



ISLAND HOTELS

GROUP HOLDINGS PLC

SUMMARY NOTE

Dated 28 August 2009

This document is a Summary 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.

This Summary Note is issued pursuant to the requirements of Listing Rule 6.4.1 of the Listing Rules and contains information about **Island Hotels Group Holdings p.l.c.** for which application has been made for admission to trading of the Bonds and the Shares on the Malta Stock Exchange. This Summary Note should be read in conjunction with the Registration Document and the Combined Securities Note.

An offer by
**Vassallo Builders Group Limited
& T.M.C. Limited**

An offer by
Vassallo Builders Group Limited

of

of

a total of 140,000 6.5%
Bonds 2017-2019 with a nominal
value of €100 each

a total of 8,383,300
Ordinary Shares
with a nominal value of
€1 each

a total of 8,817,300
Ordinary Shares
with a nominal value of
€1 each

to the General Public
(subject to pre-allocation
agreements vide section
24 hereof)

to Double You Limited &
T Limited

ISIN: MT0000481219

ISIN: MT0000480104

issued at par by

Island Hotels Group Holdings p.l.c.

			
Winston J. Zahra for and on behalf of Winston J. Zahra Director Island Hotels Group Holdings p.l.c.	Winston J. Zahra Director Island Hotels Group Holdings p.l.c.	Trevor E. Zahra Director Island Hotels Group Holdings p.l.c.	Nazzareno Vassallo Director Island Hotels Group Holdings p.l.c.

LEGAL COUNSEL

LEAD MANAGER & REGISTRAR

SPONSOR

JOINT MANAGER

CAMILLERI PREZIOSI
ADVOCATES

BOV
Bank of Valletta

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING

HSBC 



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GENERAL

1 IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON ISLAND HOTELS GROUP HOLDINGS P.L.C., ITS SUBSIDIARIES, AFFILIATES AND BUSINESS OF THE GROUP AND INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE COMPANY. THE INFORMATION IS BEING MADE AVAILABLE IN CONNECTION WITH A COMBINED OFFER BY (i) VASSALLO BUILDERS GROUP LIMITED OF 8,817,300 ORDINARY SHARES IN THE COMPANY TO DOUBLE YOU LIMITED AND T LIMITED AND 8,383,300 ORDINARY SHARES IN THE COMPANY TO THE GENERAL PUBLIC (THE “SHARES”) AND (ii) BY VASSALLO BUILDERS GROUP LIMITED AND T.M.C. LIMITED OF €14,000,000 6.5% BONDS 2017-2019 (THE “BONDS”). THE SHARES HAVE A NOMINAL VALUE OF €1 EACH AND ARE BEING OFFERED AT PAR, THE BONDS HAVE A NOMINAL VALUE OF €100 EACH AND ARE BEING OFFERED AT PAR.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY 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 COMPANY OTHER THAN THOSE CONTAINED IN THIS 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 COMPANY OR ITS DIRECTORS OR ADVISORS.

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

A COPY OF THIS DOCUMENT HAS BEEN REGISTERED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MSE IN SATISFACTION OF THE MSE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT. APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE SECURITIES TO BE CONSIDERED AS ADMISSIBLE TO LISTING ON A REGULATED MARKET. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE MSE, AS A REGULATED MARKET, FOR THE COMPANY'S SECURITIES TO BE ADMITTED TO THE OFFICIAL LIST. THE CONTENTS OF THE COMPANY'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE COMPANY'S WEBSITE DO NOT FORM PART OF THIS DOCUMENT. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES ISSUED BY THE COMPANY. DEALINGS IN SECURITIES ARE EXPECTED TO COMMENCE ON THE MALTA STOCK EXCHANGE ON THE 14 OCTOBER 2009.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA. THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA AND ANY PERSON ACQUIRING ANY SECURITIES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE COMPANY OR ANY OFFEROR TO BRING ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF SECURITIES OR AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

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.

ALL THE ADVISORS TO THE COMPANY NAMED SECTION 7.3 OF THIS SUMMARY NOTE HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY 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.

STATEMENTS MADE IN THIS DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN. THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT AND COMBINED SECURITIES NOTE CONTAINING INFORMATION ABOUT THE COMBINED OFFER AND THE SECURITIES.

2 WARNINGS

THIS SUMMARY NOTE HAS TO BE READ AS AN INTRODUCTION TO THE PROSPECTUS DATED 28 AUGUST 2009 WRITTEN IN ENGLISH AND COMPOSED OF THE FOLLOWING PARTS:

- SUMMARY NOTE
- REGISTRATION DOCUMENT
- COMBINED SECURITIES NOTE

ANY DECISION TO INVEST IN THE SECURITIES HAS TO BE BASED ON AN EXHAUSTIVE ANALYSIS BY THE INVESTOR OF THE PROSPECTUS AS A WHOLE.

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



3 DEFINITIONS

25% Offer	means the offer by VBG to each of Double You Limited and T Limited of 4,408,650 Shares each;
Act	the Companies Act, Cap. 386 of the Laws of Malta;
Affiliates	each of: - <ul style="list-style-type: none"> a) Golden Sands Resorts Limited, a limited liability company registered under the laws of Malta with company registration number C30569 and with registered office at The Radisson SAS Golden Sands Resort & Spa, Golden Bay, Limits of Mellieha, MLH 5510, Malta, ("GSR"); b) Leisure Marketing Limited, a limited liability company registered under the laws of Malta with company registration number C31224 and with registered office at Suite 1, 17, Sir. A Bartolo Street, Ta' Xbiex, XBX 1092, ("Leisure Marketing"); c) Vacation Financial Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 535715 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhamsay, Road Town, Tortola, BVI, ("Vacation Financial"); d) Brookfield Overseas Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 536243 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhamsay, Road Town, Tortola, BVI, ("Brookfield"); e) Heathfield Overseas Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 536242 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhamsay, Road Town, Tortola, BVI, ("Heathfield") and f) Azure Resorts Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 535716 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhamsay, Road Town, Tortola, BVI, ("Azure");
Applicant/s	a person whose name, or persons whose names in the case of joint applicants, appear in the registration details of an Application Form;
Application/s	the application/s to purchase and acquire Securities made by an Applicant by completing an Application Form and delivering it to any of the Financial Intermediaries or the Registrar;
Application Form	the form of application for subscription of the shares constituting the Public Offer and/or the form of application for subscription of Bonds, specimens of which are set out in Annexes 3 to 5 of the Combined Securities Note;
Azure Group	means all of: - <ul style="list-style-type: none"> a) Azure; b) Vacation Financial; c) Heathfield; and d) Brookfield;
Bondholders	the persons registered in the Company's register as being the holders of Bonds;
Bonds	the 140,000 bonds of a face value of €100 per bond redeemable on the Redemption Date or, at the option of the Company, on a Designated Early Redemption Date, bearing interest at the rate of 6.5% per annum and redeemable at their nominal value, issued by the Company to VBG and TMC;
Bond Offer	the offer made by each of TMC and VBG of the Bonds under the terms and conditions contained in the Combined Securities Note and in the following proportions: - <ul style="list-style-type: none"> a) TMC as to 70,000 Bonds, the "TMC Bonds"; and b) VBG as to 70,000 Bonds, the "VBG Bonds";
Bond Offer Price	either, the price of one hundred euro (€100) or, €100 in value of the CareMalta Bonds (including the Cash Top-Up), as the case may be, per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
BVI	British Virgin Islands;
CareMalta Bonds	the €8,852,037 bonds issued by CareMalta Finance p.l.c. on the 15 October 2002 redeemable on the 15 November 2011 or, at the option of CareMalta Finance p.l.c., on the 15 November 2009 or 15 November 2010, bearing interest at the rate of 6.5% per annum and redeemable at their nominal value;
CareMalta Bondholders	holders of the CareMalta Bonds as at 3 September 2009;
Combined Offer	the Share Offer and the Bond Offer;
Combined Securities Note	the combined securities note issued by the Company and each Offeror (as therein defined) on the 28 August 2009, forming part of the Prospectus;
Company	Island Hotels Group Holdings p.l.c. a public limited liability company incorporated under the laws of Malta with company registration number C44855 and with registered office at Coastline Hotel, Salina Bay, Salina, SPB9030, Malta;
Directors or Board	the directors of the Company whose names and addresses are set out in section 7.1 of this Summary Note;



Designated Early Redemption Dates	a date or dates falling between 1 July 2017 up to and including 29 June 2019 which the Company may designate as a date or dates set for the redemption of the Bonds by giving sixty days prior written notice;
Double You Limited	Double You Limited, a company registered under the laws of Malta with company registration number C25234 and with registered office at 'Il-Garra', Triq Carmelo Pace, Iklin, IKL 1601, Malta;
Effective Date	the date when the Securities of the Company are admitted to the Official List of the Malta Stock Exchange;
Employees	the persons who as the 28 August 2009 are in full or part-time employment with any company forming part of the Group;
Euro or €	the lawful currency of the Republic of Malta as from 1 January 2008;
Financial Intermediaries	the banks, financial institutions, stockbrokers and other persons referred to in Annex 2 of the Combined Securities Note;
Group	the Company, the Subsidiaries and the Affiliates;
IHG Group	means IHG and the Subsidiaries and Affiliates (other than Leisure Marketing);
Listing Authority	such person or body appointed by the Minister of Finance for the purposes of article 11 of the Financial Markets Act, Cap 345 of the laws of Malta;
Listing Rules	the listing rules issued by the Listing Authority from time to time;
Malta Stock Exchange or MSE	the Malta Stock Exchange p.l.c. as originally constituted by the Financial Markets Act, Cap 345 of the laws of Malta with registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and bearing company registration number C42525;
Mayfair	Mayfair Overseas Holdings Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 283978 and with registered office at Omar Hodge Building, Wickham's Cay, Road Town, Tortola, BVI
Offerors	TMC with respect to the offer of the TMC Bonds, and VBG with respect to the Share Offer and the offer of the VBG Bonds;
Offer Period	the period between 22 September 2009 and 28 September 2009, both days included, or such earlier date as may be determined by the Company in the event of over-subscription;
Preferred Applicants	with respect to the Public Offer:- a) Financial Intermediaries for the benefit of their clients; and b) Employees. With respect to the Bond Offer, the CareMalta Bondholders;
Prospectus	this document together with the Combined Securities Note and Registration Document all dated 28 August 2009;
Public Offer	means the offer by VBG to the general public of 8,383,300 Shares;
Redemption Date	30 June 2019;
Registration Document	the registration document issued by the Company on the 28 August 2009;
Shares	the 17,200,600 ordinary shares in the Company of a nominal value of €1 being the subject of this Prospectus;
Securities	the Shares and the Bonds;
Shareholders	the persons registered in the Company's register as being the holders of its ordinary shares;
Share Offer	the 25% Offer and the Public Offer;
Share Offer Price	the price of €1 for each Share;



Subsidiaries	each of: - a) Island Hotels Group Limited, a limited liability company registered under the laws of Malta with company registration number C19442 and with registered office at Coastline Hotel, Salina Bay, Salina, Naxxar, NXR 9030, Malta, ("IHG"); b) Coastline Hotel Limited, a limited liability company registered under the laws of Malta with company registration number C14107 and with registered office at Coastline Hotel, Salina Bay, Salina, Naxxar NXR 9030, Malta, ("CHL"); c) Bay Point Hotel Limited, a limited liability company registered under the laws of Malta with company registration number C13170 and with registered office at The Radisson SAS Bay Point Resort, St George's Bay, St Julians, STJ 3391, Malta, ("BPH"); d) Island Resorts International Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 294368 and with registered office at Alcara Building 24, De Castro Street, Wickam's City Cay 1, Tortola, BVI, ("IRIL"); e) Island Caterers Limited, a limited liability company registered under the laws of Malta with company registration number C9377 and with registered office at Coastline Hotel, Salina Bay, Salina, Naxxar NXR 9030, Malta, ("ICL"); and f) Bay Point Properties Limited, a limited liability company registered under the laws of Malta with company registration number C47131 and with registered office at Coastline Hotel, Salina Bay, Salina, Naxxar NXR 9030, Malta);
Summary Note	this document in its entirety, forming part of the Prospectus;
T Limited	T Limited, a limited liability company incorporated under the laws of Malta with company registration number C25235 and with registered office at 'Il-Garra', Triq Carmelo Pace, Iklin, IKL 1601, Malta;
Terms and Conditions of the Bonds	the terms and conditions relating to the Bonds as same are contained in this Prospectus, in particular Section 9 of the Combined Securities Note;
TMC	T.M.C. Limited, a limited liability company incorporated under the laws of Malta with company registration number C6720 and with registered office at 'Il-Garra', Triq Carmelo Pace, Iklin, IKL 1601, Malta;
VBG	Vassallo Builders Group Limited, a limited liability company incorporated under the laws of Malta with company registration number C2448 and with registered office at 'The Three Arches', Valletta Road, Mosta MST 9016, Malta.

4 PERSONS RESPONSIBLE

The Directors of the Company, whose names appear under the sub-heading "Directors" in Section 7.1 of this Summary Note, are the persons responsible for the information contained in this Summary Note, but only to the extent that this Summary Note is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

In view of the fact that the Bond Offer is being made by the Offerors and the Share Offer is being made by VBG alone, the Directors of the Company have relied on the information provided to them by VBG and TMC in respect of the Bond Offer and VBG alone in the case of the Share Offer.

5 FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and/or the Directors. By their nature, forward-looking statements involve risks and uncertainties and are not guarantees of future performance and should therefore not be construed as such. The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Company are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

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



6 RISK FACTORS

A PROSPECTIVE INVESTOR 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 COMPANY. INFORMATION CONTAINED IN THE PROSPECTUS CONTAINS "FORWARD-LOOKING STATEMENTS," WHICH ARE SUBJECT TO THE QUALIFICATIONS DISCUSSED.

IF ANY OF THE RISKS DESCRIBED WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE COMPANY'S FINANCIAL RESULTS, TRADING PROSPECTS AND THE ABILITY OF THE COMPANY TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE THAT THE DIRECTORS BELIEVE TO BE MATERIAL, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE COMPANY FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE COMPANY'S DIRECTORS ARE NOT CURRENTLY AWARE OF OR DO NOT DEEM MATERIAL, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE COMPANY THAT COULD LEAD IN A DECLINE IN VALUE OF THE SECURITIES.

6.1 Risks relating to the Hotel Industry

The Group is subject to certain risks common to the hotel industry, certain of which are beyond its control.

The Group currently owns, operates and manages three hotels in Malta, one of which, jointly owned by Mayfair, is also operated as a vacation ownership resort. In addition, the Group owns, operates and manages an event catering operation. As such, the Group'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 vacation ownership industry and beyond the Group's control, including the following:

- a downturn in international market conditions or the national, regional and/or local political, economic and market conditions, may diminish the demand for leisure and business travel and meeting/conference space;
- any increases in interest rates and a reduction in the availability of financing and/or refinancing on favourable terms could affect the Group's ability to negotiate working capital and capex funding;
- any fluctuations in the exchange rates between the Euro and the Pound Sterling could have an impact on that part of the Group's profitability generated from the sale of vacation ownership;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- the increased competition and periodic local supply of guest accommodation in Malta;
- changes in travel patterns, any increase in, or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes;
- increases in operating expenses as a result of inflation, increased personnel costs and health-care related costs, higher utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors that may not be offset by increased room rates;
- changes in governmental laws and regulations, including those relating to vacation ownership, employment, the preparation and sale of food and beverages, smoking, health and alcohol licensing laws and environmental concerns, fiscal policies and zoning and development regulations and the related costs of compliance;
- the reduction in availability of financing to buyers at acceptable costs with respect to the acquisition of vacation ownership could affect that part of the Group's profitability generated from the sales of vacation ownership;
- the termination, non-renewal and/or the renewal on less favourable terms of the material contracts described in section 22 of the Registration Document under the heading 'Material Contracts', as well as agreements entered into with tour operators and other future material agreements;
- the termination or non-renewal of agreements entered into by the Group with respect to the lease and provision of event catering venues;

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels in the Group's hotels, or otherwise cause a reduction in the Group's income. Such factors (or a combination of them) may also adversely affect the value of the Group's hotels and in either such case would have a material adverse effect on the Group's business, financial condition and results of operations.



6.2 Risks relating to Real Estate

Risk relating to the Group's properties and operations

Property investments are subject to varying degrees of risks. Values are affected by (among other things) changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the Group's property portfolio may also fluctuate as a result of other factors outside the Group's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and control expenses. The Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values.

Real estate investments are relatively illiquid

Properties such as those in which the Group invests are relatively illiquid and planning regulations may further reduce the numbers and types of potential purchasers should the Group decide to sell certain properties. Such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in accordance with its strategy or in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Group's financial condition and results of operations.

Environmental and/or health and safety compliance costs and liabilities may have a material adverse effect on the Group's financial condition and operations.

As an owner and operator of hotels properties, the Group is subject to a variety of European Union, national and local laws and regulations concerning environmental and/or health and safety ("EHS") matters. While the Directors believe that the Group is in compliance in all material respects with EHS laws and regulations currently applicable to it, there can be no assurance that the Group will not be found to be in breach of EHS laws and regulations. The failure to comply with present or future EHS laws and regulations could result in regulatory action, the imposition of fines or third party claims which could in turn have a material adverse effect on the Group's results of operation, its financial condition and/or its reputation. In addition, compliance with new EHS laws and regulations could require the Group to incur significant expenditure that could have a material adverse effect on the Group's results of operation, financial condition or operations.

The Group's real estate property portfolio comprises properties that have been constructed at various times and, in some cases, on or in areas that have historically been the subject of commercial or industrial uses. As a result, hazardous substances may be present within land or buildings at some of these properties which may result in a financial cost to the Company. If an issue arises in relation to the presence of hazardous substances at any Group property, and it is not remedied or not capable of being remedied, this may adversely affect the Group's ability to sell, lease or operate its property or to borrow using its property as collateral.

6.3 Other Risks

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 member 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 Company's dependency on the Subsidiaries & Lack of Trading Record

The Company was incorporated on the 5 August 2008 and does not have a trading record. The Company was incorporated for the purpose of acting as the parent company of the Subsidiaries and does not undertake any trading and business activities in its own name. The Company's operating and financial performance is therefore directly related to and dependent on the financial and operating performance of the Subsidiaries and is subject to the risks associated or potentially associated with the Subsidiaries.

The Group's level of debt

The Company's ability to implement its business strategies is dependent upon, among other things, its ability to generate sufficient funds internally and to access continued bank financing at acceptable costs. The Group's current debt to equity ratio may hinder the Group's ability to procure additional bank financing for any new investments.

The Group may face industrial disputes or other disruptions that could interfere with its operations.

The Group may be subject to the risk of industrial disputes and adverse employee relations, and these disputes and adverse relations could disrupt the Group's business operations and materially adversely affect the Group's business, financial condition or results of operations. Although the Group has not had any material industrial disputes in the past and although the Group's employees do not currently form part of a workers' union, no assurance can be given that there will not be industrial disputes and/or adverse employee relations in the future that could have a material adverse effect on the Group's operations in a specific hotel, country or region.



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. However, the Group may not be able to obtain insurance that covers losses that are due to external risks, such as acts of terrorism or flooding. In addition, the scope of coverage the Group can obtain may be limited as may the Group's ability to obtain coverage at reasonable rates. 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.

The Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, employees, regulatory authorities, franchisers.

The Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, employees, regulatory authorities, and/or franchisers. Although as stated in section 20 of the Registration Document under the heading "Material Legal and Arbitration Proceedings", the Group is not involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Summary Note, a significant effect on the Group's financial position or profitability. So far as the Directors are aware no such proceedings are pending or threatened, however no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

The global financial and economic crisis may materially affect the Group

Extreme volatility and disruption in global capital and credit markets since mid-2007 has had an impact on the performance of the tourist industry worldwide. Given the sharp global reduction in business activity, exchange rate fluctuations, the general uncertainty and consumer confidence, decreasing disposable income and associated increased unemployment, particularly in key tourism source markets may have a material adverse effect on the Group's performance. If current levels of market disruption, volatility and economic downturn continue or worsen, there can be no assurance that the Group will not experience an adverse effect, which may be material, on its financial performance and results of operations.

Increased Competition

The hotel industry globally is characterised by strong and increasing competition. Many of the Group's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Group. Severe competition in certain countries and changes in economic and market conditions could adversely affect the Company's business and operating results.

Suitability

An investment in the Company may not be suitable for all recipients of this Prospectus and investors are urged to consult their advisors as to the suitability or otherwise of the investments described in the Combined Securities Note before investing.

6.4 Risks Relating to the Securities

An investment in the Securities involves certain risks, including those set out below in this section. In deciding whether to make an investment in either of Securities, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus. The applicability of the risk factors set out in section 6.5 is limited to the Shares, whereas the risk factors set out in this section 6.6 apply to the Bonds. The remaining risk factors relate to the Securities in general.

6.4.1 No Prior Market for the Securities

Prior to the Combined Offer, there has been no public market for the Company's securities within or outside Malta. Due to the absence of any prior market for the Securities, there can be no assurance that the price of the Securities will correspond to the price at which the Securities will trade in the market subsequent to the Combined Offer. The market price of the Securities could be subject to significant fluctuations in response to numerous factors, including the Group's operating results and developments in the economies of other countries to which the Group is directly or indirectly exposed.

6.4.2 Limited Liquidity of the MSE

Application has been made to seek a listing on the MSE, which is smaller and less liquid than the more developed stock markets in Europe and the United States. Currently equity securities of only eighteen Maltese companies are traded on the MSE, out of which seventeen equity securities were admitted to the Official List of the MSE and one to the Alternative Companies List. The limited liquidity of the market for the Shares could increase the price volatility of the Shares and may impair the ability of a holder of Shares to sell such Shares in the market in the amount and at the price and time such holder wishes to do so. To control price volatility, the MSE may not allow matching of deals in shares of a listed company when the price falls outside a seven per cent range (up or down) from the previous day's traded weighted average price. Similar liquidity limitations may exist in the market



for Securities once admitted to trading on the MSE. The liquidity of the market depends on, amongst others, factors beyond the Company's control such as the willingness (or otherwise) to invest of potential buyers and sellers of the Securities. The effect that the investors' decisions may have on the trading market would consequently affect the trading value of the Securities.

Following the completion of the Combined Offer, the price at which the Securities will be traded, as well as the sales volume of the Securities traded, will be subject to fluctuations. These movements may not necessarily be caused by the Group's business activity or its results of operations. It is also possible that the Group's results of operations or its business outlook may fall short of expectations, in which case the price of the Securities could be negatively affected.

6.4.3 *Value*

The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.

6.4.4 *Secondary Market*

There can be no assurance that an active secondary market for the Securities will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to re-sell his/her Securities below, at or above the Bond Offer Price, or of the Share Offer Price as the case may be.

6.5 *Risks Relating Specifically to the Shares*

6.5.1 *Minority shareholding*

Due to the size of their shareholding in the Company pursuant to TMC's existing shareholding as well as the conditional obligations undertaken by Double You Limited and T Limited in the SPA, on the effective acquisition of shares in the Company, TMC, Double You Limited and T Limited, will, through the possible pooling of their votes, be in a position to control and decisively influence matters that require approval of the general body of Shareholders, including resolutions regarding dividends and other important measures. The interests of TMC, Double You Limited and T Limited as Shareholders may not coincide with the interests of other Shareholders in the Company.

6.5.2 *Dividends*

The Company's results can fluctuate and its ability to pay dividends is dependent on, amongst other things, it achieving sufficient profits. The Company may not pay dividends if the Directors believe this would cause the Company to be less adequately capitalised or that there are otherwise insufficient distributable reserves or for various other reasons. Future dividends will depend on, among other factors, the Company's future profits, financial position, working capital requirements, general economic conditions and other factors that the Directors deem significant from time to time. The prospective dividend policy set out in section 19.2 of the Registration Document forming part of the Prospectus should be read accordingly.

6.6 *Risks Relating Specifically to the Bonds*

6.6.1 *Re-Investment following Redemption of the Bonds*

The Bonds are subject to early redemption at the option of the Company as set out in the Prospectus. In the event that the Company redeems the Bonds at a time when prevailing interest rates are relatively low, holders of Bonds may not be in a position to re-invest the redemption proceeds in a comparable security at an effective interest rate at least equivalent to that of the redeemed Bonds.

Other related factors in this respect over which the Company has no control include the time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally.

6.6.2 *Prior Ranking Charges*

The Bonds constitute general, direct, unconditional, unsecured and unsubordinated obligations of the Company and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Company.

AN INFORMED INVESTMENT DECISION CAN ONLY BE MADE BY INVESTORS AFTER THEY HAVE READ AND FULLY UNDERSTOOD THE RISK FACTORS CONTAINED IN THE PROSPECTUS ASSOCIATED WITH AN INVESTMENT IN THE SECURITIES ISSUED BY THE COMPANY AND THE INHERENT RISKS ASSOCIATED WITH THE COMPANY'S BUSINESS.



INFORMATION ABOUT THE COMPANY

7 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS & AUDITORS

The Directors of the Company, whose names are set out hereunder under the heading directors, are the persons responsible for the information contained in this Summary Note.

7.1 Directors

<i>Name & Surname</i>	<i>Position</i>
Winston V. Zahra	Director
Nazzareno Vassallo	Director
Winston J. Zahra	Director
Trevor E. Zahra	Director

7.2 Senior Management

The following persons, being members of the senior management of the Group, are responsible for the Group's day to day management:-

Winston J. Zahra	Chief Executive Officer
Kenneth Abela	Chief Finance Officer
Edward D'Alessandro	Operations Director ICL
Raphael Cauchi	General Manager GSR
Ernest Barry	General Manager BPH
Malcolm Buhagiar	General Manager CHL
Trevor E. Zahra	Director of Sales - Leisure
John Dandria	Director of Sales – Meetings, Conference & Events
Sue Falzon	Director of Sales – E Commerce, Corporate, Marketing
Mario Caruana	Group Executive Chef
Marthese Vella	Director of IT
Adrian Attard	Group Food & Beverage Manager
Christina Galea	Group HR Manager

7.3 Advisors

Legal Counsel	Camilleri Preziosi Level 3, Valletta Buildings, South Street, Valletta VLT 1103 - Malta
Reporting Accountants	Deloitte Deloitte Place, Mriehel By-Pass, Mriehel, BKR 3000 - Malta
Sponsor	Charts Investment Management Service Limited Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913 - Malta
Registrar & Lead Manager	Bank of Valletta p.l.c. Cannon Road, St Venera SVR 9030 - Malta
Joint Manager	HSBC Bank Malta p.l.c. 233, Republic Street, Valletta VLT 1116 - Malta



7.4 Auditors

The financial statements of IHG for the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 have been audited by Deloitte. Deloitte is a firm of Certified Public Accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281 of the Laws of Malta).

8 PRESENTATION OF CERTAIN INFORMATION & CORPORATE RESTRUCTURING

Island Hotels Group Holdings p.l.c. does not itself have a track record.

As part of a corporate restructuring exercise entered into specifically for the purpose of preparing the Company for its listing on the Official List of the MSE and the acquisition of 25% of the Company by Double You Limited and T Limited, the Company acquired the shares in and, accordingly the business of, ICL on the 28 July 2009, IRIL on the 29 July 2009 and IHG on the 30 July 2009. The acquisition did not include the business and equity interests in 1) B.C.W. Limited (C28818), a joint venture company that manages the Dragonara Casino Limited and 2) the Bugibba Holiday Complex Limited (C8542), which interests were transferred out of the Group prior to and in contemplation of the restructuring. For a graphical description of the Group, please see Annex 1 of this Summary Note.

Accordingly, the information contained in this Prospectus specifically excludes any information relating to the Bugibba Holiday Complex and B.C.W. Limited, and further includes a revision of IHG of its accounting policy with respect to the unpaid leave of the IHG Group employees. The audited consolidated financial statements of IHG for the years ended 31 October 2006, 31 October 2007 and 31 October 2008 include the said discontinued and non transferred businesses.

In this context, and with a view to showing comparable figures for the Group as currently constituted, the *proforma* financial information contained in this Prospectus with respect to the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 are being restated to reflect the above restructuring process.

Furthermore, in comparison to the audited consolidated financial statements of IHG, gearing levels following the restructuring and Bond Offer are forecast to increase by €26million. At this level of gearing, finance costs at the Company's current interest rate of between 6.5% and 4.7% would increase by €1.5million and the tax charge would drop by €0.5million.

The information contained in this Prospectus is therefore based on the information available about the business and trading record of each of the acquired Subsidiaries and Affiliates prior to their acquisition by the Company.

9 INFORMATION ABOUT THE COMPANY

9.1 History and Development of the Company

9.1.1 Introduction

Full Legal and Commercial Name of Company	Island Hotels Group Holdings p.l.c.
Registered Address:	Coastline Hotel, Salina Bay, Salina, SPB9030
Place of registration and Domicile:	Malta
Registration Number:	C 44855
Date of registration:	5 August 2008
Legal Form	The Company is lawfully existing and registered as a public limited company in terms of the Act.
Telephone Numbers:	+356 21573781
Fax:	+356 21583915
Email:	info@islandhotels.com
Website:	www.ihgholdingsplc.com

9.1.2 Important Events in the Development of the Group's Business

The primary purpose for incorporation of the Company was the acquisition of the business of Island Hotels Group Limited (IHG). By virtue of a number share transfer instruments, the Company acquired IHG, ICL and IRIL and hence the Company now serves as the holding company of the Group.

As at the date of the Summary Note, the business activities of the Group are the following: -

- the operation of Radisson Blu® Resort, St. Julians (through BPH);
- the operation of the Radisson Blu® Resort & Spa, Golden Sands (through a 50% equity contribution in GSR)
- the operation of the Coastline Hotel (through CHL);



- the event catering business of the Group (through ICL); and
- the operation of the vacation ownership marketing business of Radisson Blu® Resort & Spa, Golden Sands (through a 50% equity contribution in the Azure Group).

On the 21 August 2009, the Company was converted to a public limited liability company. IHG is indirectly and jointly owned by: -

1. TMC, whose shareholders are, Winston V. Zahra, Doris Zahra, Double You Limited (beneficially owned by Winston J. Zahra), and T Limited (beneficially owned by Trevor E. Zahra); and
2. VBG, whose shareholders are, Nazzareno Vassallo, Mary Ann Vassallo, Natalie Briffa Farrugia, Pio Vassallo, Christian Vassallo, Ruben Vassallo and Charlene Vassallo. The following table sets out the highlights of the IHG Group's historical milestones: -

Year	Event
1987	Formation of partnership between TMC and VBG
1987	Commencement of Operations with the 200 bed hotel named Bugibba Holiday Complex
1989	Expansion of Bugibba Holiday Complex to a one thousand bed complex
1992	Island Caterers set up to provide event catering services
1992	Acquisition of Salina Bay Hotel & commencement of major redevelopment works
1994	Re-opening of Salina Bay Hotel as the new four star Coastline Hotel
1995	Commencement of construction works on the Group's first five star hotel in St. George's Bay
1997	Opening of the Group's Radisson® Blu Resort, St Julians
1998	Acquisition of 16.67% equity stake in a company holding the lease in & operating the Dragonara Casino in St. Julians
2003	Acquisition of the old Golden Sands Hotel, Ghajn Tuffieha
2003	Strategic partnership with Mayfair, a specialist vacation ownership marketer, in the Radisson Blu® Resort & Spa, Golden Sands project
2003	Commencement of works on the five star Radisson Blu® Resort & Spa, Golden Sands
2005	Opening of the five star Radisson® Blu Resort & Spa, Golden Sands to coincide with the Commonwealth Heads of Government Meeting (CHOGM) held in Malta in October 2005
2008	Sale of Bugibba Holiday Complex & indirect equity interest in Dragonara Casino Limited
2009	IHG was the sole tenderer for the development of land & property situated at Hal Ferh, Malta in response to the tender issued by the Government of Malta on the 20 March 2009 (further details are found under section 9.3.2 of the Registration Document)

During its 22 year history, the IHG Group evolved into a major local player within the hospitality industry. TMC, charged with developing and managing the Group, adopted a strategy designed to secure long-term continuity through succession planning and a robust management structure where, at the helm, Winston V. Zahra and Winston J. Zahra worked closely together on each stage of the development and growth of the Group.

TMC's directors believe that the transition from a family run company to a publicly listed business would raise the Company's profile and provide a positive signal that it abides by corporate governance rules and standards increasingly applied throughout the industry while allowing the Directors to deliver on the long term vision of growth they have for the Group. In further consolidation of Winston V. Zahra and Winston J. Zahra's vision for the Group, Double You Limited and T Limited (being two of the shareholders of TMC) have entered into a conditional pre-allocation acquisition agreement (defined as the SPA) with VBG, where, *inter alia*, subject to the admission of the Company's issued share capital on the MSE, Double You Limited and T Limited have been pre-allocated 12.5% each of the issued share capital of Company. The said conditional pre-allocation agreement and the shareholding of the Company following the admission on the Official List are more extensively described in the Combined Securities Note.



10 BUSINESS OVERVIEW

10.1 Principal Activities

The Company is a holding company having investments in a number of Subsidiaries and Affiliates which operate the business of the Group. The business of the Group largely relates to the ownership, management and operation of a number of five and four star hotels in Malta (namely, the Radisson Blu® Resort, St. Julians, the Radisson Blu® Resort & Spa, Golden Sands and the Coastline Hotel), the operation of a vacation ownership marketing business for the Radisson Blu® Resort & Spa, Golden Sands, and the operation of an event catering business (Island Caterers).

