws of Malta);</li><li>x. IHI Towers s.r.o. (incorporated under the laws of the Czech Republic);</li><li>xi. IHI Benghazi Limited (incorporated under the laws of Malta).</li></ul> <p>The term “Subsidiaries” shall collectively refer to the said companies;</p>
<b>Summary Note</b>	<p>the summary note issued by the Issuer dated 12 June 2009, forming part of the Prospectus.</p>



## 2 RISK FACTORS

### 2.1 RISK FACTORS - ISSUER

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

### 2.2 RISKS RELATING TO THE ISSUER'S BUSINESS

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

The Issuer's prospects should be considered in the light of the risks and the difficulties generally encountered by companies operating in new and rapidly developing markets. However, recent developments have ensured that the Issuer's business interests cover a wider geographical spread and are less reliant on hotel assets, thus reducing the Issuer's exposure to country and industry risks.

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

#### *Risks relating to the political, economic and social environment of the countries in which the Issuer operates*

Although the Group's major operations are located in stable economies, the Group also owns certain subsidiaries that have operations situated in emerging markets. Emerging markets present economic and political conditions which differ from those of the more developed markets, thereby possibly resulting in less social, political and economic stability. Businesses in emerging markets may not be operating in a market-oriented economy as is generally associated with developed markets.

The value of the Issuer's investment may be affected by uncertainties, such as political and diplomatic developments, social and economic instability, changes in government policies, taxation, high inflation, interest rates, exchange controls and other restrictions on the repatriation of capital as well as other developments in the laws or regulations of such countries and in particular the risks of expropriation, nationalisation and/or confiscation of assets.

The underdeveloped legal and judicial systems in some emerging countries, including those in which the Issuer may be investing, may pose difficulties for the Issuer to enforce its legal rights pursuant to the investments made in such countries.

#### *Currency fluctuations may have a material adverse effect on the Issuer's business, financial condition and results of operations*

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

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



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

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

***Liquidity Risk***

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

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

**2.3 RISKS RELATING TO THE ISSUER'S ACQUISITION STRATEGY**

The Issuer's business consists of the acquisition, development and running of real estate projects having a hotel as their main component. Property acquisition and development projects are subject to a number of specific risks, including, the inability to source adequate opportunities, cost overruns, insufficiency of resources to complete the projects, rental of commercial areas not being effected at the prices and within the times envisaged, higher interest costs, and curtailment of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

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

**2.4 RISKS EMANATING FROM THE ISSUER'S FINANCING STRATEGY**

***The Issuer's indebtedness could adversely affect its financial position***

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

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

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

***The Issuer may be unable to effectively hedge against interest rates***

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



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

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

*The Group's insurance policies*

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in 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 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.

### **3 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS**

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

#### **3.1 DIRECTORS**

Alfred Pisani	Chairman and Chief Executive Officer
Joseph Fenech	Managing Director
Simon Naudi	Executive Director
Ibrahim Zletni	Non-Executive Director
Giuseppe (Joe) Sita	Non-Executive Director
Andrew Watson	Non-Executive Director
Hamza Mustafa	Non-Executive Director
Joseph J. Vella	Non-Executive Director
Frank Xerri de Caro	Non-Executive Director

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

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

#### **3.2 SENIOR MANAGEMENT**

The body of Executive Directors, constituted by Alfred Pisani, Joseph Fenech and Simon Naudi, in their capacity as Chief Executive Officer, Managing Director and Executive Director respectively, are responsible for the Issuer's day-to-day management.





## REGISTRATION DOCUMENT

### 3.3 ADVISERS

Legal Counsel to the Issuer	Camilleri Preziosi Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Sponsoring Stockbroker	Charts Investment Management Service Limited Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta
Managers	Bank of Valletta p.l.c. BOV Centre, Cannon Road, St Venera SVR 9030, Malta  HSBC Bank Malta p.l.c. 233, Republic Street, Valletta VLT 1116, Malta
Registrar	Bank of Valletta p.l.c. BOV Centre, Cannon Road, St Venera SVR 9030, Malta

### 3.4 AUDITORS

Name	Grant Thornton
Address	Grant Thornton House, 30, Princess Elizabeth Street, Ta' Xbiex XBX 1104, Malta

The annual statutory audited consolidated financial statements of the Issuer for the financial year ended 31 December 2007 have been audited by KPMG and those ended 31 December 2008 have been audited by Grant Thornton. KPMG and Grant Thornton are both firms of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).

## 4 INFORMATION ABOUT THE ISSUER

### 4.1 HISTORICAL DEVELOPMENT

#### 4.1.1 Introduction

Full Legal and Commercial Name of Issuer	International Hotel Investments p.l.c.
Registered Address	22, Europa Centre, Floriana FRN 1400, Malta
Place of Registration and Domicile	Malta
Registration Number	C-26136
Date of Registration	29 March 2000
Legal Form	The Issuer is lawfully existing and registered as a public limited company in terms of the Act.
Telephone Numbers	+356 2123 3141
Fax	+356 2123 4219
Email	ihi@corinthia.com
Website	www.ihiplc.com

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

#### 4.1.2 Investment Objective

The principal objective of the Issuer is to achieve above-average long-term returns for its shareholders, principally through its long-term growth via investment in a balanced portfolio of mixed-use developments having hotel properties as their main component, and hotel operations in a balanced mix between mature and emerging markets.



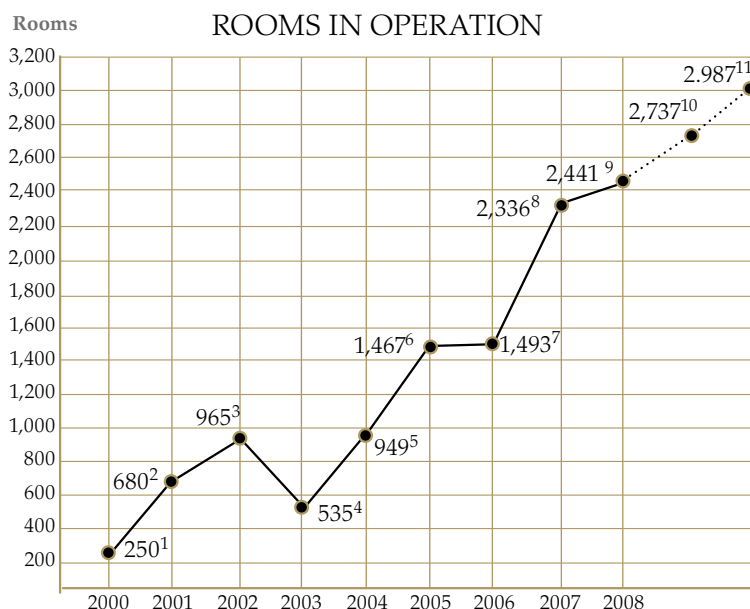
## REGISTRATION DOCUMENT

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

In October 2006, Wyndham Hotel Group International (WHGI), one of the world's largest hotel franchisors, acquired 30% of the shareholding in CHI Limited (the Group's hotel management arm). On the same date, CPHCL sold 50% of its shareholding in CHI to the Issuer, raising the Issuer's total shareholding in CHI to 70%. As a result of this alliance, CHI now acts as the exclusive licensed hotel management company for the Corinthia®, Wyndham® and Ramada Plaza® brands in Europe, the Middle East, the Russian Federation and Africa and has therefore been provided with an unprecedented opportunity to increase the number of hotels under its management.

On 5 December 2006, the Issuer signed a subscription agreement with Istithmar, whereby Istithmar agreed to subscribe to 178 million newly issued shares of €1 each. A condition to this agreement stipulated that concurrently, the Issuer was to acquire from CPHCL, 100% ownership of the Corinthia Bab Africa Hotel and Commercial Centre in Tripoli and the Corinthia Towers Hotel in Prague. Soon after all conditions pertaining to this subscription agreement were fulfilled, the Issuer received a cash injection of €178 million. Parallel with this capital increase, the Issuer acquired the two hotel properties in Tripoli and Prague in return for the issue of 192 million shares of a nominal value of €1 per share and a payment of €15 million in cash to CPHCL.

To date, the Issuer has acquired landmark hotel projects in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russia) and St George's Bay (Malta) and has invested in joint venture companies formed for the purpose of acquiring a property in London (United Kingdom) and a site in Benghazi (Libya) for the development of a hotel project and mixed-use developments. The following table describes room stock in operation, both historically and over the coming years:



- 1 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.
- 2 IHI acquired the 430-bedroom Alfa Hotel in Lisbon on 16 August 2001.
- 3 IHI acquired the 285-bedroom Corinthia Hotel, St Petersburg on 16 January 2002 together with adjoining buildings for development.
- 4 IHI closed down the Alfa Hotel, Lisbon on 24 February 2003 for refurbishment and extension.
- 5 IHI inaugurated the 414-bedroom Corinthia Grand Hotel Royal, Budapest on 30 April 2003.



## REGISTRATION DOCUMENT

- 6 The Corinthia Hotel, Lisbon re-opened on 1 May 2004 with 518 bedrooms.
- 7 IHI inaugurated 26 penthouse apartments situated at the Corinthia Grand Hotel Royal in Budapest.
- 8 IHI acquired in May 2007 the 544-bedroom Corinthia Hotel, Prague, and the 299-bedroom Corinthia Bab Africa Hotel & Commercial Centre, Tripoli.
- 9 IHI completed in May 2009 the extension of the Corinthia Hotel, St Petersburg by a further 105 bedrooms, together with a retail mall and office complex.
- 10 In April 2009, IHI and its consortium partners acquired the landmark Metropole Building and 10, Whitehall Place in London from the Crown Estate and initiated plans to develop a 296-bedroom luxury hotel and 12 residential apartments.
- 11 In December 2007, IHI & LFICO entered into a preliminary agreement to jointly develop a mixed-use project including a 250-room luxury hotel in Benghazi, Libya.

The said properties are explained in further detail below:

	Location	No. of Hotel Rooms	Other components of the development	% Ownership
<b>Operating Assets</b>				
Corinthia Hotel St George's Bay	Malta	250		100%
Corinthia Grand Hotel Royal & Residences Budapest	Hungary	414	26 luxury residences	100%
Corinthia Hotel & Spa Lisbon	Portugal	518		100%
Corinthia Hotel & Commercial Centre St Petersburg	Russia	390	7,500 sq.m. retail space and 3,500 sq.m. offices; 1,500 sq.m. offices (the second batch of office space of 1,500 sq.m. is under development)	100%
Corinthia Hotel Prague	Czech Republic	544		100%
Corinthia Bab Africa Hotel & Commercial Centre, Tripoli	Libya	299	10,000 sq.m. offices	100%
<b>Assets under development</b>				
Corinthia Hotel & Residences London	United Kingdom	296	12 Luxury Apartments	37%
<b>Sites to be acquired for future development</b>				
Corinthia Hotel, Residences & Commercial Centre, Benghazi	Libya	250	30 apartments, 700 sq.m. retail, 3,700 sq.m. offices	75%