The following is a description of the activities of each of the operating Subsidiaries and Affiliates:-

10.1.1 Hotel Operation

Coastline Hotel

CHL, (a fully owned indirect subsidiary of the Company), owns the 207-room four star Coastline Hotel situated in a prime position overlooking Salina Bay. The hotel, which opened in April 1994, has operated successfully and has enjoyed good relationships with the leading tour operators marketing the island. The following table sets out the highlights of the hotel's operating performance for the years indicated therein: -

	Financial year ended 31 October 2008	Financial year ended 31 October 2007	Financial year ended 31 October 2006
Turnover (€ 000s)	4,984	5,110	4,833
Revenue per available room (€)	65.78	67.63	63.97
Occupancy level (%)	80	82	76
Revenue per occupied room (€)	82.23	82.48	84.17

Radisson Blu® Resort, St. Julians

BPH, (a fully owned indirect Subsidiary of the Company), owns the 252 room five star Radisson Blu® Resort, St. Julians situated in St George's Bay. The Radisson Blu® Resort, St. Julians operates under a franchise agreement with the Rezidor® Hotel Group that has exclusive rights for the use of the Radisson Blu® name within the European, Middle Eastern and African (EMEA) regions.

The resort opened its doors for business in May 1997 and has operated successfully since then offering its services to various segments of the industry including leisure, conference and incentive and corporate clients. The Radisson Blu® Resort, St. Julians has been of service to numerous conferences and individuals and enjoys a good reputation amongst a large number of operators in the trade. The following table sets out the highlights of the hotel's operating performance for the years indicated therein: -

	Financial year ended 31 October 2008	Financial year ended 31 October 2007	Financial year ended 31 October 2006
Turnover (€ 000s)	9,790	9,329	8,349
Revenue per available room (€)	106.15	101.43	90.77
Occupancy level (%)	70	74	65
Revenue per occupied room (€)	151.64	137.07	139.65



Radisson Blu® Resort & Spa, Golden Sands

GSR (an indirect 50% Affiliate of the Company), owns the 337-room five star Radisson Blu® Resort & Spa, Golden Sands situated in Ghajn Tuffieha. The hotel offers a full complement of five star hotel facilities, leisure conference and vacation ownership accommodation. The hotel, which opened its doors to host the Commonwealth Heads of Government Meeting (CHOGM) during their visit to Malta in November 2005, has been developed primarily as a luxury five star hotel and vacation ownership resort in collaboration with Mayfair, a company specialising in vacation ownership. The Radisson Blu® Resort & Spa, Golden Sands operates under a franchise agreement with the Rezidor® Hotel Group that has exclusive rights for the use of the Radisson Blu® name within the EMEA region. Since opening, the resort has hosted numerous leisure guests, conference and incentive events, many high profile individuals as well as a large number of vacation club travellers. The business to date reflects that of a mixed used resort focusing, on the one part on a traditional hotel operation, and on the other part a vacation ownership club. The following table sets out the highlights of the hotel's operating performance* for the years indicated therein: -

	Financial year ended 31 October 2008	Financial year ended 31 October 2007	Financial year ended 31 October 2006
Turnover (€ 000s)	7,088	6,171	5,978
Revenue per available room (€)	114.93	100.35	97.20
Occupancy level (%)	66	64	51
Revenue per occupied room (€)	174.14	157.37	191.84

* GSR is a fifty per cent indirect affiliate of the Company and any financial returns there from relate to the Group's 50% share of GSR.

10.1.2 Vacation Ownership

The Azure Group is constituted of the 50% owned Affiliates of the Company through IRIL, the other 50% being held indirectly by Mayfair. Azure is the travel agent and tour operating arm for GSR and is involved in marketing and reselling pre-allocated travel, holiday and vacation ownership holiday accommodation to travellers. Heathfield accepts credit card payments representing deposits on vacation ownership sales. Brookfield holds promotional agreements with Leisure Marketing. The latter company provides promotional services in Malta for persons that are established outside Malta. Vacation Financial originally provided financing to timeshare purchasers. This in-house provision of finance was however discontinued in 2006.

Vacation ownership, also traditionally referred to as timeshare, is based on a simple premise where a guest chooses to secure accommodation allocation at a hotel of choice for an extended period of time either via an intermediary marketing company, or directly through the channels offered by established international chains involved in this line of business, such as Marriott®, Starwood® and Wyndham®. In this way guests can guarantee a constant standard of accommodation at affordable prices for a number of years giving them the peace of mind that future holidays are secure and giving the company the benefit of securing future revenue streams and occupancy levels irrespective of changing conditions that generally affect the tourism industry regionally or globally.

Vacation ownership typically allows guests to exchange their pre-allocated accommodation rights for alternative packages offered by the exchange company to which the original property is attached. GSR is affiliated with Interval International, one of the two major international exchange companies in the world. The resort is also currently concluding an affiliation agreement with Resort Condominiums International (RCI) for a number of its units in order to give even greater flexibility to its members and enhance the product offering even further. Buying into the vacation club system affords secured allocation rights for a predetermined period of time against the payment of an up-front fee and an obligation to pay an annual fee, without however acquiring any real rights over the property.

Azure has been entrusted by GSR with the marketing and re-selling of the hotel inventory at the Radisson Blu® Resort & Spa, Golden Sands. This ensures participation by GSR and Azure in the income generated from the selling and marketing of the holiday accommodation packages. This business model gives a secure, long term and constant stream of revenues to the company through the advance allocations being made for future bookings. Azure's turnover is generated from the sale of accommodation packages to targeted vacation ownership guests, whilst its operating profit is the resultant surplus after deducting all selling and marketing costs, future accommodation allocations costs payable to GSR and all administrative and other operating and finance costs.

The following table sets out how the turnover of Azure* has increased for the years indicated:-

	Financial year ended 31 October 2008	Financial year ended 31 October 2007	Financial year ended 31 October 2006
Turnover (€ 000s)	11,280	10,130	6,232

* Azure is a fifty per cent affiliate of the Company and the turnover relates to the Group's 50% share.



10.1.3 Event Catering Business

Island Caterers Limited

ICL, a fully owned subsidiary of the Company was set up in 1992 implementing a strategy of offering innovative food products and events at new and unique venues in order to fill a gap identified in the event catering market which at the time was served by a number of catering companies in a highly fragmented market.

Using a strategy based on the delivery of a quality food product served by trained, knowledgeable and friendly staff within venues that were unique, proved to be highly successful for the company. Over the past sixteen years, the company has catered over 8,000 events and has been of service to over 3.5 million guests. Clients have included many international blue chip companies, local corporates, high profile individuals, and heads of state. ICL has also pioneered the use of local historical sites using a methodology which ensures that substantial funds are re-invested into those sites to fund their restoration. Through various partnership agreements, over €2 million have been re-invested into the venues for their continuous improvement.

The team manages a large variety of exclusive venues situated in Malta intended for hosting of events. ICL operates from its own premises in St. Julians located on the same site of the Radisson Blu® Resort, St. Julians. Additionally all food for the company is prepared within the various kitchens located within the hotels of IHG and this enables both a high degree of quality control as well as various synergies which emanate from the best use of resources for both ICL and the hotels in question.

The following table sets out the turnover of ICL:-

	Financial year ended 31 October 2008	Financial year ended 31 October 2008	Financial year ended 31 October 2008
Turnover (€ 000s)	4,368	4,156	3,334

10.2 Principal Markets

The principal activities of the Group are in the hotel and hospitality sector. 88% of its total revenue is thus impacted by the prevalent trends of incoming tourists to Malta.

10.2.1 Competitive Environment in Hotel Industry

Tourism remains one of the pillars of the Maltese economy contributing significantly to employment, investment and GDP. Tourist arrivals to Malta reached a high of 1,290,000 in 2008, which represented an increase of 3.81% over the previous year. Total tourist expenditure for the year reached €1.041 billion.

The introduction of low cost airlines in October 2006 boosted seat capacity offered by legacy carriers and was a determining factor in the growth registered in 2008. The global economic crisis has had an impact on the performance on the tourism industry worldwide. Official statistics issued by the NSO¹ up to April 2009 show that tourist arrivals for the first four months of the year decreased by 12.93% to 275,636. The average length of stay for the first 3 months of 2009 increased by 1.9% and thus slightly mitigated the impact of the drop in arrivals on hotel performance. One of the significant contributory factors to the drop in arrivals was the reduction in flight capacity in the first 5 months of the year. Flight capacity has been increased for the second half of the year and is now expected to be on comparable levels to 2008.

The geographic distribution of tourist arrivals to Malta in 2008 retained the United Kingdom as Malta's traditional main tourist market with 35.2% of total tourist arrivals, with Germany following at 11.68% and Italy at 11.19%. The markets in which the Group operates are highly competitive with a room stock of approximately 3,600 in the five star hotel category, 7,200 in the four star hotel category and 4,500 in the three star hotel category.

The Group competes in an environment with international hotel operators with brands including, Hilton®, Intercontinental®, Westin® and Corinthia® principally in the five star segment of the market. Within the four star segment the presence of branded properties is not that prevalent.

Five Star Segment

This segment counts 15 properties with approximately 3,600 available rooms. In this segment occupancy percentage levels reached an average of 68% in 2007 decreasing to an average of 62% in 2008. Average room rates in this category increased from €95.32 in 2007 to €103.89 in 2008². The industry business mix in the five star segment in 2008 included tour operator arrivals contributing approximately 35% of guests, conference and incentive visitors reaching 19%, corporate travellers accounting for a further 21% and other segments, including predominantly direct bookings accounting for a further 25%.

The Group's hotels in this segment are The Radisson Blu® Resort, St. Julians and The Radisson Blu® Resort & Spa, Golden Sands. The business mix for The Radisson Blu® Resort, St. Julians was above industry average in the case of tour operator business

¹ **National Statistic Office - Malta** The information extracted from the National Statistics Office has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the National Statistics Office, no facts have been omitted which would render the reproduced information inaccurate or misleading.

² **The BOV MHRA Hotel Survey by Deloitte Q4 2008.** The information extracted from the said report has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the Deloitte, no facts have been omitted which would render the reproduced information inaccurate or misleading.



standing at 53.2%, whilst Conference and Incentive travel contributed a further 17.4%, with leisure travel amounting to 14.4%. The Radisson Blu® Resort & Spa, Golden Sands business mix is somewhat particular in view of the Group's strategy to focus on vacation ownership market for this hotel which accounted for 60% of rooms occupied in 2007 increasing to 69% in 2008. The turnover, revenue per available room, occupancy level and revenue per occupied room for BPH and GSR are listed in sections 10.1 above and 9.1.1 of the Registration Document.

Four Star Segment

The four star segment consists of 41 properties with approximately 7200 rooms which is expected to remain stable over the coming year and contributing to 47% of the number of available rooms around Malta. In this segment occupancy percentage levels reached an average of 73% in 2008. The average room rates in this category reached an average of €43.80 in 2008. The industry business mix in the four star segment in 2008 was highly dependent on tour operator business contributing approximately 70% of all business in this segment with corporate and conference incentive travel contributing just under 9% of the total.

The Group's hotel in this segment is the Coastline Hotel, owned and operated by CHL. CHL is dependent for most of its business for the next three years on the revenue generated pursuant to three contracts entered into with a leading major international tour operator (Acromas Holidays Limited, T/a SAGA Holidays Limited), and two major local English Language Schools, (EC Malta and European School of English), (see section 9.3.2 of the Registration Document under the heading '**A Shared Vision within Specific Units of the Group**'). Your attention is also drawn to the summary of these contracts contained in sections 22.1 and 22.2 under the heading '**Material Contracts**' in the Registration Document.

10.2.2 Event Catering

The Group operates in a competitive environment which is exposed to both the domestic and international markets and the economic conditions thereof. There are no official statistics about the number of event caterers operating on the island of Malta and neither are there official statistics on revenues generated within this sector. It is therefore difficult to benchmark ICL against any available industry averages.

The international business catered for by ICL emanates from the services delivered by the company to a large number of conference and incentive houses, the majority of which contract ICL's services through local destination management companies (DMCs). ICL enjoys well established relationships with the major DMCs operating on the island. The main market for ICL within the local context is the wedding market. ICL caters for an average of 200 weddings a year, accounting for over 10% of the market by number of events. In addition to weddings, ICL caters at numerous local corporate and private events.

10.2.3 Dependency on Material Contracts

The Group is dependant upon the validity of each of the Material Contracts described in the section 22 under the heading '**Material Contracts**' of the Registration Document. In the event that any of the said Material Contracts were to terminate prior to their expected date of termination, if any, this could have a material adverse effect on the financial position and future profitability of the Group.

10.3 Strategy & Trend Information

10.3.1 A Shared Vision to Fuel Growth

The Group's overall vision is to be a leader in the Maltese hospitality and leisure sector through its traditional core values of innovation and excellence in the delivery of its services in all of the market segments in which it operates. In addition the Group also believes that there is further scope for growth within the local hospitality industry and will seek investment opportunities in the local market both within the hotel sector as well as other non-hotel related sectors where suitable within the Group's overall objectives.

The primary short term objectives of the Group are to consolidate current operations and optimise existing investments to ensure maximisation of returns. In the medium to long term, the Group's objectives are to enhance growth of the Group both in Malta and into international markets.

In considering the re-investment of profits to fund the Group's future growth, the Directors are sensitive to their declared policy on dividend distributions. Accordingly, the Directors will seek to maintain an approach which adequately balances the Company's dividend distribution policy and the funding requirements for capital expenditure.

10.3.2 A Shared Vision within the Specific Units of the Group

The following is a synopsis of the current intentions of the Group with respect to each of the business units of the Group in the short to medium term.

Coastline Hotel

CHL has entered into agreements with SAGA Holidays Limited and with two of the leading English language schools (further details contained under the heading "Material Contracts" of the Registration Document). These contracts will secure a percentage of occupancy levels for the term of the said agreements.

On the expiry of these contracts, CHL intends to fully refurbish and extend the Coastline hotel from 207 to 310 rooms, a project that is expected to commence in September 2011 and to be completed by December 2012. A full development permit for this project



was issued by the Malta Environment and Planning Authority on the 1 August 2008, the approval of which is the subject of an opposition lodged by third parties and contested by CHL. The project is estimated to require capital expenditure of approximately €11,000,000. The completion of the new property is expected to coincide with the completion of the two projects being promoted by the Government of Malta on lands in the proximity of the hotel, that of the Maghtab redevelopment and the Salini redevelopment. The Company considers these two projects to be central in its decision to proceed with the refurbishment of the hotel. The Directors applied for the planning permit although consciously did not commence works until the Government of Malta took a clear decision on the direction to be taken on the Maghtab landfill and the surrounding areas. It is only recently that the board felt sufficiently comfortable with the developments in the area and the speed at which the work is being executed to reactivate the process to reinstate the previous planning approval for the extension of 103 rooms of the property. It is envisaged that the re-developed property, enhanced by the upgrading of the surrounding areas, will enjoy a strong position within the market.

Any decision on the specific star rating of this hotel following redevelopment will be based on prevalent market and economic conditions at the time. It is however anticipated that the newly opened property, whether operating in the four or five star segment, will be branded so as to capitalise on the international exposure provided by such a brand and optimise on the increasingly popular direct leisure segment where people predominantly use the web for making hotel bookings. It is also anticipated that the hotel will be able to diversify its marketing efforts and resultant segment mix to ensure a higher percentage of guests from the conference and incentive market. This is expected to be achieved through the introduction of new additional conference facilities. It is envisaged that with the new conference facilities, the newly refurbished rooms and facilities, the increased number of rooms, the use of a major international brand name and the added advantage of a regenerated surrounding area, the new property will be able to deliver considerably stronger results from 2013 onwards.

Moreover it is envisaged that the two pronged three year model used with Saga holidays and the English language schools may be used in a different property yet to be identified following the closure of the Coastline for redevelopment.

Radisson Blu® Resort, St. Julians

The Directors have identified two main areas intended to improve performance of this hotel and which the Directors intend to address as part of their immediate strategy. These consist of increasing conference facilities and enhancing the public area facilities to render them comparable to the top performers in the five star market in Malta. The Directors believe that this strategy should improve the hotel's performance and reposition the hotel to achieve returns above the average, and closer to the top performers, in the five star segment in Malta.

The strategy proposed for this property involves the construction of a stand-alone conference centre adjacent to the hotel on a site currently being utilised as a secondary car park, a full development permit of which has been issued by the Malta Environment and Planning Authority. The development will increase the conference facilities of the hotel and will complement the existing conference facilities within the resort. In addition, it is currently planned that the resort will be upgraded through a refurbishment programme of its public areas expected to take place during 2010 and 2011. It is envisaged that the refurbishment programme will be carried out in consultation with the Rezidor® hotel chain to ensure the end product conforms to the "new breed" Radisson Blu property with the appropriate level of luxury, style and comfort throughout. This should enable the resort to further capitalise on the growing segments of the more discerning traveller making travel arrangements through independent channels like the web.

Capital expenditure on this project is estimated at €6,000,000 to be funded from internal cash flows. It is envisaged that during the construction period of the centre, business flows may be negatively affected, a matter that has already been built into its feasibility study. The flows affected will however be over the winter period where any such impact would be at its lowest.

Radisson Blu® Resort & Spa, Golden Sands

With vacation club memberships continuing to increase in popularity internationally, GSR believes that there are further opportunities in increasing its focus towards this market source. Accordingly, it is planned to convert current conference space into units that can eventually also be used by the vacation club. In addition, various marketing strategies are being designed on an ongoing basis to ensure the optimisation of results from this important segment.

The development of the Majjistral Nature and History Park announced by the Government of Malta should add significantly to the overall environment surrounding the resort. The proposed development of the park includes the development of a public car park adjacent to the resort which is expected to ease the access of non-residents to the various food and beverage outlets of the resort. The overall upgrading and care for the surrounding area should also improve the overall 'feel' of the resort and enhance revenue opportunities.

The medium term strategy of the company includes the potential expansion of the vacation club concept to other properties within the local market if the opportunity arises. There exists a number of variations of the model which the Company believes could be implemented in a way that complements rather than competes with the Golden Sands model, through the offering to existing club members of upgrade opportunities.

The most immediate opportunity lies within the development of the old Hal Ferh complex which lies adjacent to the Radisson Blu® Resort & Spa, Golden Sands. IHG is the only company that has made an offer for this site following a recent call for tenders. In the event that the development is awarded in favour of IHG, the Hal Ferh site should add significant room stock to the current model being used at Golden Sands.

The Company will keep under review opportunities that may arise in the international markets for the application of the vacation



club model in other jurisdictions particularly if interest is shown by the international brands with whom the management has well established relationships.

Vacation Ownership

As the travel agent and tour operating arm for GSR, Azure's future operations are intimately related to the development and business of GSR. Accordingly, it is expected to develop in parallel to GSR and similar facilities which the Group may decide to invest in. This may also include the land situated at the Hal Ferh Complex should the tender to develop same be awarded in favour of IHG.

It is expected that Azure, whilst retaining a focus in its main target market, the U.K., will expand the sales and marketing operation to other jurisdictions, particularly in the European continent, as opportunities arise in those jurisdictions. Azure may also seek to forge alliances with other companies with similar products to that of GSR in order to expand the tour operating activity at a faster pace.

Event Catering Business

ICL will continue to seek additional unique venues within which to expand its business model. The Group also intends to explore a number of new sources of business including opportunities in the contract catering market as well as the possibility of acquiring existing catering businesses. This is intended to increase the rate of growth which should improve the company's overall financial performance through various synergies and economies of scale.

ICL is currently awaiting adjudication on a tender for the supply of food to third party nationals. ICL is confident that should it be awarded the said two year contract, its financial performance will significantly improve during such period.

Concurrently ICL is also looking at similar local event catering operations which may be approached to form strategic alliances in order to allow for growth while capitalising from the economies that derive from bringing other operations into the ICL portfolio through mergers and / or acquisitions.

The Directors may consider, as part of the company's future strategy, the establishment of event catering in new properties outside of the domestic market.

Other than as described in sections 8 and 14 of this Summary Note, there is no significant change in the financial or trading position of the IHG Group which occurred since the end of the financial period to which the audited financial statements for the year ended 31 October 2008 relate.

10.4 Current Financial Year

The results of the first six months of the current financial year can be seen in section 11 of this Summary Note under the heading 'Selected Financial Information'. Considering the negative economic climate and the overall performance of the tourism industry both internationally and locally, the Directors are satisfied with the results of the IHG Group achieved to date. The second half of the year is proving to be just as challenging as the first half of the year and the overall situation within the tourism industry is not expected to improve.

Due to the overall volatility of the international economic climate, forecasting the immediate months has become more difficult. Despite this, long term prospects, even in so far as global predictions for growth in tourism numbers over the long term are concerned, remain aggressive.

The global economic crisis has significantly impacted global international tourism trends and has resulted in a sharp decline in arrivals in most countries in the first six months of 2009. Inbound tourist arrivals to Malta for the period January and June 2009 were 13.8% lower than the corresponding period in 2008. Malta's performance was in line with the general trends experienced in other Southern European Countries. The decline in arrivals to Malta is mostly attributable to a sharp decline in arrivals from UK, France and Germany.³ In addition to lower occupancy levels, Malta hotels in all sectors experienced significant pressure on room rates as a result of the decrease in demand and the increasing tendency for tourists to opt for 'last minute' bookings in the hope of securing a bargain holiday⁴.

Although no assurance thereof can be given, the Directors expect that the decline in arrivals over the summer months could be less than what was registered in the first six months of the year and that total arrivals for the year would be around 10% less than last year. The pressure on room rates is expected to continue to persist until tourist arrivals return to previously targeted levels.

IHG continues to achieve positive results on the performance of the Radisson Blu® Resort & Spa, Golden Sands, Azure and the Coastline and advance numbers for the second half of the year continue to show strong indications. Island Caterers advance bookings are also healthy while those of the Radisson Blu® Resort, St. Julians are expected to be challenging due to the overall competitive scenario within the area of St. George's Bay.

IHG expects to close the year marginally below the results for 2008 as a whole although significantly stronger than market averages.

³ **National Statistic Office Malta** -The information extracted from the National Statistics Office has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the National Statistics Office, no facts have been omitted which would render the reproduced information inaccurate or misleading.

⁴ **MHRA quarterly survey report** - The information extracted from the MHRA quarterly survey report has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the MHRA, no facts have been omitted which would render the reproduced information inaccurate or misleading.



11 SELECTED FINANCIAL INFORMATION

The following financial information is extracted from the audited consolidated financial statements of IHG (the previous parent company of the IHG Group) for the three years ended 31 October 2006, 31 October 2007 and 31 October 2008, as restated. The financial information for the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 have been restated to take into account the changes that have taken place in the structure of the Group following the transactions described in section 8 of this Summary Note.

A report prepared by the Reporting Accountants on the restated financial statements for each of the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 is available for inspection at the registered office of the Company (see section 'Documents on Display').

Euro 000s	2008	2007	2006
Revenue	37,510	34,896	28,726
Gross operating profit	10,930	9,565	5,925
Profit before tax	4,840	4,287	464
Profit for the year	3,948	3,431	667
Total assets less current liabilities	61,683	61,348	60,809
Interest bearing borrowings	(34,624)	(39,876)	(45,678)
Total shareholders' funds	23,425	19,954	16,886
Earnings per share*	0.11	0.10	0.02

* Calculated on the basis of 35,269,200 ordinary shares of a nominal value of €1 each in issue as at the date of the Prospectus

The figures shown below with respect to the period ending 30 April 2009 are based on unaudited financial statements of the IHG Group for the six months to 30 April 2009.

Euro 000s	2009 6 months	2008 6 months
Revenue	11,628	13,761
Staff costs	(4,239)	(4,547)
Food and beverage costs	(1,465)	(1,382)
Other operating costs	(4,742)	(6,047)
Gross operating profit before depreciation and amortisation	1,182	1,785
Depreciation and amortisation	(1,494)	(1,504)
Operating (loss)/profit	(312)	281
Finance costs	(836)	(1,260)
Movement in provision for bad and doubtful debts	(120)	(183)
Loss before tax	(1,268)	(1,162)
Income tax credit	235	215
Loss for the period	(1,033)	(947)

12 CAPITALISATION AND INDEBTEDNESS & CAPITAL RESOURCES

IHG (the previous parent company of the Group) is financed through shareholders' funds, bank debts and internally generated profits that have been retained over the years.

During the three years ended 31 October 2006, 2007 and 2008, IHG generated net cash flows from operating activities amounting to €14,299,033.

A total of €4,859,035 were utilised for investing activities made up of €6,018,934 utilised to acquire property, plant and equipment net of proceeds from the sale of property, plant and equipment, movements in financial assets and interest receivable of €1,159,899.

Net cash flows from financing activities during the period under consideration reflect net outflows from debenture loans of €17,950,401 net of inflows from bank borrowings amounting to €11,722,570. Dividends paid during the years ended 31 October, 2006, 2007 and 2008 amounted to a total of €310,629.



The information set out below, extracted from IHG's *pro forma* historical financial information for the three financial years ended 31 October 2006, 2007 and 2008 highlights the main sources and application of funds of IHG.

Euro 000s	2008	2007	2006
Net cash flows from operating activities	6,438	8,772	(911)
Net cash flows from investing activities	(1,866)	(1,905)	(1,088)
Net cash flows from financing activities	(4,100)	(2,688)	250
Net movement in cash and cash Equivalents	472	4,179	(1,749)
Effect of foreign exchange rate changes	(706)	(385)	43
Cash and cash equivalents at the beginning of the year	(4,952)	(8,746)	(7,040)
Cash and cash equivalents at the end of the year	(5,186)	(4,952)	(8,746)

Information with respect to IHG's capitalisation and indebtedness as at 30 June 2009 according to the latest available management accounts of IHG prior to the restructuring exercise is summarised below:

	As at 30 June 2009 Euro 000s
Shareholders' equity	
Issued capital	21,852
Revaluation reserve	2,692
Retained earnings	(2,352)
	22,192
Interest bearing borrowings	
Bank overdraft	7,595
5.7% Bond repayable 2008 - 2010*	93
Bank loan	25,140
	32,828

*representative of a private placement of bonds issued by GSR on the 2 July 2003

Information regarding IHG's indebtedness, as extracted from the interim unaudited financial statements as at 30 June 2009 is set out below:

	As at 30 June 2009 Euro 000s
Cash at bank and in hand	824
Bank overdraft	(7,595)
	(6,771)
5.7% Bond repayable 2008 - 2010	(93)
Bank loan - current portion	(4,600)
Net current financial indebtedness	(11,464)
Bank loan - non-current portion	(20,540)
Net financial indebtedness	(32,004)

By means of sanction letters dated 6 July 2009 and 28 July 2009, HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c. sanctioned Group banking facilities amounting to €3.5 million and €8.5 million respectively which are to be repaid in accordance with the terms of sanction by 2016.



Bank borrowings are secured by:

- A first general hypothec over the Company's assets;
- Special hypothecs over the Company's immovable properties;
- Financial collateral by IRIL and a pledge over the shares held by IRIL in Azure Resorts Limited and a pledge over the shares held by IHG in IRIL;
- Pledge over the shares in Subsidiaries and associates;
- Various letters of undertaking from Subsidiaries, associates and shareholders;
- A pledge over insurance policies of Subsidiaries;

On 1 July 2009 the company issued 140,000 6.5% Bonds of Euro 100 each to VBG and TMC redeemable 2017 - 2019.

The *pro forma* unaudited information with respect to the Company's capitalisation and indebtedness as at 31 July 2009, reflecting the above increased gearing is summarised below:

	As at 31 July 2009 Euro 000s
Shareholders' equity	
Issued capital	35,269
Interest bearing borrowings	
Bank overdraft	7,670
Bank loan	36,738
5.7% Bond repayable 2008 - 2010	93
6.5% Redeemable Bonds (2017 - 2019)	14,000
	<u>58,501</u>
Information regarding the Company's indebtedness, as extracted from the <i>pro forma</i> unaudited financial information as at 31 July 2009 is set out below:	
	As at 31 July 2009 Euro 000s
Cash at bank and in hand	872
Bank overdraft	(7,670)
	<u>(6,798)</u>
5.7% Bond repayable 2008 - 2010	(93)
Bank loan - current portion	(5,722)
	<u>(12,613)</u>
Net current financial indebtedness	(12,613)
Bank loan - non-current portion	(31,016)
6.5% Redeemable Bonds (2017 - 2019)	(14,000)
	<u>(45,016)</u>
Non-current financial indebtedness	(45,016)
Net financial indebtedness	(57,629)



13 OPERATING AND FINANCIAL REVIEW

The information set out below, covering IHG's operations for the three years ended 31 October 2006, 2007 and 2008, has been extracted from the IHG Group's historical *pro forma* consolidated financial information. The financial information for the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 have been restated to take into account the changes that have taken place in the structure of the IHG Group following the transactions described in Section 8 of this Summary Note.

	2008 Euro	2007 Euro	2006 Euro
Revenue	37,509,818	34,895,879	28,725,693
Staff costs	(10,038,179)	(9,873,267)	(8,460,601)
Food and beverage costs	(5,123,996)	(4,512,183)	(4,340,713)
Other operating costs	(11,417,485)	(10,945,498)	(9,998,893)
Gross operating profit before depreciation and amortisation	10,930,158	9,564,932	5,925,486
Depreciation and amortisation	(3,149,972)	(3,039,786)	(2,696,641)
Operating profit	7,780,186	6,525,146	3,228,845
Movement in provision for bad and doubtful debts	(366,802)	287,928	(459,186)
Investment income	53,121	225,921	360,452
Finance costs	(2,626,706)	(2,752,329)	(2,666,576)
Profit before tax	4,839,799	4,286,666	463,535
Income tax (expense)/credit	(891,819)	(856,137)	203,286
Profit for the year	3,947,980	3,430,529	666,821

The following table illustrates how each operating unit contributed to the IHG Group's overall turnover between 2006 and 2008:

Euro 000s	2008	2007	2006	increase % 2006 - 2008	2008 % of total
Bay Point Hotel Limited	9,790	9,329	8,349	17%	26%
Coastline Hotel Limited	4,984	5,110	4,833	3%	13%
Island Caterers	4,368	4,156	3,334	31%	12%
Azure (50%)	11,280	10,130	6,232	81%	30%
Golden Sands Resort Limited (50%)	7,088	6,171	5,978	19%	19%

The IHG Group's operating profit margin improved to 21% in 2008 from 11% in 2006. This increase was attributable primarily to:

- Increased turnover
- More effective utilisation of staff
- Lower operating costs



Balance Sheet Extracts – as at 31 October

	2008 Euro	2007 Euro	2006 Euro
Assets			
Non-current assets			
Property, plant and equipment	71,050,546	72,140,287	73,045,625
Loans and receivables	3,171,360	3,171,360	3,173,277
	<u>74,221,906</u>	<u>75,311,647</u>	<u>76,218,903</u>
Current assets			
Inventories	1,103,034	1,002,360	910,580
Trade and other receivables	11,915,192	12,725,022	11,456,259
Current tax assets	397,365	384,077	177,669
Cash and cash equivalents	823,934	1,861,831	1,285,341
	<u>14,239,525</u>	<u>15,973,290</u>	<u>13,829,849</u>
Total assets	<u>88,461,431</u>	<u>91,284,936</u>	<u>90,048,752</u>
EQUITY AND LIABILITIES			
Total shareholders' funds	<u>23,424,704</u>	<u>19,954,206</u>	<u>16,885,723</u>
Non-current liabilities			
Other financial liabilities	5,904,072	11,122,628	23,061,274
Bank loans	24,313,261	22,724,493	14,245,518
Deferred tax liabilities	8,041,021	7,546,245	6,616,119
	<u>38,258,354</u>	<u>41,393,366</u>	<u>43,922,912</u>
Current liabilities			
Trade and other payables	17,180,534	19,169,831	16,923,411
Bank overdrafts and loans	9,597,839	10,767,533	12,316,706
	<u>26,778,373</u>	<u>29,937,364</u>	<u>29,240,117</u>
Total liabilities	<u>65,036,727</u>	<u>71,330,730</u>	<u>73,163,029</u>
Total equity and liabilities	<u>88,461,431</u>	<u>91,284,936</u>	<u>90,048,752</u>

In the three years between 2006 and 2008 IHG invested a total of Euro 6,018,934 in property, plant and equipment as follows:

	BPH Euro	CHL Euro	GSR Euro	Other Euro	Total Euro
Land and buildings	54,792	79,124	878,856	-	1,012,772
Plant and machinery	83,797	409,586	1,142,463	239,319	1,875,165
Furniture, fixtures and other equipment	1,203,207	133,164	1,101,926	633,267	3,071,564
Motor vehicles	-	14,675	19,801	24,957	59,433
	<u>1,341,796</u>	<u>636,549</u>	<u>3,143,046</u>	<u>897,543</u>	<u>6,018,934</u>

Annual depreciation charge for each year between 2006 and 2008 are as follows:

- €3,149,972 for the year ended 31 October 2008,
- €3,039,788 for the year ended 31 October 2007 and
- €2,696,641 for the year ended 31 October 2006.

The movements in inventory, trade and other receivables and trade and other payables between 2006 and 2008 are mainly attributable to normal working capital movements.

During 2007 IHG refinanced a total of Euro 12,704,245 debt securities with an 11 year bank loan. The IHG Group's total indebtedness in respect of bank borrowings and debt securities decreased by Euro 9,551,204 between 2006 and 2008.