#### 4.1.3 Organisational Structure

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

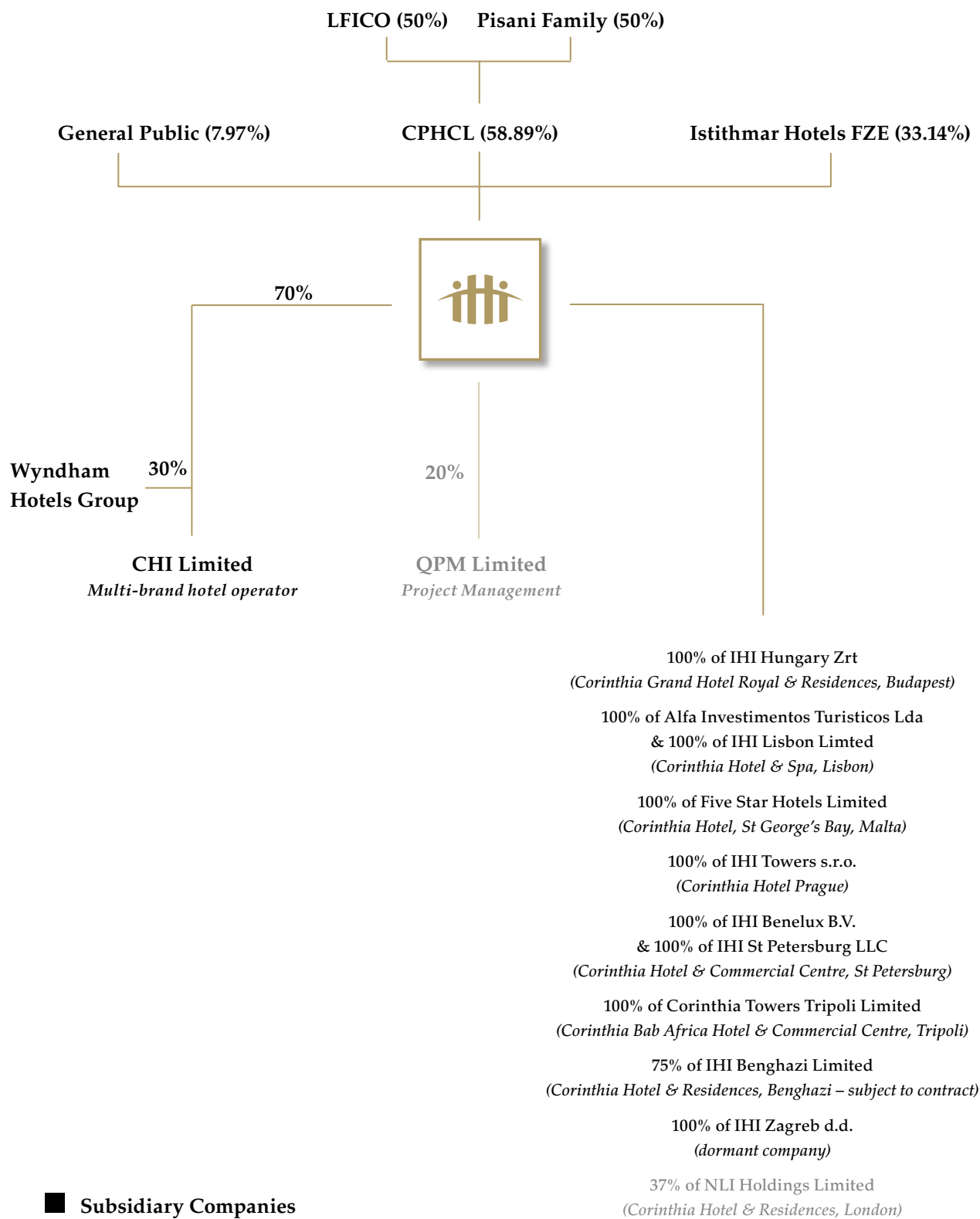
The Group has adopted an autonomous organisational structure for each hotel property and operation. The Group's philosophy is based on the ownership of each hotel property through a company established in the jurisdiction where the hotel is located. This is driven principally by two factors: firstly,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

QPM, the company specialised in construction and project management, is an advisor garnering a wide array of experience in its fields of competence, supporting the Issuer in the execution of its development plans.



## REGISTRATION DOCUMENT

The following graphically depicts the Group's organisational structure:





#### 4.1.4 Business Development Strategy

The strategic alliances struck with Istithmar and Wyndham in 2006-2007, together with the subsequent acquisitions and the resultant increased equity has led the Board to re-assess its future investment strategy for the Group.

Whilst the Issuer continues to target investments in under-performing properties in emerging markets, it now has the opportunity to further diversify its portfolio of investments in the following manner:

##### *Geographic spread*

- not only limiting itself to emerging markets but also focuses on major and mature capital cities.

##### *Business segments*

- growing ancillary business lines the likes of hotel management; and
- undertaking developments that are not solely related to hotel properties but that could contain other real estate components such as retail, offices and residential accommodation.

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.

Another major change in the Issuer's strategy resulted from the willingness and ability of its principal shareholders to invest, alongside the Issuer, in acquisitions and developments that it would otherwise not have been in a position to acquire.

In the context of the re-defined strategy, the Issuer has continued with the refurbishment and extension of the Corinthia Hotel St Petersburg and adjoining buildings into a mixed-use development. This development features an extension consisting of 105 executive rooms to the existing top-end luxury hotel and enlarged conference facilities, a 11,000 sq.m. high-street commercial centre including a high-end retail mall and office space for rental which were all completed and fully operational in May 2009. Works are still underway with respect to a 185 space car park and a further 1,500 sq.m. area of office space for rental at the back of the building.

It has also embarked on the following two new projects:

- Entered into a joint venture company, with a 37% equity participation, together with LFICO and Istithmar, and acquired the Metropole Building and adjoining 10 Whitehall Place situated on Northumberland Avenue in London. These two properties will be developed into a 296-room 5-star hotel and Spa and 12 luxury residences. On completion, CHI will be entrusted with the management of the hotel operation under the Corinthia® brand; and
- Entered into a joint venture company, with a 75% equity participation, together with LFICO for the purpose of acquiring the derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya and its eventual development into a mixed-use project containing a 250-room 5-star hotel, 30 luxury apartments, 700 sq.m. of retail space and 3,700 sq.m. of office space. On completion, CHI will be entrusted with the management of the hotel operation under the Corinthia® brand.

The Issuer plans to sell the residential components within these two developments in order to realise part of the capital appreciation at an early stage and, in so doing, improve the overall return on investment.



## 5 TREND INFORMATION AND FINANCIAL PERFORMANCE

### 5.1 TREND INFORMATION

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

In the first half of 2008, international travel was still on the increase and international visitation was reported by the World Tourism Organisation (UNWTO) to have increased by 5% on 2007 figures. However, the extraordinary series of events that occurred in quick succession in the last six months of 2008 such as the record spike in the price of oil, instability in the foreign currency markets and financial turmoil brought about by the demise of global players in the financial world had a negative effect on the industry.

Regions in which the Group operates have had mixed fortunes during 2008. Despite the overall global downward trend, North Africa reported an increase in 2008 in international visitation of 5.3% over 2007, Central Europe an increase of 2.6%, the Mediterranean region an increase of 0.6%, whereas Western Europe recorded a drop in annual visitation of 1.2%. The outlook for 2009 is naturally cautious, with the UNWTO predicting a slowdown in international tourist arrivals, forecasting a drop of between 1% to 2%<sup>1</sup>.

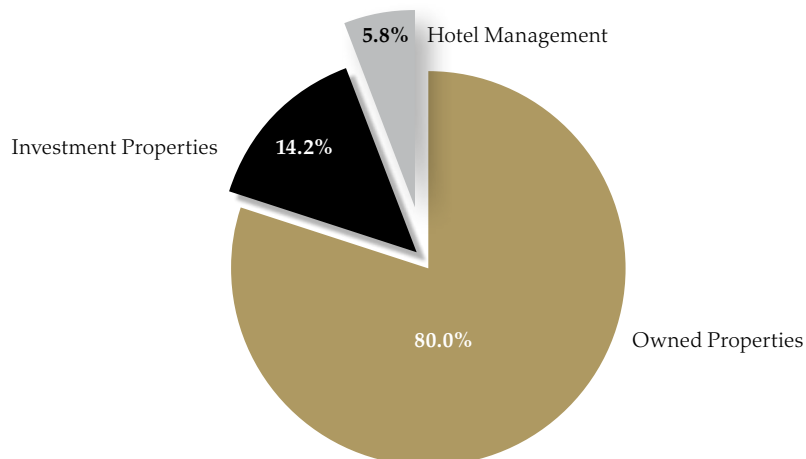
The Issuer, has throughout the years, adopted a strategy aimed at increasing its resilience during challenging times, the likes of which are being experienced at present. In this regard the results of three policies have been particularly effective in acting as buffers against the adverse effects of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

Firstly, the Issuer's continuous focus on improving its operating results through ambitious target setting and a results-driven approach to business have produced year-on-year improvements in performances for the last five successive years.

Secondly, the Issuer has, since its inception, distributed its investments across diverse geographic locations and is now achieving further diversity through growth in ancillary business segments.

The diversity of the Group's investment portfolio mitigates its exposure to any one specific country or source of business. Whereas the Issuer remains primarily a hotel-owning company, it has through the years managed to put its competences in hotel management and real estate development to profitable use. By end 2008, close to €9.9 million, or the equivalent of 20% of its operating profits, were generated from these ancillary business lines.

#### *Mix of operating profits*



<sup>1</sup> UNWTO World Tourism Barometer January 2009.

The information extracted from the UNWTO (United Nations World Tourism Organization) World Tourism Barometer January 2009 has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the UNWTO, no facts have been omitted which would render the reproduced information inaccurate or misleading.



Whilst all the real estate developments that are currently under way are principally hotel assets, they all contain significant retail, office and/or residential components. This diversity ensures that the Group's earnings from non-hotel owning activities provide a healthy mix between active (hotel business) and passive income (long-term rental income), thereby ensuring a more balanced profit and cash generation.

CHI, the Group's hotel operating arm, continued with its efforts at growing its business. It is expected that this company shall continue on its growth path in the forthcoming years.

CHI concluded a number of management agreements in 2008. On top of the five agreements concluded in 2007, another seven agreements were concluded in 2008 reflecting an increase of 2,000 rooms under CHI's management. In 2008, the company executed agreements with third party hotel owners in Liverpool, Budapest, Sharm El Sheikh and Abu Dhabi. The hotels which are the subject of the agreements concluded in 2007 and 2008 are all expected to become operational before the end of 2011. Whilst this is expected to improve CHI's profitability in the foreseeable future, the impact over the medium to long term (that is when such hotels reach operational maturity) should prove to be even more significant.

Thirdly, the Issuer has implemented prudent equity and loan policies over the years, resulting in a balance sheet funded with relatively low and sustainable levels of debt. Cash generated by operations provide a healthy cover of interest payments.

The Issuer remains committed to the principle of a secondary listing on a major global exchange, as had been announced and agreed some time back. It had originally envisaged that such a listing would take place in 2008. Indeed the Issuer had engaged advisers and investment bankers to support it in achieving this objective on the London Stock Exchange. However, the global economic slowdown has led to the postponement of the implementation of this objective. The Issuer shall therefore re-start the secondary listing process when the time is opportune.





## 5.2 KEY FINANCIAL REVIEW

The financial information about the Issuer is included in the audited consolidated financial statements for each of the financial years ended 31 December 2007 and 2008. The said statements have been published and are available on the Issuer's website ([www.ihiplc.com](http://www.ihiplc.com)) and at its registered office. Set out below are highlights taken from the audited consolidated financial statements of the Issuer for the years ended 31 December 2007 and 2008.

### Condensed Income Statement for the years ended 31 December

	2008 €'000	2007 €'000
Turnover	127,966	104,182
Direct costs	(78,782)	(65,710)
<b>Gross profit</b>	<b>49,184</b>	<b>38,472</b>
Other operating costs	(28,565)	(22,340)
Net reversal of impairment losses on hotel properties	3,543	–
Revaluation to fair value of investment properties	26,253	7,723
Impairment of goodwill	(15,114)	–
<b>Results from operating activities</b>	<b>35,301</b>	<b>23,855</b>
Finance income	5,512	3,860
Finance costs	(15,854)	(13,720)
Net fair value (loss) gain on interest rate swaps	(3,294)	64
Share of profit (loss) of equity accounted investments	622	(34)
<b>Profit before tax</b>	<b>22,287</b>	<b>14,025</b>
Tax expense	(8,284)	(4,016)
<b>Profit for the year</b>	<b>14,003</b>	<b>10,009</b>
Attributable to:		
Equity holders of the Issuer	13,602	9,594
Minority interest	401	415
<b>Profit for the year</b>	<b>14,003</b>	<b>10,009</b>
<b>Earnings per share</b>	<b>0.03</b>	<b>0.03</b>



## REGISTRATION DOCUMENT

### Condensed Balance Sheet

At 31 December

	2008 €'000	2007 €'000
<b>ASSETS</b>		
Non-current	922,487	802,332
Current	100,147	190,998
<b>Total assets</b>	<b>1,022,634</b>	<b>993,330</b>
<b>EQUITY</b>		
Total equity	624,093	585,559
<b>LIABILITIES</b>		
Non-current	336,644	339,335
Current	61,897	68,436
<b>Total liabilities</b>	<b>398,541</b>	<b>407,771</b>
<b>Total equity and liabilities</b>	<b>1,022,634</b>	<b>993,330</b>
<b>Net asset value per share</b>	<b>1.12</b>	<b>1.08</b>

### Condensed Statement of Cash Flows

for the years ended 31 December

	2008 €'000	2007 €'000
Net cash from operating activities	44,214	29,321
Net cash used in investing activities	(93,541)	(37,878)
Net cash (used in) from financing activities	(46,489)	155,216
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(95,816)</b>	<b>146,659</b>
Cash and cash equivalents at 1 January	165,713	19,054
<b>Cash and cash equivalents at end of year</b>	<b>69,897</b>	<b>165,713</b>

The Group's continuous efforts at strengthening its balance sheet and in achieving a wider diversity in its investment portfolio, both from a geographic as well as from a business segment point of view, have all been instrumental in producing positive results in these challenging times.

Group revenues increased by 22.8% to €127.97 million in 2008, from €104.18 million in 2007. Gross operating profit also increased significantly by 27.8% to €49.18 million in 2008 compared to €38.47 million in 2007.