Deferred tax asset and liability for each year between 2006 and 2008 is as follows:

	2008 Euro	2007 Euro	2006 Euro
<i>Deferred tax (liabilities)/assets arising on:</i>			
Property, plant and equipment	(3,205,461)	(2,941,032)	(2,785,472)
Tax losses and unabsorbed capital allowances	3,528,885	3,176,217	3,035,597
Other temporary differences	(1,988,471)	(1,276,396)	(312,964)
	<u>(1,665,047)</u>	<u>(1,041,211)</u>	<u>(62,839)</u>
<i>Deferred tax liabilities arising on:</i>			
Revaluation surplus	<u>(6,375,974)</u>	<u>(6,505,034)</u>	<u>(6,553,280)</u>

The total deferred tax liability on revaluation surplus relates to the revaluation of the Group's hotels as follows:

	2008 Euro	2007 Euro	2006 Euro
BPH	2,839,577	2,887,739	2,935,869
CHL	2,338,352	2,419,237	2,419,353
GSR	1,198,045	1,198,058	1,198,058
	<u>6,375,974</u>	<u>6,505,034</u>	<u>6,553,280</u>

The key accounting ratios for the three years ended 31 October 2006, 2007 and 2008 are set out below:

	2008	2007	2006
Gross profit margin	29%	27%	21%
Operating profit margin	21%	19%	11%
Interest cover (times)	2.8	2.6	1.2
Net profit margin	11%	10%	2%
Profit after tax to equity	17%	17%	4%
Net assets per share*	0.66	0.57	0.48
Earnings per share *	0.11	0.10	0.02

* Net assets per share and earnings per share calculations set out above have been based on the current number of shares in issue of the Company of 35,269,200 shares of €1 each.



14 HISTORICAL FINANCIAL STATEMENTS

This Summary Note makes reference to the financial statements of IHG for the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008. The financial statements referred to have been audited by Deloitte and copies thereof are available from the Company's website and from the Company's registered office.

As described in section 8, as part of the restructuring exercise entered into specifically for the purpose of preparing the Company for its listing on the Official List of the MSE, the Company acquired the shares in and, accordingly the business of IHG, ICL and IRIL in July 2009. The Group also revalued its land and buildings by increasing its carrying cost by Euro 10.7 million following the preparation of independent architect's valuation reports in August 2009.

Had the above mentioned transactions happened on 31 October 2008, the impact of the restructuring exercise on the *pro forma* consolidated Balance Sheet of the Company as at 31 October 2008 (set out in first column below) would be as illustrated in third column below:

	The Company <i>Pro forma</i> consolidated balance sheet 31 October 2008	Summary of restructuring adjustments	<i>Pro forma</i> consolidated Balance Sheet as adjusted ^[1]
	Euro	Euro	Euro
ASSETS			
Non-current assets			
Intangible assets	-	22,245,000	22,245,000
Property, plant and equipment	71,050,546	10,731,496	81,782,042
Loans and receivables	3,171,360	-	3,171,360
	<u>74,221,906</u>	<u>32,976,496</u>	<u>107,198,402</u>
Current assets			
Inventories	1,103,034	-	1,103,034
Trade and other receivables	11,915,192	-	11,915,192
Current tax assets	397,365	-	397,365
Cash and cash equivalents	823,934	4,868,000	5,691,934
	<u>14,239,525</u>	<u>4,868,000</u>	<u>19,107,525</u>
Total assets	<u>88,461,431</u>	<u>37,844,496</u>	<u>126,305,927</u>
EQUITY AND LIABILITIES			
Total shareholders' funds	23,424,704	11,844,496	35,269,200
Non-current liabilities			
Other financial liabilities	5,904,072	(14,000,000)	19,904,072
Bank loans	24,313,261	(12,000,000)	36,313,261
Deferred tax liabilities	8,041,021	-	8,041,021
	<u>38,258,354</u>	<u>26,000,000</u>	<u>64,258,354</u>
Current liabilities			
Trade and other payables	17,180,534	-	17,180,534
Bank overdrafts and loans	9,597,839	-	9,597,839
	<u>26,778,373</u>	<u>-</u>	<u>26,778,373</u>
Total liabilities	<u>65,036,727</u>	<u>26,000,000</u>	<u>91,036,727</u>
Total equity and liabilities	<u>88,461,431</u>	<u>37,844,496</u>	<u>126,305,927</u>

^[1] The balance sheet is prepared for illustrative purposes to show how the position of IHG Group would have been had the restructuring adjustments been effected on 31 October 2008.



Gearing levels following the restructuring and Bond Offer are forecast to increase by €26 million as a result of the issue of the Bond of €14,000,000 together with increased bank debt of €12million. This financial restructuring is intended to attain a level of gearing that the Directors believe to be more compatible with enhancing shareholder value. It is accordingly designed to result in corresponding increases in earnings per share.

At this level of gearing, finance costs at the Company's current interest rate of between 6.5% and 4.7% would increase by €1.5 million and the tax charge would drop by €0.5 million. Had the impact of the refinancing transactions been reflected in the IHG Group's historical *pro forma* accounts, annual profits after tax would have been reduced by Euro 1 million per annum.

The historical financial information includes expenses incurred by IHG in connection with the management by TMC of the IHG Group's hotel and event catering business. This management agreement was terminated on 31 July 2009 for a total consideration of €3.2 million which will be amortised over a period of 12 years. Under the new service agreement with the Chief Executive Officer of the Company, effective from 31 July 2009, the Chief Executive Officer will assume direct responsibility for the management of the Company. When compared to the management agreement previously in place with TMC, the payment under the CEO contract, after deducting the amortisation charge on the consideration paid upon termination of the management agreement with TMC, would result in a decrease of annual expenses by €131,309. The annual tax charge would conversely have increased by €45,958 per annum.

On 24 August 2009, IHG acquired 50% of the ordinary shares carrying voting rights of Leisure Marketing Limited, a company incorporated in Malta on 2 April 2003 providing promotional and marketing services in Malta to persons established outside Malta. Had this company been part of the group during the financial years ended 31 October 2006, 2007 and 2008 the profit after tax of the Group would have increased by Euro 14,311 during the year ended 31 October 2006, Euro 38,153 during the year ended 31 October 2007 and Euro 73,694 during the year ended 31 October 2008.

The above transactions together with the increased amortisation of €181,869 in respect of revalued land and buildings would have reduced the *pro forma* consolidated profit after tax for the year ended 31 October 2008 of €3,947,980 by € 1,022,824 to €2,925,156.

15 DIRECTORS, SENIOR MANAGEMENT AND ORGANISATIONAL STRUCTURE

15.1 Directors and Senior Management

As at the date of this Prospectus, the Board of Directors is composed of Winston V. Zahra, Winston J. Zahra, Trevor E. Zahra and Nazzareno Vassallo. The conditional pre-allocation agreement (defined as the SPA) entered into between, amongst others, VBG and Double You Limited and T Limited for, *inter alia*, the pre-allocation in favour of Double You Limited and T Limited of 12.5% each of the issued share capital of the Company by VBG, subject to the transfer of those shares occurring after their admission to the Official List of the MSE, contemplates that with effect from the date when the Company is admitted to the Official List of the Malta Stock Exchange (the "**Effective Date**"), Nazzareno Vassallo shall resign from his position as Director.

In addition, the shareholders of the Company have resolved that as of the Effective Date Kwang Sim shall be appointed to the board of directors of the Company. In addition, the shareholders have resolved that following the Effective Date and with effect from 1 November 2009 or earlier, Gary Alexander Neville shall, subject to all applicable regulatory approvals being obtained, be appointed as a director. Such directors shall not bear any responsibility for the content of the Prospectus. Such responsibility statement is being exclusively made and accepted by the Directors described in section 7.1 of this Summary Note.

The board of directors is entrusted with setting the overall direction and strategy of the Company. The implementation of the decisions taken by the Directors and the day-to-day management of the Group is entrusted to the senior management, headed by the Chief Executive Officer of the Company.

The day to day management of the Group is headed by the persons indicated in section 7.2 of this Summary Note.

15.2 Remuneration and Benefits

The total amount of remuneration paid and benefits in kind granted to the Board of Directors and senior management personnel in the last financial year ended 31 October 2008 amounts to approximately €1,514,909.

15.3 Employees

As at 31 October 2008, the Group employed 620 staff members involved in the operations and management of the Group.



16 MAJOR SHAREHOLDERS & DILUTION FOLLOWING OFFER

As at the date of the Prospectus, the only persons who are members of the senior management of the Group and/or members of the board of directors of the Company and who hold shares in the Company, directly or indirectly, are: -

- Winston V. Zahra, Winston J. Zahra and Trevor E. Zahra through their shareholding in TMC. As at the date of the Prospectus, TMC holds 17,634,600 ordinary shares in the Company (equivalent to 50% of the Company);
- Nazzareno Vassallo, through his shareholding in VBG. As at the date of the Prospectus, VBG holds 17,634,600 ordinary shares in the Company (equivalent to 50% of the Company).

Accordingly, as the date of this Prospectus, control of the Company is vested in both of: -

- TMC, whose shareholders are Winston V. Zahra, Doris Zahra, Double You Limited (beneficially owned by Winston J. Zahra), and T Limited (beneficially owned by Trevor E. Zahra); and
- VBG, whose shareholders are, Nazzareno Vassallo, Mary Ann Vassallo, Natalie Briffa Farrugia, Pio Vassallo, Christian Vassallo, Ruben Vassallo and Charlene Vassallo.

Name	Ordinary Shares	Percentage of total issued share capital
VBG	17,634,600	50%
TMC	17,634,600	50%

Following admission to the Official List of the Malta Stock Exchange of the Securities, Double You Limited (beneficially owned by Winston J. Zahra) and T Limited (beneficially owned by Trevor E. Zahra) shall be bound (pursuant to the SPA) to acquire from VBG, and VBG shall be bound to transfer to each of Double You Limited and T Limited, 4,408,650 shares. Following such acquisition, Double You Limited and T Limited will therefore, in addition to the 50% equity interest held by TMC in the Company, each have an equity interest equivalent to 12.5% of the total issued share capital of the Company.

Accordingly, in the event of a full subscription by the persons indicated in sections 24.2 and 24.3 of this Summary Note, it is envisaged that the shareholding of the Company shall be divided in the following manner: -

Name:	Ordinary Shares:	Percentage of total issued share capital
TMC	17,634,600	50%
Double You Limited	4,408,650	12.5%
T Limited	4,408,650	12.5%
General Public*	8,817,300	25%

* The General Public includes the 434,000 shares to be held by VBG, the 2,200,000 shares to be held by other investors as described in section 24.3.2 of this Summary Note and the shares to be sold to the public during the Offer Period.

There are currently no different classes of shares in the Company and accordingly all shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise).

The Company is not aware of any other arrangements, the operation of which may, at a subsequent date, result in a change in control of the Company.

17 CORPORATE GOVERNANCE

The Directors believe that the adoption of corporate governance principles is in the best interests of the Company and of its shareholders and through appropriate structures and measures being put in place, it will, once listed, endeavour to fully comply with the principles of good practice recommended by the Listing Rules.



18 RELATED PARTY TRANSACTIONS

During the course of the years ended 31 October 2006, 2007 and 2008, the IHG Group entered into transactions with related parties as set out below. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

	2008			2007			2006		
	Related party activity	Total activity		Related party activity	Total activity		Related party activity	Total activity	
	€	€	%	€	€	%	€	€	%
Staff costs:									
Key management personnel of the Group	1,052,416	10,038,179	10%	1,005,752	9,873,267	10%	656,124	8,460,601	8%
Other operating costs:									
Entities with joint control or significant influence over the company	445,347	11,417,485	4%	462,493	10,945,498	4%	462,493	9,998,893	5%

The amounts due by related parties and due to related parties at year-end are disclosed in notes to the *pro forma* consolidated financial information. These amounts will be settled in cash. No guarantees have been given or received. These amounts were unsecured and interest-free.

Related party transactions between 1 November 2008 and the date of the Prospectus were as follows:

	Related party activity	Total activity	
	€	€	%
Staff costs:			
Key management personnel of the Group	749,273	7,152,202	10%
Other operating costs:			
Entities with joint control or significant influence over the company	366,357	7,231,074	5%

19 ADDITIONAL INFORMATION

19.1 Share Capital

19.1.1 Authorised and Issued Share Capital

As at the date of this Summary Note, the authorised share capital of the Company is €40,000,000 divided into 40,000,000 ordinary shares of a nominal value of €1 each share.

19.2 Memorandum and Articles of Association

The memorandum and articles of association of the Company described in 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 Company and at the Registry of Companies.



INFORMATION ABOUT THE SECURITIES

20 SECURITIES' STATISTICS

20.1 Bonds

Amount:	€14,000,000;
Form:	The Bonds were issued in certificated form and represented by two global notes. Following admission of the Bonds to the Official List of the MSE, the Bonds shall be held in book-entry form by the CSD;
Denomination:	Euro (€);
ISIN:	MT0000481219;
Admission to Trading:	The Bonds have been declared admissible to listing by the Listing Authority in terms of the Financial Markets Act by letter dated 28 August 2009;
Markets:	Application has been made to the MSE for the Bonds to be listed and traded on its Official List. The Bonds are expected to be admitted to the MSE with effect from 13 October 2009 and trading is expected to commence on 14 October 2009;
Redemption Date:	30 June 2019 unless otherwise redeemed on any of the Early Redemption Date;
Designated Early Redemption Dates:	A date or dates falling between 1 July 2017 up to and including 29 June 2019 which the Company may designate as a date or dates set for the redemption of the Bonds by giving sixty days prior written notice;
Bond Offer Price:	At par (€100 per Bond);
Status:	The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt, and unsubordinated debt, if any;
Interest:	6.5% per annum;
Interest Payment Date(s):	Interest on the Bonds shall be paid to the Offerors as at the date immediately preceding the date of admission of the Bonds on the Official List of the MSE. Interest shall accrue in favour of Bondholders as of the date immediately following such date. The first Interest Payment Date following the admission of the Bonds on the Official List of the MSE shall be 30 June 2010;
Redemption Value:	At par (€100 per Bond);
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;
Terms & Conditions:	Particular reference ought to be made to Section 9 of the Combined Securities Note.



20.2 Shares

Public Offer:	8,383,300
Form:	Ordinary shares;
Currency:	Euro (€);
Share Offer Price:	€1
ISIN:	MT0000480104
Admission to Trading:	The Shares have been declared admissible to listing by the Listing Authority in terms of the Financial Markets Act by letter dated 28 August 2009;
Markets:	Application has been made to the MSE for the Shares to be listed and traded on its Official List. The Shares are expected to be admitted to the MSE with effect from 13 October 2009 and trading is expected to commence on 14 October 2009;
Dividends:	The Shares shall carry the right to participate in any distribution of dividend declared by the Company <i>pari passu</i> with all other shares in the same class;
Voting Rights:	Each Share shall be entitled to one vote at meetings of Shareholders;
Capital Distributions:	The Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise, <i>pari passu</i> with all other shares of the same class;
Transferability:	The Shares are freely transferable and once admitted to the Official List of the MSE shall be transferable in accordance with the rules and regulations of the MSE applicable from time to time;
Pre-Emption:	In accordance with article 88 of the Act and article 8 of the Company's articles of association, should shares of the Company be proposed for allotment for consideration in cash, those shares must be offered on a pre-emptive basis to Shareholders in proportion to the share capital held by them. A copy of any offer of subscription on a pre-emptive basis indicating the period within which this right must be exercised must be delivered to the Registrar of Companies. The right of pre-emption must be exercised in accordance with the terms and conditions set out in the articles of association of the Company. This right of pre-emption may be withdrawn by an extraordinary resolution of the general meeting, in which case, the Directors will be required to present to that general meeting a written report indicating the reasons for restriction/withdrawal of the said right and justifying the issue price;
Other:	The Shares are not redeemable and not convertible into any other form of security;
Mandatory Takeover Bids, Squeeze-Out and Sell-Out Rules:	Chapter 18 of the Listing Rules, implementing the relevant provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The Shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority - www.mfsa.com.mt



21 EXPECTED TIMETABLE OF COMBINED OFFER

MATTER	DATE
Availability of Application Forms	4 September 2009
Preferred Applicants' Period	17 September 2009
Share Pre-Placement Period	18 September 2009
Opening of Offer Period	22 September 2009
Closing of Offer Period	28 September 2009
Expected announcement of basis of acceptance	5 October 2009
Expected dispatch of allocation advices and refunds of unallocated monies	12 October 2009
Admission of Securities on the Malta Stock Exchange	13 October 2009
Commencement of Interest Payment Period for Bondholders	13 October 2009
Commencement of trading on the Malta Stock Exchange	14 October 2009

The Registrar, as authorised by each of the Offerors, reserves the right to close the Offer Period before 28 September 2009 in the event of over-subscription, in which case, the dates of the last four events listed above shall be anticipated in the same chronological order so as to retain the same number of Business Days between the respective dates.

22 REASONS FOR THE COMBINED OFFER

This Summary Note contemplates the following: -

- A) Share Offer - The offer by VBG of 8,383,300 Shares in the Company to the general public (Public Offer) and 8,817,300 to Double You Limited and T Limited (25% Offer);
- B) Bond Offer - The offer at par by VBG of the VBG Bonds and by TMC of the TMC Bonds. The Bonds were issued by the Company with effect from the 1 July 2009 as part of an acquisition and restructuring programme of the Group. The Bonds were issued in favour of TMC and VBG to settle part of the consideration due to them for the acquisition of the Group.

By virtue of the SPA entered into on the 6 August 2009, VBG undertook, subject to the satisfaction of a number of conditions (including the admission of the Company's ordinary shares capital to trading on the MSE), to transfer to each of Double You Limited and T Limited 4,408,650 ordinary shares in the Company, thereby rendering each of Double You Limited and T Limited 12.5% shareholders in the Company. The purpose of the offer by TMC of the TMC Bonds is to discharge the price of the acquisition of the said 8,817,300 shares from VBG on behalf of Double You Limited and T Limited, leaving an outstanding balance due between TMC and Double You Limited and T Limited for their respective portions of the acquired shares in the Company.

The Share Offer and the Bond Offer (as to VBG Bonds) by VBG shall be applied to the benefit of VBG which through such offer shall realise its investment in the Group.

23 COMBINED OFFER EXPENSES

Accordingly, all of the proceeds of the Combined Offer, which are estimated to be in the region of €31,200,600 will be:-

- a) for the account of TMC for a maximum of €7,000,000 and,
- b) for the account of VBG for a maximum of €24,200,600.

The said amounts do not take into account direct costs and expenses of the Combined Offer, including but not limited to, selling commissions, management and registrar fee, legal, consultancy and accounting fees, advertising, printing and other publicity. Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsorship, management, registrar fees, selling commission and other miscellaneous expenses in connection with this Combined Offer are estimated not to exceed €650,000. There is no particular order of priority with respect to such expenses. Accordingly, the net amount of proceeds from the Combined Offer is estimated to be €30,550,600.



24 SHARE OFFER

24.1 Plan of distribution

During the Offer Period, Applications for acquisitions of the Shares may be made through the Sponsor and any of the Financial Intermediaries. The Shares are open for application to all categories of investors.

It is expected that an allocation advice to Applicants will be dispatched within 5 Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (and regulations made thereunder). Such monies will not bear interest while retained as aforesaid. TMC (as lawfully authorised by VBG) will determine the allocation policy for the allotment of the shares pursuant to the Public Offer within five Business Days of the closing of subscriptions.

24.2 Share Offer & Allocation

The Shares shall be available for subscription in three tranches:

- a) By Financial Intermediaries for the account of their clients during the Share Pre-Placement Period pursuant to, *inter alia*, the provisions of Section 24.2.1 of this Summary Note;
- b) By Employees through Financial Intermediaries pursuant to, *inter alia*, the provisions of 24.2.2 of this Summary Note; and
- c) By the general public through Financial Intermediaries pursuant to, *inter alia*, the provisions of 24.4 of the Summary Note.

24.2.1 Pre-Placement Period

Prior to the commencement of the Offer Period, VBG intends to enter into conditional placement agreements with Financial Intermediaries (the “**Share Placement Agreements**”) with respect to the allocation of the shares forming part of the Public Offer up to an amount not exceeding 3,000,000 shares (approximately 35.78% of the Public Offer), the (“**Share Placed Portion**”).

Upon the satisfactory completion and submission of the Share Placement Agreements, VBG will be conditionally bound to allocate and each Financial Intermediary will be bound to purchase and acquire for their underlying clients such number of shares indicated in their respective Share Placement Agreement. Each Share Placement Agreement will become binding on both VBG and the Financial Intermediaries upon delivery, subject to the Offerors having received all subscription proceeds in clear funds on delivery of the Share Placement Agreement.

Financial Intermediaries may submit the completed Share Placement Agreements together with subscription proceeds in clear funds on the 18 September 2009 by 1000 hours, (the “**Share Pre-Placement Period**”).

The minimum subscription amount for each Application lodged with Financial Intermediaries (for the benefit of their investors other than Employees) during the Share Pre-Placement Period shall be 2,500 shares, and Applications in a single name for a lesser amount shall not be eligible for the Share Placed Portion and shall be disregarded, unless such lesser amount is the result of scaling down by the Registrar pursuant to an over-subscription of Applications.

24.2.2 Employees

VBG has reserved approximately 250,000 of the Shares (2.98% of the Public Offer) for acquisition and purchase by Employees, (the “**Employee Share Reserved Portion**”). Employees may submit their Application for Shares through Financial Intermediaries with clear funds by the 17 September 2009, both days included, the “**Employees’ Share Application Period**”.

The minimum application amount for Applications lodged by Employees with Financial Intermediaries during the Employees’ Share Application Period shall be for 1000 shares and Applications in a single name for a lesser amount shall not be eligible for the Employees Share Reserved Portion and shall be disregarded.



24.2.3 Treatment of Placed Portion and Employees Reserved Portion

The Share Placed Portion and the Employees Share Reserved Portion shall be subject to the following limits:

- (i) The Financial Intermediaries shall be entitled to apply for up to a maximum aggregate amount of 3,250,000 shares pursuant to the Share Placement Agreements; and
- (ii) The Employees shall be entitled to apply for, through the services of Financial Intermediaries, up to a maximum aggregate amount of 250,000 shares.

The above shall be subject to the following:

- (a) any amount not taken up by Financial Intermediaries for the benefit of their clients under (i) above shall be available for subscription by Employees, subject to a combined limit of 3,250,000 shares. In the event that Applications submitted by Employees are in excess of the said amount, any unsatisfied part of such Applications shall automatically participate during the Offer Period *pari passu* with other Applicants.
- (b) any amount not taken up by Employees under (ii) above shall be available to Financial Intermediaries for the benefit of their clients during the Share Pre-Placement Period, subject to a combined limit of 3,250,000 shares. In the event that applications received from Financial Intermediaries pursuant to the Share Placement Agreements are in excess of the said amount, such applications shall be scaled down and the unsatisfied Applications or part thereof shall be cancelled and refunded.

24.3 Other Pre-Placement Agreements

24.3.1 Double You & T Limited Portion

By virtue of the SPA entered into on the 6 August 2009, VBG is bound, subject to the satisfaction of a number of conditions (including the admission of the Company's ordinary shares capital to trading on the MSE), to transfer 4,408,650 ordinary shares in the Company (equivalent to 12.5%) to Double You Limited and 4,408,650 ordinary shares in the Company (equivalent to 12.5%) to T Limited. Subject to the satisfaction of the said conditions, the shares to be transferred to each of Double You Limited and T Limited shall be transferred in their totality in accordance with the SPA and are not liable to reduction.

Double You Limited is fully owned by Winston J. Zahra (director of the Company and CEO of the Group) and T Limited is fully owned by Trevor E. Zahra (director of the Company and forms part of the senior management of the Group).

24.3.2 Other Investors

With a view to ensuring distribution of the Shares, VBG has also entered into a number of conditional placement agreements with certain investors. Such investors have, subject to the listing of the Shares on the Official List of the MSE, bound themselves to acquire and purchase, and VBG has bound itself to transfer to such investors, the number of shares indicated below:

Ryan Joseph Giggs	1,100,000 Shares	3.12%
Gary Alexander Neville	1,100,000 Shares	3.12%

Subject to the listing of the Shares on the Official List of the MSE, the shares to be transferred to each of the said investors shall be transferred in their totality in accordance with the conditional placement agreements and are not liable to reduction. On this basis, each of the above are considered to be preferred applicants. The interest of each of the said two investors commenced following discussions with the Zahra family and the investor's intimation of their willingness to invest in the hospitality sector in Malta. Their interest in the investment was made subject to a minimum material threshold of investment, which is the reason for the preferred allocation. From the Group's perspective the high profile of each of the investors in the sporting field is calculated to enhance the Group's overall public relations image and profile.

24.4 General Offer

The balance of the shares not subscribed to during the Share Pre-Placement Period, the Employees' Application Period and pursuant to the placement agreements described in Section 24.3 above shall be offered to the general public during the Offer Period. Employees are also at liberty to apply for Shares during the Offer Period, at which stage, no preference shall be provided to their application.

24.5 Selling Shareholder - VBG

VBG is a limited liability company registered under the laws of Malta with company registration number C2448 and with registered office at 'The Three Arches', Valletta Road, Mosta MST 9016. The beneficial owners of VBG are Nazzareno Vassallo, Mary Ann Vassallo, Natalie Briffa Farrugia, Pio Vassallo, Christian Vassallo, Ruben Vassallo and Charlene Vassallo. VBG is offering for sale 17,200,600 ordinary shares in the Company, constituting 48.77% of the total issued share capital of the Company.

Nazzareno Vassallo has held directorships and in some instances the Chairmanship of a number of companies within the IHG Group.



24.6 Lock Up

Following admission to the Official List of the MSE of the Securities, Double You Limited (beneficially owned by Winston J. Zahra) and T Limited (beneficially owned by Trevor E Zahra) shall be bound (pursuant to the SPA) to acquire from VBG, and VBG shall be bound to transfer to each of Double You Limited and T Limited, 4,408,650 shares. Following such acquisition, Double You Limited and T Limited will therefore, in addition to the 50% equity interest held by TMC in the Company, each have an equity interest equivalent to 12.5% of the total issued share capital of the Company.

Accordingly, in the event of a full subscription by the persons indicated in sections 24.2 and 24.3 of this Summary Note, it is envisaged that the shareholding of the Company shall be divided in the following manner: -

Name	Ordinary Shares	Percentage of total issued share capital
TMC	17,634,600	50%
Double You Limited	4,408,650	12.5%
T Limited	4,408,650	12.5%
General Public*	8,817,300	25%

* The General Public includes the 434,000 shares to be held by VBG, the 2,200,000 shares to be held by other investors as described in section 24.3.2 of this Summary Note and the shares to be sold to the public during the Offer Period

In terms of a facility agreement entered into by the Company and Bank of Valletta p.l.c. on the 14 July 2009, as amended on the 28 July 2009, Winston V. Zahra, Winston. J Zahra and Trevor E. Zahra, (together, the “Zahras”) undertook that following the initial public offering of the Shares and until such time as the said facility remains outstanding, the Zahras shall, unless Bank of Valletta p.l.c. consents in writing, retain control of, at least, 51% of the total issued share capital of the Company. Authorisation is to be sought from Bank of Valletta p.l.c. for any transmission/transfers/disposal of shares which would change the present shareholding of the Zahras. Bank of Valletta p.l.c. has undertaken not to withhold its consent unreasonably after taking into account the impact of such change on the ownership and/or management structure of the Group.

As a condition to the Listing Authority approving the Company's admissibility to listing on a regulated market, the Listing Authority has imposed a lock-up on TMC, Double You Limited and T Limited whereby, for a period of 24 months from the date that the Company's shares are admitted to trading on the Official List of the MSE, (the “**Lock-Up Period**”) and save for what is provided in the last paragraph of this section:

- None of TMC, Double You Limited and T Limited shall transfer or otherwise dispose of their shares in the Company which may cause their combined holding in the Company to fall below 75% of the total issued share capital of the Company;
- Each of Double You Limited and T Limited shall not transfer or otherwise dispose of any shares acquired by it pursuant to the 25% Offer, and that, for the duration of the Lock-Up Period, they shall each retain a minimum holding of 12.5% of the Company's issued share capital;
- TMC shall not transfer or otherwise dispose of any shares in the Company which may cause its holding in the Company to fall below 50% of the total issued share capital of the Company.

This undertaking shall subsist notwithstanding any provision of the Act, the Listing Rules and the memorandum and articles of association of the Company that would otherwise have permitted any transfer or disposal of shares for the Lock-Up Period.

In addition to the Lock-Up above, in the event that during the Lock-Up Period the Company were to make a new issue of shares to allow the public shareholders to increase their share in the Company, each of TMC, Double You Limited and T Limited may exercise their right to subscribe for their proportionate share (in exercise of their pre-emption rights on new issue of shares). Subject to them retaining not less than 51% of the issued share capital of the Company, none of them shall be bound to subscribe for their respective proportionate share of such issue.



25 BOND OFFER

25.1 Bond Offer & Allocation

The Bonds shall be available for subscription in two tranches:

- a) By CareMalta Bondholders through Financial Intermediaries pursuant to, *inter alia*, the provisions of 25.1.1 of this Summary Note; and
- b) By the general public through Financial Intermediaries pursuant to, *inter alia*, the provisions of 25.1.2 of the Summary Note.

25.1.1 CareMalta Bondholders

The Offerors have reserved approximately €8,900,700 of the Bonds (63.57% of the Bond Offer) for acquisition and purchase by CareMalta Bondholders, (the **"CareMalta Reserved Portion"**). CareMalta Bondholders may submit their Application for Bonds through Financial Intermediaries by the 17 September 2009, both days included, the **"CareMalta Application Period"**. The terms contained in the said Application Form form an integral part of the Terms and Condition of Application for the Bonds.

The Offerors intend to allocate the Bonds to those CareMalta Bondholders indicating their agreement by virtue of the submission of the duly completed Application Form to settle the consideration for the Bonds by surrendering in TMC's and/or VBG's favour CareMalta Bonds of an equivalent value in Euro, with preference over all other Applicants up to the level of the CareMalta Reserved Portion. In applying for the Bonds in the CareMalta Reserved Portion, the CareMalta Bondholders will settle the consideration for the Bonds applied for by transferring their respective CareMalta Bonds to TMC and/or VBG. Such transfer shall be without prejudice to the rights of the CareMalta Bondholders to receive interest on the CareMalta Bonds up to, and including, the day immediately prior to the date of admission of the Bonds to the Official List of the MSE.

CareMalta Bondholders shall be preferred during the CareMalta Application Period

- a) up to the amount of CareMalta Bonds being transferred to TMC and/or VBG, or
- b) in the event that less than €1000 in value of CareMalta Bonds are being transferred together with the Cash Top-Up, up to the value of €1000.

The CareMalta Reserved Portion is equal to the number of outstanding CareMalta Bonds and the aggregate Cash Top-Ups, and accordingly, it is intended that all Applications submitted during the CareMalta Application Period by CareMalta Bondholders with respect to their holding of CareMalta Bonds and the Cash Top-Up shall be satisfied in full.

CareMalta Bondholders wishing to transfer their CareMalta Bonds in exchange of the Bonds shall only be entitled to do so during the CareMalta Application Period. Subsequent Applications by CareMalta Bondholders are to be made by submitting the Application Form contained in Annex 4 of the Combined Securities Note and must be accompanied by clear funds, at which stage, no preference shall be provided to their application.

Minimum Application Amount

The minimum application amount of Bonds for Applications lodged by CareMalta Bondholders with Financial Intermediaries during the CareMalta Application Period is for €1000 in value. Applications in excess thereof shall be in multiples of €100.

All CareMalta Bonds being transferred to VBG and/or TMC for the purpose of acquiring Bonds shall be rounded up to the next €100 by settling the difference in cash (the **"100 Top-Up"**). Each €100 in value of CareMalta Bonds transferred to VBG shall entitle such Applicant to receive €100 in value of the Bonds issued by the Company.

CareMalta Bondholders transferring less than €1000 in value of CareMalta Bonds

In the event that CareMalta Bondholders wish to transfer less than €1,000 in value of the CareMalta Bonds in settlement of their Application for Bonds, such CareMalta Bondholders shall be required to compensate for the difference between the €1,000 in value of the Bonds and the value in Euro of the CareMalta Bonds being transferred, by remitting the said amount in clear funds, the **"1000 Top-Up"**. Furthermore if the Applicant holding less than €1000 in value of CareMalta Bonds applies for Bonds in excess of €1,000 in value (being in multiples €100), such excess amount shall not be considered to form part of the CareMalta Reserved Portion and shall automatically participate during the Offer Period *pari passu* with other Applicants.

The 100 Top-Up and the 1000 Top-Up shall be referred to as the **"Cash Top-Up"**.

CareMalta Bondholders transferring more than €1000 in value of CareMalta Bonds

In the event that CareMalta Bondholders wish to transfer more than €1000 in value of the CareMalta Bonds in settlement of their Application for Bonds, such amount shall be preferred and the corresponding value of Bonds shall be allocated to him/her. However, in the event that an Applicant applies for more Bonds than the value of CareMalta Bonds held by him/her, subject to the Cash Top-Up, such amount in excess of the aggregate of his/her CareMalta Bond and the Cash Top-Up, shall not be preferred and shall automatically participate during the Offer Period *pari passu* with other Applicants.