The improved results in 2008 were driven by a combination of events. Firstly, the Group benefited from the impact of a full year's performance of the Corinthia Bab Africa Hotel and Commercial Centre in Tripoli and the Corinthia Hotel Prague. In 2007 the performance of these two properties was only partly reflected for the seven-month period covering June to December, subsequent to their acquisition at the end of May.

Secondly, a number of hotel properties, in particular the Corinthia Bab Africa Hotel Tripoli, Corinthia Hotel Lisbon, Corinthia Grand Hotel Royal Budapest and the Corinthia Hotel St George's Bay Malta, all registered improved performances over 2007 as they benefited either from an increased level of operational maturity, or in the case of the Corinthia Hotel St George's Bay, from the positive effect of the refurbishment carried out recently to this property.



Conversely, two of the Group's hotel properties, the Corinthia Hotel St Petersburg and the Corinthia Hotel Prague performed at a lower level in 2008 compared to 2007. In the case of the Corinthia Hotel St Petersburg, this was largely due to the major construction and refurbishment works which were carried out to the property itself and the two adjoining buildings on either side of the property. The performance of the Corinthia Hotel Prague, on the other hand, suffered as a consequence of a significant increase in the supply of room stock in the five-star hotel sector in the Czech capital without a corresponding increase in demand. This had a negative impact both on the occupancy rate and the average room rate charged by this property.

For the first time in the history of the Issuer, total asset value in 2008 exceeded €1 billion, out of which more than 60% is represented by equity and shareholders' funds. The Issuer considers this to be a very healthy position, particularly in the current market conditions. The Group follows a prudent equity-to-debt ratio policy and is therefore well poised to face the current challenges brought about by the financial crisis.

In 2008, shareholders' funds increased by €38.53 million. This increase represents the profit after tax registered for the year of €14 million and a net revaluation uplift on the Group's properties of €24.53 million. Net asset value per share increased from €1.08 as at December 2007 to €1.12 as at December 2008.

The positive trend in cash flow generation gathered further momentum during the course of 2008. In total, cash generated from operations increased from €29.32 million in 2007 to €44.21 million in 2008, equivalent to a year-on-year increase of 50.78%. This strong cash flow generation coupled with the cash available through the equity increase in 2007, enabled the Group to reduce its loan balances by €16.52 million and to internally fund capital expenditure and investments to the tune of €93.54 million during the course of 2008.

Interest expense, excluding interest income received and fair value adjustments to hedging instruments, expressed as a percentage of operating profits, dropped further to 32% in 2008 from 36% in 2007.

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

### 5.3 LATEST DEVELOPMENTS

The Issuer's activities have, over the last twenty four months, been focused on:

- The increase of its equity base by an additional €178 million in cash through the subscription of new shares by Istithmar;
- The acquisition of the Corinthia Bab Africa and Commercial Centre in Tripoli and the Corinthia Towers in Prague against a further issue of €192 million shares in the Issuer, thus further strengthening its capital base;
- The completion of the works on the Corinthia Hotel and Commercial Centre in St. Petersburg. During the first phase of this project, works included the total refurbishment and reorganisation of the existing hotel's foyer, restaurants, bar and public areas, the addition of 105 executive bedrooms, extensive conference facilities and 11,000 sq.m. of office and retail accommodation. These areas were completed and became fully operational in May 2009. Works are still underway on a building located at the rear of the hotel. This building will be converted into a 185-space car park and 1,500 sq.m. of office space available for rent to third parties
- The acquisition of a 37% equity stake in the joint venture company that acquired the Metropole Building and adjoining 10 Whitehall Place in London. The acquisition and development of the said project is fully funded on a 50:50 ratio through an equity injection by the shareholders of the joint venture company and bank financing procured by the joint venture company itself.
- The acquisition of a 75% interest in a joint venture company formed for the purpose of acquiring the derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya and developing same into a mixed-use project. IHI shall inject its equity contribution when the sites are acquired by the joint venture company. The joint venture shall seek to obtain appropriate bank financing for the development of this project. It is anticipated that the funding required for the project shall be sourced from a combination of the said equity injection in the joint venture company by the Issuer and bank financing procured by the joint venture company itself.



## REGISTRATION DOCUMENT

The injection of new equity has enabled the Issuer to make less reliance on debt funding, in line with its cautious approach to its debt-to-equity balance. The application of this equity injection has, to date, focused on financing two major projects currently underway. Accordingly, the Issuer has funded, through equity, its 37% equity stake in the acquisition of the Metropole Building and adjoining 10 Whitehall Place in London, amounting to £50.5 million (€56.8 million). In addition, the Issuer has also funded the Nevskij Hotel project amounting to circa €85.5 million through its own cash resources.

This conservative strategy, particularly within the context of a global economic downturn, has maintained the Group's debt-to-equity ratio as at 31 December 2008 at a level of 0.4:1, thus keeping its debt servicing requirements within sustainable levels whilst at the same time minimising its finance costs.

## 6 MANAGEMENT

### 6.1 GENERAL

In aggregate, the Group employs 2,153 employees in six different jurisdictions. The following table shows the manner in which these employees are deployed by the hotels of the Issuer as at 31 December 2008:

Hotel Operation / Issuer	Management & Administration	Operational	Total
Corinthia Hotel St George's Bay Malta	28	182	210
Corinthia Hotel & Spa Lisbon	67	222	289
Corinthia Hotel & Commercial Centre St Petersburg	69	277	346
Corinthia Grand Hotel Royal & Residences Budapest	74	305	379
Corinthia Bab Africa Hotel & Commercial Centre Tripoli	141	459	600
Corinthia Hotel Prague	56	206	262
CHI Limited	47	-	47
The Issuer	20	-	20
<b>Total</b>	<b>502</b>	<b>1,651</b>	<b>2,153</b>

### 6.2 THE BOARD OF DIRECTORS

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

The Board consists of three Executive Directors and six Non-Executive Directors. The Executive Directors, constituted by the Chief Executive Officer, Managing Director and Executive Director, are responsible for acquisitions and development, and are entrusted with the Issuer's day-to-day management. The business address of each Director is the registered office of the Issuer.



### 6.2.1 Executive Directors

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

They are supported in this role by several third party consultants and other officers of the Issuer.

### 6.2.2 Non-Executive Directors

The Non-Executive Directors are independent of the Issuer and constitute a majority on the Board. The Non-Executive Directors' main functions are to monitor the operations of the Executive Directors and their performance, as well as to review any investment opportunities that are proposed by the Executive Directors. All proposed acquisitions of the Issuer are brought to the Board for approval.

### 6.2.3 Boards of Subsidiary Companies

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

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

### 6.2.4 Curriculum Vitae of Directors

**Alfred Pisani** is the founder of the Corinthia Group and has been the Chairman and Chief Executive Officer since the inception of Corinthia in 1962. He was responsible for the construction of the Group's first hotel, the Corinthia Palace in Attard. He has led the Corinthia Group from a one hotel company to a diversified group having significant interests. Such interests vary from equity participations, management or both in several geographical areas and include interests in three hotels in Malta, five hotels in Turkey, two hotels in Hungary, nine hotels in the Czech Republic, two hotels in Portugal and Libya and one in each of Tunisia, the United Kingdom, The Russian Federation, The Gambia and Togo. Mr. Pisani is also the Chairman and Chief Executive Officer of the Issuer.

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

**Simon Naudi** joined the Board of the Issuer in 2005, having joined the Corinthia Group in a senior executive role in 1998. He has since been responsible for corporate strategy, including business development, particularly hotel and real estate acquisitions and project developments.



**Ibrahim Zletni** was appointed Chairman and Chief Executive Officer of Libyan Foreign Investment Company (LFICO) in May 2008. He has gained considerable experience in the banking field, having worked with British Arab Commercial Bank (BACB) in London, and more recently as Senior Manager of the International Finance Department of the Libyan Foreign Bank. He is a graduate from Garyounis University, Benghazi and read his master's degree at the Arab Academy for Banking and Finance, Amman.

**Giuseppe (Joe) Sita** is the Chief Executive Officer of Istithmar Hotels FZE. Mr Sita has over 25 years experience in financial, operational and development positions within the hospitality industry, gained with organisations such as Carlston, Accor and Southern Pacific Hotel Corporation. In addition to his extensive experience in hotel development and management, Mr Sita has held various positions throughout his career in the hospitality and tourism sector, including General Manager, Director of Finance, Director of Operations and as Chief Executive Officer of a vacation ownership company. Prior to joining Istithmar Hotels FZE, Mr Sita was with the Singapore-based Carlston Hotels Asia Pacific as Executive Vice President (Development), overseeing development offices in Singapore, Sydney and Shanghai. Mr Sita sits on the Board of Kerzner International Limited and on the Board of other hotel companies in which Istithmar Hotels FZE has interests.

**Andrew Watson** is the Chief Investment Officer of Nakheel PJSC International having joined the Group in September 2007. Mr Watson has over 20 years' experience in the financial services sector in the United Kingdom and Europe and more recently in the Middle East. He began his career in consultancy and risk management and prior to joining Nakheel was a Director of Barclays Capital Real Estate Group undertaking structured finance for major commercial property and hotel transactions in Europe and the Middle East. Within Nakheel, Mr Watson is responsible for managing a number of the international investments it holds within its global portfolio as well as assessing new investment opportunities.

**Hamza Mustafa** is Managing Director of Nakheel Leisure, a subsidiary of Nakheel PJSC of Dubai. He was formerly Managing Director of The World LLC responsible for design, development and marketing of The World Islands Project in Dubai. Mr Mustafa is a graduate in financial services and information technology from the Dubai Higher College of Technology and of the executive development programme of the Wharton School, University of Pennsylvania.

**Joseph J. Vella** is a lawyer by profession. He was admitted to the bar in 1973 and has since been in private practice. He is currently senior partner of the law firm GVTH & Associates. Dr. Vella advises a number of leading commercial organisations both in the public and private sector and has been a legal advisor of the Corinthia Group for more than fifteen years. Dr. Vella is also a director on several companies in addition to being a director of the Issuer and a number of its Subsidiaries, and is also a director of Corinthia Finance p.l.c., another subsidiary company of the Corinthia Group.

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

### **6.3 DIRECTORS' SERVICE CONTRACTS**

Save for the service contracts of Alfred Pisani as Chief Executive Officer of the Issuer, Joseph Fenech as Managing Director and Simon Naudi as an Executive Director responsible for acquisitions and development, none of the other Directors of the Issuer have a service contract with the Issuer.

Mr. Pisani, Mr. Fenech and Mr. Naudi have executed three-year definite contracts with the Issuer. Copies of these contracts are available for inspection at the registered office of the Issuer in accordance with the requirements of the Listing Rules.

All Directors, including Alfred Pisani, Joseph Fenech and Simon Naudi, may be removed from their posts of Directors by the shareholder appointing them or by an ordinary resolution of the shareholders in general meeting. Independently of whether Mr. Pisani, Mr. Fenech and Mr. Naudi are removed from their directorships, they shall still retain their executive posts with the Issuer unless their respective contracts are terminated in accordance with their respective terms.



#### **6.4 AGGREGATE EMOLUMENTS OF DIRECTORS**

For the financial year ended 31 December 2008 the Group paid an aggregate of €598,000 to its Directors (2007: €367,000). 2008 figures cover a full year whereas 2007 figures only relate to a seven-month period, that is, the period following the termination of the agreement referred to in Section 7.5 below.

#### **6.5 LOANS TO DIRECTORS**

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

#### **6.6 REMOVAL OF DIRECTORS**

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

#### **6.7 POWERS OF DIRECTORS**

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

### **7 MANAGEMENT STRUCTURE**

#### **7.1 GENERAL**

The Directors have appointed Alfred Pisani as the Chief Executive Officer, Joseph Fenech as the Managing Director and Simon Naudi as an Executive Director responsible for acquisitions and development. They are the only three 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 Executive Directors in fulfilling their role as officers of the Issuer.

#### **7.2 HOTEL OPERATIONS**

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

#### **7.3 THE MONITORING COMMITTEE**

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

Currently the members of the Monitoring Committee are: Joseph M. Pisani, an executive director on the board of CPHCL, who acts as Chairman; Lino Soler, an economist and accountant by profession; and Joe Caruana, a former General Manager of Mid Med Bank who is independent of the Group.

#### **7.4 PROPERTY AUDIT**

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



## **7.5 EXECUTIVE TEAM**

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

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

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

## **7.6 HOLDINGS IN EXCESS OF 5% OF SHARE CAPITAL**

On the basis of information available to the Issuer as at the date of this document, Corinthia Palace Hotel Company Limited and Istithmar hold 325,777,026 and 183,340,000 shares respectively, equivalent to 58.89% and 33.14% of the Issuer's total issued share capital. As far as the Issuer is aware, no other persons hold a shareholding, direct or indirect, in excess of 5% of its total issued share capital.

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

## **7.7 CONFLICT OF INTEREST**

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

# **8 AUDIT COMMITTEE PRACTICES**

## **8.1 AUDIT COMMITTEE**

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

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





## 8.2 INTERNAL AUDIT

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

The internal auditor reports directly to the Audit Committee.

## 9 COMPLIANCE WITH CORPORATE GOVERNANCE REGIME

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

The Board deems that, during the reporting periods referred to in this Registration Document, the Issuer has been substantially in compliance with the requirements of the Code to the extent that was considered complementary to the size, nature and operations of the Issuer.

## 10 HISTORICAL INFORMATION

The historical financial information for the two financial years ended 31 December 2007, as audited by KPMG, and 31 December 2008, as audited by Grant Thornton, are set out in the audited consolidated financial statements of the Issuer. Such audited consolidated financial statements are available on the Issuer’s website [www.ihiplc.com](http://www.ihiplc.com). There were no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the last audited consolidated financial statements relate.

## 11 LITIGATION

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

**12 ADDITIONAL INFORMATION****12.1 SHARE CAPITAL**

The authorised share capital of the Issuer is €1 billion. The issued share capital is €553,213,996 fully paid up, divided into 553,213,996 ordinary shares of a nominal value of €1 each.

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

Date of Allotment	No. of Shares	Shareholder/ Process	Consideration
Initial share capital	20,000	Corinthia Group	Lm20,000 in Cash
24 April 2000	24,790,000	Corinthia Group	Transfer to the Issuer of 100% shareholding in Five Star Hotels Limited; 100% shareholding in Corinthia Investments Hungary Kft.; and 20% shareholding in each of QPM Ltd. and CHI Ltd.
19 May 2000	10,000,000	IPO	Lm10,000,000 in cash
20 October 2000	5,190,000	CPHCL	Lm5,190,000 in cash
27 December 2001	6,582,793	Rights Issue	Lm6,582,793 in cash
11 June 2002	1,417,207	Rights Issue	Lm1,417,207 in cash
9 December 2003	71,050,044	Conversion of designation of share capital	Conversion of the denomination of share capital from the Maltese Lira to the Euro
10 December 2003	3,445	Rights Issue	€3,445 in cash
3 December 2004	10,000,000	CPHCL	Capitalisation of Loans
8 April 2005	10,000,000	CPHCL	€10,000,000 in cash
17 July 2006	1,972,995	Institutional Investors	€1,972,995 in cash
7 August 2006	2,000,000	Institutional Investors	€2,000,000 in cash
5 September 2006	2,500,000	Institutional Investors	€2,500,000 in cash
31 October 2006	15,000,000	CPHCL	Transfer of 50% shareholding in CHI Limited from CPHCL to the Issuer
15 November 2006 & 7 December 2006	1,575,000	Institutional Investors	€1,575,000 in cash
2 May 2007 & 29 May 2007 & 29 May 2008	38,435	Conversion of convertible bonds	Cancellation of convertible bonds
1 June 2007	192,000,000	CPHCL	Transfer to the Issuer of 100% shareholding in Corinthia Towers Tripoli Limited and 100% shareholding in IHI Towers s.r.o.
1 June 2007	178,000,000	Istithmar	€178,000,000 in cash
4 June 2007	4,961,223	Bonus Share	Capitalisation of revaluation reserves
21 May 2008	16,112,854	Bonus Share	Capitalisation of revaluation reserves



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

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

There is no capital of the Issuer which is currently under option, save for the conversion rights of the convertible bonds currently in issue. €11.61 million worth of convertible bonds is due for redemption in 2010 and each such bond bears an interest rate of 5% per annum. Pursuant to the terms of issue specified in the offering memorandum dated 27 April 2000, holders of such bonds are entitled to convert their holding of bonds into fully paid ordinary shares of the Issuer (the "**Conversion Option**"). The Conversion Option may be exercised on 29 November 2009 (the "**Conversion Period**"). Since their date of issue, €38,435 worth of such bonds have been converted. In the event that the remaining bondholders were to exercise their conversion rights, the issued share capital of the Issuer would be increased by an aggregate not exceeding €11.61 million.

## 12.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

### 12.2.1 Objects

The Memorandum and Articles of Association of the Issuer is registered with the Malta Financial Services Authority. 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 of the Malta Financial Services Authority.

### 12.2.2 Voting Rights and Restrictions

The Issuer's Memorandum and Articles of Association contain certain provisions which restrict the voting rights of shareholdings in excess of 7.5% if held by one shareholder. If at any time a shareholder holds in excess of 7.5% of the voting shares of the Issuer, such shareholder will not have the right to vote at meetings of shareholders of the Issuer in respect of that portion of shares which exceeds the 7.5% ceiling. Founding shareholders, custodial and depository institutions are exempted from the voting limit requirement. Subject to such limitations, the holders of shares are entitled to vote at meetings of the shareholders of the Issuer on the basis of one vote for each share held.

### 12.2.3 Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of not less than four and not more than nine directors who are appointed as follows:

- A shareholder or a number of members who individually or between them hold 11% plus one share of the issued share capital of the Issuer (a "**Qualifying Holding**") shall be entitled to appoint one Director for every Qualifying Holding;
- Any shareholder who does not appoint a Director or Directors in terms of the Qualifying Holding will participate in the annual election of Directors at the Annual General Meeting of the Issuer; and
- Shareholders who are entitled to appoint Directors in terms of the Qualifying Holding shall be entitled to participate in the annual election of Directors provided that in such an election they only use such shares not otherwise used as a Qualifying Holding.



#### 12.2.4 Powers of Directors

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

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

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

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

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

### **13 MATERIAL CONTRACTS**

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

### **14 DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (a) Memorandum and Articles of Association;
- (b) The audited consolidated financial statements of the Issuer and the audited financial statements of the Subsidiaries for each of the financial years ended 31 December 2007 and 31 December 2008.

These documents are also available for inspection in electronic form on the Issuer's website at [www.ihplc.com](http://www.ihplc.com)



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## SECURITIES NOTE

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This document is a Securities Note issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the “Regulation”). This Securities Note is issued pursuant to the requirements of Listing Rule 6.4.3 of the Listing Rules and contains information about the Bonds being issued by International Hotel Investments p.l.c. Application has been made for the admission to listing and trading of the Bonds on the Malta Stock Exchange. This Securities Note should be read in conjunction with: the Registration Document dated 12 June 2009 which is hereby incorporated by reference pursuant to Article 28 of the Regulation, subject to the amendments set out in the Supplement to this Securities Note; and the Summary Note dated the same date of this Securities Note incorporating the terms of this Securities Note as well as amendments set out in the Supplement to this Securities Note.

Dated 1 March 2010

## SECURITIES NOTE

**In respect of an Issue of €25,000,000 6.25% Bonds 2017–2020**  
of a nominal value of €100 per Bond issued at par by



## INTERNATIONAL HOTEL INVESTMENTS P.L.C.

(a public limited liability company registered under the laws of Malta with registration number C-26136)

Due 8 April 2020, subject to early redemption at the option of the Issuer on any Early Redemption Dates

ISIN: MT0000111261

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MANAGER & REGISTRAR



LEGAL COUNSEL

CAMILLERI PREZIOSI  
ADVOCATES

SPONSORING STOCKBROKER

**CHARTS**  
WEALTH MANAGEMENT • CORPORATE BROKING

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## 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, expressed and capitalised terms as indicated in the Registration Document issued by the Issuer on 12 June 2009, as amended, supplemented and updated by the Supplement contained in this Securities Note.

<b>Applicant</b>	a person or person whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Act</b>	the Companies Act, Cap 386 of the Laws of Malta;
<b>Applicant/s</b>	a person or person whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or to any of the Authorised Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for Bonds, specimens of which are contained in Annexes 2, 3 and 4 of this Securities Note;
<b>Authorised Financial Intermediaries</b>	the persons referred to in Annex 1 of this Securities Note;
<b>Bond(s)</b>	the €25,000,000 bonds of a face value of €100 per bond redeemable on the Redemption Date or, at the option of the Issuer, on any Early Redemption Dates, bearing interest at the rate of 6.25% per annum and redeemable at their nominal value;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<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>Company, IHI or Issuer</b>	International Hotel Investments p.l.c., a public company registered under the laws of Malta with registration number C-26136;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye-Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063;
<b>Cut-off Date</b>	means close of business of 26 February 2010;
<b>Early Redemption Date/s</b>	any day falling between and including 9 April 2017 and 7 April 2020;
<b>Exchange, Malta Stock Exchange or MSE</b>	the Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, and company registration C-42525;
<b>Existing Bondholder</b>	a holder of Maturing Bonds as at the Cut-off date;
<b>Euro or €</b>	the currency of the European Monetary Union of which Malta forms part;
<b>Interest Payment Date</b>	8 April of each year between and including each of the years 2011 and the year 2020, 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;



## SECURITIES NOTE

<b>Issue Period</b>	the period between: <ul style="list-style-type: none"><li>• 8 March 2010 to 23 March 2010 for Preferred Applicants; and</li><li>• 24 March 2010 to 30 March 2010 for the general public (or such earlier date as may be determined by the Issuer in the event of over-subscription);</li></ul> during which time the Bonds are in issue;
<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
<b>Listing Rules</b>	the listing rules of the Listing Authority;
<b>Maturing Bonds</b>	the 5% Convertible Bonds due to mature on 29 May 2010, amounting to €11,596,944 as the date of the Prospectus, issued by the Issuer pursuant to a prospectus dated 27 April 2000;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Preferred Applicants</b>	the following persons, whether natural or legal, who, as at the Cut-Off Date, appear on the register (maintained by the CSD): <ul style="list-style-type: none"><li>a) of Existing Bondholders;</li><li>b) of shareholders of the Issuer;</li><li>c) of holders of bonds issued by: the Issuer (other than the Maturing Bonds); Mediterranean Investments Holding p.l.c.; and/or Corinthia Finance p.l.c.</li></ul> For the purposes of this Securities Note, the persons set out in paragraphs (b) and (c) hereof shall be referred to as “ <b>Security Holders</b> ”;
<b>Prospectus</b>	together, the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
<b>Redemption Date</b>	8 April 2020, or at the Issuer’s sole discretion, any of the Early Redemption Dates;
<b>Redemption Value</b>	the nominal value of each Bond;
<b>Registration Document</b>	the registration document issued by the Issuer dated 12 June 2009, as amended, supplemented and updated by the Supplement contained in this Securities Note;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
<b>Securities Note</b>	this document in its entirety;
<b>Sponsor</b>	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
<b>Summary Note</b>	the summary note issued by the Issuer dated 1 March 2010;
<b>Supplement</b>	the supplement contained in Annex 5 hereof;
<b>Terms and Conditions</b>	the terms and conditions of the Bond Issue as contained in Section 8 of this Securities Note.





## 2 RISK FACTORS

### 2.1 GENERAL

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

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED, CANCELLED OR REDEEMED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2020, SUBJECT TO THE RIGHT OF THE ISSUER TO REDEEM ALL OR PART OF THE BONDS ON EITHER OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE.

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

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

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

### 2.2 FORWARD-LOOKING STATEMENTS

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

### 2.3 RISKS RELATING TO THE BONDS

- Prior to the Bond Issue, there has been no public market nor trading record 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 Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer’s Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell the Bonds at or above the Bond Issue Price or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.



- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- The Bonds constitute the general, direct, unconditional, unsubordinated 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 and unsubordinated debt, if any. Furthermore, subject to the negative pledge clause (Section 6.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.
- The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of Section 6.9 of this Securities Note), together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond, it shall call a meeting of Bondholders, in accordance with the provisions of Section 6.13. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- The terms and conditions of this Bond Issue are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

### **3 IMPORTANT INFORMATION**

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY INTERNATIONAL HOTEL INVESTMENTS PLC (THE "ISSUER") OF €25,000,000 BONDS 2017-2020 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 6.25% PER ANNUM, PAYABLE ANNUALLY ON 8 APRIL OF EACH YEAR. THIS SECURITIES NOTE, TOGETHER WITH THE REGISTRATION DOCUMENT DATED 12 JUNE 2009 AND SUMMARY NOTE DATED 1 MARCH 2010, AS AMENDED, SUPPLEMENTED AND UPDATED BY THE SUPPLEMENT CONTAINED IN THIS SECURITIES NOTE, WHICH ARE INCORPORATED BY REFERENCE IN ACCORDANCE WITH THE TERMS OF THE PROSPECTUS DIRECTIVE 2003/71/EC, SHALL BE CONSIDERED TO CONSTITUTE THE PROSPECTUS RELATING TO THE ISSUE OF THE BONDS.

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 8 APRIL 2020 UNLESS OTHERWISE PREVIOUSLY REDEEMED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2020, UNLESS IT EXERCISES THE OPTION TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN THIRTY (30) DAYS' NOTICE.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT, AND THE REGULATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION, 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 ADVISERS.