The following is an example of the manner in which the CareMalta Reserved Portion shall be allocated: -

Value in € of CareMalta Bonds	Cash Top-Up	Additional Cash Application	Preferred Allocation
€900	€100		€1000
€900	€100	€1000*	€1000
€1,050	€50		€1,100
€1,050	€50	€1000*	€1,100

* Such additional amount applied for in cash shall not be preferred and shall automatically participate during the Offer Period *pari passu* with other Applicants.

25.1.2 Public Offer

The balance of the Bonds not subscribed to during the CareMalta Application Period shall be offered and issued to the general public during the Offer Period.

CareMalta Bondholders wishing to transfer their CareMalta Bonds in exchange of the Bonds shall only be entitled to do so during the CareMalta Application Period. Subsequent Applications by CareMalta Bondholders are to be made by submitting the Application Form contained in Annex 4 of the Combined Securities Note and must be accompanied by clear funds, at which stage, no preference shall be provided to their application.

The minimum application for Bonds is €1,000 in value. Applications in excess of the said minimum thresholds must be in multiples of €100. The terms of application of Bonds are contained in the Application Form pertinent to CareMalta Bondholders.

It is expected that the results of the Bond Offer will be published by the Company by means of a company announcement or press release within five (5) Business Days following the closing of subscriptions for Bonds. Each Applicant will be directly notified of the amount of Bonds allocated in his/her name by the Central Securities Depository of the MSE once these have been admitted to the Official List of the MSE. Trading may not commence before notification by the Central Securities Depository of the MSE has been dispatched to each person receiving Bonds.

25.2 Unsubscribed TMC Bonds

In terms of the SPA, in the event that the TMC Bonds remain unsold by close of business of the 23 September 2009, VBG and TMC have agreed that VBG shall acquire the remaining unsold TMC Bonds. Such transfer represents part of the consideration payable by TMC (on behalf of Double You Limited T Limited) to VBG for the acquisition of the 25% of the issued share capital of the Company. In the event that the TMC Bonds are sold in full by the 23 September 2009, such consideration is to be paid by TMC out of the proceeds received from the sale of the TMC Bonds.

25.3 Allocations

Applications for Bonds shall first be applied to satisfy the Bonds Offer being made by TMC. After all Bonds being offered by TMC have been satisfied, the Bonds being offered by VBG shall be allocated in favour of Applicants.

TMC (on its own behalf and as authorised by VBG) shall determine and announce the allocation policy for the allotment of the Bonds within five Business Days of the closing of subscriptions.

Within five (5) Business Days of the closing of the subscription lists, the Offerors shall, either directly or through the Registrar, determine and announce the basis of acceptance of Applications and the allocation policy to be adopted.



DOCUMENTS ON DISPLAY

For the duration period of the Prospectus the following documents shall be available for inspection at the registered address of the Company:

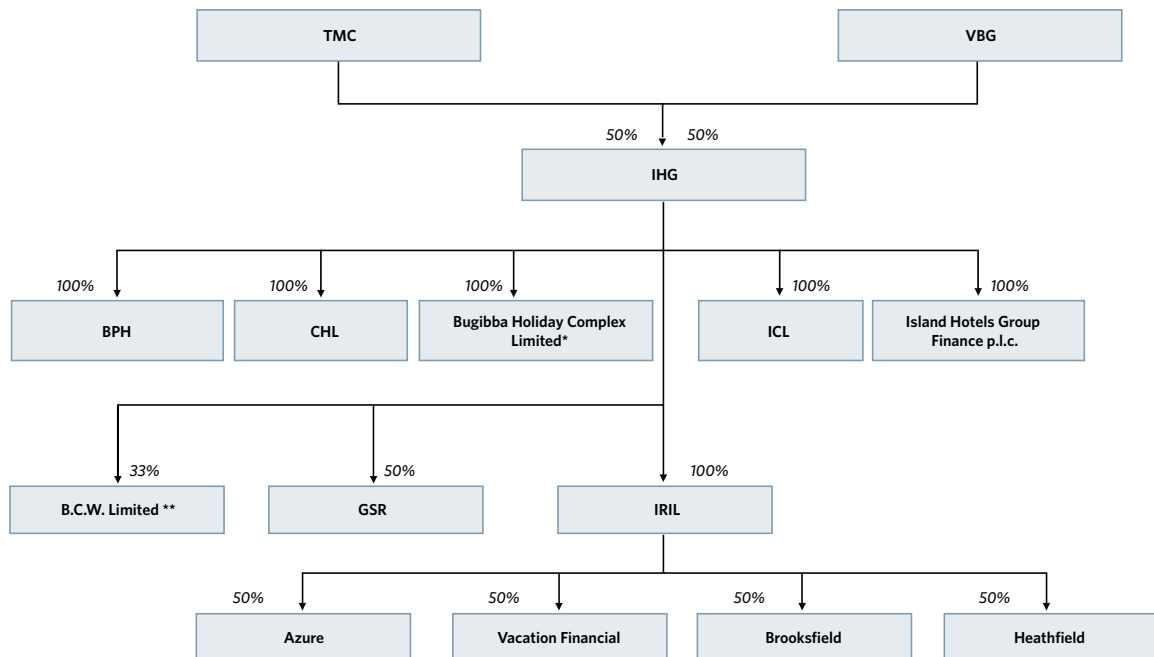
- a) Memorandum and Articles of Association of the Company;
- b) the Historical Financial Information of IHG and of each of the Subsidiaries for each of the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008;
- c) the *pro forma* restated consolidated financial information of the IHG Group for each of the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 and the accountants report thereon;
- d) the unaudited condensed interim financial information of the IHG Group for the period commencing 1 November 2008 and ended 30 April 2009 and the accountants report thereon;
- e) Valuations of the Properties dated 21 August 2009 and issued by Perit Edgar A. Rossignaud B.Arch., A.& C.E.; and
- f) the Prospectus.

The documents listed in (a), (b) and (f) above are also available for inspection in electronic form on the Company's website at www.ihgholdingsplc.com.



Annex 1

Prior to the re-structuring of the Group as described in section 8 of this Summary Note under the heading 'Presentation of Certain Information & Corporate Restructuring' the Group's structure was as follows:

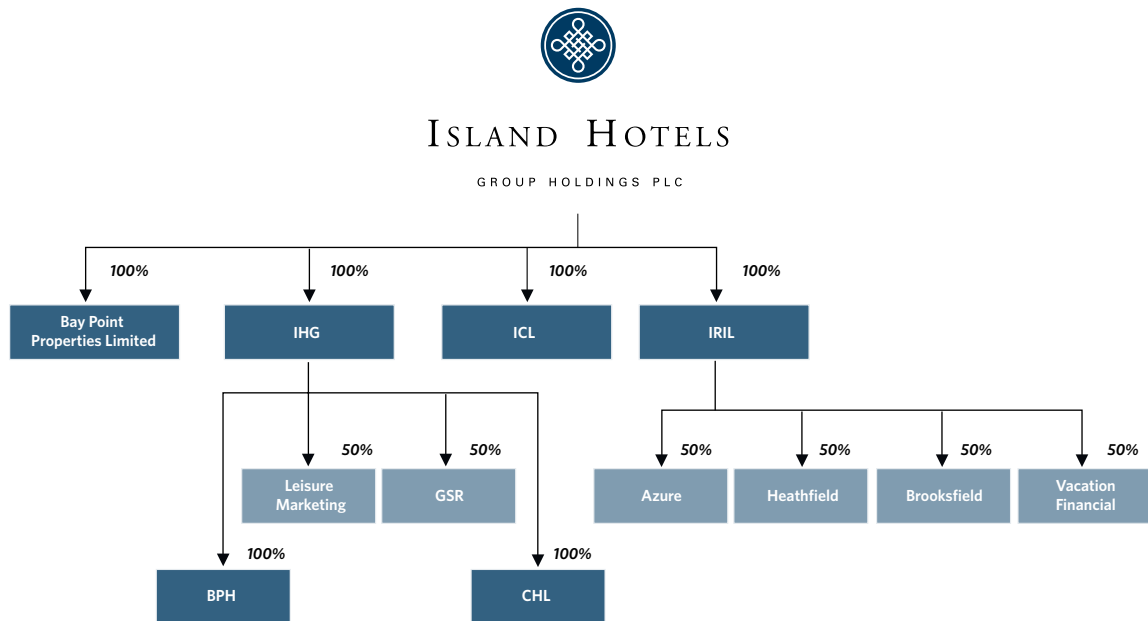


* BHC (C8542) was removed from the Group on the 20 June 2008

** the indirect shareholding in Dragonara Casino Limited was sold out of the Group on the 10 October 2008



The following structure chart depicts the Subsidiaries and Affiliates of the Company following the restructuring of the Group and the admission of the Company's Securities on the Official List of the MSE. The companies marked in light blue are the Affiliates in which the Company owns a 50% interest. The companies marked in dark blue are the fully owned Subsidiaries of the Company.





REGISTRATION DOCUMENT

This document is a Registration Document 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.

This Registration Document is issued pursuant to the requirements of Listing Rule 6.4.2 of the Listing Rules and contains information about Island Hotels Group Holdings p.l.c. for which application has been made for admission to trading of its Securities on the Malta Stock Exchange. This Registration Document should be read in conjunction with the most updated securities note issued from time to time.

This Registration Document is dated 28 August 2009 issued by

Island Hotels Group Holdings p.l.c.

			
Winston J. Zahra for and on behalf of Winston J. Zahra Director Island Hotels Group Holdings p.l.c.	Winston J. Zahra Director Island Hotels Group Holdings p.l.c.	Trevor E. Zahra Director Island Hotels Group Holdings p.l.c.	Nazzareno Vassallo Director Island Hotels Group Holdings p.l.c.

LEGAL COUNSEL

LEAD MANAGER & REGISTRAR

SPONSOR

JOINT MANAGER

CAMILLERI PREZIOSI
ADVOCATES

BOV
Bank of Valletta

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING

HSBC 



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1 IMPORTANT INFORMATION

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON ISLAND HOTELS GROUP HOLDINGS P.L.C., ITS SUBSIDIARIES, AFFILIATES AND BUSINESS OF THE GROUP AND INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE COMPANY.

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

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

A COPY OF THIS DOCUMENT HAS BEEN REGISTERED WITH 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. APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR ITS SECURITIES TO BE CONSIDERED AS ADMISSIBLE TO LISTING ON A REGULATED MARKET. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE MALTA STOCK EXCHANGE, AS A REGULATED MARKET, FOR THE COMPANY'S SECURITIES TO BE ADMITTED TO THE OFFICIAL LIST.

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

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

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

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.

ALL THE ADVISORS TO THE COMPANY NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS" IN SECTION 6 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY 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.

STATEMENTS MADE IN THIS DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN. THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE COMBINED SECURITIES NOTE CONTAINING INFORMATION ABOUT THE OFFERING AND THE SECURITIES.



2 DEFINITIONS

Act	the Companies Act, Cap. 386 of the Laws of Malta;
Affiliates	each of: - <ul style="list-style-type: none"> a) Golden Sands Resorts Limited, a limited liability company registered under the laws of Malta with company registration number C30569 and with registered office at The Radisson SAS Golden Sands Resort & Spa, Golden Bay, Limits of Mellieha, MLH 5510, Malta, ("GSR"); b) Leisure Marketing Limited, a limited liability company registered under the laws of Malta with company registration number C 31224 and with registered office at Suite 1, 17, Sir. A Bartolo Street, Ta' Xbiex, XBX 1092, ("Leisure Marketing"); c) Vacation Financial Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 535715 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhamsay, Road Town, Tortola, BVI, ("Vacation Financial"); d) Brookfield Overseas Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 536243 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhamsay, Road Town, Tortola, BVI, ("Brookfield"); e) Heathfield Overseas Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 536242 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhamsay, Road Town, Tortola, BVI, ("Heathfield") and f) Azure Resorts Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 535716 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhamsay, Road Town, Tortola, BVI, ("Azure");
Azure Group	means all of: - <ul style="list-style-type: none"> a) Azure; b) Vacation Financial; c) Heathfield; and d) Brookfield;
BVI	British Virgin Islands;
Code	the 'Code of Principles of Good Corporate Governance' contained in Appendix 8.1 of the Listing Rules;
Company	Island Hotels Group Holdings p.l.c. a public limited liability company incorporated under the laws of Malta with company registration number C44855 and with registered office at Coastline Hotel, Salina Bay, Salina, SPB9030, Malta;
Combined Securities Note	the combined securities note issued by the Company and each Offeror (as therein defined) on the 28 August 2009, forming part of the Prospectus;
Directors or Board	the directors of the Company whose names and addresses are set out in section 6.1 under the heading " Identity of Directors, Senior Management, Advisors & Auditors " of this Registration Document;
Double You Limited	Double You Limited, a company registered under the laws of Malta with company registration number C25234 and with registered office at 'Il-Garra', Triq Carmelo Pace, Iklin, IKL 1601, Malta;
Effective Date	the date when the Company is admitted to the Official List of the Malta Stock Exchange;
Euro or €	the lawful currency of the Republic of Malta as from 1 January 2008;
Group	the Company, the Subsidiaries and the Affiliates;
IHG Group	means IHG and the Subsidiaries and Affiliates (other than Leisure Marketing);
Listing Authority	such person or body appointed by the Minister of Finance for the purposes of article 11 of the Financial Markets Act, Cap 345 of the laws of Malta;
Listing Rules	the listing rules issued by the Listing Authority from time to time;
Malta Stock Exchange or MSE	the Malta Stock Exchange p.l.c. as originally constituted by the Financial Markets Act, Cap 345 of the laws of Malta with registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and bearing company registration number C42525;
Mayfair	Mayfair Overseas Holdings Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 283978 and with registered office at; Omar Hodge Building, Wickham's Cay, Road Town, Tortola, BVI;
Prospectus	this document together with the Combined Securities Note and a Summary Note all dated 28 August 2009 in connection with the offer of Securities by the Offerors;
Registration Document	this document in its entirety;



Subsidiaries	<p>each of: -</p> <ul style="list-style-type: none"> a) Island Hotels Group Limited, a limited liability company registered under the laws of Malta with company registration number C19442 and with registered office at Coastline Hotel, Salina Bay, Salina, Naxxar, NXR 9030, Malta, (“IHG”); b) Coastline Hotel Limited, a limited liability company registered under the laws of Malta with company registration number C14107 and with registered office at Coastline Hotel, Salina Bay, Salina, Naxxar NXR 9030, Malta, (“CHL”); c) Bay Point Hotel Limited, a limited liability company registered under the laws of Malta with company registration number C13170 and with registered office at The Radisson SAS Bay Point Resort, St George’s Bay, St Julians, STJ 3391, Malta, (“BPH”); d) Island Resorts International Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 294368 and with registered office at Alcara Building 24, De Castro Street, Wickam’s City Cay 1, Tortola, BVI, (“IRIL”); e) Island Caterers Limited, a limited liability company registered under the laws of Malta with company registration number C9377 and with registered office at Coastline Hotel, Salina Bay, Salina, Naxxar NXR 9030, Malta, (“ICL”); and f) Bay Point Properties Limited, a limited liability company registered under the laws of Malta with company registration number C47131 and with registered office at Coastline Hotel, Salina Bay, Salina, Naxxar NXR 9030, Malta);
Summary Note	the summary note issued by the Company and each Offeror (as therein defined) dated 28 August 2009, forming part of the Prospectus;
T Limited	T Limited, a limited liability company incorporated under the laws of Malta with company registration number C25235 and with registered office at ‘Il-Garra’, Triq Carmelo Pace, Iklin, IKL 1601, Malta;
TMC	T.M.C. Limited, a limited liability company incorporated under the laws of Malta with company registration number C6720 and with registered office at ‘Il-Garra’, Triq Carmelo Pace, Iklin, IKL 1601, Malta;
VBG	Vassallo Builders Group Limited, a limited liability company incorporated under the laws of Malta with company registration number C2448 and with registered office at ‘The Three Arches’, Valletta Road, Mosta MST 9016.

3 FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Registration Document and include statements regarding the intentions, beliefs or current expectations of the Company and/or the Directors concerning, amongst other things, the Company’s strategy and business plans, results of operations, financial condition, liquidity, prospects and dividend policy of the Company and the markets in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Group’s actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy may differ materially from the impression created by the forward-looking statements contained in this Registration Document. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Company are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions generally and in Malta, hotel markets specifically, legislative and regulatory changes, changes in taxation regimes, the availability and cost of capital for future investments and the availability of suitable financing.

Potential investors are advised to read this document in its entirety and, in particular, the heading of this Registration Document entitled “Risk factors” for a further discussion of the factors that could affect the Company’s future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. All forward-looking statements contained in this Registration Document are made only as at the date hereof. Subject to its legal and regulatory obligations (including under the Listing Rules), the Company and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.



4 PRESENTATION OF CERTAIN INFORMATION & CORPORATE RESTRUCTURING

The Company does not itself have a track record.

As part of a corporate restructuring exercise entered into specifically for the purpose of preparing the Company for its listing on the Official List of the MSE and the acquisition of 25% of the Company by Double You Limited and T Limited, the Company acquired the shares in and, accordingly the business of, ICL on the 28 July 2009, IRIL on the 29 July 2009 and IHG on the 30 July 2009. The acquisition did not include the business and equity interests in 1) B.C.W. Limited (C28818), a joint venture company that manages the Dragonara Casino Limited and 2) the Bugibba Holiday Complex Limited (C8542), which interests were transferred out of the Group prior to and in contemplation of the restructuring. For a graphical description of the Group prior to and post the restructuring, see section 10 under the heading '*Shareholding Structure*'.

Accordingly, the information contained in this Registration Document specifically excludes any information relating to the Bugibba Holiday Complex and B.C.W. Limited, and further includes a revision by IHG of its accounting policy with respect to the unpaid leave of the IHG Group employees. The audited consolidated financial statements of IHG for the years ended 31 October 2006, 31 October 2007 and 31 October 2008 include the said discontinued and non-transferred businesses.

In this context, and with a view to showing comparable figures for the Group as currently constituted, the proforma financial information contained in this Prospectus with respect to the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 are being restated to reflect the above restructuring process.

Furthermore, in comparison to the audited consolidated financial statements of IHG, gearing levels following the restructuring and Bond Offer (as defined in the Combined Securities Note) are forecast to increase by €26million. At this level of gearing, finance costs at the Company's current interest rate of between 6.5% and 4.7% would increase by €1.5million and the tax charge would drop by €0.5million.

The information contained in this Prospectus is therefore based on the information available about the business and trading record of each of the acquired Subsidiaries and Affiliates prior to their acquisition by the Company.

5 RISK FACTORS

A prospective investor 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 Company. Information contained in the Prospectus contains "forward-looking statements," which are subject to the qualifications discussed.

If any of the risks described were to materialise, they could have a serious effect on the Company's financial results, trading prospects and the ability of the Company to fulfil its obligations under the Securities.

The risks and uncertainties discussed below are those that the Directors believe to be material, but these risks and uncertainties may not be the only ones that the Company faces. Additional risks and uncertainties, including those which the Company's Directors are not currently aware of or do not deem material, may well result in a material impact on the financial condition and operational performance of the Company that could lead in a decline in value of the Securities.

5.1 Risks relating to the Hotel Industry

The Group is subject to certain risks common to the hotel industry, certain of which are beyond its control.

The Group currently owns, operates and manages three hotels in Malta, one of which, jointly owned by Mayfair, is also operated as a vacation ownership resort. In addition, the Group owns, operates and manages an event catering operation. As such, the Group'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 vacation ownership industry and beyond the Group's control, including the following:

- a downturn in international market conditions or the national, regional and/or local political, economic and market conditions, may diminish the demand for leisure and business travel and meeting/conference space;
- any increases in interest rates and a reduction in the availability of financing and/or refinancing on favourable terms could affect the Group's ability to negotiate working capital and capex funding;
- any fluctuations in the exchange rates between the Euro and the Pound Sterling could have an impact on that part of the Group's profitability generated from the sale of vacation ownership;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- the increased competition and periodic local supply of guest accommodation in Malta;
- changes in travel patterns, any increase in, or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes;



- increases in operating expenses as a result of inflation, increased personnel costs and health-care related costs, higher utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors that may not be offset by increased room rates;
- changes in governmental laws and regulations, including those relating to vacation ownership, employment, the preparation and sale of food and beverages, smoking, health and alcohol licensing laws and environmental concerns, fiscal policies and zoning and development regulations and the related costs of compliance;
- the reduction in availability of financing to buyers at acceptable costs with respect to the acquisition of vacation ownership could affect that part of the Group's profitability generated from the sales of vacation ownership;
- the termination, non-renewal and/or the renewal on less favourable terms of the material contracts described in section 22 under the heading 'Material Contracts', as well as agreements entered into with tour operators;
- the termination or non-renewal of agreements entered into by the Group with respect to the lease and provision of event catering venues;

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels in the Group's hotels, or otherwise cause a reduction in the Group's income. Such factors (or a combination of them) may also adversely affect the value of the Group's hotels and in either such case would have a material adverse effect on the Group's business, financial condition and results of operations.

5.2 Risks relating to Real Estate

Risk relating to the Group's properties and operations

Property investments are subject to varying degrees of risks. Values are affected by (among other things) changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the Group's property portfolio may also fluctuate as a result of other factors outside the Group's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and control expenses. The Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values.

Real estate investments are relatively illiquid

Properties such as those in which the Group invests are relatively illiquid and planning regulations may further reduce the numbers and types of potential purchasers should the Group decide to sell certain properties. Such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in accordance with its strategy or in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Group's financial condition and results of operations.

Environmental and/or health and safety compliance costs and liabilities may have a material adverse effect on the Group's financial condition and operations.

As an owner and operator of hotels properties, the Group is subject to a variety of European Union, national and local laws and regulations concerning environmental and/or health and safety ("EHS") matters. While the Directors believe that the Group is in compliance in all material respects with EHS laws and regulations currently applicable to it, there can be no assurance that the Group will not be found to be in breach of EHS laws and regulations. The failure to comply with present or future EHS laws and regulations could result in regulatory action, the imposition of fines or third party claims which could in turn have a material adverse effect on the Group's results of operation, its financial condition and/or its reputation. In addition, compliance with new EHS laws and regulations could require the Group to incur significant expenditure that could have a material adverse effect on the Group's results of operation, financial condition or operations.

The Group's real estate property portfolio comprises properties that have been constructed at various times and, in some cases, on or in areas that have historically been the subject of commercial or industrial uses. As a result, hazardous substances may be present within land or buildings at some of these properties which may result in a financial cost to the Company. If an issue arises in relation to the presence of hazardous substances at any Group property, and it is not remedied or not capable of being remedied, this may adversely affect the Group's ability to sell, lease or operate its property or to borrow using its property as collateral.



5.3 Other Risks

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 Company's dependency on the Subsidiaries & Lack of Trading Record

The Company was incorporated on the 5 August 2008 and does not have a trading record. The Company was incorporated for the purpose of acting as the parent company of the Subsidiaries and does not undertake any trading and business activities in its own name. The Company's operating and financial performance is therefore directly related to and dependent on the financial and operating performance of the Subsidiaries and is subject to the risks associated or potentially associated with the Subsidiaries.

The Group's level of debt

The Company's ability to implement its business strategies is dependent upon, among other things, its ability to generate sufficient funds internally and to access continued bank financing at acceptable costs. The Group's current debt to equity ratio may hinder the Group's ability to procure additional bank financing for any new investments.

The Group may face industrial disputes or other disruptions that could interfere with its operations.

The Group may be subject to the risk of industrial disputes and adverse employee relations, and these disputes and adverse relations could disrupt the Group's business operations and materially adversely affect the Group's business, financial condition or results of operations. Although the Group has not had any material industrial disputes in the past and although the Group's employees do not currently form part of a workers' union, no assurance can be given that there will not be industrial disputes and/or adverse employee relations in the future that could have a material adverse effect on the Group's operations in a specific hotel, country or region.

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. However, the Group may not be able to obtain insurance that covers losses that are due to external risks, such as acts of terrorism or flooding. In addition, the scope of coverage the Group can obtain may be limited as may the Group's ability to obtain coverage at reasonable rates. 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.

The Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, employees, regulatory authorities, franchisers.

The Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, employees, regulatory authorities, and/or franchisers. Although as stated in section 20 under the heading "*Material Legal and Arbitration Proceedings*", the Group is not involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Registration Document, a significant effect on the Group's financial position or profitability. So far as the Directors are aware no such proceedings are pending or threatened, however no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

The global financial and economic crisis may materially affect the Group

Extreme volatility and disruption in global capital and credit markets since mid-2007 has had an impact on the performance of the tourist industry worldwide. Given the sharp global reduction in business activity, exchange rate fluctuations, the general uncertainty and consumer confidence, decreasing disposable income and associated increased unemployment, particularly in key tourism source markets may have a material adverse effect on the Group's performance. If current levels of market disruption, volatility and economic downturn continue or worsen, there can be no assurance that the Group will not experience an adverse effect, which may be material, on its financial performance and results of operations.

Increased Competition

The hotel industry globally is characterised by strong and increasing competition. Many of the Group's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Group. Severe competition in certain countries and changes in economic and market conditions could adversely affect the Company's business and operating results.

Suitability

An investment in the Company may not be suitable for all recipients of this Prospectus and investors are urged to consult their advisors as to the suitability or otherwise of the investments described in the Combined Securities Note before investing.



6 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS & AUDITORS

The Directors of the Company, whose names are set out hereunder under the heading directors, are the persons responsible for the information contained in the Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Director's knowledge, in accordance with the facts and contains no omission likely to affect its import.

6.1 Directors

Name & Surname	Position
Winston V. Zahra	Director
Nazzareno Vassallo	Director
Winston J. Zahra	Director
Trevor E. Zahra	Director

6.2 Senior Management

Winston J. Zahra	Chief Executive Officer
Kenneth Abela	Chief Finance Officer
Edward D'Alessandro	Operations Director ICL
Raphael Cauchi	General Manager GSR
Ernest Barry	General Manager BPH
Malcolm Buhagiar	General Manager CHL
Trevor E. Zahra	Director of Sales - Leisure
John Dandria	Director of Sales - Meetings, Conference & Events
Sue Falzon	Director of Sales - E Commerce, Corporate, Marketing
Mario Caruana	Group Executive Chef
Marthese Vella	Director of IT
Adrian Attard	Group Food & Beverage Manager
Christina Galea	Group HR Manager

6.3 Legal Counsel to the Company

Camilleri Preziosi
Level 3, Valletta Buildings,
South Street
Valletta VLT 1103 - Malta

6.4 Reporting Accountants

Deloitte
Deloitte Place,
Mriehel By-Pass,
Mriehel, BKR 3000 - Malta

6.5 Sponsor

Charts Investment Management Service Limited
Valletta Waterfront, Vault 17,
Pinto Wharf, Floriana FRN 1913 - Malta



6.6 Registrar & Lead Manager

Bank of Valletta p.l.c.
Cannon Road
St Venera SVR 9030 - Malta

6.7 Joint Manager

HSBC Bank Malta p.l.c.
233, Republic Street,
Valletta VLT 1116 - Malta

6.8 Auditors

The financial statements of IHG for the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 have been audited by Deloitte. Deloitte is a firm of Certified Public Accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281 of the Laws of Malta).

7 SELECTED FINANCIAL INFORMATION

The following financial information is extracted from the audited consolidated financial statements of IHG (the previous parent company of the IHG Group) for the three years ended 31 October 2006, 31 October 2007 and 31 October 2008, as restated. The financial information for the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 have been restated to take into account the changes that have taken place in the structure of the Group following the transactions described in section 4 of this Registration Document.

A report prepared by the Reporting Accountants on the restated financial statements for each of the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 is available for inspection at the registered office of the Company (see section 24 under the heading 'Documents on Display').

Euro 000s	2008	2007	2006
Revenue	37,510	34,896	28,726
Gross operating profit	10,930	9,565	5,925
Profit before tax	4,840	4,287	464
Profit for the year	3,948	3,431	667
Total assets less current liabilities	61,683	61,348	60,809
Interest bearing borrowings	(34,624)	(39,876)	(45,678)
Total shareholders' funds	23,425	19,954	16,886
Earnings per share*	0.11	0.10	0.02

* Calculated on the basis of 35,269,200 Ordinary shares of a nominal value of €1 each in issue as at the date of the Prospectus

The figures shown below with respect to the period ending 30 April 2009 are based on unaudited financial statements of the IHG Group for the six months to 30 April 2009.

Euro 000s	6 months	6 months
Revenue	11,628	13,761
Staff costs	(4,239)	(4,547)
Food and beverage costs	(1,465)	(1,382)
Other operating costs	(4,742)	(6,047)
Gross operating profit before depreciation and amortisation	1,182	1,785
Depreciation and amortisation	(1,494)	(1,504)
Operating (loss)/profit	(312)	281
Finance costs	(836)	(1,260)
Movement in provision for bad and doubtful debts	(120)	(183)
Loss before tax	(1,268)	(1,162)
Income tax credit	235	215
Loss for the period	(1,033)	(947)



8 INFORMATION ABOUT THE COMPANY

8.1 History and Development of the Company

8.1.1 Introduction

Full Legal and Commercial Name of Company	Island Hotels Group Holdings p.l.c.
Registered Address:	Coastline Hotel, Salina Bay, Salina, SPB9030
Place of registration and Domicile:	Malta
Registration Number:	C 44855
Date of registration:	5 August 2008
Legal Form	The Company is lawfully existing and registered as a public limited company in terms of the Act.
Telephone Numbers:	+356 21573781
Fax:	+356 21583915
Email:	info@islandhotels.com
Website:	www.ihgholdingsplc.com

8.1.2 Important Events in the Development of the Group's Business

The Company was registered on the 5 August 2008 as a private limited liability company for the purpose of acquiring the business of Island Hotels Group Limited (IHG). By virtue of a number of share transfer instruments, the Company acquired IHG, ICL and IRIL and hence the Company now serves as the holding company of the Group.

As at the date of the Registration Document, the business activities of the Group are the following: -

- the operation of the Radisson Blu® Resort, St. Julians (through BPH);
- the operation of the Radisson Blu® Resort & Spa, Golden Sands (through a 50% equity contribution in GSR);
- the operation of the Coastline Hotel (through CHL);
- the event catering business of the Group (through ICL); and
- the operation of the vacation ownership marketing business of Radisson Blu® Resort & Spa, Golden Sands (through a 50% equity contribution in the Azure Group).

On the 21 August 2009, the Company was converted to a public limited liability company.

IHG is indirectly and jointly owned by: -

1. TMC, whose shareholders are Winston V. Zahra, Doris Zahra, Double You Limited (beneficially owned by Winston J. Zahra), and T Limited (beneficially owned by Trevor E. Zahra); and
2. VBG, whose shareholders are, Nazzareno Vassallo, Mary Ann Vassallo, Natalie Briffa Farrugia, Pio Vassallo, Christian Vassallo, Ruben Vassallo and Charlene Vassallo.

Over the years, IHG has been developed and managed by TMC under the stewardship of Winston V. Zahra and Winston J. Zahra. Since inception, the board of the directors of IHG was chaired by Nazzareno Vassallo.

Established in 1987 with a single 200-bed hotel and employing 20 personnel, the Group developed over the last 22 years to become a leading player in the leisure and hospitality industry in Malta, managing a bed stock in excess of 1900 beds across 3 hotel properties and employing just under 1000 personnel (including part time equivalents) in its core hotel and catering operations. Over this period, the business expanded from a turnover figure of under €750,000 and an EBITDA figure of under €250,000 in the first year of operation to revenues of €37.5m and EBITDA of €10.9m in 2008.