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



THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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

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

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

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING “ADVISERS” UNDER SECTION 3 OF THE REGISTRATION DOCUMENT, AS AMENDED BY ANNEX 5 TO THIS SECURITIES NOTE, HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

**4 PERSONS RESPONSIBLE**

This document includes information given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer. All of the Directors, whose names appear under the sub-heading “Directors” under the heading ‘Identity of Directors, Senior Management, Advisers and Auditors’ in Section 3 of the Registration Document (as amended by Annex 5 to this Securities Note), accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the said Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information, and they accept responsibility accordingly.

**5 KEY INFORMATION****5.1 KEY FINANCIAL REVIEW**

The financial information about the Issuer is included in the audited financial statements for the years ended 31 December 2007 and 2008, as well as in the unaudited interim consolidated management accounts for the nine month period ended 30 September 2009 which are being incorporated by reference into the Prospectus.

The audited financial statements have been published and are available for inspection at the Issuer’s registered office. The audited financial statements are also available on the Issuer’s website at [www.ihplc.com](http://www.ihplc.com)

The following are highlights taken from the unaudited interim consolidated management accounts for the nine month period ended 30 September 2009:

**Condensed Income Statement**  
*for the period ended 30 September*

	<b>Unaudited 2009 €’000</b>	Unaudited 2008 €’000
Turnover	<b>76,565</b>	96,884
Direct costs	<b>52,489</b>	64,842
<b>EBITDA</b>	<b>24,076</b>	32,042
Finance income	<b>932</b>	4,306
Finance costs	<b>(9,683)</b>	(11,953)
Net fair value (loss) gain on interest swaps	<b>(1,401)</b>	15
Share of profit of equity accounted investments	<b>147</b>	188
<b>EBTDA</b>	<b>14,071</b>	24,598
Depreciation & amortisation	<b>(18,328)</b>	(16,641)
Difference on exchange	<b>438</b>	(799)
<b>Profit before tax</b>	<b>(3,819)</b>	7,158
Tax expense	<b>(2,122)</b>	(2,403)
<b>Profit for the period after tax</b>	<b>(5,941)</b>	4,755
Attributable to:		
Equity holders of the Issuer	<b>(6,112)</b>	5,059
Minority interest	<b>171</b>	(304)
<b>(Loss) Profit for the period</b>	<b>(5,941)</b>	4,755



## SECURITIES NOTE

### Condensed Balance Sheet

	Unaudited at 30 Sep 2009 €'000	Audited at 31 Dec 2008 €'000
<b>ASSETS</b>		
Non-current	942,105	922,487
Current	102,140	100,147
<b>Total assets</b>	<b>1,044,245</b>	<b>1,022,634</b>
<b>EQUITY</b>		
<b>Total equity</b>	<b>618,157</b>	<b>624,093</b>
<b>LIABILITIES</b>		
Non-current	347,680	336,644
Current	78,408	61,897
<b>Total liabilities</b>	<b>426,088</b>	<b>398,541</b>
<b>Total equity and liabilities</b>	<b>1,044,245</b>	<b>1,022,634</b>

### Condensed Statement of Cash Flows

for the period ended 30 September

	Unaudited 2009 €'000	Unaudited 2008 €'000
Net cash from operating activities	20,303	33,690
Net cash used in investing activities	(46,013)	(43,346)
Net cash from (used in) financing activities	20,493	(38,195)
<b>Net decrease in cash and cash equivalents</b>	<b>(5,217)</b>	<b>(47,851)</b>
Cash and cash equivalents at 1 January	69,897	165,713
<b>Cash and cash equivalents at end of period</b>	<b>64,680</b>	<b>117,862</b>

During the nine month period between 1 January to 30 September 2009, the Group's turnover amounted to €76.6 million representing a decrease of 21% on the turnover levels registered during the same period in 2008. EBITDA for the same period amounted to €24.1 million compared to €32.0 million in 2008. However, in view of the geographical spread of its hotels, the Group still managed to limit the impact of the recessionary effects from its feeder markets. The Group also retained a healthy EBITDA conversion on turnover, that is 31.4% this year against 33.1% achieved in the corresponding period last year, reflecting the improved cost efficiency and rationalisation measures introduced by the Group in 2009.

Finance income decreased from €4.3 million in 2008 to €0.9 million in 2009 due to the reduction in interest rates on the international markets and the fact that during 2009 part of the Group's surplus cash was invested in capital expenditure. On the other hand, finance costs decreased from €12.0 million in 2008 to €9.7 million in 2009. These costs were positively affected by the reduction in interest rates. However, the reduction in the Euro base rate triggered a fair value loss on the two interest rate swap arrangements that the Group has currently in place. It is the intention of the Group to hold on to these instruments and as a result this negative fair value adjustment will reverse upon maturity.



The loss for the nine month period before tax amounted to €3.8 million (Jan – Sep 2008: profit of €7.2 million). Although the Group reported this consolidated loss, a tax expense is still being recognized as a result of the taxable profits generated by the Corinthia Hotel Tripoli.

In its financial statements for the full year 2008, the Group had registered a significant increase in the carrying amount of its property, plant and equipment, both on account of the continued development activities carried out during the year, as well as through uplifts in value as recommended by independent professional valuing firms. This had resulted in a substantial positive effect on the income statement for the year through the revaluation to fair value of investment properties amounting to €26.3 million, a net positive effect of €3.5 million resulting from a reversal of impairments in value of hotel properties recognised in previous years amounting to €12.8 million and impairment losses of €9.3 million. In 2008, the Group had also recognised an impairment of goodwill amounting to €15.1 million. The net effect of all these uplifts and impairments was a gain of €14.7 million. It is expected that in view of the global recession, the value of some of the Group's properties as at the end of December 2009 will be negatively affected. This negative effect is expected to be somewhat mitigated by the geographical diversification of the Group's properties.

The increase in cash used in investment activities, amounting to €46.0 million, was principally the result of the Group's substantial investment in the Corinthia Hotel London and in the Corinthia Hotel St Petersburg. This investment was financed through €20.3 million of cash generated from operations, €20.5 million from the Group's financing activities and by €5.2 million from cash balances brought forward from December 2008.

Since December 2008 the Group raised an additional €44.3 million from bond issues and bank borrowings. Debt service repayments amounted to €13.2 million in principal and €10.6 million in interest. The Group therefore generated a net amount of €20.5 million from its financing activities. As a result of these developments, the IHI Group's gearing ratio increased marginally from 28.5% in December 2008 to 31.2% in September 2009.

During 2009, the Group continued to follow its strategy of improving its operational results, diversifying its business, ensuring healthy interest covers and retaining prudent loan to equity ratios.

There were no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the Group's unaudited interim consolidated management accounts relate.

## **5.2 REASONS FOR THE ISSUE AND USE OF PROCEEDS**

The net proceeds from the Bonds amounting to €24,575,000 will be used by the Issuer principally for the purpose of redeeming the outstanding amount of the Maturing Bonds, which as at the date of the Prospectus stands at €11,596,944. Out of the remaining net proceeds of the Bond Issue: the outstanding balance on an existing loan facility with Raiffeisen Zentralbank Österreich Aktiengesellschaft amounting to €12,037,084 will be repaid in full; and the net balance will be used for general corporate funding purposes of the Issuer.

Raiffeisen Zentralbank Österreich Aktiengesellschaft is a commercial and investment bank incorporated in Austria having its registered address at Am Stadtpark 9, A-1030 Vienna, Austria, which for the purposes of the said facility is acting as agent and participant with other Austrian lending institutions.

## **5.3 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 €425,000. There is no particular order of priority with respect to the payment of such expenses.



## SECURITIES NOTE

### 5.4 ISSUE STATISTICS

Amount	€25,000,000;
Form	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the Malta Stock Exchange ('CSD');
Denomination	Euro (€);
ISIN	MT0000111261;
Minimum amount per subscription	Minimum of €1,000 and multiples of €100 thereafter;
Redemption Date	8 April 2020 unless otherwise redeemed on any of the Early Redemption Dates;
Early Redemption Dates	Any day falling between and including the 9 April 2017 and the 7 April 2020;
Bond Issue Price	At par (€100 per Bond);
Status of the Bonds	The Bonds constitute the general, direct, unconditional, unsubordinated 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 and unsubordinated debt;
Listing	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Issue Period	The period between: <ul style="list-style-type: none"><li>• 8 March 2010 to 23 March 2010 for Preferred Applicants; and</li><li>• 24 March 2010 to 30 March 2010 for the general public (or such earlier date as may be determined by the Issuer in the event of over-subscription);</li></ul> during which time the Bonds are in issue;
Interest	6.25% per annum;
Interest Payment Date(s)	Annually on 8 April as from 8 April 2011;
Redemption Value	At par (€100 per Bond);
Preferred Applicants	The following persons, whether natural or legal, who, as at the Cut-off Date, appear on the register (maintained by the CSD): <ul style="list-style-type: none"><li>a) of Existing Bondholders;</li><li>b) of shareholders of the Issuer;</li><li>c) of holders of bonds issued by: the Issuer (other than Maturing Bonds); Mediterranean Investments Holding p.l.c.; and/or Corinthia Finance p.l.c.;</li></ul>
Preferred Allocation to holders of Maturing Bonds	Existing Bondholders who apply for Bonds and settle by way of transfer of Maturing Bonds at par value will be allocated (in full) Bonds up to the nearest thousand. Bonds applied for by way of transfer as aforesaid shall be allocated prior to any other allocation of Bonds;
Governing Law of Bonds	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.



## **6 INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING**

### **6.1 GENERAL**

- 6.1.1 Each Bond forms part of a duly authorised issue of 6.25% Bonds of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €25,000,000 (except as otherwise provided under clause 6.12 “Further Issues”).
- 6.1.2 The currency of the Bonds is Euro (€).
- 6.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned the following ISIN: MT0000111261.
- 6.1.4 All outstanding Bonds shall be redeemed by the Issuer at par on the Redemption Date, unless otherwise redeemed at the option of the Issuer on any of the Early Redemption Dates.
- 6.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 6.1.6 The Issue Date of the Bonds is 16 April 2010.
- 6.1.7 The Bond Issue is not underwritten.

### **6.2 RANKING OF THE BONDS**

The Bonds are unsecured and unsubordinated to the claims of all holders of senior indebtedness. The Bonds constitute the general, direct, unconditional, unsubordinated 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, and unsubordinated debt, if any. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

### **6.3 RIGHTS ATTACHED TO THE BONDS**

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest and in accordance with the ranking specified at Section 6.2 hereof.

### **6.4 INTEREST**

- 6.4.1 The Bonds shall bear interest from and including 8 April 2010 at the rate of 6.25% per annum on the nominal value thereof, payable annually in arrears on each “Interest Payment Date”. The first interest payment will be paid on 8 April 2011. Provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 6.4.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

### **6.5 YIELD**

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is six and a quarter per cent 6.25%.





## **6.6 REGISTRATION, FORM, DENOMINATION AND TITLE**

- 6.6.1** Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting same.
- 6.6.2** The CSD will issue, upon a request by the Bondholder, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.
- 6.6.3** The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €1,000.
- 6.6.4** Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading 'Transferability of the Bonds' in Section 6.11 of this Securities Note.

## **6.7 NEGATIVE PLEDGE**

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

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

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

**"Permitted Security Interest"** means (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80 per cent 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 one hundred and 106.25 per cent (106.25%) of the aggregate principal amount of the Bonds still outstanding;

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



## **6.8 PAYMENTS**

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

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

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

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

## **6.9 REDEMPTION AND PURCHASE**

**6.9.1** Unless previously redeemed, purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 8 April 2020, provided that the Issuer reserves the right to redeem all or any part of the Bonds on any one or more of the Early Redemption Dates. The Issuer shall give at least thirty (30) days' notice in writing to all Bondholders of its intention to effect such earlier redemption, stating the number of Bonds that will be redeemed on that Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.

**6.9.2** Subject to the provisions of this Section 6.9, 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.

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



#### **6.10 EVENTS OF DEFAULT**

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

- 6.10.1 The Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 6.10.2 The Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 6.10.3 An order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- 6.10.4 The Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- 6.10.5 The Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 6.10.6 There shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- 6.10.7 Any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of five million Euro (€5,000,000) or its equivalent at any time.

#### **6.11 TRANSFERABILITY OF THE BONDS**

- 6.11.1 The Bonds are freely transferable and once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- 6.11.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD, a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.
- 6.11.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 6.11.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.
- 6.11.5 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.



## **6.12 FURTHER ISSUES**

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

## **6.13 MEETINGS OF BONDHOLDERS**

**6.13.1** The Terms and Conditions contained herein may be amended with the approval of Bondholders at a meeting called for that purpose in accordance with the terms hereunder.