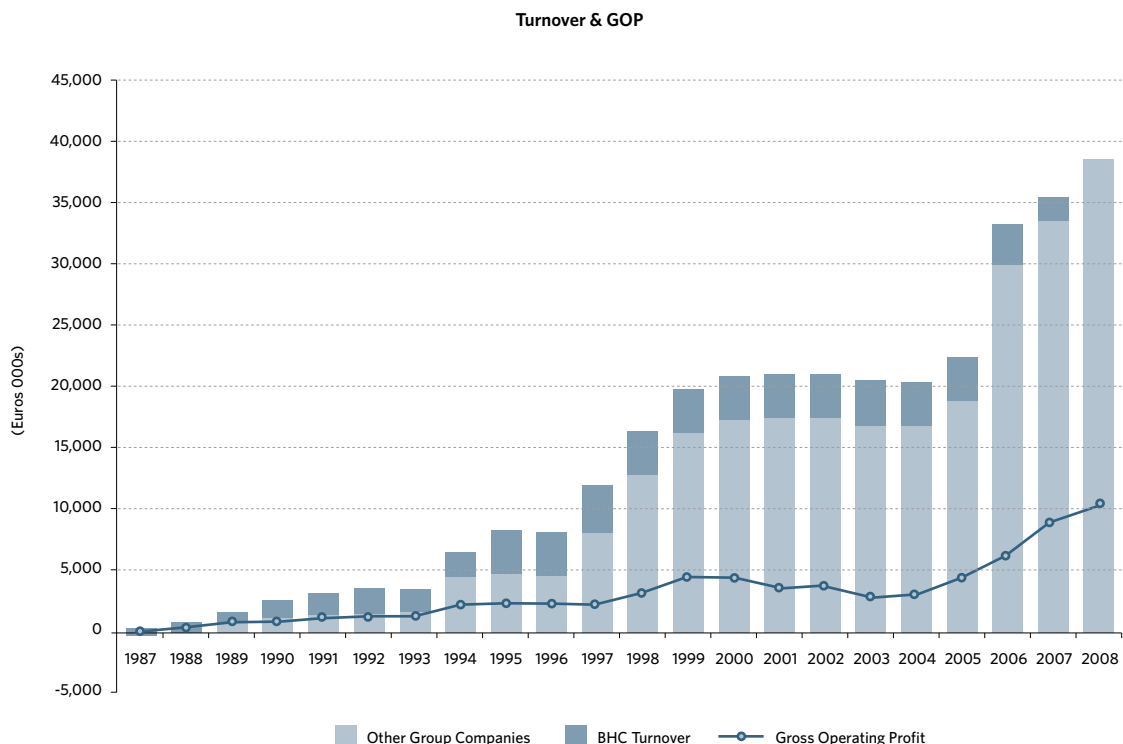
The following table sets out the highlights of the IHG Group's historical milestones: -

Year	Event
1987	Formation of partnership between TMC and VBG
1987	Commencement of Operations with the 200 bed hotel named Bugibba Holiday Complex
1989	Expansion of Bugibba Holiday Complex to a one thousand bed complex
1992	Island Caterers set up to provide event catering services
1992	Acquisition of Salina Bay Hotel & commencement of major redevelopment works
1994	Re-opening of Salina Bay Hotel as the new four star Coastline Hotel
1995	Commencement of construction works on the Group's first five star hotel in St. George's Bay



Year	Event
1997	Opening of the Group's Radisson® Blu Resort, St Julians
1998	Acquisition of 16.67% equity stake in a company holding the lease in & operating the Dragonara Casino in St. Julians
2003	Acquisition of the old Golden Sands Hotel, Ghajn Tuffieha
2003	Strategic partnership with Mayfair, a specialist vacation ownership marketer, in the Radisson Blu® Resort & Spa, Golden Sands project
2003	Commencement of works on the five star Radisson Blu® Resort & Spa, Golden Sands
2005	Opening of the five star Radisson® Blu Golden Sands to coincide with the Commonwealth Heads of Government Meeting (CHOGM) held in Malta in October 2005
2008	Sale of Bugibba Holiday Complex & indirect equity interest in Dragonara Casino Limited
2009	IHG was the sole tenderer for the development of land & property situated at Hal Ferh, Malta in response to the tender issued by the Government of Malta on the 20 March 2009 (further details are found under section 9.3.2 of this Registration Document)

The following chart sets out the growth in turnover of the IHG Group since inception and distinguishes the turnover resulting from the operations of the Bugibba Holiday Complex as opposed to that from the other Group companies. The chart excludes any revenues resulting from the Dragonara Casino.



During its 22-year history, the Group evolved into a major local player within the hospitality industry. TMC, charged with developing and managing the Group, adopted a strategy designed to secure long-term continuity through succession planning and a robust management structure where, at the helm, Winston V. Zahra and Winston J. Zahra worked closely together on each stage of the development and growth of the Group.

TMC's directors believe that the transition from a family run company to a publicly listed business will raise the Company's profile and provide a positive signal that it abides by corporate governance rules and standards increasingly applied throughout the industry while allowing the Directors to deliver on the long term vision of growth they have for the Group. In further consolidation of Winston V. Zahra and Winston J. Zahra's vision for the Group, Double You Limited and T Limited (being two of the shareholders of TMC) have entered into a conditional pre-allocation agreement (defined in the Combined Securities Note as the SPA) with VBG, where, *inter alia*, subject to the admission of the Company's issued share capital on the MSE, Double You Limited and T Limited have been pre-allocated 12.5% each of the issued share capital of the Company. The said conditional pre-allocation agreement and the shareholding of the Company following the admission on the Official List are more extensively described in the Combined Securities Note.



9 BUSINESS OVERVIEW

9.1 Principal Activities

The Company is a holding company having investments in a number of Subsidiaries and Affiliates which operate the business of the Group. The business of the Group largely relates to the ownership, management and operation of a number of five and four star hotels in Malta (namely, the Radisson Blu® Resort, St Julians, the Radisson Blu® Resort & Spa, Golden Sands and the Coastline Hotel), the operation of a vacation ownership marketing business for the Radisson Blu® Resort & Spa, Golden Sands, and the operation of an event catering business (Island Caterers).

The following is a description of the activities of each of the operating Subsidiaries and Affiliates:-

9.1.1 Hotel Operation

Coastline Hotel

CHL, (a fully owned indirect Subsidiary of the Company), owns the 207-room four star Coastline Hotel situated in a prime position overlooking Salina Bay. The hotel offers a wide range of facilities to its guests, including two restaurants, two bars and one pool bar, outdoor and indoor pool, tennis courts, gymnasium and three banqueting rooms. The hotel, which opened in April 1994, has operated successfully and has enjoyed good relationships with the leading tour operators marketing the island. During its 15 years of operation the Coastline Hotel has been awarded 22 awards for customer satisfaction from international tour operators and has a high return guest ratio.

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

	Financial year ended 31 October 2008	Financial year ended 31 October 2007	Financial year ended 31 October 2006
Turnover (€ 000s)	4,984	5,110	4,833
Revenue per available room (€)	65.78	67.63	63.97
Occupancy level (%)	80	82	76
Revenue per occupied room (€)	82.23	82.48	84.17

Radisson Blu® Resort, St Julians

BPH, (a fully owned indirect Subsidiary of the Company), owns the 252-room five star Radisson Blu® Resort, St Julians situated in St George's Bay. The hotel consists of 224 twin rooms, 20 junior suites and 8 executive suites with a range of facilities including 3 restaurants, 2 bars and 2 pool-side bars, indoor and outdoor pools, lido, spa, tennis courts, gymnasium, conference rooms and ballroom. The Radisson Blu® Resort, St Julians operates under a franchise agreement with the Rezidor® Hotel Group that has exclusive rights for the use of the Radisson Blu® name within the European, Middle Eastern and African (EMEA) regions. The original franchise agreement was signed in January 1997 for a ten year period and was recently extended for a period ending 31 December 2018.

The resort opened its doors for business in May 1997 and has operated successfully since then offering its services to various segments of the industry including leisure, conference and incentive and corporate clients. The Radisson Blu® Resort, St Julians has been of service to numerous conferences and individuals and enjoys a good reputation amongst a large number of operators in the trade. During the period the hotel has also been awarded 23 international awards for customer service including 5 President Awards for achievement from the Rezidor® Hotel Group in recognition of the standards achieved within the chain.

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

	Financial year ended 31 October 2008	Financial year ended 31 October 2007	Financial year ended 31 October 2006
Turnover (€ 000s)	9,790	9,329	8,349
Revenue per available room (€)	106.15	101.43	90.77
Occupancy level (%)	70	74	65
Revenue per occupied room (€)	151.64	137.07	139.65

Radisson Blu® Resort & Spa, Golden Sands

GSR (an indirect fifty per cent Affiliate of the Company), owns the 337-room five star Radisson® Blu Resort & Spa, Golden Sands situated in Ghajn Tuffieha. The hotel consists of 172 one bedroom suites, 73 two bedroom suites and 92 standard twin rooms. The hotel offers a full complement of five star hotel facilities, leisure conference and vacation ownership accommodation. The facilities include indoor and outdoor pools, private beach, spa facilities, tennis court, a fully equipped gymnasium, 4 restaurants, 3 bars and 3 pool-side bars as well as extensive conference facilities and event rooms.



The hotel, which opened its doors to host the Commonwealth Heads of Government Meeting (CHOGM) during their visit to Malta in November 2005, has been developed primarily as a luxury five star hotel and vacation ownership resort in collaboration with Mayfair, a company specialising in vacation ownership. The Radisson Blu® Resort & Spa, Golden Sands operates under a franchise agreement with the Rezidor® Hotel Group that has exclusive rights for the use of the Radisson Blu® name within the EMEA region.

Since opening the resort has hosted numerous leisure guests, conference and incentive events, many high profile individuals as well as a large number of vacation club travellers. The business to date reflects that of a mixed used resort focusing, on the one part on a traditional hotel operation, and on the other part a vacation ownership club.

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

	Financial year ended 31 October 2008	Financial year ended 31 October 2007	Financial year ended 31 October 2006
Turnover (€ 000s)	7,088	6,171	5,978
Revenue per available room (€)	114.93	100.35	97.20
Occupancy level (%)	66	64	51
Revenue per occupied room (€)	174.14	157.37	191.84

* GSR is a fifty per cent indirect affiliate of the Company and any financial returns therefrom relate to the Group's 50% share of GSR.

9.1.2 Vacation Ownership

The Azure Group is constituted of the 50% owned Affiliates of the Company through IRIL, the other 50% being held indirectly by Mayfair. Azure is the travel agent and tour operating arm for GSR and is involved in marketing and reselling pre-allocated travel, holiday and vacation ownership holiday accommodation to travellers. Heathfield accepts credit card payments representing deposits on vacation ownership sales. Brookfield holds promotion agreements with Leisure Marketing. The latter company provides promotional services in Malta for persons that are established abroad. Vacation Financial originally provided financing to timeshare purchasers. This in-house provision of finance was however discontinued in 2006.

Vacation ownership, also traditionally referred to as timeshare, is based on a simple premise where a guest chooses to secure accommodation allocation at a hotel of choice for an extended period of time either via an intermediary marketing company, or directly through the channels offered by established international chains involved in this line of business, such as Marriott®, Starwood® and Wyndham®. In this way guests can guarantee a constant standard of accommodation at affordable prices for a number of years giving them the peace of mind that future holidays are secure and giving the company the benefit of securing future revenue streams and occupancy levels irrespective of changing conditions that generally affect the tourism industry regionally or globally.

Vacation ownership typically allows guests to exchange their pre-allocated accommodation rights for alternative packages offered by the exchange company to which the original property is attached. GSR is affiliated with Interval International, one of the two major international exchange companies in the world. The resort is also currently concluding an affiliation agreement with Resort Condominiums International (RCI) for a number of its units in order to give even greater flexibility to its members and enhance the product offering even further. Buying into the vacation club system affords secured allocation rights for a pre-determined period of time against the payment of an upfront fee and an obligation to pay an annual fee, without however acquiring any real rights over the property.

Azure has been entrusted by GSR with the marketing and re-selling of the hotel inventory at the Radisson Blu® Resort & Spa, Golden Sands. This ensures participation by GSR and Azure in the income generated from the selling and marketing of the holiday accommodation packages. This business model gives a secure, long term and constant stream of revenues to the company through the advance allocations being made for future bookings.

Azure's turnover is generated from the sale of accommodation packages to targeted vacation ownership guests, whilst its operating profit is the resultant surplus after deducting all selling and marketing costs, future accommodation allocations costs payable to GSR and all administrative and other operating and finance costs.

The following table sets out how the turnover of Azure* has increased for the years indicated:

	Financial year ended 31 October 2008	Financial year ended 31 October 2007	Financial year ended 31 October 2006
Turnover (€ 000s)	11,280	10,130	6,232

* Azure is a fifty per cent Affiliate of the Company and turnover relates to the Group's 50% share.



9.1.3 Event Catering Business

Island Caterers Limited

ICL, a fully owned subsidiary of the Company, operates a successful event catering business.

ICL was set up in 1992 implementing a strategy of offering innovative food products and events at new and unique venues in order to fill a gap identified in the event catering market which at the time was served by a number of catering companies in a highly fragmented market.

Using a strategy based on the delivery of a quality food product served by trained, knowledgeable and friendly staff within venues that were unique proved to be highly successful for the company. Over the past sixteen years, the company has catered over 8,000 events and has been of service to over 3.5 million guests. Clients have included many international blue chip companies, local corporates, high profile individuals, and heads of state. ICL caters at a variety of events including weddings, receptions, banquets, conference and incentive events and private parties. ICL is today still headed by the same management team that was responsible for the growth of the company.

ICL has also pioneered the use of local historical sites, including the Mediterranean Conference Centre, Casino Maltese, Villa Bologna and the Saluting Battery in Valletta, using a methodology which ensures that substantial funds are re-invested into those sites to fund their restoration. Through various partnership agreements, over €2 million has been re-invested into the venues for their continuous improvement.

The team manages a large variety of exclusive venues situated in Malta intended for hosting of events. Apart from the historical sites above mentioned, ICL also manages the venues located within the hotels forming part of the Group and also caters at a variety of other venues according to the needs of its clients.

ICL operates from its own premises in St. Julians located on the same site of the Radisson Blu® Resort, St Julians. Additionally all food for the company is prepared within the various kitchens located within the hotels of IHG and this enables both a high degree of quality control as well as various synergies which emanate from the best use of resources for both ICL and the hotels in question.

The following table sets out the turnover of ICL:

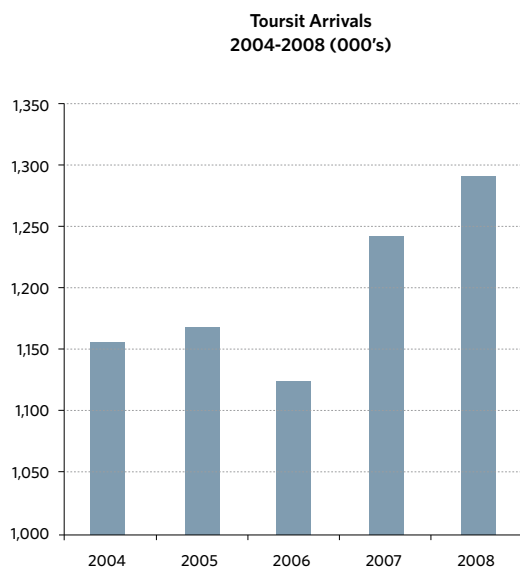
	Financial year ended 31 October 2008	Financial year ended 31 October 2008	Financial year ended 31 October 2008
Turnover (€ 000s)	4,368	4,156	3,334

9.2 Principal Markets

The principal activities of the group are in the hotel and hospitality sector. 88% of its total revenue is thus impacted by the prevalent trends of incoming tourists to Malta.

9.2.1 Competitive Environment in Hotel Industry

Tourism remains one of the pillars of the Maltese economy contributing significantly to employment, investment and GDP. Tourist arrivals to Malta reached a high of 1,290,000 in 2008, which represented an increase of 3.81% over the previous year. Total tourist expenditure for the year reached €1.041 billion.





The introduction of low cost airlines in October 2006 boosted seat capacity offered by legacy carriers and was a determining factor in the growth registered in 2008.

The global economic crisis has had an impact on the performance on the tourism industry worldwide. Official statistics issued by the NSO¹ up to April 2009 show that tourist arrivals for the first four months of the year decreased by 12.93% to 275,636. The average length of stay for the first 3 months of 2009 increased by 1.9% and thus slightly mitigated the impact of the drop in arrivals on hotel performance.

One of the significant contributory factors to the drop in arrivals was the reduction in flight capacity in the first 5 months of the year. Flight capacity has been increased for the second half of the year and is now expected to be on comparable levels to 2008.

The geographic distribution of tourist arrivals to Malta in 2008 retained the United Kingdom as Malta's traditional main tourist market with 35.2% of total tourist arrivals, with Germany following at 11.68% and Italy at 11.19%. The table below sets out the geographic distribution of tourist arrivals to Malta for 2007 to 2008 as stated in the BOV MHRA Hotel Survey by Deloitte Q4 2008.

Source Market	2008	2007	07/08 Change
United Kingdom	454,351	482,403	-5.82%
Germany	150,793	130,049	15.95%
Italy	144,455	113,653	27.10%
Scandinavia	85,513	87,283	-2.03%
France	81,153	75,149	7.99%
Benelux	66,540	61,239	8.66%
Austria/Swiss	41,821	42,407	-138%
Ireland	30,490	28,130	839%
Russia	23,412	22,908	220%
Other	212,328	200,291	6.01%
Total	1,290,856	1,243,512	6.01%

The markets in which the Group operates are highly competitive with a room stock of approximately 3,600 in the five star hotel category, 7,200 in the four star hotel category and 4,500 in the three star hotel category.

The Group competes in an environment with international hotel operators with brands including, Hilton®, Intercontinental®, Westin® and Corinthia® principally in the five star segment of the market. Within the four star segment the presence of branded properties is not that prevalent.

¹ **National Statistic Office – Malta** The information extracted from the National Statistics Office has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the National Statistics Office, no facts have been omitted which would render the reproduced information inaccurate or misleading.



Five Star Segment

This segment counts 15 properties with approximately 3,600 available rooms. In this segment occupancy percentage levels reached an average of 68% in 2007 decreasing to an average of 62% in 2008. Average room rates in this category increased from €95.32 in 2007 to €103.89 in 2008². The industry business mix in the five star segment in 2008 included tour operator arrivals contributing approximately 35% of guests, conference and incentive visitors reaching 19%, corporate travellers accounting for a further 21% and other segments, including predominantly direct bookings accounting for a further 25%.

The Group's hotels in this segment are the Radisson Blu® Resort, St Julians and the Radisson Blu® Resort & Spa, Golden Sands. The business mix for the Radisson Blu® Resort, St Julians was above industry average in the case of tour operator business standing at 53.2%, whilst conference and incentive travel contributed a further 17.4%, with leisure travel amounting to 14.4%. The Radisson Blu® Resort & Spa, Golden Sands business mix is somewhat particular in view of the Group's strategy to focus on vacation ownership market for this hotel which accounted for 60% of rooms occupied in 2007 increasing to 69% in 2008. The turnover, revenue per available room, occupancy level and revenue per occupied room for BPH and GSR are listed above in section 9.1.1.

Four Star Segment

The four star segment consists of 41 properties with approximately 7200 rooms which is expected to remain stable over the coming year and contributing to 47% of the number of available rooms around Malta. In this segment occupancy percentage levels reached an average of 73% in 2008. The average room rates in this category reached an average of €43.80 in 2008. The industry business mix in the four star segment in 2008 was highly dependent on tour operator business contributing approximately 70% of all business in this segment with corporate and conference incentive travel contributing just under 9% of the total.

The Group's hotel in this segment is the Coastline Hotel, owned and operated by CHL. CHL is dependent for most of its business for the next three years on the revenue generated pursuant to three contracts entered into with a leading major international tour operator (Acromas Holidays Limited, T/a SAGA Holidays Limited), and two major local English Language Schools, (EC Malta and European School of English), (see section 9.3.2 under the heading '**A Shared Vision within the Specific Units of the Group**'). Your attention is also drawn to the summary of these contracts contained in sections 22.1 and 22.2 under the heading 'Material Contracts'.

9.2.2 Event Catering

The Group operates in a competitive environment which is exposed to both the domestic and international markets and the economic conditions thereof.

There are no official statistics about the number of event caterers operating on the island of Malta and neither are there official statistics on revenues generated within this sector. It is therefore difficult to benchmark ICL against any available industry averages.

The international business catered for by ICL emanates from the services delivered by the company to a large number of conference and incentive houses, the majority of which contract ICL's services through local destination management companies (DMCs). ICL enjoys well established relationships with the major DMCs operating on the island.

The main market for ICL within the local context is the wedding market. ICL caters for an average of 200 weddings a year, accounting for over 10% of the market by number of events. In addition to weddings, ICL caters at numerous local corporate and private events.

9.2.3 Dependency on Material Contracts

The Group is dependant upon the validity of each of the Material Contracts described in the section 22 under the heading 'Material Contracts'. In the event that any of the said Material Contracts were to terminate prior to their expected date of termination, if any, this could have a material adverse effect on the financial position and future profitability of the Group.

² The BOV MHRA Hotel Survey by Deloitte Q4 2008. The information extracted from the said report has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the Deloitte, no facts have been omitted which would render the reproduced information inaccurate or misleading.



9.3 Strategy & Trend Information

9.3.1 *A Shared Vision to Fuel Growth*

The Group's overall vision is to be a leader in the Maltese hospitality and leisure sector through its traditional core values of innovation and excellence in the delivery of its services in all of the market segments in which it operates. In addition the Group also believes that there is further scope for growth within the local hospitality industry and will seek investment opportunities in the local market both within the hotel sector as well as other non-hotel related sectors where suitable within the Group's overall objectives. Moreover the Group's overall success locally in the hospitality, leisure and catering sectors are considered an appropriate platform for further growth overseas and the Group may therefore, in the medium to long term, seek investment opportunities internationally in hotel properties to be managed by the Group's operational division under one or more international brands. The Group believes that there are interesting potential opportunities for growth principally in a number of European countries. In considering the re-investment of profits to fund the Group's future growth, the Directors are sensitive to their declared policy on dividend distributions. Accordingly, the Directors will seek to maintain an approach which adequately balances the Company's dividend distribution policy and the funding requirements for capital expenditure.

The primary short term objectives of the Group are to consolidate current operations and optimise existing investments to ensure maximisation of returns. This will include the infusion of redevelopment capital, first into the Radisson Blu® Resort, St Julians, and, subsequently, into the Coastline Hotel. This capital infusion, coupled with an increasingly sophisticated management team and heightened corporate governance, will enable the Group to expand its market share and profitability on the island.

In the medium to long term, the Group's objectives are to enhance growth of the Group both in Malta and into international markets. This expansion will consist of both asset acquisitions and profitable, new fee-based property management contracts. The Group believes that this strategic growth is feasible as a result of the possession of highly portable operations, finance, development, and oversight management skill sets.

9.3.2 *A Shared Vision within the Specific Units of the Group*

The following is a synopsis of the current intentions of the Group with respect to each of the business units of the Group in the short to medium term.

Coastline Hotel

CHL has entered into a three year agreement dated 26 March 2008 with SAGA Holidays Limited, a major international tour operator which will secure occupancy levels for the ten month period commencing in September and ending in June of each of the three years of the agreement. The agreement may be subject to an extension for another two years by mutual consent.

CHL has furthermore entered into three year agreements with two of the leading English language schools, namely EC Malta and European School of English dated 31 August 2008 which will secure occupancy levels of 66% of available rooms for the two month period of July and August of each of the three years of the agreement. For further details on such contracts, see sections 22.1 and 22.2 under the heading 'Material Contracts'.

The clear strategy for the next three years is to focus on the delivery of the required product for Saga guests within the winter and shoulder months while re-gearing the operation for the student market during the peak months of July and August. The Company believes that this three year strategy will optimise results for the final three years of the Coastline in its current form. All improvements required under contract have already been put in place and financed by the operation in the current financial year.

On the expiry of these three year contracts, CHL intends to fully refurbish and extend the Coastline hotel from 207 to 310 rooms, a project that is expected to commence in September 2011 and to be completed by December 2012. A full development permit for this project has been issued by the Malta Environment and Planning Authority on 1 August 2008, the approval of which is the subject of an opposition lodged by third parties and contested by CHL. The project is estimated to require capital expenditure of approximately €11,000,000. The completion of the new property is expected to coincide with the completion of the two projects being promoted by the Government of Malta on lands in the proximity of the hotel, that of the Maghtab redevelopment and the Salini redevelopment. The Company considers these two projects to be central in its decision to proceed with the refurbishment of the hotel. The Directors applied for the planning permit although consciously did not commence works until the Government of Malta took a clear decision on the direction to be taken on the Maghtab landfill and the surrounding areas. It is only recently that the board felt sufficiently comfortable with the developments in the area and the speed at which the work is being executed to reactivate the process to reinstate the previous planning approval for the extension of 103 rooms of the property. It is envisaged that the re-developed property, enhanced by the upgrading of the surrounding areas, will enjoy a strong position within the market.

Any decision on the specific star rating of this hotel following redevelopment will be based on prevalent market and economic conditions at the time. It is however anticipated that the newly opened property, whether operating in the four or five star segment, will be branded so as to capitalise on the international exposure provided by such a brand and optimise on the increasingly popular direct leisure segment where people predominantly use the web for making hotel bookings. It is also anticipated that the hotel will be able to diversify its marketing efforts and resultant segment mix to ensure a higher percentage of guests from the conference and incentive market. This is expected to be achieved through the introduction of new additional conference facilities. It is envisaged that with the new conference facilities, the newly refurbished rooms and facilities, the increased number of rooms, the use of a major international brand name and the added advantage of a regenerated surrounding area, the new property will be able to deliver considerably stronger results from 2013 onwards.



Moreover, it is envisaged that the two pronged three year model used with Saga holidays and the English language schools may be used in a different property yet to be identified following the closure of the Coastline for redevelopment.

Radisson Blu® Resort, St Julians

The Directors have identified two main areas intended to improve performance of this hotel and which the Directors intend to address as part of their immediate strategy. These consist of increasing conference facilities and enhancing the public area facilities to render them comparable to the top performers in the five star market in Malta. The Directors believe that this strategy should improve the hotel's performance and reposition the hotel to achieve returns above the average, and closer to the top performers, in the five star segment in Malta.

The strategy proposed for this property involves the construction of a stand-alone conference centre adjacent to the hotel on a site currently being utilised as a secondary car park, a full development permit of which has been issued by the Malta Environment and Planning Authority. The development will increase the conference facilities of the hotel to host up to 800 delegates and will complement the existing conference facilities within the resort. In addition, it is currently planned that the resort will be upgraded through a refurbishment programme of its public areas expected to take place during 2010 and 2011. Current plans include the extensive refurbishment of the hotel lobby and public areas, the resort lido, the exterior of the building, the approach and landscaped areas and the bathrooms of the guest bedrooms. It is envisaged that the refurbishment programme will be carried out in consultation with the Rezidor® hotel chain to ensure the end product conforms to the "new breed" Radisson Blu® property with the appropriate level of luxury, style and comfort throughout. This should enable the resort to further capitalise on the growing segments of the more discerning traveller making travel arrangements through independent channels like the web.

Capital expenditure on this project is estimated at €6,000,000 to be funded from internal cash flows. It is envisaged that during the construction period of the centre, business flows may be negatively affected, a matter that has already been built into its feasibility study. The flows affected will however be over the winter period where any such impact would be at its lowest. Once the work on the centre begins, the conference and incentive sales team of the resort will re-launch the conference product on the international market and positive results are expected within a short lead time.

Radisson Blu® Resort & Spa, Golden Sands

With vacation club memberships continuing to increase in popularity internationally, GSR believes that there are further opportunities in increasing its focus towards this market source. Accordingly, it is planned to convert current conference space into units that can eventually also be used by the vacation club. These spaces include 1,000sqm of conference space in the 'Sands Tower' leading to the beach which will be converted into 12 high end units, as well as the conversion of other spaces within the resort which will allow for a further 12 units of a similar standard to those currently being sold. In addition, various marketing strategies are being designed on an ongoing basis to ensure the optimisation of results from this important segment. These include the full conversion of the 9th floor in the Sunrise Tower of the Resort to a very high end luxury floor which will be marketed as the 'Registry Collection' and affiliated with Resort Condominiums International (RCI). This premium product will be available for sale with effect from August 2009 with the refurbishment works taking place between November 2009 and March 2010. The project will be funded through internal cash flows.

The development of the Majjistral Nature and History Park announced by the Government of Malta should add significantly to the overall environment surrounding the resort. The proposed development of the park includes the development of a public car park adjacent to the resort which is expected to ease the access of non-residents to the various food and beverage outlets of the resort. The overall upgrading and care for the surrounding area should also improve the overall 'feel' of the resort and enhance revenue opportunities.

The medium term strategy of the company includes the potential expansion of the vacation club concept to other properties within the local market if the opportunity arises. There exists a number of variations of the model which the company believes could be implemented in a way that complements rather than competes with the Golden Sands model, through the offering to existing club members of upgrade opportunities.

The most immediate opportunity lies within the development of the old Hal Ferh complex which lies adjacent to the Radisson Blu® Resort & Spa, Golden Sands. IHG is the only company that has made an offer for this site following a recent call for tenders. In the event that the development is awarded in favour of IHG, the Hal Ferh site should add significant room stock to the current model being used at Golden Sands.

The Company will keep under review opportunities that may arise in the international markets for the application of the vacation club model in other jurisdictions particularly if interest is shown by the international brands with whom the management has well established relationships.

Vacation Ownership

As the travel agent and tour operating arm for GSR, Azure's future operations are intimately related to the development and business of GSR. Accordingly, it is expected to develop in parallel to GSR and similar facilities which the Group may decide to invest in. This may also include the land situated at the Hal Ferh Complex should the tender to develop same be awarded in favour of IHG.

It is expected that Azure, whilst retaining a focus in its main target market, the U.K., will expand the sales and marketing operation to other jurisdictions, particularly in the European continent, as opportunities arise in those jurisdictions.

Azure may also seek to forge alliances with other companies with similar products to that of GSR in order to expand the tour operating activity at a faster pace.



Event Catering Business

Island Caterers will continue to seek additional unique venues within which to expand its business model. The Group also intends to explore a number of new sources of business including opportunities in the contract catering market as well as the possibility of acquiring existing catering businesses. This is intended to increase the rate of growth which should improve the company's overall financial performance through various synergies and economies of scale.

ICL is currently awaiting adjudication on a tender for the supply of food to third party nationals. ICL is confident that should it be awarded the said two year contract, its financial performance will significantly improve during such period.

Concurrently ICL is also looking at similar local event catering operations which may be approached to form strategic alliances in order to allow for growth while capitalising from the economies that derive from bringing other operations into the ICL portfolio through mergers and / or acquisitions.

The Directors may consider, as part of the company's future strategy, the establishment of event catering in new properties outside of the domestic market.

Other than as described in sections 4 and 13 of this Registration Document, there is no significant change in the financial or trading position of the IHG Group which occurred since the end of the financial period to which the audited financial statements for the year ended 31 October 2008 relate.

9.4 Current Financial Year

The results of the first six months of the current financial year can be seen in section 7 of this Registration Document under the heading 'Selected Financial Information'. Considering the negative economic climate and the overall performance of the tourism industry both internationally and locally, the Directors are satisfied with the results of the IHG Group achieved to date. The second half of the year is proving to be just as challenging as the first half of the year and the overall situation within the tourism industry is not expected to improve.

Due to the overall volatility of the international economic climate, forecasting the immediate months has become more difficult. Despite this, long term prospects, even in so far as global predictions for growth in tourism numbers over the long term are concerned, remain aggressive.

The global economic crisis has significantly impacted global international tourism trends and has resulted in a sharp decline in arrivals in most countries in the first six months of 2009. Inbound tourist arrivals to Malta for the period January and June 2009 were 13.8% lower than the corresponding period in 2008. Malta's performance was in line with the general trends experienced in other Southern European Countries. The decline in arrivals to Malta is mostly attributable to a sharp decline in arrivals from UK, France and Germany.³ In addition to lower occupancy levels, Malta hotels in all sectors experienced significant pressure on room rates as a result of the decrease in demand and the increasing tendency for tourists to opt for 'last minute' bookings in the hope of securing a bargain holiday⁴.

Although no assurance thereof can be given, the Directors expect that the decline in arrivals over the summer months could be less than what was registered in the first six months of the year and that total arrivals for the year would be around 10% less than last year. The pressure on room rates is expected to continue to persist until tourist arrivals return to previously targeted levels.

IHG continues to achieve positive results on the performance of the Radisson Blu® Resort & Spa, Golden Sands, Azure and the Coastline and advance numbers for the second half of the year continue to show strong indications. Island Caterers advance bookings are also healthy while those of the Radisson Blu® Resort, St. Julians are expected to be challenging due to the overall competitive scenario within the area of St. George's Bay.

IHG expects to close the year marginally below the results for 2008 as a whole although significantly stronger than market averages.

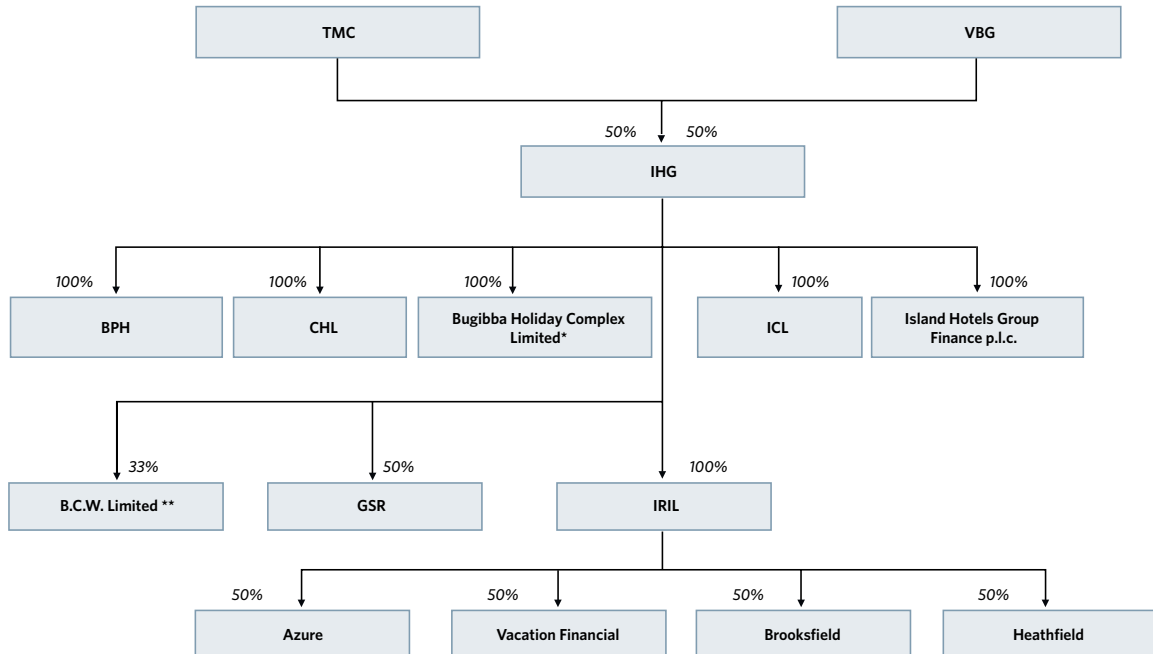
³ **National Statistic Office - Malta** The information extracted from the National Statistics Office has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the National Statistics Office, no facts have been omitted which would render the reproduced information inaccurate or misleading.

⁴ **MHRA quarterly survey report** - The information extracted from the MHRA quarterly survey report has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the MHRA, no facts have been omitted which would render the reproduced information inaccurate or misleading.



10 SHAREHOLDING STRUCTURE

Prior to the re-structuring of the Group as described in section 4 of this Registration Document under the heading 'Presentation of Certain Information and Corporate Restructuring', the Group's structure was as follows:



* BHC (C8542) was removed from the Group on the 20 June 2008

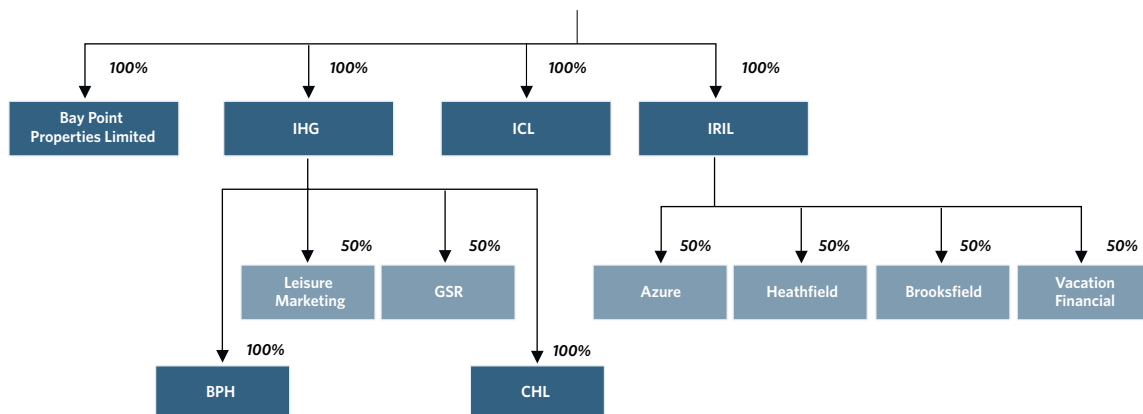
** the indirect shareholding in Dragonara Casino Limited was sold out of the Group 10 on the October 2008

The following structure chart depicts the Subsidiaries and Affiliates of the Company following the restructuring of the Group and the admission of the Company's Securities on the Official List of the MSE. The companies marked in light blue are the Affiliates in which the Company owns a 50% interest. The companies marked in dark blue are the fully owned Subsidiaries of the Company.



ISLAND HOTELS

GROUP HOLDINGS PLC





11 PROPERTY, PLANT AND EQUIPMENT

IHG'S (the previous parent company of the Group) property, plant and equipment as at the end of the financial year ended 31 October 2006, 2007 and 2008 are summarised below:

Euros	Land and buildings	Motor vehicles	Plant and machinery	Furniture, fittings and other equipment	Total
Cost as at					
31 October 2006	57,253,622	658,239	16,973,382	14,191,484	89,076,727
31 October 2007	57,453,510	643,564	17,821,610	15,272,367	91,191,051
31 October 2008	57,851,682	648,238	18,553,045	15,647,865	92,700,830
Carrying amounts as at					
31 October 2006	53,017,149	82,283	10,566,683	9,379,510	73,045,625
31 October 2007	52,343,587	52,742	10,412,909	9,331,049	72,140,287
31 October 2008	51,884,483	50,834	10,071,659	9,043,570	71,050,546

12 OPERATING AND FINANCIAL REVIEW

The information set out below, covering IHG's operations for the three years ended 31 October 2006, 2007 and 2008, has been extracted from the IHG Group's historical *pro forma* consolidated financial information. The financial information for the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 have been restated to take into account the changes that have taken place in the structure of the IHG Group following the transactions described in Section 4 of this Registration Document.

	2008 Euro	2007 Euro	2006 Euro
Revenue	37,509,818	34,895,879	28,725,693
Staff costs	(10,038,179)	(9,873,267)	(8,460,601)
Food and beverage costs	(5,123,996)	(4,512,183)	(4,340,713)
Other operating costs	(11,417,485)	(10,945,498)	(9,998,893)
Gross operating profit before depreciation and amortisation	10,930,158	9,564,932	5,925,486
Depreciation and amortisation	(3,149,972)	(3,039,786)	(2,696,641)
Operating profit	7,780,186	6,525,146	3,228,845
Movement in provision for bad and doubtful debts	(366,802)	287,928	(459,186)
Investment income	53,121	225,921	360,452
Finance costs	(2,626,706)	(2,752,329)	(2,666,576)
Profit before tax	4,839,799	4,286,666	463,535
Income tax (expense)/credit	(891,819)	(856,137)	203,286
Profit for the year	3,947,980	3,430,529	666,821



The following table illustrates how each operating unit contributed to the IHG Group's overall turnover between 2006 and 2008:

Euro 000s	2008	2007	2006	increase % 2006 - 2008	2008 % of total
Bay Point Hotel Limited	9,790	9,329	8,349	17%	26%
Coastline Hotel Limited	4,984	5,110	4,833	3%	13%
Island Caterers	4,368	4,156	3,334	31%	12%
Azure (50%)	11,280	10,130	6,232	81%	30%
Golden Sands Resort Limited (50%)	7,088	6,171	5,978	19%	19%

The IHG Group's operating profit margin improved to 21% in 2008 from 11% in 2006. This increase was attributable primarily to:

- Increased turnover
- More effective utilisation of staff
- Lower operating costs

Balance Sheet Extracts - as at 31 October

	2008 Euro	2007 Euro	2006 Euro
Non-current assets			
Property, plant and equipment	71,050,546	72,140,287	73,045,625
Loans and receivables	3,171,360	3,171,360	3,173,277
	<u>74,221,906</u>	<u>75,311,647</u>	<u>76,218,903</u>
Current assets			
Inventories	1,103,034	1,002,360	910,580
Trade and other receivables	11,915,192	12,725,022	11,456,259
Current tax assets	397,365	384,077	177,669
Cash and cash equivalents	823,934	1,861,831	1,285,341
	<u>14,239,525</u>	<u>15,973,290</u>	<u>13,829,849</u>
Total assets	<u>88,461,431</u>	<u>91,284,936</u>	<u>90,048,752</u>
EQUITY AND LIABILITIES			
Total shareholders' funds	23,424,704	19,954,206	16,885,723
Non-current liabilities			
Other financial liabilities	5,904,072	11,122,628	23,061,274
Bank loans	24,313,261	22,724,493	14,245,518
Deferred tax liabilities	8,041,021	7,546,245	6,616,119
	<u>38,258,354</u>	<u>41,393,366</u>	<u>43,922,912</u>
Current liabilities			
Trade and other payables	17,180,534	19,169,831	16,923,411
Bank overdrafts and loans	9,597,839	10,767,533	12,316,706
	<u>26,778,373</u>	<u>29,937,364</u>	<u>29,240,117</u>
Total liabilities	<u>65,036,727</u>	<u>71,330,730</u>	<u>73,163,029</u>
Total equity and liabilities	<u>88,461,431</u>	<u>91,284,936</u>	<u>90,048,752</u>



In the three years between 2006 and 2008 IHG invested a total of Euro 6,018,934 in property, plant and equipment as follows:

Euro 000s	BPH Euro	CHL Euro	GSR Euro	Other Euro	Total Euro
Land and buildings	54,792	79,124	878,856	-	1,012,772
Plant and machinery	83,797	409,586	1,142,463	239,319	1,875,165
Furniture, fixtures and other equipment	1,203,207	133,164	1,101,926	633,267	3,071,564
Motor vehicles	-	14,675	19,801	24,957	59,433
	<u>1,341,796</u>	<u>636,549</u>	<u>3,143,046</u>	<u>897,543</u>	<u>6,018,934</u>

Annual depreciation charge for each year between 2006 and 2008 is as follows:

- €3,149,972 for the year ended 31 October 2008,
- €3,039,788 for the year ended 31 October 2007 and
- €2,696,641 for the year ended 31 October 2006.

The movements in inventory, trade and other receivables and trade and other payables between 2006 and 2008 are mainly attributable to normal working capital movements.

During 2007 IHG refinanced a total of Euro 12,704,245 debt securities with an 11 year bank loan. The IHG Group's total indebtedness in respect of bank borrowings and debt securities decreased by Euro 9,551,204 between 2006 and 2008. Deferred tax asset and liability for each year between 2006 and 2008 is as follows:

	2008 Euro	2007 Euro	2006 Euro
Deferred tax (liabilities)/assets arising on:			
Property, plant and equipment	(3,205,461)	(2,941,032)	(2,785,472)
Tax losses and unabsorbed capital allowances	3,528,885	3,176,217	3,035,597
Other temporary differences	(1,988,471)	(1,276,396)	(312,964)
	<u>(1,665,047)</u>	<u>(1,041,211)</u>	<u>(62,839)</u>
Deferred tax liabilities arising on:			
Revaluation surplus	<u>(6,375,974)</u>	<u>(6,505,034)</u>	<u>(6,553,280)</u>

The total deferred tax liability on revaluation surplus relates to the revaluation of the Group's hotels as follows:

	2008 Euro	2007 Euro	2006 Euro
BPH	2,839,577	2,887,739	2,935,869
CHL	2,338,352	2,419,237	2,419,353
GSR	1,198,045	1,198,058	1,198,058
	<u>6,375,974</u>	<u>6,505,034</u>	<u>6,553,280</u>

The key accounting ratios for the three years ended 31 October 2006, 2007 and 2008 are set out below:

	2008	2007	2006
Gross profit margin	29%	27%	21%
Operating profit margin	21%	19%	11%
Interest cover (times)	2.8	2.6	1.2
Net profit margin	11%	10%	2%
Profit after tax to equity	17%	17%	4%
Net assets per share*	0.66	0.57	0.48
Earnings per share *	0.11	0.10	0.02

* Net assets per share and earnings per share calculations set out above have been based on the current number of shares in issue of the Company of 35,269,200 shares of €1 each.



13 HISTORICAL FINANCIAL STATEMENTS

This Registration Document makes reference to the financial statements of IHG for the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008. The financial statements referred to have been audited by Deloitte and copies thereof are available from the Company's website and from the Company's registered office.

As described in Section 4, as part of the restructuring exercise entered into specifically for the purpose of preparing the Company for its listing on the Official List of the MSE, the Company acquired the shares in and, accordingly the business of, IHG, ICL and IRIL in July 2009. The Group also revalued its land and buildings by increasing its carrying cost by Euro 10.7 million following the preparation of independent architect's valuation reports in August 2009.

Had the above mentioned transactions happened on 31 October 2008, the impact of the restructuring exercise on the *pro forma* consolidated Balance Sheet of the Company as at 31 October 2008 (set out in first column below) would be as illustrated in third column below:

	The Company <i>Pro forma</i> consolidated balance sheet 31 October 2008	Summary of restructuring adjustments	<i>Pro forma</i> consolidated Balance Sheet as adjusted ^[1]
	Euro	Euro	Euro
ASSETS			
Non-current assets			
Intangible assets	-	22,245,000	22,245,000
Property, plant and equipment	71,050,546	10,731,496	81,782,042
Loans and receivables	3,171,360	-	3,171,360
	<u>74,221,906</u>	<u>32,976,496</u>	<u>107,198,402</u>
Current assets			
Inventories	1,103,034	-	1,103,034
Trade and other receivables	11,915,192	-	11,915,192
Current tax assets	397,365	-	397,365
Cash and cash equivalents	823,934	4,868,000	5,691,934
	<u>14,239,525</u>	<u>4,868,000</u>	<u>19,107,525</u>
Total assets	<u>88,461,431</u>	<u>37,844,496</u>	<u>126,305,927</u>
EQUITY AND LIABILITIES			
Total shareholders' funds	23,424,704	11,844,496	35,269,200
Non-current liabilities			
Other financial liabilities	5,904,072	(14,000,000)	19,904,072
Bank loans	24,313,261	(12,000,000)	36,313,261
Deferred tax liabilities	8,041,021	-	8,041,021
	<u>38,258,354</u>	<u>26,000,000</u>	<u>64,258,354</u>
Current liabilities			
Trade and other payables	17,180,534	-	17,180,534
Bank overdrafts and loans	9,597,839	-	9,597,839
	<u>26,778,373</u>	<u>-</u>	<u>26,778,373</u>
Total liabilities	<u>65,036,727</u>	<u>26,000,000</u>	<u>91,036,727</u>
Total equity and liabilities	<u>88,461,431</u>	<u>37,844,496</u>	<u>126,305,927</u>

^[1] The balance sheet is prepared for illustrative purposes to show how the position of IHG Group would have been had the restructuring adjustments been effected on 31 October 2008.



Gearing levels following the restructuring and Bond Offer are forecast to increase by €26 million as a result of the issue of the Bond of €14 million together with increased bank debt of €12 million. This financial restructuring is intended to attain a level of gearing that the Directors believe to be more compatible with enhancing shareholder value. It is accordingly designed to result in corresponding increases in earnings per share. At this level of gearing, finance costs at the Company's current interest rate of between 6.5% and 4.7% would increase by €1.5 million and the tax charge would drop by €0.5 million. Had the impact of the refinancing transactions been reflected in the IHG Group's historical *pro forma* accounts, annual profits after tax would have been reduced by Euro 1 million per annum.

The historical financial information includes expenses incurred by IHG in connection with the management by TMC of the IHG Group's hotel and event catering business. This management agreement was terminated on 31 July 2009 for a total consideration of €3.2 million which will be amortised over a period of 12 years. Under the new service agreement with the Chief Executive Officer of the Company, effective from 31 July 2009, the Chief Executive Officer will assume direct responsibility for the management of the Company. When compared to the management agreement previously in place with TMC, the payment under the CEO contract, after deducting the amortisation charge on the consideration paid upon termination of the management agreement with TMC, would result in a decrease of annual expenses by €131,309. The annual tax charge would conversely have increased by €45,958 per annum.

On 24 August 2009, IHG acquired 50% of the ordinary shares carrying voting rights of Leisure Marketing Limited, a company incorporated in Malta on 2 April 2003 providing promotional and marketing services in Malta to persons established outside Malta. Had this company been part of the group during the financial years ended 31 October 2006, 2007 and 2008 the profit after tax of the Group would have increased by Euro 14,311 during the year ended 31 October 2006, Euro 38,153 during the year ended 31 October 2007 and Euro 73,694 during the year ended 31 October 2008.

The above transactions together with the increased amortisation of €181,869 in respect of revalued land and buildings would have reduced the *pro forma* consolidated profit after tax for the year ended 31 October 2008 of €3,947,980 by € 1,022,824 to €2,925,156.

14 CAPITAL RESOURCES

IHG (the previous parent company of the Group) is financed through shareholders' funds, bank debts and internally generated profits that have been retained over the years.

During the three years ended 31 October 2006, 2007 and 2008, IHG generated net cash flows from operating activities amounting to €14,299,033.

A total of €4,859,035 were utilised for investing activities made up of €6,018,934 utilised to acquire property, plant and equipment net of proceeds from the sale of property, plant and equipment, movements in financial assets and interest receivable of €1,159,899.

Net cash flows from financing activities during the period under consideration reflect net outflows from debenture loans of €17,950,401 net of inflows from bank borrowings amounting to €11,722,570. Dividends paid during the years ended 31 October 2006, 2007 and 2008 amounted to a total of €310,629.

The information set out below, extracted from IHG's *pro forma* historical financial information for the three financial years ended 31 October 2006, 2007 and 2008 highlights the main sources and application of funds of IHG.

Euro 000s	2008	2007	2006
Net cash flows from operating activities	6,438	8,772	(911)
Net cash flows from investing activities	(1,866)	(1,905)	(1,088)
Net cash flows from financing activities	(4,100)	(2,688)	250
Net movement in cash and cash Equivalents	472	4,179	(1,749)
Effect of foreign exchange rate changes	(706)	(385)	43
Cash and cash equivalents at the beginning of the year	(4,952)	(8,746)	(7,040)
Cash and cash equivalents at the end of the year	(5,186)	(4,952)	(8,746)



Information with respect to the IHG's capitalisation and indebtedness as at 30 June 2009 according to the latest available management accounts of IHG prior to the restructuring exercise is summarised below:

	As at 30 June 2009 Euro 000s
Shareholders' equity	
Issued capital	21,852
Revaluation reserve	2,692
Retained earnings	(2,352)
	22,192
Interest bearing borrowings	
Bank overdraft	7,595
5.7% Bond repayable 2008 - 2010*	93
Bank loan	25,140
	32,828

*representative of a private placement of bonds issued by GSR on the 2 July 2003

Information regarding IHG's indebtedness, as extracted from the interim unaudited financial statements as at 30 June 2009 is set out below:

	As at 30 June 2009 Euro 000s
Cash at bank and in hand	824
Bank overdraft	(7,595)
	(6,771)
5.7% Bond repayable 2008 - 2010	(93)
Bank loan - current portion	(4,600)
	(11,464)
Net current financial indebtedness	(11,464)
Bank loan - non-current portion	(20,540)
Net financial indebtedness	(32,004)

By means of sanction letters dated 6 July 2009 and 28 July 2009, HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c. sanctioned Group banking facilities amounting to €3.5 million and €8.5 million respectively which are to be repaid in accordance with the terms of sanction by 2016.

Bank borrowings are secured by:

- A first general hypothec over the Company's assets;
- Special hypothecs over the Company's immovable properties;
- Financial collateral by IRIL and a pledge over the shares held by IRIL in Azure Resorts Limited and a pledge over the shares held by IHG in IRIL;
- Pledge over the shares in Subsidiaries and associates;
- Various letters of undertaking from Subsidiaries, associates and shareholders;
- A pledge over insurance policies of Subsidiaries;

On 1 July 2009 the company issued 140,000 6.5% Bonds of Euro 100 each to VBG and TMC redeemable 2017 - 2019.



The *pro forma* unaudited information with respect to the Company's capitalisation and indebtedness as at 31 July 2009, reflecting the above increased gearing is summarised below:

	As at 31 July 2009 Euro 000s
Shareholders' equity	
Issued capital	35,269
	<hr/>
Interest bearing borrowings	
Bank overdraft	7,670
Bank loan	36,738
5.7% Bond repayable 2008 – 2010	93
6.5% Redeemable Bonds (2017 - 2019)	14,000
	<hr/>
	58,501
	<hr/>

Information regarding the Company's indebtedness, as extracted from the *pro forma* unaudited financial information as at 31 July 2009 is set out below:

	As at 31 July 2009 Euro 000s
Cash at bank and in hand	872
Bank overdraft	(7,670)
	<hr/>
	(6,798)
5.7% Bond repayable 2008 – 2010	(93)
Bank loan - current portion	(5,722)
	<hr/>
Net current financial indebtedness	(12,613)
	<hr/>
Bank loan - non-current portion	(31,016)
6.5% Redeemable Bonds (2017 - 2019)	(14,000)
	<hr/>
Non-current financial indebtedness	(45,016)
	<hr/>
Net financial indebtedness	(57,629)
	<hr/>



15 DIRECTORS, SENIOR MANAGEMENT AND ORGANISATIONAL STRUCTURE

15.1 Board of Directors

The board of directors shall, as of the Effective Date, consist of four Directors who are entrusted with setting the overall direction and strategy of the Company. The Company intends to appoint the fifth director to the Board, as an additional non-executive director, by 1 November 2009.

Although the responsibility of the directors is collective, the current unitary structure of the board indicates the complementary function of each such director. The implementation of the decisions taken by the directors and the day-to-day management of the Company is entrusted to the senior management, headed by the Chief Executive Officer of the Company.

As at the date of this Prospectus, the Board of Directors is composed of individuals appointed by TMC and VBG whose names and CVs are set out in section 15.1.1 hereunder. Winston V. Zahra, Winston J. Zahra and Trevor E. Zahra were appointed by TMC and Nazzareno Vassallo was appointed by VBG. At the time of such appointment, the ordinary "A" shares held by TMC in the Company authorised TMC to appoint three directors whereas the ordinary "B" shares held by VBG in the Company authorised VBG to appoint one director. As at the date of the Prospectus, all ordinary "A" and "B" shares were re-designated as one class ordinary shares having the same rights, voting rights and entitlements.

The conditional pre-allocation agreement (defined in the Combined Securities Note as the SPA) entered into between VBG, Double You Limited and T Limited for the, *inter alia*, pre-allocation in favour of Double You Limited and T Limited of 12.5% each of the issued share capital of the Company by VBG, subject to the transfer of those shares occurring after their admission to the Official List of the MSE, contemplates that with effect from the date when the Company is admitted to the Official List of the Malta Stock Exchange (the "**Effective Date**"), Nazzareno Vassallo shall resign from his position as Director. In addition, the shareholders of the Company have resolved that, as of the Effective Date, Kwang Sim shall be appointed to the board of directors of the Company (details of Kwang Sim are listed in section 15.1.2 hereunder). In addition, the shareholders have resolved that following the Effective Date and with effect from 1 November 2009 or earlier, Gary Alexander Neville shall, subject to all applicable regulatory approvals being obtained, be appointed as a director of the Company (details of Gary Alexander Neville are listed in section 15.1.2 hereunder). Such directors shall not bear any responsibility for the content of the Prospectus. Such responsibility statement is being exclusively made and accepted by the Directors described in Section 6.1 of this Registration Document. Accordingly, on Admission of the Company to the Official List of the MSE, the directors of the Company shall be Winston V. Zahra, Winston J. Zahra, Trevor E. Zahra, and Kwang Sim.

The business address of all Directors and members of senior management of the Company is the registered office of the Company.

15.1.1 Current Directors

Nazzareno Vassallo (57 years)

Co founder of IHG Group of companies between 1987 and 2009

Nazzareno Vassallo was the Chairman of the IHG Group of companies since 1987 up until the 31 July 2009. Nazzareno Vassallo's career began in the construction industry through his involvement in the family-run business of Vassallo Builders Ltd. He took over the operations of the business in 1971 when he was appointed Managing Director. Following a rapid growth, the business was diversified through investments held in the construction, joinery works, architectural consultancy, hotels, catering, elderly healthcare, property development, education and IT industries. He holds the chairmanship of a number of companies within the VBG group and the CareMalta group. He also holds a number of other prestigious positions, including Executive Director of the Cottonera Waterfront p.l.c. and MIDI p.l.c.. He has also held the chairmanship of Novita Ltd and Novita Construction Company Ltd and Mayor of the Local Council of Mosta between 1994 and 1998. He is a member of The Malta Chamber of Commerce, Enterprise and Industry and the Federation of Building and Civil Engineering Contractors.

Winston V. Zahra M.O.M. (68 years)

Co founder of the IHG Group of companies since 1987

Winston V Zahra was the Managing Director of the IHG Group of companies up until the 31 July 2009. Prior to 1987, he was the co-founder of one of the leading tourism-orientated companies in Malta. This provided him with an invaluable wealth of experience in practically all aspects of the tourism industry, including a tour operation company based in London. Winston V. Zahra was one of the first to build and operate an 'aparthotel'. In 1986 he relinquished all his holdings in the business and became a timeshare consultant, a position that, in a short time, developed into a partnership with Mr Nazzareno Vassallo. Winston V. Zahra was Managing Director of the IHG Group of companies from its inception and has been responsible for the development of the said group throughout the past twenty two years. His responsibilities also included the project management of all the group's properties, which were all developed in record time. He has served on various boards and committees related to the tourism industry, including the National Tourism Organisation of Malta and later the Malta Tourism Authority. He was president of the Malta Hotels and Restaurants Association and chairman of the Marketing Board of the Malta Tourism Authority. He was also a Board member of the Malta Council for Economic and Social Development. Winston V. Zahra is also a director of a number of companies outside the Group. Mr Zahra is also a director of Caritas and is a member of the Council of the University of Malta. Winston V Zahra is the Chairman of Volksbank, Malta. In December 2008, the Government of Malta honoured Winston V Zahra by bestowing upon him the National Order of Merit for his contribution to the tourism industry over the past forty years.



Winston J. Zahra (39 years)

Joined IHG in 1991 – 18 years of service

Winston J. Zahra graduated with a First Class Bachelors of Arts honours degree in Hotel and Catering Management from Portsmouth University in 1991. Mr Zahra joined the Group in October 1991. He was instrumental in the setting up of Island Caterers Limited as well as the Coastline Hotel, Radisson Blu® Resort, St Julians and Radisson Blu® Resort & Spa, Golden Sands. After having effectively managed all areas of the Group, in June 2001 Mr Zahra was appointed Director of Operations, Sales and Marketing of the Group. Mr. Zahra was the youngest ever President of the Malta Hotels & Restaurants Association serving from 2002-2004 at a time when Malta's entry into the European Union was high on the national agenda. Mr. Zahra continues to sit on the council of the MHRA today in the post of Vice President. He has also served on the boards of the National Commission for the Promotion of Equality and the Malta Council for Economic and Social Development. Over the years Mr Zahra has also occupied various posts on national boards within the tourism industry, including the HCEB, the main board of the Malta Tourism Association, Malta International Airport p.l.c., the Malta Transport Authority and the Airport Charges regulatory Board. He was recognised as the "Young Hotelier of the World" for 1999 by the International Hotels and Restaurants Association and HOTELS Magazine after a recommendation from the President and CEO of the Rezidor® Hotel chain.

Trevor E. Zahra (36 years)

Trevor E. Zahra joined the Group in 1988 at the Bugibba Holiday Complex (BHC). In 1992 he was appointed Front Office Manager of BHC and in 1994 he was appointed Front Office Manager for the Coastline Hotel, responsible, amongst others, for the sales and marketing of the hotel. In 1997 he was appointed General Manager of the Bugibba Holiday Complex and in 2004, he was appointed Director of Sales for the leisure market for the Group, a position he holds today.

This role incorporates the overall strategy for attracting sales from leisure guests through sales channels with predominance on tour operators. Periodic contracting sessions are held with all operators across all markets and follow ups are done on a regular basis with reporting taking place on a daily basis as to progress in relation to the specifically set targets for this segment.

15.1.2 Future Directors

Gary Alexander Neville - Independent Director (34 years)

Gary Alexander Neville joined Manchester United as an apprentice in 1991 and was part of Sir Alex Ferguson's famous 1992 youth team along with Beckham, Giggs, Butt and Scholes. He has made more than 560 appearances for the club and was appointed club captain in 2005. Gary Neville has been on the Professional Footballers Association management committee for the past ten years and has been a strong supporter of the PFA initiatives. Gary Neville is a partner in a mechanical and electrical design company and holds the position of directorship of Signature Developments, a sports and property management company.

Kwang Sim - Independent Director (52 years)

Kwang Sim has been employed as the Chief Financial Officer of Resort Properties Group since 1996. He is responsible for all IT, accounting, budgetary control, treasury, corporate finance, commercial, tax, legal and contractual matters relating to projects & operations worldwide. The group employs in excess of 900 full time staff operating primarily in the hotel/resort development & sales, rental, and management business. His previous employments include Acer Consultants Ltd, Trafpak Services Ltd and Canon Marketing Services Ltd.

15.2 Chairman, CEO & Executive Team

Winston V. Zahra has been appointed as chairman of the Company and the Subsidiaries as from the Effective Date and is the most senior Director on the Board. Mr Winston J. Zahra, by virtue of his appointment as CEO of the Group and in terms of the Memorandum and Articles of Association of the Company, is appointed to the board of directors of the Company *ex officio*. He is responsible for the overall management of the Group and directs the executive team of the Group to ensure the objectives and targets set by the board are met on an annual basis. He holds a service contract with the Company as its CEO for a period of five years, due to expire on the 31 August 2014.

The board of directors of the Subsidiaries meet on a monthly basis and comprises of a board made up of the Group Chairman, CEO and CFO, and the respective General Manager of each Subsidiary.

The executive team meet as a Group on a monthly basis to discuss overall strategy, direction and results. Additionally the CEO typically meets with each individual member of the executive team on a weekly basis to follow up on specific business plans drawn up for each respective area. In turn, each executive team member holds regular meetings with his respective team to ensure that the strategy is implemented through the individual units. The CEO is responsible for the overall operation of the Group and the implementation of policies devised by the Board. The CEO reports directly to the board of Directors of the Company.

15.3 Non-executive Directors

The function of Non- Executive Directors of the Company is to participate in the formulation and adoption of policies and strategies for the Company as well as to bring to the Board the added value of independent judgment.

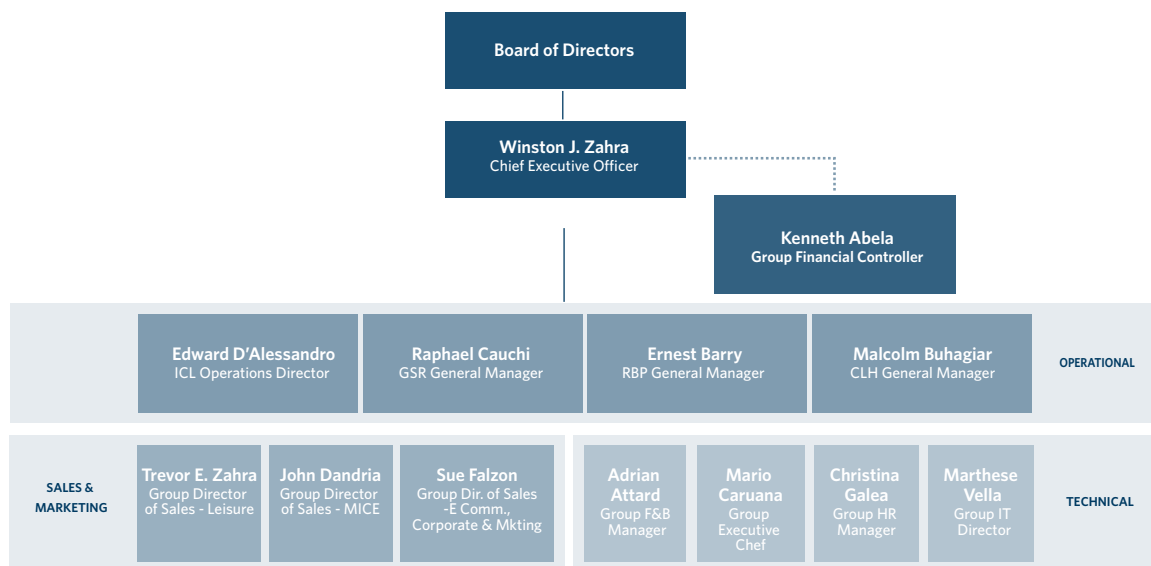


15.4 Nature of Relationships

Winston J. Zahra and Trevor E. Zahra are next of kin to Winston V. Zahra.

15.5 Company Structure Chart and Curriculum Vitae

The Company's operation and management is structured as follows: -



Chief Executive Officer

Winston J. Zahra (39 years)

Vide CV contained in section 15.1.1 under the heading "Current Directors".

Group Chief Finance Officer

Kenneth Abela (42 years)

Joined IHG in 1992 – 17 years of service

Kenneth Abela, started off his professional career with KPMG as a junior auditor. After graduating with a Bachelors of Arts Honours degree in Accountancy from the University of Malta in November 1991, he was employed by the same audit firm as a senior auditor up to November 1992. He joined the Group in November 1992 as Assistant to the Financial Controller at The Bugibba Holiday Complex, a post he occupied until June 1995. Following this, he occupied a number of positions in the Group including Financial Controller of The Coastline Hotel and of the Radisson® Blu St Julians. Following the recruitment of a full time Financial Controller for the Radisson® Blu St Julians, Kenneth was assigned the task of Group Financial Controller, a position he currently occupies. Kenneth Abela has been acting as the Group's Company Secretary since June 1995.

Kenneth Abela is responsible for the overall financial management of the Group and directs the individual finance teams of the respective companies within the Group accordingly.

Operations Director ICL

Edward D'Alessandro (43 years)

Joined IHG in 1992 – 17 years of service

Edward D'Alessandro graduated from the School of Hotel Catering Management in 1987, holds City & Guilds' Certificates in Food & Beverage Service & Cookery for the Catering Industry and a Certificate in Middle Management issued by the University of Malta. Edward D'Alessandro commenced his career in the tourism industry with Corinthia group of companies where he was directly responsible for the day to day management of its catering outlets. He then joined the Fortel group of companies as duty manager and assistant general manager further progressing his career to Food & Beverage Manager. In 1992, Edward D'Alessandro joined the IHG Group as Food and Beverage Manager, followed by his appointment and Director of Operations of Island Caterers Limited.

Edward D'Alessandro is responsible for the overall direction of Island Caterers Limited. Together with a management team of 5 people he is responsible for the overall strategy implementation at ICL.