**6.13.2** In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders by giving such Bondholders not less than fourteen (14) days notice, in writing setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat.

**6.13.3** A meeting of Bondholders shall only validly and properly proceed to business if there is quorum present at the commencement of the meeting. For this purpose a quorum shall be considered present if there are Bondholders present, in person or by proxy, accounting for at least fifty per cent (50%) in nominal value of the Bonds then outstanding.

**6.13.4** Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the regulations of the Issuer would chair a general meeting of the Issuer's shareholders), the meeting may then proceed to business and the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that the Terms and Conditions of Issue of the Bonds ought to be amended as proposed by the Issuer. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present.

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

**6.13.6** The proposal placed before a meeting of Bondholders shall only be considered approved if at least seventy-five per cent (75%) in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.

**6.13.7** Save for the above, the rules generally applicable to the Issuer during general meetings of shareholders of the Company shall apply.

## **6.14 AUTHORISATIONS AND APPROVALS**

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on the 15 February 2010.

## **6.15 NOTICES**

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

## **6.16 SINKING FUND**

The Issuer hereby undertakes that as from the end of the financial year ending 31 December 2012, it shall build a sinking fund the value of which will by the Redemption Date be equivalent to 50% of the value of the issued Bonds. This is expected to create a cash reserve from the Issuer's annual surpluses to meet part of the redemption proceeds on the Redemption Date.



For the purposes of the above, the term annual surpluses is defined as net cash inflows from operating activities, that is operating profits adjusted for non-cash items, working capital changes and tax payments, and after deducting net cash used in investing activities and net cash used in financing activities but before the payment of any dividends.

The Issuer has agreed to make periodic payments to build up this sinking fund. The sinking fund will be made up of:

- (a) cash and/or deposits at a local bank licensed by the MFSA; and/or
- (b) debt securities issued or guaranteed by any sovereign state within the Eurozone or which is a member of the OECD or other debt securities which are rated as AAA by a recognised international rating agency, without any currency exchange risk, at the lower of cost and market value.

The Board of Directors of the Issuer reserves the power to invest the funds allocated to the sinking fund, provided that the investment of these proceeds will only be made either for the purpose of the Issuer buying back Bonds for cancellation in terms of Section 6.9 of this Securities Note, or for effecting investments in the manner described in paragraphs (a) and (b) above.

The proceeds constituting the sinking fund shall be settled on trust to an authorised trustee independent of the Issuer that shall hold such proceeds for the benefit of the Bondholders. The authorised trustee may, but shall not be required or bound, to ensure, monitor, or otherwise procure the creation and funding of the said sinking fund by the Issuer. In the event of a cancellation or redemption in full of all outstanding Bonds, any funds remaining in the sinking fund thereafter shall be distributed by the authorised trustee to the Issuer.

## **7 TAXATION**

### **7.1 GENERAL**

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

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

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

### **7.2 MALTA TAX ON INTEREST**

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

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



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

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

### **7.3 EUROPEAN UNION SAVINGS DIRECTIVE**

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

### **7.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS**

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

### **7.5 DUTY ON DOCUMENTS AND TRANSFERS**

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

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

## **8 TERMS AND CONDITIONS OF THE BOND ISSUE**

### **8.1 EXPECTED TIME-TABLE OF BOND ISSUE**

1. Application Forms mailed to Preferred Applicants .....	8 March 2010
2. Application Forms available to the general public.....	15 March 2010
3. Closing date for applications to be received from Preferred Applicants.....	23 March 2010
4. Opening of subscription lists .....	24 March 2010
5. Closing of subscription lists .....	30 March 2010
6. Issue Period .....	8 March 2010 – 30 March 2010, both days included
7. Commencement of interest on the Bonds.....	8 April 2010
8. Announcement of basis of acceptance .....	10 April 2010
9. Expected dispatch of allotment advices and refunds of unallocated monies.....	15 April 2010

The Issuer reserves the right to close the Bond Issue before 30 March 2010 in the event of over-subscription, in which case, the events in steps 8 and 9 above shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.



## **8.2 GENERAL**

- 8.2.1** The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, any Application monies will be returned by the Issuer without interest by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form.
- 8.2.2** In view of the fact that the proceeds of the Bond Issue are intended to redeem the Maturing Bond as well as to partly re-finance an existing bank facility, the Company has not established an aggregate minimum subscription level for the Bond Issue. In the event that the Bond Issue is not fully subscribed, the Company shall re-define its financing strategy accordingly.
- 8.2.3** The contract created by the acceptance of an Application shall be subject to the terms and conditions set out in this Securities Note and the Memorandum and Articles of the Issuer.
- 8.2.4** 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. The amount of the Bond Issue is €25,000,000, issued at par.
- 8.2.5** If the Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have bound his principal, or the relative corporation, corporate entity, or association of persons and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such intermediary may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar.
- 8.2.6** In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each Applicant, and liability therefor is joint and several. 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 instead be due to the bare owner).
- 8.2.7** In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is smaller than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk, within five (5) Business Days from the date of final allocation.
- 8.2.8** 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.
- 8.2.9** No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 8.2.10** It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.



- 8.2.11** The subscription lists will open at 08.30 hours on 24 March 2010 and will close as soon thereafter as may be determined by the Issuer but by not later than 12.00 hours on 30 March 2010. Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.
- 8.2.12** Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 8.2.13** In the case of joint Applications, the joint holders shall nominate one of their number as their representative and his/her name will be entered in the register with such designation. 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.
- 8.2.14** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/ facsimile copies will not be accepted.
- 8.2.15** The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for during the Issue Period is €1,000.
- 8.2.16** Application Forms and the pre-printed applications for Preferred Applicants must be lodged with any of the Authorised Financial Intermediaries.
- 8.2.17** All Application Forms must be accompanied by: the full price of the Bonds applied for in Euro and in clear funds at the Bond Issue Price. Payment may be made either in cash or by cheque payable to "The Registrar – IHI Bond Issue 2017–2010"; and/or by notification of surrender of Maturing Bonds in favour of the Issuer, as the case may be. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
- 8.2.18** Within five (5) Business Days from the closing of the subscription lists, the Issuer shall determine and announce the basis of acceptance of applications and allocation policy to be adopted through a press release in at least one local newspaper.
- 8.2.19** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the Laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.





8.2.20 By completing and delivering an Application Form, you, as the Applicant shall:

- a agree to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- b warrant that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the person completing the Application Form; in the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- c the Issuer and the MSE may process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for in accordance with the Data Protection Act, Cap. 440 of the laws of Malta. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Company and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- d confirm that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- e agree that the registration advice and other documents and any monies returnable to you may be retained pending clearance of your remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act 1994 (and regulations made thereunder) and that such monies will not bear interest;
- f agree to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application(s);
- g warrant, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or your Application;
- h warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- i warrant that: (i) your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a registration advice or to be registered in the register of Bondholders or to enjoy or receive any rights in respect of such Bonds, unless you make payment in cleared funds or surrender the Maturing Bonds in favour of the Issuer, as the case may be, and such consideration is accepted by the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation, or the failure of you effectively surrendering the Maturing Bonds, as the case may be); and (ii) that, at any time prior to unconditional acceptance by the Registrar of such late payment in respect of such Bonds, the Issuer may (without prejudice to other rights to which it may be eligible) treat the agreement to allocate such Bonds as void and may allocate such Bonds to any other person, in which case you will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);



- j represent that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “United States”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- k agree that Charts Investment Management Service Limited will not, in their capacity of Sponsoring Stockbroker, treat you as their customer by virtue of your making an Application for the Bonds and that Charts Investment Management Service Limited will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you;
- l agree 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;
- m renounce to any rights applicant(s) may have to set off any amounts applicant(s) may at any time owe the Issuer against any amount due under the terms of these Bonds.

### 8.3 PLAN OF DISTRIBUTION AND ALLOTMENT

During the Issue Period, Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription to all categories of investors.

It is expected that an allotment advice will be dispatched to Applicants within five Business Days of the announcement of the allocation policy. Dealings in the Bonds may not commence prior to the said notification. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (and regulations made thereunder). Such monies will not bear interest while retained as aforesaid.

### 8.4 PRICING

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

### 8.5 PLACING ARRANGEMENTS

The Bonds shall be available for subscription by Preferred Applicants in two tranches: -

- a) By Existing Bondholders through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of Section 8.5.1 of this Securities Note;
- b) By the Security Holders (any of the shareholders of the Issuer, and the holders of bonds issued by any of: the Issuer (other than Maturing Bonds); Mediterranean Investments Holding p.l.c.; and/or Corinthia Finance p.l.c.) through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of Section 8.5.2 of this Securities Note.

#### 8.5.1 Existing Bondholders

The Issuer has reserved €11,800,000 (47.2%) of the amount of Bonds being issued for subscription by Existing Bondholders (the “**Existing Bondholders’ Portion**”). Such Applicants shall receive a pre-printed Application Form (“**Application Form (A)**”) by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with clear funds (if applicable) between 8 March 2010 and 23 March 2010, both days inclusive (the “**Preferred Applicants’ Period**”).



The Issuer shall, with a preferred allocation over all other Applicants up to the level of the Existing Bondholders' Portion, allocate the Bonds to those Existing Bondholders indicating their agreement, by virtue of the submission of the duly completed Application Form (A), to settle the consideration for the Bonds by surrendering in the Issuer's favour Maturing Bonds of an equivalent value in Euro. Existing Bondholders shall be required to apply for the value of their holding of Maturing Bonds, rounded up to the nearest thousand (the difference hereinafter referred to as the "**Cash Top-Up**"), subject to a minimum application of €1,000. The aggregate amount required for the purpose of satisfying such Cash Top-Up requirement shall form part of the amount of €11,800,000 reserved for subscription by the Existing Bondholders as aforesaid.

Such transfer of Maturing Bonds shall be without prejudice to the rights of the Existing Bondholders to receive interest on the Maturing Bonds up to and including 7 April 2010.

By submitting the signed Application Form (A), Existing Bondholders shall be deemed to confirm that:

- (a) their holding of the Maturing Bonds indicated in the said Application Form (A) is being surrendered in favour of the Issuer; and
- (b) the Application Form (A) constitutes the Existing Bondholder's irrevocable mandate to the Issuer to:
  - i. surrender the said Maturing Bonds in the Issuer's favour and to pay the Cash Top-Up, if any, 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 carry out all procedures necessary with the MSE for the surrender of the said Maturing Bonds and to fully and effectively vest title in the appropriate number of Bonds in the Existing Bondholder.

Existing Bondholders wishing to surrender their Maturing Bonds in exchange for Bonds shall only be entitled to do so by not later than 23 March 2010.

In the event that an Existing Bondholder intends to apply for more Bonds than the value of Maturing Bonds held by him/her as at the Cut-off Date (as such value may be topped up to the nearest thousand by way of payment of the Cash Top-Up), such Existing Bondholder shall, by not later than 23 March 2010, be required to indicate such amount on the Application Form (A) and submit same accompanied by payment in clear funds.

#### **8.5.2 Security Holders**

The Issuer has reserved €8,200,000 (32.8%) of the amount of Bonds being issued for subscription by Security Holders (the "**Security Holders' Portion**"). Such Security Holders shall receive a pre-printed application form ("**Application Form (B)**") by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with clear funds between 8 March 2010 and 23 March 2010, both days inclusive (the "**Preferred Applicants' Period**").

Each application submitted by a Security Holder shall be accompanied by the subscription proceeds in clear funds, corresponding to the Bond Issue Price, on the day of submission of the relevant application.

The minimum subscription amount for each pre-printed Application lodged with Authorised Financial Intermediaries during the Preferred Applicants' Period shall be €1,000.



### 8.5.3 Treatment of Existing Bondholders' Portion and Security Holders' Portion

The Existing Bondholders' Portion and the Security Holders' Portion shall be subject to the following limits:

- (i) The Existing Bondholders shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of eleven million and eight hundred thousand euro (€11,800,000).
- (ii) The Security Holders shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of eight million two hundred thousand euro (€8,200,000).

The above shall be subject to the following:

- (a) any amount not taken up by Existing Bondholders under (i) above shall be available for subscription by Security Holders, subject to a combined limit of twenty million euro (€20,000,000). In the event that applications submitted by Security Holders are in excess of the said amount, any unsatisfied part of such applications shall automatically participate during the Issue Period *pari passu* with other Applicants;
- (b) any amount not taken up by Security Holders under (ii) above shall be included with the amount of Bonds available for subscription during the Public Offer pursuant to Section 8.6 below.

### 8.6 PUBLIC OFFER

The balance of the Bonds not subscribed to during the Existing Bondholders' Period and the Security Holders' Period shall be offered and issued to the general public in Malta during the Issue Period at the Bond Issue Price.