General Manager GSR

Raphael Cauchi (38 years)

Joined IHG in 1997 – 12 years of service

Raphael Cauchi graduated from the Institute of Tourism Studies in Malta with a Diploma in Hotel and Catering Management. His training in the hotel industry commenced by virtue of traineeships with the Royal York Hotel (four star) in London, Suncrest Hotel (four star) in Malta and Hotel Bellevue (five star) in Switzerland. In 1993, he was employed by the Suncrest Hotel as Assistant Food and Beverage Manager. In 1997, he joined the IHG Group where he was initially responsible for the setting up the Food and Beverage department of the Radisson® Blu Resort, St Julians before its official opening. This was followed by a promotion to General Manager of the resort. In 2005 he was appointed General Manager of the Radisson Blu® Resort & Spa, Golden Sands, a role which he currently occupies.

Raphael Cauchi is responsible for the overall direction of the Radisson Blu® Resort & Spa, Golden Sands. Together with a management team of 10 people he is responsible for the overall strategy implementation at the Resort.

General Manager BPH

Ernest Barry (40 years)

Joined IHG in 1989 – 20 years of service

Ernest Barry commenced his career with the IHG Group. The experience he has gained is the result of the various position held within the Group which ranges from Front Office Receptionist, Accounts Supervisor, Food & Beverage Controller, Assistant Catering Manager. In 1997, he was appointed General Manager of the Coastline Hotel whereby he was responsible for the operation and management of the hotel reporting directly to the Chief Executive Officer. In January 2005, he was appointed General Manager of the Radisson® Blu St Julians, a post which occupies to date.

Ernest Barry is responsible for the overall direction of the Radisson Blu® Resort, St Julians and together with a management team of eight people he is responsible for the overall strategy implementation at the Resort.

General Manager CHL

Malcolm Buhagiar (39 years)

Joined IHG in 1994 – 15 years of service

Malcolm Buhagiar's experience in the tourism and hospitality industry is principally associated with the IHG Group. Having provided fourteen years of service to the Group, he has occupied a number of posts including Night Manager, Front Office Manager, Assistant General Manager. In 2005 he was appointed General Manager of the Coastline Hotel.

Malcolm Buhagiar is responsible for the overall direction of the Coastline Hotel. Together with a management team of 6 people he is responsible for the overall strategy implementation at the Resort.

Director of Sales - Leisure

Trevor E. Zahra (37 years)

Joined IHG in 1988 – 21 years of service

Vide CV contained in section 15.1.1 under the heading "Current Directors".

Director of Sales - Meetings Incentives Conferences & Events

John Dandria (41 years)

Joined IHG in 1997 – 10 years of service (2 year gap)

John Dandria was initially employed within the IHG Group between 1997 and 2002 as Reception Manager wherein he was responsible for the department's budgets, wage costs and pay roll, duty management, roster, training and the setting up of standard of performance manuals. Between 2002 and 2004 John Dandria gained working experience with the Suncrest® Hotel, the Corinthia® Palace Hotel, the Windsor® Hotel and subsequently at the Westin® Dragonara Resort, where he was appointed Executive Sales Manager on MICE and promoted to Director of Sales shortly after. In 2004, he rejoined the Group as Group Director of Sales – MICE.

John Dandria is responsible for the overall sales effort in the meetings, conference and events segment. This role incorporates the overall strategy for attracting sales from corporates organising events ranging from sales promotions to incentives for their management and sales teams through sales channels with predominance on international Professional Conference Organisers, LOCAL Destination Management Companies and the Rezidor® General Sales offices.



Director of Sales – E Commerce, Corporate, Marketing

Sue Falzon (31 years)

Joined IHG in 1998 – 11 years of service

Sue Falzon graduated in 2003 from the University of Malta with a First Class Bachelors of Arts degree in Youth & Community Studies and in 2007 from the Brunel University in London with Masters Degree in Youth & Community Studies. Between 1997 and 1998 she worked with MISCO Ltd, a leading company in local market research as a Research Coordinator. In 1998, Sue Falzon joined the IHG Group as Corporate Sales Manager with the Radisson® Blu St Julians. She currently occupies the position of Group Sales & Marketing Manager.

Sue Falzon is responsible for the overall sales effort in the 'E-commerce' and 'Corporate' segments. This role incorporates the overall strategy for attracting sales from local corporate companies requiring accommodation or organising events as well as the attraction of business through the various e-commerce channels used by the Group including online pricing, marketing strategy, web site content and search engine optimisation. Sue Falzon is also responsible for coordinating the overall marketing effort of the Group including the preparation of the overall marketing and advertising plan in coordination with the rest of the executive team, the coordination of the Group's media relations and the overall coordination of the Group's loyalty card programme. Sue Falzon is also responsible for the Customer Relationship and Database Management for the Group.

Group Executive Chef

Mario Caruana (49 years)

Joined IHG in 1998 – 21 years of service

Mario Caruana commenced his career as trainee chef at the Arches Restaurant followed by the Sheraton Skyline Hotel in London. His work experience emanates from his employment with the Corinthia Group of Companies (chef de Partie at the Mistra Village), the Riza Hotel (Sous Chef), the Suncrest Hotel (Chef Tournant) and the Bugibba Holiday Complex as Head Chef. Since 1994, he has occupied the post of Group Executive Chef.

Mario Caruana is responsible for the overall direction and management of the food preparation units within the hotels and ICL. Together with 4 executive chefs and an overall brigade in excess of 100 chefs in different grades, he ensures that the overall objectives related to food production are respected.

Director of IT

Marthese Vella (38 years)

Joined IHG in 1999 – 10years of service

Marthese Vella graduated from the University of Malta in 1992 with a Bachelors of Engineering Honours degree in Electrical Engineering. In 1998 she furthered her studies and graduated from Lancaster University in the United Kingdom with a Master of Science degree in Information Management. Her previous work experience include the post of IT Manager with Airmalta plc where her responsibilities included internal consultancy on IT and telecommunications solutions and the management and implementation of the technical and information aspects of projects. In 1999 she was employed by the IHG Group in the post of Group IT Director reporting directly to the Group Director of Operations, Sales & Marketing.

Marthese Vella is responsible for the overall strategy, direction and management of the IT department of the Group. Together with a small team of three the IT platform used by the Group is maintained to ensure the highest level of efficiency and security possible.

Group Food & Beverage Manager

Adrian Attard (35 years)

Joined in 2005 – 4 years of service

Adrian Attard graduated from the Institute of Tourism Studies in Malta 1996 with a diploma in Hotel Administration. Before joining the Group, Mr Attard gained experience with the Corinthia® group of companies between 1993 and 2005. Mr Attard's previous responsibility within the Group has been with respect to directing & managing all food & beverage activities within the Radisson Blu® Resort & Spa, Golden Sands.

Mr Attard is currently the assistant general manager at the Radisson Blu® Resort & Spa, Golden Sands and heads the Group's food and beverage department. This is a supportive role focused on revenue generation, quality management and strategy.

Group HR Manager

Christina Galea (30 years)

Joined in 2004 – 5 years of service

In her capacity as Human Resources Manager, Christina Galea is generally responsible for setting and implementing the human resources strategy across the Group, employment related legal issues, and identifying and implementing training and development within the Group. Christina Galea's previous experience includes a traineeship with Mega Hotels International, Hong Kong and the role of Human Resources Co-ordinator with the Corinthia® group of companies. Christina Galea is an Executive Committee Member of the Institute of Hospitality and actively participates in the HR Network Meetings.



None of the said Directors and members of the senior management of the Company have been:-

- a) convicted in relation to fraud or fraudulent conduct in the last five years;
- b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- c) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- d) disqualified by a court from acting as director or manager in the last five years.

15.6 Potential Conflicts of Interest

Save for what is disclosed under the section 18, entitled "*Related Party Transactions*", to the Company's knowledge there are no potential conflicts of interests between any duties to the Company of the Directors and members of the senior executive committee described in this Prospectus and their respective private interests and or other duties.

15.7 Remuneration and Benefits

The total amount of remuneration paid and benefits in kind granted to the Board of Directors and senior management personnel in the last financial year ended 31 October 2008 amounts to approximately €1,514,909.

16 BOARD PRACTICES AND COMMITTEES

16.1 Benefits upon Termination

There are no benefits upon termination of employment of the Directors or Senior Managers of the Company.

16.2 Audit Committee

The Company shall, as of the Effective Date, have in place an audit committee (the "**Committee**"), which terms of reference establish the composition, role and function, the parameters of its remit. The Committee is at all times accountable to the Board and through its Chairman, reports to the Board on a regular basis. The Committee makes recommendations to the Directors where in its view certain improvements or changes are required.

16.2.1 Composition

The Committee is composed of the following persons: -

- a) Kwang Sim;
- b) Winston V. Zahra;
- c) Trevor E. Zahra.

16.2.2 Role

The role of the Committee is determined principally by the Listing Rules. In essence, it is entrusted to ensure that the Company has the appropriate measures in place to identify, manage, minimise and control its risks. Furthermore, it has the authority to make recommendations to the Board and to approve the remuneration terms of engagement of the external auditors. The Committee shall be required to advise the Board of Directors on the following matters: -

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

In the discharge of this role, but without prejudice to the generality of the foregoing, the Committee shall, *inter alia*, have the responsibility:

- (a) to review the significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, interim reports, preliminary announcements and related formal statements. The audit committee should also review the clarity and completeness of disclosures in the financial statements;
- (b) to review the Company's internal financial controls and the Company's internal control and risk management systems and the effectiveness of the Company's internal audit function;
- (c) to monitor and review the internal audit activities. Where there is no internal audit function, the audit committee should consider annually whether there is a need for an internal audit function and make a recommendation to the Board;
- (d) to make recommendations to the board in relation to the appointment of the external auditors and to approve the



remuneration and terms of engagement of the external auditors with the aim of requesting shareholder approval;

- (e) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- (f) to make proposals for the development and implementation of a policy on the engagement of the external auditors to provide non-audit services to the Company;
- (g) unless dealt with in any other manner, to monitor and scrutinise Related Party Transactions falling within the ambits of the Listing Rules and to make its recommendations to the Board on any proposed Related Party Transactions falling within the scope of the Listing Rules.

16.2.3 Meetings

In terms of the terms of reference of the Committee and in terms of the Listing Rules, the Committee shall meet at least four times a year. The chairman of the committee may convene additional meetings as and when he/she considers it appropriate. The quorum for the dispatch of business of the committee is two (2) members. Committee meetings should be attended by each of the Finance director or equivalent officer within the Company (or his representative), the Internal Auditor or Head of the Internal Audit Department (or his representative) and a representative of the external auditors.

16.2.4 Remuneration

The members of the Committee are entitled to such reasonable remuneration to recompense them for the responsibilities assumed in being a member of the Committee.

16.2.5 Related Party Transactions

The Committee must monitor and scrutinise Related Party Transactions falling within the ambits of the Listing Rules and make its recommendations to the Board on any proposed Related Party Transactions falling within the scope of the Listing Rules. The said monitoring function of the Committee is to be undertaken with the view to ensure that the execution of any such transaction is at arm's length and on a commercial basis and is ultimately in the best interests of the Company. In this context the Committee may call in to the meeting such officers of the Company and advisors as it may consider appropriate to enable it to make a proper and exhaustive assessment of the proposed transaction.

16.3 RemNom Committee

16.3.1 Role

In view of its size the Company has taken the view that whilst it considers the role and function of each of the remuneration committee and nominations committee ("**RemNomCom**"), it would be more efficient for these committees to be merged into one committee that would serve a dual role.

In its function as remuneration committee the RemNomCom shall have the principal task of establishing remuneration policies for directors and senior executives of the Group and particularly incentive based remuneration and share option plans. In addition, it shall have the task of assessing and evaluating performance and the implementation of the remuneration policies on the basis of such performance.

Pursuant to article 55.1.2 of its Articles of Association, the Company may have a nominations committee for the purpose of establishing the most appropriate composition of the Company's board of directors and sourcing the individuals which in the opinion of that committee have the required skills that will provide the board with added value and also ensure compliance with principles of best practice for corporate governance. The committee's function therefore is to make recommendations to the board as to potential prospective candidates for directorships of the Company for the board to make its recommendations to the shareholders in general meeting.

16.3.2 Meetings

In terms of the terms of reference of the RemNomCom, the Committee shall meet at least twice a year. The chairman of the committee may convene additional meetings as and when he/she considers it appropriate. The quorum for the dispatch of business of the RemNomCom is two (2) members. RemNomCom meetings may require the presence of finance director or equivalent officer within the Company (or his representative), the Internal Auditor or Head of the Internal Audit Department (or his representative) and a representative of the external auditors;

16.3.3 Members

In terms of the terms of reference of the RemNomCom, the members of the Committee are selected by the Board of Directors of the Company from amongst the Directors. As of the Effective Date, the members of the RemNomCom are the following persons: -

- a) Kwang Sim;
- b) Winston V. Zahra;
- c) Trevor E. Zahra.



16.4 Corporate Governance

The Directors believe that the adoption of corporate governance principles is in the best interests of the Company and of its shareholders and through appropriate structures and measures being put in place, it will, once listed, endeavour to fully comply with the principles of good practice recommended by the Listing Rules. In addition to this general undertaking, the presence of an audit committee and independent non-executive Directors on the Board of the Company aims to minimise the possibility of any abuse of control by the major shareholders.

16.5 Employees

As at 31 October 2008, the Group employed 620 staff members involved in the operations and management of the Group.

17 SHAREHOLDERS

As at the date of the Prospectus, the only persons who are members of the senior management of the Group and/or members of the board of directors of the Company and who hold shares in the Company, directly or indirectly, are: -

- a. Winston V. Zahra, Winston J. Zahra and Trevor E. Zahra through their shareholding in TMC. As at the date of the Prospectus, TMC holds 17,634,600 ordinary shares in the Company (equivalent to 50% of the Company);
- b. Nazzareno Vassallo, through his shareholding in VBG. As at the date of the Prospectus, VBG holds 17,634,600 ordinary shares in the Company (equivalent to 50% of the Company).

Accordingly, as at the date of this Prospectus, control of the Company is vested in both of: -

- 1) TMC, whose shareholders are Winston V. Zahra, Doris Zahra, Double You Limited (beneficially owned by Winston J. Zahra), and T Limited (beneficially owned by Trevor E. Zahra); and
- 2) VBG, whose shareholders are, Nazzareno Vassallo, Mary Ann Vassallo, Natalie Briffa Farrugia, Pio Vassallo, Christian Vassallo, Ruben Vassallo and Charlene Vassallo.

Following admission of the Securities to the Official List of the MSE, Double You Limited (beneficially owned by Winston J. Zahra) and T Limited (beneficially owned by Trevor E. Zahra) shall be bound (pursuant to the SPA, as defined in the Securities Note) to acquire from VBG, and VBG shall be bound to transfer to each of Double You Limited and T Limited, 4,408,650 shares. Following such acquisition, Double You Limited and T Limited will therefore, in addition to the 50% equity interest held by TMC in the Company, each have an equity interest equivalent to 12.5% of the total issued share capital of the Company.

In terms of a facility agreement entered into by the Company and Bank of Valletta p.l.c. on the 14 July 2009, as amended on the 28 July 2009, Winston V. Zahra, Winston J. Zahra and Trevor E. Zahra, (together, the "**Zahras**") undertook that following the initial public offering of the Shares and until such time as the said facility remains outstanding, the Zahras shall, unless Bank of Valletta p.l.c. consents in writing, retain control of, at least, 51% of the total issued share capital of the Company. Authorisation is to be sought from Bank of Valletta p.l.c. for any transmission/transfers/disposal of shares which would change the present shareholding of the Zahras. Bank of Valletta p.l.c. has undertaken not to withhold its consent unreasonably after taking into account the impact of such change on the ownership and/or management structure of the Group.

As a condition to the Listing Authority approving the Company's admissibility to listing on a regulated market, the Listing Authority has imposed a lock-up on TMC, Double You Limited and T Limited whereby, for a period of 24 months from the date that the Company's shares are admitted to trading on the Official List of the MSE, (the "**Lock-Up Period**") and save for what is provided in the last paragraph of this section:

- a) None of TMC, Double You Limited and T Limited shall transfer or otherwise dispose of their shares in the Company which may cause their combined holding in the Company to fall below 75% of the total issued share capital of the Company;
- b) Each of Double You Limited and T Limited shall not transfer or otherwise dispose of any shares acquired by it pursuant to the 25% Offer, and that, for the duration of the Lock-Up Period, they shall each retain a minimum holding of 12.5% of the Company's issued share capital;
- c) TMC shall not transfer or otherwise dispose of any shares in the Company which may cause its holding in the Company to fall below 50% of the total issued share capital of the Company.

This undertaking shall subsist notwithstanding any provision of the Act, the Listing Rules and the memorandum and articles of association of the Company that would otherwise have permitted any transfer or disposal of shares for the Lock-Up Period.

In addition to the Lock-Up above, in the event that during the Lock-Up Period the Company were to make a new issue of shares to allow the public shareholders to increase their share in the Company, each of TMC, Double You Limited and T Limited may exercise their right to subscribe for their proportionate share (in exercise of their pre-emption rights on new issue of shares). Subject to them retaining not less than 51% of the issued share capital of the Company, none of them shall be bound to subscribe for their respective proportionate share of such issue.



18 RELATED PARTY TRANSACTIONS

During the course of the years ended 31 October 2006, 2007 and 2008, the IHG Group entered into transactions with related parties as set out below. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

	2008			2007			2006		
	Related party activity	Total activity		Related party activity	Total activity		Related party activity	Total activity	
	€	€	%	€	€	%	€	€	%
Staff costs:									
Key management personnel of the Group	1,052,416	10,038,179	10%	1,005,752	9,873,267	10%	656,124	8,460,601	8%
Other operating costs:									
Entities with joint control or significant influence over the company	445,347	11,417,485	4%	462,493	10,945,498	4%	462,493	9,998,893	5%

The amounts due by related parties and due to related parties at year-end are disclosed in notes to the *pro forma* consolidated financial information. These amounts will be settled in cash. No guarantees have been given or received. These amounts were unsecured and interest-free.

Related party transactions between 1 November 2008 and the date of the Prospectus were as follows:

	Related party activity	Total activity	
	€	€	%
Staff costs:			
Key management personnel of the Group	749,273	7,152,202	10%
Other operating costs:			
Entities with joint control or significant influence over the company	366,357	7,231,074	5%

19 DIVIDEND DISTRIBUTION & POLICY

19.1 Dividends Distribution

The Company was established on the 5th August 2008, and since that date has not declared or paid any dividends to any of its shareholders.

19.2 Dividend Policy

At the date of this Registration Document, the Directors of the Company expect that its capital expenditure requirements in the immediate years ahead will be modest. The Directors therefore expect to be able to distribute by way of dividend thirty to fifty per cent of all profits available after meeting working capital requirements and after finance costs. Dividend distributions in the following years may need to cater for a more substantial re-investment of cash flows to fund capital expenditure depending on growth opportunities identified by the Group to enhance long term shareholder value.

It is expected that subject to unforeseen circumstances and economic conditions that might have an impact on the Company's financial performance, and provided that the Company will sustain adequate cash flows and subject to the requirements of the Act, the Directors maintain this policy in the foreseeable future.

20 MATERIAL LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings (including those which are pending or threatened of which the Group is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Group's financial position or profitability.



21 ADDITIONAL INFORMATION

21.1 Share Capital

21.1.1 *Authorised and Issued Share Capital*

As at the date of this Registration Document, the authorised share capital of the Company is €40,000,000 divided into 40,000,000 ordinary shares of a nominal value of €1 each share. The issued share capital of the company is thirty five million and two hundred and sixty nine thousand and two hundred Euro (€35,269,200) divided into thirty five million and two hundred and sixty nine thousand and two hundred (35,269,200) ordinary shares all having a nominal value of one Euro (€1) which have been fully paid up and held as follows: -

1. TMC as to 17,634,600 ordinary shares; and
2. VBG as to 17,634,600 ordinary shares.

21.1.2 *History of Share Capital*

The Company was registered as a private limited liability company on 5 August 2008 with an authorised share capital of €40,000,000 divided into 20,000,000 ordinary 'A' shares and 20,000,000 ordinary 'B' shares of a nominal value of €1 each share. The initial issued share capital of the Company was €1,200 divided into 600 Ordinary A shares (subscribed to by TMC) and 600 Ordinary B shares (subscribed to by VBG) of a nominal value of €1 each.

On 3 August 2009, the issued share capital of the Company was increased to €35,269,200 divided into 35,269,200 Ordinary shares of a nominal value of €1 each share, held as follows:

1. TMC as to 17,634,600 ordinary shares; and
2. VBG as to 17,634,600 ordinary shares.

Immediately prior to conversion of the Company from a private limited liability company to a public limited liability company on 21 August 2009, the share capital in the Company was redesignated into a single class of ordinary shares by virtue of an extraordinary resolution dated 21 August 2009. Accordingly, as from the date of said conversion, the issued share capital of the Company was €35,269,200 divided into 35,269,200 ordinary shares of a nominal value of €1 per share.

21.2 Memorandum and Articles of Association

The memorandum and articles of association of the Company are registered with the Malta Financial Services Authority. The objects of the Company are the following: -

- (a) to subscribe for, acquire, hold, manage, administer, dispose of or otherwise deal with, solely for and on behalf of the Company, directly or indirectly, any shares, stock, debentures, debenture stock, bonds, notes, options, interests in or securities of all kinds of any company, corporation, entity, partnership or other body of persons;
- (b) to acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on any business which the Company is authorised to carry on;
- (c) to hold shares and investment portfolios in corporate bodies engaged in activities similar or ancillary to those performed by the Company;
- (d) to develop, manage or operate any offices, stores or other buildings which may further the Company's interest;
- (e) to own, manage and in any way dispose of trade marks, patents and other intellectual property and property rights;
- (f) to purchase, take by title of lease, or otherwise acquire any immovable or movable property which the Company may deem necessary or convenient for its business;
- (g) to borrow without any limit in connection with the Company's business, and to secure the repayment of such monies borrowed or any other obligation by granting hypothecary or other forms of security over any movable or immovable property of the Company;
- (h) to sell, lease, hypothec or otherwise dispose of the whole or any part of the property or assets of the Company;
- (i) to lend and advance money or give credit to any person or company and to secure, without any limit, any debt or obligation of any third party, including, if deemed appropriate, by granting hypothecary or other forms of security over the Company's assets;
- (j) to carry on any other business within the objects of the Company and which may seem to the Company capable of being conveniently carried on in connection with its business; and
- (k) to do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Company.



The Memorandum and Articles of Association of the Company regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors. A copy of the Memorandum and Articles of Association of the Company may be inspected during the lifetime of this Prospectus at the registered office of the Company and at the Registry of Companies during the lifetime of the Company.

21.3 Voting Rights and Restrictions

All shares currently in issue and of which the Shares form part are entitled to vote in any meeting of shareholders. There are currently no restrictions on voting.

21.4 Appointment of Directors

In terms of article 54.2 of the articles of association of the Company, all directors of the Company shall be individuals.

The directors of the Company shall be appointed by the shareholders in the annual general meeting of the Company. Save as otherwise stated hereunder, an election of Directors shall take place every year. The procedure for the appointment of Directors is the following:

21.4.1 Nomination

Any member or number of members who in the aggregate hold not less than 100,000 shares having voting rights in the Company shall be entitled to nominate a fit and proper person for appointment as a director of the Company.

In addition to the above, the directors themselves or a committee appointed for the purpose by the directors, may make recommendations and nominations to the Members for the appointment of Directors at the next following annual general meeting.

For the purpose of enabling members to make nominations, the Company shall grant a period of at least fourteen (14) days to Members to nominate candidates for appointment as directors. Such notice may be given by the publication of an advertisement in at least two (2) daily local newspapers. All such nominations, shall on pain of disqualification, be made on the form to be prescribed by the Directors from time to time and shall reach the Office (or such other place determined by the directors) not later than fourteen (14) days after the publication of the said notice (the "**Submission Date**"). Provided that the Submission Date shall not be less than fourteen (14) days prior to the date of the meeting appointed for such election. Nominations to be made by the directors or any sub-committee of the Directors appointed for that purpose shall also be made by not later than the date established for the closure of nominations to members.

21.4.2 Appointment

In the event that there are either less nominations than there are vacancies on the board or if there are as many nominations as there are vacancies on the board, then each person so nominated shall be automatically appointed a director.

In the event that there are more nominations submitted in accordance with the Articles of Association of the Company, the "**Articles**", then an election shall take place in accordance with the provisions of the Articles.

Unless they resign or are removed, directors shall hold office up until the end of the annual general meeting next following their appointment. Directors whose term of office expires or who resign or are removed are eligible for re-appointment.

Whenever in terms of the Articles an election is necessary amongst candidates nominated for appointment as directors, such election shall be conducted in the manner prescribed by the Articles or in such manner as close as practicably possible thereto as the directors may consider equitable in the circumstances.

After the date established as the closing date for nominations to be received by the Company for persons to be appointed directors, the directors shall draw the names of each candidate by lot and place each name in a list in the order in which they were drawn. The list shall be signed by the Chairman and the Company Secretary for verification purposes.

On the notice calling the annual general meeting at which an election of directors is to take place there shall be proposed one resolution for the appointment of each candidate in the order in which the names were drawn, so that there shall be as many resolutions as there are candidates. The directors shall further ensure that any member may vote for each candidate by proxy.

At the general meeting at which the election of Directors is to take place the Chairman shall propose the name of each candidate as a separate resolution and the members shall take a separate vote for each candidate. The members shall first be asked to vote by a show of hands and if a poll is validly called in accordance with the provisions of the Articles a poll shall be conducted. Each member shall be entitled, in the event of a poll, to use all or part only of his votes on a particular candidate.

Upon a resolution being carried, whether by a show of hands or by a poll, the candidate proposed by virtue of that resolution shall be considered elected and appointed a director. No further voting shall take place once enough resolutions have been passed to ensure that all vacancies on the board of directors have been filled, even if there are still candidates with respect to whom a resolution has not yet been called.

Members may vote in favour or against the resolution for the appointment of a director in any election, and a resolution shall be considered carried if it receives the assent of more than 50% of the members present and voting at the meeting.



Unless a member demands that a vote be taken in respect of all or any one or more of the nominees, in the event that there are as many nominations as there are vacancies or less, no voting will take place and the nominees will be deemed appointed directors.

Further details on the appointment of Directors may be found in the Memorandum and Articles of Association of the Company.

21.5 Powers of Directors

The Directors are vested with the management of the Company, 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 Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. 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 Company in general meeting. Directors may not vote on any proposal, issue, arrangement or contract in which they have a 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 Company to borrow money and give security therefor, subject to the limit established in the Memorandum and Articles of Association. 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.

The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or other committee appointed by the Company, or general meetings of the Company or in connection with the business of the Company.

In terms of the articles of association, every Director, managing director, agent or secretary, and in general each officer of the Company is indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings related to the Company's business or affairs, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted.

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

21.6 Proceedings of Directors

The directors are required to meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting are decided by a majority of votes. In case of an equality of votes the Chairman has a second or casting vote.

The Chairman is authorised to, at any time, and any two directors may, summon a meeting of the directors.

The quorum for a board of directors meeting is four (4) directors. If within half an hour from the time appointed for the commencement of the meeting, a quorum is not present, the meeting, howsoever called, stands adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors present may determine (such directors constituting a quorum for such purpose only) and if at the adjourned meeting a quorum is not yet present within half an hour from the time appointed for the meeting, the articles of association state that two directors shall constitute a quorum.

Three days notice of every meeting of the board of directors is to be given to all directors of the Company unless waived by a decision of all directors or if a meeting is called by the Chairman as a matter of urgency.

If at any time the Chairman is not present within thirty minutes after the time appointed for a meeting of the directors, the directors may choose one of their number to chair the meeting.

The directors may from time to time appoint one or more of their body to the office of Chief Executive Officer for such period, not exceeding such director's term of office as a director, and on such terms and conditions as they deem fit, and subject to any agreement entered into in any particular case, may revoke such appointment. The appointment of a Chief Executive Officer shall be automatically terminated if he ceases for any cause to be a director.

The directors may entrust to and confer upon a Chief Executive Officer any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit and may from time to time revoke, withdraw, alter or vary all or any of such powers. The appointment of a Chief Executive Officer shall have effect as the appointment of that person as an executive director of the Company for a term equivalent to the term for which he was appointed Chief Executive Officer. The appointment of the Chief Executive Officer shall be automatically determined if he ceases for any cause to be a director or the Chief Executive Officer of the Company.



21.7 Changes to Rights of Shareholders

The amendment to the rights of shareholders may be made by an extraordinary resolution taken at a general meeting of the Company. In accordance with section 135 of the Companies Act, Cap 386 of the laws of Malta, an extraordinary resolution shall be a resolution which

- (i) has been taken at a general meeting of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose thereof has been duly given; and
- (ii) has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least fifty one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting:

Provided that, if one of the aforesaid majorities is obtained but not both, another meeting shall be convened within thirty (30) days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

The rights attached to any class of equity securities as is currently in existence, or other classes of equity securities that may be created in the future, may (unless otherwise provided by the terms of issue of those equity securities), whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued equity securities of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the equity securities of that class. To every such separate general meeting the provisions of the Articles of Association of the Company relating to general meetings shall apply.

21.8 Annual General Meetings

The Company must in each year hold a general meeting as its annual general meeting in addition to any other general meetings in that year, and must specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. The annual general meeting shall be held at such time and place as the Directors shall appoint.

No business shall be transacted at any general meeting unless a quorum of shareholders is present, in person or by proxy, at the time when the meeting proceeds to business; save as otherwise provided in the articles of association, shareholders holding in the aggregate not less than 51% of the nominal value of the issued share capital entitled to attend and vote at the meeting, shall constitute a quorum. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

A general meeting of the Company shall be deemed not to have been duly convened unless at least 14 (fourteen) days' notice had been given in writing to all those members entitled to receive such notice. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice shall specify the place, the day and the hour of meeting. In the case of extraordinary business, the notice shall also specify the general nature of that business and shall be accompanied by a statement describing the projected effect and scope of any proposed resolution in respect of such extraordinary business. The notice shall be given in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the articles of association of the Company, entitled to receive such notices from the Company.

In addition, the Directors of the Company may convene an extraordinary general meeting whenever they think fit. In terms of the Act, the Directors of the Company, shall, on the requisition of a shareholder/s of the Company holding, as at the date of the deposit of the requisition, not less than 10% of the paid up share capital of the Company, forthwith proceed duly to convene an extraordinary general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded -

- (i) by the chairman of the meeting; or
- (ii) by at least three (3) members present in person or by proxy; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members holding equity securities in the Company conferring a right to vote at the meeting, being equity



securities on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the equity securities conferring that right.

Unless a poll be so demanded, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, together with an entry to that effect in the minute book, shall be conclusive evidence of the fact without need for the proof of the number or proportion of the votes recorded in favour of or against such resolution.

In the case of an equality of votes whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the articles of the Company, on a show of hands every member who (being an individual) is present in person or (being a body of persons) is present by a representative, or by proxy not being himself a member, shall have one vote, and on a poll, every member present in person or by proxy shall have one vote for every share of which he is the holder. On a poll votes may be given either personally or by written proxy.

For further detail on general meetings of the Company, kindly view section entitled "General Meetings" in the articles of association of the Company.

22 MATERIAL CONTRACTS

22.1 Tour Operator Contract – Coastline Hotel

Pursuant to an agreement entered into by and between the CHL and Saga Holidays Limited, a tour operator specialising in holidays for mature travellers (the "**Operator**") on 11 March 2008, CHL agreed to allocate sole use accommodation at the Coastline Hotel for the Operator's customers for the periods 1 September 2008 to 29 June 2009, 7 September 2009 to 28 June 2010, and 6 September 2010 to 27 June 2011.

Saga may immediately terminate the agreement in the event of certain specified occurrences, including where there occurs a change of control of the Supplier which Saga reasonably considers to be materially detrimental to the brand reputation of the Supplier or to change the position of the Supplier so that the Supplier becomes owned or controlled by a competitor or potential competitor of Saga.

The agreement contains an option of the Coastline Hotel to extend the agreement by a further two (2) years, which will be negotiated prior to (but not later than) the 30 June 2010.

22.2 English Language School Contracts

22.2.1 EC Language School

The allocation agreement was entered into by and between CHL and Zamma Limited (EC Language School), ("**EC**") on the 17 September 2008 whereby CHL undertook to provide accommodation to EC in the Hotel, under the terms and conditions stipulated in the agreement. The agreement was entered into for nine week periods during the three consecutive summers of 2009, 2010 and 2011, which precise periods are specified in the agreement. At the end of the term of the agreement, the parties will discuss the possibility of renewing the agreement for further two year periods to cover the summers of 2012 and 2013. Unless such an agreement is reached, the original agreement will automatically terminate on the 31 August 2011. EC and CHL have the option to terminate the agreement by informing the other party, through registered post, of its intention to terminate the agreement by not later than 15 July 2009 with respect to the summer of 2009 and 15 July 2010 with respect to the summer of 2010.

In the event that CHL or its operations are to be sold, transferred, leased or passed on in any way, in whole or in part, to a third party, or that any change takes place in the shareholding or management of the Hotel, CHL is bound, in the agreement, to transfer the rights and obligations in terms of the agreement to such third parties and to ensure that the contract is fully respected and executed by any third parties and that the same high level of quality and service is maintained at all times. Non-performance in whole or in part of the contract entitles EC to hold CHL responsible for damages.