Preferred Applicants are at liberty to apply for Bonds during the Issue Period, provided however that at such stage no preference shall be afforded to their Application.

### 8.7 ADMISSION TO TRADING

- 8.7.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 1 March 2010.
- 8.7.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- 8.7.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 16 April 2010 and trading is expected to commence on 19 April 2010.



## **9 DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents (or copies thereof), may be inspected at the registered office of the Issuer at 22, Europa Centre, Floriana FRN 1400, Malta:

- The Memorandum and Articles of Association of the Issuer;
- The Consolidated Audited Financial Statements of the Issuer for each of the financial years ended 31 December 2007 and 31 December 2008;
- The Unaudited Interim Consolidated Financial Statements of the Issuer for the six month period ended 30 June 2009; and
- The Unaudited Interim Consolidated Management Accounts of the Issuer for the nine month period ended 30 September 2009.

The Consolidated Audited Financial Statements of the Issuer may also be inspected on the Issuer's website: [www.ihplc.com](http://www.ihplc.com)



## ANNEX 1

### AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE	FAX
All Invest Co. Ltd	Rosewell Bldg, Level 2, Villabate Street, M'Scala By-Pass, Zabbar ZBR 9045	21800919	21821933
APS Bank Ltd	17, Republic Street, Valletta VLT 1111	25671719	25671167
Atlas Investment Services Ltd*	Abate Rigord Street, Ta' Xbiex XBX 1121	21322590	23265691
Bank of Valletta p.l.c.*	BOV Centre, Cannon Road, St Venera SVR 9030	21312020	22751733
Calamatta Cuschieri & Co Ltd*	Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103	25688688	25688256
Charts Investment Management Service Ltd*	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106	21241101
Crystal Finance Investments Ltd	6, Freedom Square, Valletta VLT 1011	21226190	21226188
Curmi & Partners Ltd*	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331	21347333
D.B.R. Investments Limited	Deber, Nigret Road, Zurrieq ZRQ 3172	21647763	21647765
Financial Planning Services Ltd*	4, Marina Court No. 1, G Cali Street, Ta' Xbiex XBX 1421	21344255	21341202
FINCO Treasury Management Ltd*	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002	21243280
GlobalCapital Financial Management Ltd*	120, The Strand, Gzira GZR 1027	21342342	21333100
Growth Investments Ltd	Middle Sea House, Floriana FRN 1442	21234582	21249811
Hogg Capital Investments Ltd*	Regent House, Level 3, Suite 33, Bizazza Street, Sliema SLM 1641	21322872	21342760
HSBC Bank Malta p.l.c.	241/2, Republic Street, Valletta VLT 1116	25972209	25972475
HSBC Stockbrokers (Malta) Ltd*	233, Republic Street, Valletta VLT 1116	25972241	25972494
Island Financial Services Ltd	Insurance House, Psaila Street, Birkirkara BKR 9078	23855555	23855238
Jesmond Mizzi Financial Services Ltd	67, Flat 3, South Street, Valletta VLT 1105	21224410	21223810
Joseph Scicluna Investment Services Ltd	Bella Vista Court, Level 3, Gorg Borg Olivier Street, Victoria VCT 2517, Gozo	21565707	21565706
Lombard Bank Malta p.l.c.*	59, Republic Street, Valletta VLT 1117	25581114	25581815
Mercieca Financial Investment Services Ltd	Mercieca, JF Kennedy Square, Victoria VCT 2580, Gozo	21553892	21553892



## ANNEX 1

### AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE	FAX
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	21322426	21332190
Michael Grech Financial Investment Services Ltd	1 Mican Court, J. F. Kennedy Square, Victoria VCT 2580, Gozo	21554492	21559199
MPM Capital Investment Limited	81 B. Bontadini Street B'Kara	21493250	21493077
MZ Investment Services Ltd	11, St Rita Street, Rabat RBT 1523	21453739	21453407
Quest Investment Services Ltd	101, Town Square, Qui Si Sana, Sliema SLM 3112	21343500	21313733
Rizzo, Farrugia & Co (Stockbrokers) Ltd*	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000	22583001

\* Members of the Malta Stock Exchange



## ANNEX 2

## SPECIMEN APPLICATION FORM A



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

**€25,000,000**  
**6.25% BONDS 2017 – 2020**  
**APPLICATION FORM “A”**Application  
Number

Please read the notes overleaf before completing this Application Form

<b>A APPLICANT</b>									
TEL. NO.	MOBILE NO.								
<b>B</b> Nominal value of International Hotel Investments p.l.c. 5% Convertible Bonds 2010: <div style="float: right;">AMOUNT IN FIGURES <b>Box 1</b> €</div> <p>I/We apply to purchase and acquire the amount set out below in International Hotel Investments p.l.c. 6.25% Bonds 2017-2020 at the Bond Issue Price (at par) pursuant to the Prospectus (minimum €1,000 and in multiples of €100 thereafter).</p> <div style="float: right;">AMOUNT IN FIGURES <b>Box 2</b> €</div> <div>AMOUNT IN WORDS</div> <div style="float: right;">AMOUNT IN FIGURES <b>Box 3</b> <i>Difference payable on Application</i> <b>Box 2 - Box 1</b> €</div> <p style="text-align: right;">Amount of 6.25% Bonds 2017-2020 applied for, less the nominal value of 5% Convertible Bonds 2010, payable in full upon application under the Terms and Conditions as defined in the said Prospectus.</p>									
<b>C RESIDENT - WITHHOLDING TAX DECLARATION (See note 9)</b> (to be completed ONLY if the Applicant is a Resident of Malta) <input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax). In terms of Section 7.1.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "Recipient" in terms of article 41 (c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest pursuant to article 33 of the Income Tax Act.									
<b>D NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (to be completed ONLY if the Applicant is a Non-Resident) <table border="1"><tr><td>TAX COUNTRY</td><td>TOWN OF BIRTH</td></tr><tr><td>T I N (Tax Identification Number)</td><td>COUNTRY OF BIRTH</td></tr><tr><td>PASSPORT/NATIONAL I.D. CARD</td><td>NUMBER</td></tr><tr><td>COUNTRY OF ISSUE</td><td>ISSUE DATE</td></tr></table> <input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.		TAX COUNTRY	TOWN OF BIRTH	T I N (Tax Identification Number)	COUNTRY OF BIRTH	PASSPORT/NATIONAL I.D. CARD	NUMBER	COUNTRY OF ISSUE	ISSUE DATE
TAX COUNTRY	TOWN OF BIRTH								
T I N (Tax Identification Number)	COUNTRY OF BIRTH								
PASSPORT/NATIONAL I.D. CARD	NUMBER								
COUNTRY OF ISSUE	ISSUE DATE								
<b>E INTEREST MANDATE (see note 9)</b> Completion of this Panel is <b>MANDATORY</b> <table border="1"><tr><td>BANK</td><td>BRANCH</td><td>ACCOUNT NUMBER</td></tr></table>		BANK	BRANCH	ACCOUNT NUMBER					
BANK	BRANCH	ACCOUNT NUMBER							
<b>F</b> This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the International Hotel Investments p.l.c. 6.25% Bonds 2017-2020 being applied for, to transfer to the Issuer all or part of the Bonds issued by International Hotel Investments p.l.c. (5% Convertible Bonds 2010) held by the Applicant as at the Cut-Off Date for the nominal value of which is set out in Box 1 of Panel B above. By submitting this signed Application Form, the Applicant is thereby confirming that: (a) all or part of 5% Convertible Bonds 2010 held by the Applicant at the Cut-Off Date are being transferred to the Issuer at their nominal value; and (b) this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to: i. cause the transfer of the said 5% Convertible Bonds 2010 in the Issuer's name in consideration of the issue of International Hotel Investments p.l.c. 6.25% Bonds 2017-2020; and ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.									
<b>G</b> I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions which I/we fully accept.  Signature/s of Applicant/s _____ 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 case of Bondholdings that are subject to usufruct)									
AUTHORISED INTERMEDIARY'S STAMP	AUTHORISED INTERMEDIARY'S CODE <table border="1"><tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>								





## SPECIMEN APPLICATION FORM A

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

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

1. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. This Application Form is not transferable and entitles you to a preferential treatment as a bondholder of International Hotel Investments p.l.c. 5% Convertible Bonds 2010 (See note 6 below).
4. Interest and redemption proceeds will be issued in the name of the person as shown in Panel A overleaf.
5. This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the International Hotel Investments p.l.c. 6.25% Bonds 2017–2020 being applied for, to transfer to the Issuer all or part of the Bonds issued by International Hotel Investments p.l.c. ("Maturing Bonds") held by the Applicant as at the Cut-Off Date for the nominal value of which is set out in Box 1 of Panel B overleaf. By submitting this signed Application Form, the Applicant is thereby confirming that:
  - (a) all or part of the Maturing Bonds held by the Applicant at the Cut-Off Date are being transferred to the Issuer at their nominal value; and
  - (b) this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
    - i. cause the transfer of the Maturing Bonds in the Issuer's name in consideration of the issue of International Hotel Investments p.l.c. 6.25% Bonds 2017–2020; and
    - ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the appropriate number of International Hotel Investments 6.25% Bonds 2017–2020 in the Applicant's name.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by holders of Maturing Bonds up to their full amount held at the Cut-Off Date rounded to the nearest thousand subject to a minimum application of €1,000.

Where the Applicant wishes to acquire a number of International Hotel Investments 6.25% Bonds 2017–2020 having an aggregate value which exceeds the amount in respect of which preference is being given as indicated above, the Applicant may do so by including such amount in Box 2 of Panel B.

An Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of the Maturing Bonds being transferred. The amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, may be made by cheque payable to "The Registrar - IHI Bond Issue 2017–2020" which is to be attached to the Application Form being submitted to any Authorised Financial Intermediary listed in Annex I of the Securities Note. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
7. Applicants who are Non-Resident in Malta for tax purposes, must complete Panel D overleaf.
8. In the case where a holder of Maturing Bonds is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have Final Withholding Tax, currently 10% deducted from interest payments. Applicants will receive their interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel E overleaf.
10. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
11. The MSE account number has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 26 February 2010. **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
12. Completed Application Forms are to be delivered at any of the Authorised Financial Intermediaries listed in the Prospectus, during normal office hours by not later than 14:00 on 23 March 2010. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any Applications received by the Registrar after 14:00 on 23 March 2010, will not be accepted.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge/s that:
  - a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
  - b. the pre-printed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to;
    - i. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
    - ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such request must be made in writing and addressed to the Issuer. The request must further be signed by yourself, as the Applicant to whom the personal data relates.

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



## ANNEX 3

## SPECIMEN APPLICATION FORM B



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

€25,000,000  
6.25% BONDS 2017 – 2020  
APPLICATION FORM “B”

Application  
Number

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

**APPLICANT** (see notes 3 to 9)**A****B**

TEL. NO.

MOBILE NO.

**C I/WE APPLY TO PURCHASE AND ACQUIRE** (see notes 10 and 11):

AMOUNT IN FIGURES

€

AMOUNT IN WORDS

International Hotel Investments p.l.c. 6.25% Bonds 2017 – 2020 (minimum €1,000 and in multiples of €100 thereafter) or any smaller amount of Bonds for which this Application may be accepted at the Bond Issue Price, as defined in the Prospectus regulating the Bond Issue (the “Prospectus”), payable in full upon application under the Terms and Conditions as defined in the said Prospectus.

**D RESIDENT - WITHHOLDING TAX DECLARATION** (see note 9)

(to be completed ONLY if the Applicant is a Resident of Malta)

☐ I/We elect to have Final Withholding Tax deducted from my/our interest.☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

In terms of Section 7.1.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of “Recipient” in terms of article 41 (c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest pursuant to article 33 of the Income Tax Act.

**E NON-RESIDENT - DECLARATION FOR TAX PURPOSES** (see note 13)

(to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY

TOWN OF BIRTH

TIN (Tax Identification Number)

COUNTRY OF BIRTH

PASSPORT/NATIONAL ID. CARD

COUNTRY OF ISSUE

NUMBER

ISSUE DATE

☐ I/We am/are **NOT** Resident in Malta but I/we am/are Resident in the European Union.☐ I/We am/are **NOT** Resident in Malta and I/we am/are **NOT** Resident in the European Union.**F INTEREST MANDATE** (see note 12)

(completion of this section is MANDATORY)

BANK

BRANCH

ACCOUNT NUMBER

**G I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.**

Signature/s of Applicant/s  
(Both parents or legal guardian/s are/is to sign if Applicant is a minor)  
(All parties are to sign in the case of a joint Application)

Date

AUTHORISED INTERMEDIARY'S STAMP

AUTHORISED INTERMEDIARY'S CODE



## ANNEX 3

### SPECIMEN APPLICATION FORM B

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

*The following notes are to be read in conjunction with the Prospectus.*

1. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. This Application Form is not transferable and entitles you to a preferential treatment during the Preferred Applicant's Period as (i) a shareholder of the Issuer; (ii) a bondholder of the Issuer (excluding holders of 5% Convertible Bonds 2010), Corinthia Finance p.l.c. and/or Mediterranean Investments Holding p.l.c.
4. Interest and redemption proceeds will be issued in the name of the person as shown in Panel A.
5. The first-named person indicated in Panel A shall, for all intents and purposes, be deemed to be the registered holders of the Bonds. Interest and redemption proceeds will be issued in the name of such Bondholder.
6. In the case where a Preferred Applicant is a minor, the Application must be signed by both parents or the legal guardian/s. Any Bonds allocated pursuant to such Application shall be registered in the name of the minor as Bondholder, with interest 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 on the Bonds 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.
7. Applicants who are Non-Resident in Malta for tax purposes, must complete Panel E.
8. In the case where a Preferred Applicant is a body corporate, Applications must be signed by duly authorised representative/s indicating the capacity in which they are signing.
9. The MSE account number has been pre-printed in Panel B and reflects the MSE account number on the Issuer's Register at the CSD as at 26 February 2010. **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
10. Applications must be for a minimum of €1,000 and thereafter in multiples of €100.
11. Payment in Euro may be made by cheque payable to 'The Registrar – IHI Bond Issue 2017–2020'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
12. Only Applicants who hold a valid official Maltese Identity Card or Companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have Final withholding Tax, currently 10% deducted from interest payments. Applicants will receive their interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel F. If any Application is not accepted, or is accepted for fewer Bonds, after closure of Subscription Lists, than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the Applicant's bank account as indicated in Panel F.
13. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
14. Applications by preferred applicants have to be received by the Registrar by 14.00 hours on 23 March 2010. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any Applications received by the Registrar after 14.00 hours on 23 March 2010 will be rejected. Completed Application Forms are to be delivered at any of the Authorised Financial Intermediaries listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the cut-off time indicated above.
15. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
  - b. the Issuer may process such personal data for all purposes necessary for and related to the issue of the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such request must be made in writing and addressed to the Issuer. The request must further be signed by yourself, as the Applicant to whom the personal data relates.

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



## ANNEX 4

## SPECIMEN APPLICATION FORM C



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

€25,000,000  
6.25% BONDS 2017 – 2020  
APPLICATION FORM “C”

Application  
Number

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

<b>APPLICANT</b> (see notes 2 to 6)					
<b>A</b>	<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	
TITLE (Mr/Mrs/Ms/ .....)		FULL NAME & SURNAME / REGISTERED NAME			
<b>B</b> ADDRESS					
				POSTCODE	
MSE A/C NO. (if applicable)		I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.	
<b>C</b> <b>ADDITIONAL (JOINT) APPLICANTS</b> (see note 2) (please use additional Application Forms if space is not sufficient)					
TITLE (Mr/Mrs/Ms/ .....)		FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.	
TITLE (Mr/Mrs/Ms/ .....)		FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.	
<b>D</b> <b>MINOR'S PARENTS / LEGAL GUARDIAN/S</b> (see note 4) (to be completed ONLY if the Applicant is a minor)					
<b>I</b>	TITLE (Mr/Mrs/Ms/ .....)		FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
<b>II</b>	TITLE (Mr/Mrs/Ms/ .....)		FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
<b>E</b> <b>I/WE APPLY TO PURCHASE AND ACQUIRE</b> (see notes 7 to 8):					
AMOUNT IN FIGURES €		AMOUNT IN WORDS			
International Hotel Investments p.l.c. 6.25% Bonds 2017 – 2020 (minimum €1,000 and in multiples of €100 thereafter) or any smaller amount of Bonds for which this Application may be accepted at the Bond Issue Price, as defined in the Prospectus regulating the Bond Issue (the "Prospectus"), payable in full upon application under the Terms and Conditions as defined in the said Prospectus.					
<b>F</b> <b>RESIDENT - WITHHOLDING TAX DECLARATION</b> (see note 9) (to be completed ONLY if the Applicant is a Resident of Malta)					
<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.					
<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).					
In terms of Section 7.1.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "Recipient" in terms of article 41 (c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest pursuant to article 33 of the Income Tax Act.					
<b>G</b> <b>NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (see note 10) (to be completed ONLY if the Applicant is a Non-Resident)					
TAX COUNTRY		TOWN OF BIRTH			
TIN (Tax Identification Number)		COUNTRY OF BIRTH			
PASSPORT/NATIONAL I.D. CARD		COUNTRY OF ISSUE	NUMBER	ISSUE DATE	
<input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta but I/we am/are Resident in the European Union.					
<input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta and I/we am/are <b>NOT</b> Resident in the European Union.					
<b>H</b> <b>INTEREST MANDATE</b> (see note 9) (completion of this section is MANDATORY)					
BANK		BRANCH		ACCOUNT NUMBER	
<b>I</b> <b>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.</b>					
Signature/s of Applicant/s (Both parents or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application)			Date		
AUTHORISED INTERMEDIARY'S STAMP		AUTHORISED INTERMEDIARY'S CODE			



## SPECIMEN APPLICATION FORM C

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

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

1. The Application Form is to be completed in BLOCK CHARACTERS.
2. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals - including I.D. Card Numbers - must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bond. Interest, redemption proceeds and any refunds will be issued in the name of such Bondholder. Vide note 6 below.**
3. Applicants who are Non-Resident in Malta for tax purposes, must indicate their passport number in Panel B, complete Panel G and the relative box in Panel A must also be marked appropriately.
4. In the case of an Applicant who is a minor, the word 'minor' must be indicated in Panel B next to the Applicant's name and the relative box in Panel A must also be marked. A Public Registry birth certificate must be attached to the Application Form. (The birth certificate is not required if the minor already holds securities which are listed on the Malta Stock Exchange (MSE)). The Application Form must be signed by both parents or by the legal guardian/s. (Interest, redemption proceeds and any refund cheques will be made payable to the parent / legal guardian named in Panel D1 until such time as the Issuer is notified that the minor named in Panel B has attained the age of eighteen (18) years). The address to be inserted in Panel B is to be that of the parents / legal guardian/s.
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. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **APPLICANTS WHO HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
7. Applications must be for a minimum of €1,000 and thereafter in multiples of €100.
8. Payment in Euro may be made by cheque payable to 'The Registrar - IHI Bond Issue 2017-2020'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only applicants who hold a valid official Maltese Identity Card or Companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her return. 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. Applicants will receive their interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel H. If any Application is not accepted, or is accepted for fewer Bonds, after closure of Subscription Lists, than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the Applicant's bank account as indicated in Panel H.
10. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
11. Subscription lists will open at 08:30 hours on 24 March 2010 and will close at 12:00 hours on 30 March 2010. The Issuer reserves the right, however, to close the Bond Issue before 30 March 2010 in the event of over-subscription. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing of the Subscription Lists.
12. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a) the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
  - b) the Issuer may process such personal data for all purposes necessary for and related to the issue of the Bonds applied for; and
  - c) you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must further be signed by yourself, as the Applicant to whom the personal data relates.
14. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.

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



## SUPPLEMENT

**This Supplement constitutes a supplement within the meaning of Article 16 of the Prospectus Directive 2003/71/EC.**

This Supplement is complimentary to, and should be read in conjunction with, the Registration Document issued by the Issuer on 12 June 2009 and the Summary Note issued by the Issuer on 1 March 2010. The Registration Document is being incorporated by reference pursuant to Article 28 of the Regulation. Terms defined in the Registration Document have the same meaning when used in this Supplement.

This Supplement contains information given in compliance with the Listing Rules of the Listing Authority for the purpose of giving information in connection with an offer of securities. The persons listed in Section 3.1 of the Registration Document (as such list is amended pursuant to para (iii) below) accept responsibility for the information contained in this Supplement. To the best of the knowledge of such persons (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

A copy of this Supplement has been delivered to the Listing Authority.

This Supplement has been produced for the purpose of:

- i. updating the information set out in Section 3.3 of the Registration Document dated 12 June 2009 in respect of the Advisers to the Issuer, by virtue of the fact that HSBC Bank Malta p.l.c. of 233, Republic Street, Valletta VLT 1116, Malta, is not acting as Joint-Manager for the purpose of this Issue;
- ii. incorporating by reference the unaudited interim consolidated management accounts of the Issuer for the nine month period ended 30 September 2009. Extracts of this financial information are set out in Section 5.1 of the Securities Note;
- iii. providing information on a change to the Board of Directors of the Issuer, and accordingly updating Sections 3.1 and 6.2 of the Registration Document, to the effect that references to Mr Giuseppe (Joe) Sita shall be replaced with references to Mr Binod Narasimhan, and the information contained in Section 6.2.4 of the Registration Document in respect of Mr Sita is replaced by the following:

Binod Narasimhan has been appointed as a Non-Executive Director of the Issuer with effect from 17 December 2009. He replaced Giuseppe (Joe) Sita who had been appointed on the Board on 5 December 2006;

Mr Narasimhan is Chief Financial Officer of Istithmar World and is responsible for the accounting, risk management, financial and strategic planning for the business worldwide and has over 20 years of experience in consulting and financial management in the hotel and investment business;

Prior to joining Istithmar World, Mr. Narasimhan was Director of Finance with Qatar National Hotels Company, where he also held several other key finance positions, in which capacity, apart from overseeing accounting and reporting of the company, he also performed investment analysis, capital structuring, M&A analysis and providing support for start-up businesses. A qualified chartered accountant, Mr. Narasimhan holds a bachelor's degree in science and started his career with PricewaterhouseCoopers;

Binod Narasimhan is an Indian national holding passport number Z1793460 and residing at Villa 20/52 Street 22c, Al Safa1, Dubai, United Arab Emirates;

- iv. providing information on a change in significant investments made by the Issuer. On 28 October 2009 the Issuer announced that it had increased its equity holding in the joint venture owning the Corinthia Hotel and Residences London project from 37.04% to 50%. The remaining 50% share in the joint venture is owned by the Libyan Foreign Investment Company. The references made – in the Registration Document (Sections 4.1.2, 4.1.3, 4.1.4 and 5.3) – to a 37% shareholding of the Issuer in the joint venture acquiring the Metropole Building and adjoining 10 Whitehall Place in London should be construed in accordance with the increased investment referred to herein. Furthermore, it is hereby noted that the amount referred to in Section 5.3 (Latest Developments) of the registration document forming part of the prospectus dated 12 June 2009 as the amount funded by the Issuer in the said acquisition (through equity), that is £50.5 million (€56.8 million), should be revised to indicate an amount of £67.5 million (€79.1 million);



## ANNEX 5

### SUPPLEMENT

- v. updating the Trend Information set out in the Prospectus dated 12 June 2009, specifically the second and third paragraphs of Section 5.1 of the Registration Document, on the basis of information extracted from the UNWTO (United Nations World Tourism Organization) World Tourism Barometer released in January 2010. According to the UNWTO, following the events leading to the general economic downturn in Q3 and Q4 2008, international tourist arrivals declined worldwide by an estimated 4% in 2009. However, according to the same source the industry experienced a growth in the last quarter of 2009, thus contributing to a full year which ultimately exceeded expectations when considering the outlook at the outset of 2009. Furthermore, it is reported that regions in which the Group operates have had mixed fortunes during 2009. Despite the overall global downward trend, North Africa reported an increase in 2009 in international visitation of 5.0% over 2008. On the other hand, Central Europe recorded a decrease of 8.0%, the Mediterranean region a decrease of 5.0% whereas Western Europe recorded a drop in annual visitation of 4.0%. Given the recent upturn in both international tourism figures and the overall economic indicators, UNWTO forecasts a growth in international tourist arrivals of between 3% and 4% in 2010.<sup>1</sup> Section 10.1 of the Summary Note has been revised accordingly;
- vi. updating the information set out in Section 7.3 of the Registration Document dated 12 June 2009 in respect of the members of the Monitoring Committee to the Issuer, by virtue of the fact that Mr Lino Soler, who previously acted as a member of such committee, retired on 31 December 2009 and with effect from 13 January 2010 was replaced by Ms Valerie Vella, an accountant by profession;
- vii. updating the information set out in Section 12.1 of the Registration Document dated 12 June 2009 in respect of the issued share capital of the Issuer, which, further to the exercise of an option to convert bonds issued by the Company pursuant to an offering memorandum dated 27 April 2000, was increased by €11,647 to an increased total of €553,225,643 divided into 553,225,643 shares having a nominal value of €1.00 per share.

Save as disclosed herein, there has been no significant change and no significant matter has arisen since the publication of the Prospectus dated 12 June 2009.

<sup>1</sup>UNWTO World Tourism Barometer January 2010



INTERNATIONAL HOTEL INVESTMENTS P.L.C.