22.2.2 European School of English Limited

The allocation agreement was entered into by and between CHL and European School of English Limited and European Student Travel Ltd, (together "**ESE**") on the 17 September 2008 whereby CHL undertook to provide accommodation to ESE in the Hotel, under the terms and conditions stipulated in the agreement. The agreement was entered into for nine week periods during the three consecutive summers of 2009, 2010 and 2011, which precise periods are specified in the agreement. At the end of the term of the agreement, the parties will discuss the possibility of renewing the agreement for further two year periods to cover the summers of 2012 and 2013. Unless such an agreement is reached, the original agreement will automatically terminate on the 31 August 2011. ESE and CHL have the option to terminate the agreement by informing the other party, through registered post, of its intention to terminate the agreement by not later than 15 July 2009 with respect to the summer of 2009 and 15 July 2010 with respect to the summer of 2010.



In the event that CHL or its operations are to be sold, transferred, leased or passed on in any way, in whole or in part, to a third party, or that any change takes place in the shareholding or management of the Hotel, CHL is bound, in the agreement, to transfer the rights and obligations in terms of the agreement to such third parties and to ensure that the contract is fully respected and executed by any third parties and that the same high level of quality and service is maintained at all times. Non-performance in whole or in part of the contract entitles ESE to hold CHL responsible for damages.

22.3 International License Agreements - Radisson Blu® Resort & Spa, Golden Sands

In 2003, GSR entered into an International Licence Agreement with SAS Hotels A/S Danmark (the “**Licensor**”) for the Radisson Blu® Resort & Spa, Golden Sands) to employ a proprietary and distinctive system, identified by the trademarks ‘Radisson’ and ‘Blu’. The License commenced on 1 May 2005 and will expire on 31 December 2015.

Pursuant to the agreement, GSR undertook to pay the Licensor (i) a royalty fee for the licence; (ii) the Radisson SAS Hotels Worldwide Marketing and Advertising Contribution; and (iii) a monthly reservation fee. In terms of the agreement, GSR is solely responsible for the manner and means by which the hotel is operated. However, the agreement imposes a number of obligations on GSR relating to reporting and accounting standards.

22.4 International License Agreements – Radisson Blu® Resort, St Julians

On the 9 March 1997, BPH and Rezidor Hotels Aps Danmark (the “**Licensor**”) entered into an International License Agreement for the operation of the Bay Point Hotel as a “Radisson Bay Point Resort Malta” to employ a proprietary and distinctive system which is identified by the trademarks ‘Radisson®’ and ‘Blu®’. Such agreement was due to expire on the 31 December 2007 and accordingly, on the 18 December 2007, the parties entered into another International Licence Agreement with respect to the operation of the Bay Point Hotel.

The agreement was effective as of 1 January 2008 and will expire on 31 December 2018.

Pursuant to the agreement, BPH pays the Licensor (i) a royalty fee for the licence; (ii) the Radisson SAS Hotels Worldwide Marketing and Advertising Contribution; and (iii) a monthly reservation fee.

BPH is solely responsible for the manner and means by which the hotel is operated, however a number of obligations relating to reporting and accounting standards are set out in the agreement.

22.5 Shareholders Agreement between IHG and Mayfair dated 4 December 2002

IHG and Mayfair entered into an agreement on 4 December 2002 for the incorporation of a Maltese company to be jointly owned and controlled by IHG and Mayfair for the acquisition and rebuilding of the Golden Sands Hotel and the Cote d’Or at Ghajn Tuffieha, Malta from the Maltese company Golden Sands Limited. The agreement sets out the basis of the parties’ respective roles within the company as well as the basis on which the Company is to acquire, rebuild and manage the above mentioned property.

The agreement sets out the intention of the parties to operate the Golden Sands Hotel as a hotel aimed at tour operators and vacation ownership purposes. Depending on the success of the vacation ownership scheme, the parties intended that within the first five years of operation, 50% of the hotel would be available for vacation ownership, with the final objective being the employment of the entire hotel for such a purpose. The parties agreed that the company formed pursuant to the agreement, manages the property, while Island Hotels Group provides management expertise.

The agreement remains in force until it is terminated unilaterally by one of the parties notifying the defaulting party of an event of default or upon dissolution of the company registered pursuant to the agreement.

22.6 Emphyteutical Grant for the Construction of the Radisson Blu® Resort, St Julians

Pursuant to a deed published in the records of Notary Vincent Miceli on 1 September 1992, the Commissioner of Lands on behalf of the Government of Malta granted on temporary emphyteusis for a term of seventy-five years expiring on 1 September 2067, to BHL as emphyteuta, two sites situated at St. Georges Bay.

The original ground rent for the site measuring 26,848m² is €65,222, while the ground rent for the site measuring 8,748m² is €6,965, both payable yearly in advance and to be increased every five (5) years by 5%. The emphyteutical grant is subject to the condition that the land is used for a five (5) star hotel with 260 rooms to be kept fully operational throughout term of emphyteusis.

In terms of the emphyteutical grant, the Government has the right to dissolve the emphyteusis in the case of non-compliance with the conditions of the deed within 3 months from the notification of breach and if the ground rent, or an outstanding balance payable to the Government amounting to two (2) months ground rent, is not paid for two (2) years. Apart from the privilege established by law in respect of the emphyteutical lands, the emphyteuta granted a hypothec in favour of the Government over all its property in general, present and future as security for the payment of ground rent.



22.7 Emphyteutical Grant of a Plot of Land in Salina

Pursuant to a deed published before Notary Alexander Grech on 4 April 1968, the Government of Malta granted a plot of land at Salina (or Port Buartrat) limits of Naxxar (measuring approximately 3,760m²), to Salina Bay Hotel Company Limited on temporary emphyteusis for a period of for ninety-nine years expiring on 4 April 2067. Following entry into a deed of sale on 3 November 1992 by, *inter alia*, the original emphyteuta, as vendor and CHL as purchasers, the site was transferred to CHL. In terms of the deed, the ground rent of €8,758 per annum (payable yearly in advance) is payable to the Government.

Apart from a number of conditions relating to the construction of the hotel, the grant is subject to emphyteuta using the land exclusively for the purposes of tourist development and to build on the emphyteutical land a self-contained first class resort hotel with single or double bedroom accommodation for not less than one hundred guests. The Government has the right to dissolve the deed if the emphyteuta does not use the emphyteutical land for the exclusive purpose of tourist development.

The Government also has the right to dissolve the emphyteusis if CHL fails to pay the ground rent for three (3) years, or if although the CHL has made part payments in each year, a sum equal in amount to three yearly payments is still due to Government by way of ground rent.

In order to secure the payment of the ground rent and the proper performance of all the obligations hereby undertaken, the emphyteuta undertook to hypothecate in favour of the Government, all its property in general, present and future.

22.8 Emphyteutical Grant of Land to be used for Extension of Coastline Hotel

Pursuant to a deed published before Notary Dr Vincent Miceli on 7 March 1994, the Commissioner of Land granted on temporary emphyteusis for a period terminating on 3 April 2067, three divided portions of land situated at Salina l/o Naxxar, subject to a temporary yearly ground rent of €30,118 payable yearly in advance from 1 October 1993 and an additional two divided portions of land situated at Salina l/o Naxxar subject to a yearly and temporary ground rent of €1,183 payable yearly in advance as from 1 October 1993.

The grant is subject to the three divided portions being used for the expansion of the existing Hotel and the other two divided portions being used to serve the same hotel. In the event that the emphyteuta requests that a different use is permitted for the latter two divided portions of land, the Government will accede to such request provided that a new public deed is entered into under the same conditions, except for the change of use, and a new ground rent is established at the rate of €4.66 per annum for every square metre requested to be utilised for a use different than that stipulated in the deed. If the emphyteuta makes a different use of the emphyteutical land other than that mentioned the deed, the Government has the right to terminate the grant.

The Government also has the right to dissolve the emphyteusis if the emphyteuta fails to pay ground rent for three (3) years or if although the emphyteuta has made part payments in each year, a sum equal to three yearly payments is still owed to Government by way of ground rent.

In addition to the privilege established by law in respect of emphyteutical land, the emphyteuta hypothecated in favour of the Government all its property in general, present and future to secure payment of the ground rent and the proper performance of obligations.

22.9 Emphyteutical Grant – Radisson Blu® Resort & Spa, Golden Sands

Pursuant to a deed published by Notary Dr Angelo Vella on the 12 February 2003, Golden Sands Limited transferred to GSR the temporary *utile dominium* for the remaining period of the original grant stipulated for a period of 150 years which expires on the 19 January 2114 of the Golden Sands Hotel, subject to an annual and temporary ground rent of approximately €7500 and subject to all the terms and conditions resulting from the following public deeds: -

- i) A public deed in the records of Notary Anthony Attard dated 20 January 1964;
- ii) A public deed in the records of Notary Alexander Grech dated 23 August 1979;
- iii) A public deed in the records of Notary Vincent Miceli dated 13 August 1993.

GSR also acquired adjacent land, today forming part of the Radisson Blu® Resort & Spa, Golden Sands, known as the Cote D'Or Hotel on the 12 February 2003, on a free and unencumbered basis subject to all the terms and conditions resulting from the public deed in the records of Notary Anthony Attard dated 20 January 1964.

23 EXPERT STATEMENTS

On 21 August 2009, Perit Edgar A. Rossignaud B.Arch., A.& C.E. provided a valuation of the Radisson Blu® Resort & Spa, Golden Sands, the Coastline Hotel and the Radisson Blu® Resort, St Julians, the “**Properties**”. Perit Edgar A. Rossignaud B.Arch., A.& C.E. has given his consent for the publication of his report.



24 DOCUMENTS ON DISPLAY

For the duration period of the Prospectus the following documents shall be available for inspection at the registered address of the Company:

- a) Memorandum and Articles of Association of the Company;
- b) the Historical Financial Information of IHG and of each of the Subsidiaries for each of the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008;
- c) the *pro forma* restated consolidated financial information of the IHG Group for each of the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 and the accountants report thereon;
- d) the unaudited condensed interim financial information of the IHG Group for the period commencing 1 November 2008 and ended 30 April 2009 and the accountants report thereon;
- e) Valuations of the Properties dated 21 August 2009 and issued by Perit Edgar A. Rossignaud B.Arch., A.& C.E.; and
- f) the Prospectus.

The documents listed in (a), (b) and (f) above are also available for inspection in electronic form on the Company's website at www.ihgholdingsplc.com.



ANNEX 1 – PRESENT & PAST DIRECTORSHIPS

Winston V. Zahra

Present Directorships

B.C.W. Limited
Bay Point Hotel Limited
Bap Point Properties Limited
Bugibba Holiday Complex Limited
Church Street Developments Limited
Coastline Hotel Limited
Dragonara Casino Limited
Foundation for International Studies Limited
Golden Sands Resort Limited
Island Caterers Limited
Island Hotels Group Finance p.l.c.
Island Hotels Group Limited
LMZ Limited
Malta University Broadcasting Limited
Malta University Consulting Limited
Malta University Holding Company Limited
T.M.C. Limited
Volksbank Malta Limited
WVZ & NV Limited
Zarina Ltd

Past Directorships

Bugibba Resorts Management Ltd
Damieri Properties (Malta) Limited
Dragonara Casino Restaurant Limited
Malta Universities Publishers Limited
N Z Limited

Trevor E. Zahra

Present Directorships

Bay Point Hotel Limited
T Limited
T.M.C. Limited
TCZ Limited

Past Directorships

Bugibba Resorts Management Ltd

Winston J. Zahra

Present Directorships

Bay Point Hotel Limited
Coastline Hotel Limited
Double You Limited
Island Caterers Limited
T.M.C. Limited
W.J.Z. Limited
Past Directorships
Malta International Airport p.l.c.

Kenneth Abela

Present Directorships

Hospitality Services Company Limited

Edward R. D'Alessandro

Present Directorships

Island Caterers Limited

Past Directorships

Cirok Ltd

**Nazzareno Vassallo***Present Directorships*

2930 Limited
A&N Properties Limited
B.C.W. Limited
Bay Point Hotel Limited
Bay Point Properties Limited
Bugibba Developments Limited
Bugibba Holiday Complex Limited
Bugibba Resorts Management Limited
Building Consultancy Services Limited
Caremalta Finance p.l.c.
Caremalta Group Limited
Caremalta Limited
Caremalta Mellieha Limited
Coastline Hotel Limited
Cottonera Waterfront Group p.l.c.
Golden Sands Resort Limited
Island Hotels Group Holdings Limited
Island Caterers Limited
Island Hotels Group Finance p.l.c.
Island Hotels Group Limited
Iz-Zghira Limited
M.I. Investments Limited
Magister Academy Limited
Makeezi Limited
MIDI p.l.c.
N.O.V.I.T.A. Construction Company Limited
Oper8 Malta Limited
Power Projects Limited
Ruben's Properties Limited
San Martin Estates Limited
SKY Developments Limited
Tigne' Point Marketing Limited
Vassallo Builders Group Limited
Vassallo Builders Limited
Vassallo Joiners Limited
Westminster Operations Limited
Westminster Properties Limited
WVZ & NV Limited

Past Directorships

A&N Investments Limited
Datanet Limited
Healthcare Services Limited
M&E Services Limited
Makeezi Development Limited
N.O.V.I.T.A. Limited
Property Maintenance Limited
San Giljan Investments Limited
Vassallo Brothers Limited
Venture Properties Limited

COMBINED SECURITIES NOTE

for an offer of Shares and Bonds

Dated 28 August 2009

This document is a Securities Note issued in accordance with the provisions of Chapter 6 of the Listing Rules made 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.

This Combined Securities Note is issued pursuant to the requirements of Listing Rule 6.4.3 of the Listing Rules and contains information about securities issued by **Island Hotels Group Holdings p.l.c.** for which application has been made for admission to trading of its securities on the Malta Stock Exchange. This Combined Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Group.

An offer by
**Vassallo Builders Group Limited
& T.M.C. Limited**

An offer by
Vassallo Builders Group Limited

of

of

a total of 140,000 6.5%
Bonds 2017-2019 with a nominal
value of €100 each

a total of 8,383,300
Ordinary Shares
with a nominal value of
€1 each

a total of 8,817,300
Ordinary Shares
with a nominal value of
€1 each

to the General Public
(subject to pre-allocation
agreements vide section
8 hereof)

to Double You Limited &
T Limited

ISIN: MT0000481219

ISIN: MT0000480104

issued at par by

Island Hotels Group Holdings p.l.c.



Winston J. Zahra for and on behalf of
Winston J. Zahra
Director
Island Hotels Group Holdings p.l.c.

Winston J. Zahra
Director
Island Hotels Group Holdings p.l.c.

Trevor E. Zahra
Director
Island Hotels Group Holdings p.l.c.

Nazzareno Vassallo
Director
Island Hotels Group Holdings p.l.c.

LEGAL COUNSEL

LEAD MANAGER & REGISTRAR

SPONSOR

JOINT MANAGER

CAMILLERI PREZIOSI
ADVOCATES

BOV
Bank of Valletta

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING

HSBC 



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1 IMPORTANT INFORMATION

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON ISLAND HOTELS GROUP HOLDINGS P.L.C. (THE "COMPANY"), ITS SUBSIDIARIES, AFFILIATES AND ITS GROUP BUSINESS. THE INFORMATION IS BEING MADE AVAILABLE IN CONNECTION WITH A COMBINED OFFER BY (I) VASSALLO BUILDERS GROUP LIMITED OF 8,817,300 ORDINARY SHARES IN THE COMPANY TO DOUBLE YOU LIMITED AND T LIMITED AND 8,383,300 ORDINARY SHARES IN THE COMPANY TO THE GENERAL PUBLIC (THE "SHARES") AND (II) BY VASSALLO BUILDERS GROUP LIMITED AND T.M.C. LIMITED OF €14,000,000 6.5% BONDS 2017-2019 (THE "BONDS"). THE SHARES HAVE A NOMINAL VALUE OF €1 EACH AND ARE BEING OFFERED AT PAR, THE BONDS HAVE A NOMINAL VALUE OF €100 EACH AND ARE BEING OFFERED AT PAR.

THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE OFFER OF SECURITIES ISSUED BY THE COMPANY, AS WELL AS IN COMPLIANCE WITH THE COMPANIES ACT, (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY, THE OFFERORS OR EACH OF THEIR DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF THE SECURITIES OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION WITH THE COMBINED OFFER HEREBY MADE, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY, ITS DIRECTORS, THE OFFERORS OR ADVISORS. THE ADVISORS ENGAGED BY THE COMPANY FOR THE PURPOSE OF THIS COMBINED OFFER ARE ACTING EXCLUSIVELY FOR THE COMPANY.

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

THIS PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR THE SECURITIES 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 COMPANY TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES ISSUED BY THE COMPANY 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 COMPANY OR THE OFFERORS THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES 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 COMPANY OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

THE SECURITIES 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 COMPANY 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. APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR BOTH SECURITIES TO BE CONSIDERED AS ADMISSIBLE TO LISTING ON A REGULATED MARKET IN MALTA. APPLICATION HAS ALSO BEEN MADE TO THE MALTA STOCK EXCHANGE, AS A REGULATED MARKET, FOR SECURITIES TO BE ADMITTED TO THE OFFICIAL LIST FOLLOWING CONDITIONAL ALLOCATION OF SECURITIES TAKING PLACE UPON RECEIPT OF APPLICATIONS FROM INVESTORS. DEALINGS IN SECURITIES ARE EXPECTED TO COMMENCE ON THE MALTA STOCK EXCHANGE ON THE 14 OCTOBER 2009.

THE CONTENTS OF THE COMPANY'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE COMPANY'S WEBSITE DO NOT FORM PART OF THIS DOCUMENT. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEB SITES AS THE BASIS FOR A DECISION TO INVEST IN ANY FINANCIAL INSTRUMENTS AND SECURITIES ISSUED BY THE COMPANY.

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

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

STATEMENTS MADE IN THIS DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN. THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT CONTAINING INFORMATION ABOUT THE GROUP.



2 DEFINITIONS

Other than as otherwise defined in this Combined Securities Note, the capitalised terms used herein shall bear the same meaning as that attributed thereto in the Registration Document.

25% Offer	means the offer by VBG to each of Double You Limited and T Limited of 4,408,650 Shares each;
Applicant/s	a person whose name, or persons whose names in the case of joint applicants, appear in the registration details of an Application Form;
Application/s	the application/s to purchase and acquire Securities made by an Applicant by completing an Application Form and delivering it to any of the Financial Intermediaries or the Registrar;
Application Form	the form of application for subscription of the shares constituting the Public Offer and/or the form of application for subscription of Bonds, specimens of which are set out in Annexes 3 to 5 of this Combined Securities Note;
Bondholders	the persons registered in the Company's register as being the holders of Bonds;
Bonds	the 140,000 bonds of a face value of €100 per bond redeemable on the Redemption Date or, at the option of the Company, on a Designated Early Redemption Date, bearing interest at the rate of 6.5% per annum and redeemable at their nominal value, issued by the Company to VBG and TMC;
Bond Offer	the offer made by each of TMC and VBG of the Bonds under the terms and conditions contained in the Combined Securities Note and in the following proportions: - a) TMC as to 70,000 Bonds, the "TMC Bonds"; and b) VBG as to 70,000 Bonds, the "VBG Bonds";
Bond Offer Price	either, the price of one hundred euro (€100) or, €100 in value of the CareMalta Bonds (including the Cash Top-Up), as the case may be, per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CareMalta Bonds	the €8,852,037 bonds issued by CareMalta Finance p.l.c. on the 15 October 2002 redeemable on the 15 November 2011 or, at the option of CareMalta Finance p.l.c., on the 15 November 2009 or 15 November 2010, bearing interest at the rate of 6.5% per annum and redeemable at their nominal value;
CareMalta Bondholders	holders of the CareMalta Bonds as at 3 September 2009;
Combined Offer	the Share Offer and the Bond Offer;
Combined Securities Note	this document in its entirety;
Designated Early Redemption Dates	a date or dates falling between 1 July 2017 up to and including 29 June 2019 which the Company may designate as a date or dates set for the redemption of the Bonds by giving sixty days prior written notice;
Employees	the persons who as the 28 August 2009 are in full or part-time employment with any company forming part of the Group;
Financial Intermediaries	the banks, financial institutions, stockbrokers and other persons referred to in Annex 2 of the Combined Securities Note;
Offerors	TMC with respect to the offer of the TMC Bonds, and VBG with respect to the Share Offer and the offer of the VBG Bonds;
Offer Period	the period between 22 September 2009 and 28 September 2009, both days included or such earlier date as may be determined by the Company in the event of over-subscription;
Preferred Applicants	with respect to the Public Offer:- a) Financial Intermediaries for the benefit of their clients; and b) Employees; with respect to the Bond Offer, the CareMalta Bondholders;
Prospectus	this document together with the Registration Document and the Summary Note all dated 28 August 2009 in connection with the offer of Securities by the Offeror;
Public Offer	means the offer by VBG to the general public of 8,383,300 Shares;
Redemption Date	30 June 2019;
Registration Document	the registration document issued by the Company and the Offerors dated 28 August 2009, forming part of the Prospectus;
Shares	the 17,200,600 ordinary shares in the Company of a nominal value of €1 being the subject of this Prospectus;
Shareholders	the persons registered in the Company's register as being the holders of its ordinary shares;
Share Offer	the 25% Offer and the Public Offer;
Share Offer Price	the price of €1 for each Share;
Securities	the Shares and the Bonds;



SPA	the conditional share purchase agreement entered into on the 6 August 2009 by and between, <i>inter alia</i> , VBG, Double You Limited and T Limited with respect to the acquisition by Double You Limited of 12.5%, and T Limited of 12.5%, of the issued share capital of the Company;
Summary Note	the summary note issued by the Company and the Offerors dated 28 August 2009, forming part of the Prospectus;
Terms and Conditions of the Bonds	the terms and conditions relating to the Bonds as contained in this Prospectus, in particular Section 9 of this Combined Securities Note.

3 RISKS RELATING TO THE SECURITIES

An investment in the Securities involves certain risks, including those set out below in this section. In deciding whether to make an investment in either of Securities, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus. The applicability of the risk factors set out in section 3.5 is limited to the Shares, whereas the risk factors set out in this section 3.6 apply to the Bonds. The remaining risk factors relate to the Securities in general.

3.1 No Prior Market for the Securities

Prior to the Combined Offer, there has been no public market for the Company's securities within or outside Malta. Due to the absence of any prior market for the Securities, there can be no assurance that the price of the Securities will correspond to the price at which the Securities will trade in the market subsequent to the Combined Offer. The market price of the Securities could be subject to significant fluctuations in response to numerous factors, including the Group's operating results and developments in the economies of other countries to which the Group is directly or indirectly exposed.

3.2 Limited Liquidity of the Malta Stock Exchange

Application has been made to seek a listing on the Malta Stock Exchange, which is smaller and less liquid than the more developed stock markets in Europe and the United States. Currently equity securities of only eighteen Maltese companies are traded on the Malta Stock Exchange, out of which seventeen equity securities were admitted to the Official List of the MSE and one to the Alternative Companies List. The limited liquidity of the market for the Shares could increase the price volatility of the Shares and may impair the ability of a holder of Shares to sell such Shares in the market in the amount and at the price and time such holder wishes to do so. To control price volatility, the Malta Stock Exchange may not allow matching of deals in shares of a listed company when the price falls outside a seven per cent range (up or down) from the previous day's traded weighted average price. Similar liquidity limitations may exist in the market for Securities once admitted to trading on the Malta Stock Exchange. The liquidity of the market depends on, amongst others, factors beyond the Company's control such as the willingness (or otherwise) to invest of potential buyers and sellers of the Securities. The effect that the investors' decisions may have on the trading market would consequently affect the trading value of the Securities.

Following the completion of this Combined Offer, the price at which the Securities will be traded, as well as the sales volume of the Securities traded, will be subject to fluctuations. These movements may not necessarily be caused by the Group's business activity or its results of operations. It is also possible that the Group's results of operations or its business outlook may fall short of expectations, in which case the price of the Securities could be negatively affected.

3.3 Value

The value of investments can rise or fall, and past performance is not necessarily indicative of future performance. If in need of advice, you should consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act, Cap. 370 of the Laws of Malta.

3.4 Secondary Market

There can be no assurance that an active secondary market for the Securities will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to re-sell his/her Securities below, at or above the Share Offer Price or the Bond Offer Price, as the case may be.

3.5 Risks Relating Specifically to the Shares

3.5.1 Minority shareholding

Due to the size of their shareholding in the Company pursuant to TMC's existing shareholding as well as the conditional obligations undertaken by Double You Limited and T Limited in the SPA, on the effective acquisition of shares in the Company, TMC, Double You Limited and T Limited, will, through the possible pooling of their votes, be in a position to control and decisively influence



matters that require approval of the general body of Shareholders, including resolutions regarding dividends and other important measures. The interests of TMC, Double You Limited and T Limited as Shareholders may not coincide with the interests of other Shareholders in the Company.

3.5.2 Dividends

The Company's results can fluctuate and its ability to pay dividends is dependent on, amongst other things, it achieving sufficient profits. The Company may not pay dividends if the Directors believe this would cause the Company to be less adequately capitalised or that there are otherwise insufficient distributable reserves or for various other reasons. Future dividends will depend on, among other factors, the Company's future profits, financial position, working capital requirements, general economic conditions and other factors that the Directors deem significant from time to time. The prospective dividend policy set out in section 19.2 of the Registration Document forming part of the Prospectus should be read accordingly.

3.6 Risks Relating Specifically to the Bonds

3.6.1 Re-Investment following Redemption of the Bonds

The Bonds are subject to early redemption at the option of the Company as set out in the Prospectus. In the event that the Company redeems the Bonds at a time when prevailing interest rates are relatively low, holders of Bonds may not be in a position to re-invest the redemption proceeds in a comparable security at an effective interest rate at least equivalent to that of the redeemed Bonds.

Other related factors in this respect over which the Company has no control include the time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally.

3.6.2 Prior Ranking Charges

The Bonds constitute general, direct, unconditional, unsecured and unsubordinated obligations of the Company and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Company.

INVESTORS SHOULD CONSULT THE REGISTRATION DOCUMENT FOR RISK FACTORS RELATING TO THE COMPANY AND ITS BUSINESS. AN INFORMED INVESTMENT DECISION CAN ONLY BE MADE BY INVESTORS AFTER THEY HAVE READ AND FULLY UNDERSTOOD THE RISK FACTORS ASSOCIATED WITH AN INVESTMENT IN THE SECURITIES ISSUED BY THE COMPANY AND THE INHERENT RISKS ASSOCIATED WITH THE COMPANY'S BUSINESS

4 FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company and/or the Directors concerning, amongst other things, the Company's strategy and business plans, results of operations, financial condition, liquidity, prospects and dividend policy of the Company and the markets in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Company are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions generally and in Malta, hotel markets specifically, legislative and regulatory changes, changes in taxation regimes, the availability and cost of capital for future investments and the availability of suitable financing.

Potential investors are advised to read this document together with the Registration Document in its entirety and, in particular, the heading of each of these documents entitled "Risk Factors" for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. All forward-looking statements contained in this document are made only as at the date hereof. Subject to its legal and regulatory obligations (including under the Listing Rules), the Company and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.



5 PERSONS RESPONSIBLE

The Directors of the Company, whose names appear under the sub-heading “Directors” under the heading “Identity of Directors, Senior Management, Advisors & Auditors” in Section 6 of the Registration Document, are the persons responsible for the information contained in this Combined Securities Note.

In view of the fact that the Bond Offer is being made by the Offerors and the Share Offer is being made by VBG alone, the Directors of the Company have relied on the information provided to them by VBG and TMC in respect of the Bond Offer and VBG alone in the case of the Share Offer.

To the best of the knowledge and belief of the Directors, (who have all taken reasonable care to ensure such is the case), the information contained in this Combined Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors, save for any rights which they might have against VBG and TMC, accept responsibility accordingly.

6 KEY INFORMATION

6.1 Expected Timetable

MATTER	DATE
Availability of Application Forms	4 September 2009
Preferred Applicants' Period	17 September 2009
Share Pre-Placement Period	18 September 2009
Opening of Offer Period	22 September 2009
Closing of Offer Period	28 September 2009
Expected announcement of basis of acceptance	5 October 2009
Expected dispatch of allocation advices and refunds of unallocated monies	12 October 2009
Admission of Securities on the Malta Stock Exchange	13 October 2009
Commencement of Interest Payment Period for Bondholders	13 October 2009
Commencement of trading on the Malta Stock Exchange	14 October 2009

The Registrar, as authorised by each of the Offerors, reserves the right to close the Offer Period before 28 September 2009 in the event of over-subscription, in which case, the dates of the last four events listed above shall be anticipated in the same chronological order so as to retain the same number of Business Days between the respective dates.

6.2 Working Capital

The Board of Directors of the Company is of the opinion that the working capital available to the Company is sufficient for the Company's business requirements over the coming twelve months of operations.

6.3 Interest of Natural & Legal Persons in the Combined Offer

VBG and TMC, both Offerors, as at the date of this Prospectus, each hold 50% of the issued share capital of the Company. The beneficial owners of VBG include Nazzareno Vassallo (a director of the Company). The beneficial owners of TMC include Winston V. Zahra, Winston J. Zahra and Trevor E. Zahra (all directors of the Company). Furthermore, Winston J. Zahra and Trevor E. Zahra form part of the senior management of the Group.

6.4 Capitalisation and Indebtedness

IHG (the previous parent company of the Group) is financed through shareholders' funds, bank debts and internally generated profits that have been retained over the years.

During the three years ended 31 October 2006, 2007 and 2008, IHG generated net cash flows from operating activities amounting to €14,299,033.

A total of €4,859,035 were utilised for investing activities made up of €6,018,934 utilised to acquire property, plant and equipment net of proceeds from the sale of property, plant and equipment, movements in financial assets and interest receivable of €1,159,899.

Net cash flows from financing activities during the period under consideration reflect net outflows from debenture loans of €17,950,401 net of inflows from bank borrowings amounting to €11,722,570. Dividends paid during the years ended 31 October, 2006, 2007 and 2008 amounted to a total of €310,629.



The information set out below, extracted from IHG's *pro forma* historical financial information for the three financial years ended 31 October 2006, 2007 and 2008 highlights the main sources and application of funds of IHG.

Euro 000s	2008	2007	2006
Net cash flows from operating activities	6,438	8,772	(911)
Net cash flows from investing activities	(1,866)	(1,905)	(1,088)
Net cash flows from financing activities	(4,100)	(2,688)	250
Net movement in cash and cash Equivalents	472	4,179	(1,749)
Effect of foreign exchange rate changes	(706)	(385)	43
Cash and cash equivalents at the beginning of the year	(4,952)	(8,746)	(7,040)
Cash and cash equivalents at the end of the year	(5,186)	(4,952)	(8,746)

Information with respect to the IHG's capitalisation and indebtedness as at 30 June 2009 according to the latest available management accounts of IHG prior to the restructuring exercise is summarised below:

	As at 30 June 2009 Euro 000s
Shareholders' equity	
Issued capital	21,852
Revaluation reserve	2,692
Retained earnings	(2,352)
	22,192
Interest bearing borrowings	
Bank overdraft	7,595
5.7% Bond repayable 2008 - 2010*	93
Bank loan	25,140
	32,828

*representative of a private placement of bonds issued by GSR on the 2 July 2003

Information regarding IHG's indebtedness, as extracted from the interim unaudited financial statements as at 30 June 2009 is set out below:

	As at 30 June 2009 Euro 000s
Cash at bank and in hand	824
Bank overdraft	(7,595)
	(6,771)
5.7% Bond repayable 2008 - 2010	(93)
Bank loan - current portion	(4,600)
Net current financial indebtedness	(11,464)
Bank loan - non-current portion	(20,540)
Net financial indebtedness	(32,004)

By means of sanction letters dated 6 July 2009 and 28 July 2009, HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c. sanctioned Group banking facilities amounting to €3.5 million and €8.5 million respectively which are to be repaid in accordance with the terms of sanction by 2016.



Bank borrowings are secured by:

- A first general hypothec over the Company's assets;
- Special hypothecs over the Company's immovable properties;
- Financial collateral by IRIL and a pledge over the shares held by IRIL in Azure Resorts Limited and a pledge over the shares held by IHG in IRIL;
- Pledge over the shares in Subsidiaries and associates;
- Various letters of undertaking from Subsidiaries, associates and shareholders;
- A pledge over insurance policies of Subsidiaries;

On 1 July 2009 the company issued 140,000 6.5% Bonds of Euro 100 each to VBG and TMC redeemable 2017 - 2019.

The *pro forma* unaudited information with respect to the Company's capitalisation and indebtedness as at 31 July 2009, reflecting the above increased gearing is summarised below:

	As at 31 July 2009 Euro 000s
Shareholders' equity	
Issued capital	35,269
Interest bearing borrowings	
Bank overdraft	7,670
Bank loan	36,738
5.7% Bond repayable 2008 - 2010	93
6.5% Redeemable Bonds (2017 - 2019)	14,000
	<u>58,501</u>
Information regarding the Company's indebtedness, as extracted from the <i>pro forma</i> unaudited financial information as at 31 July 2009 is set out below:	
	As at 31 July 2009 Euro 000s
Cash at bank and in hand	872
Bank overdraft	(7,670)
	<u>(6,798)</u>
5.7% Bond repayable 2008 - 2010	(93)
Bank loan - current portion	(5,722)
	<u>(12,613)</u>
Net current financial indebtedness	(12,613)
Bank loan - non-current portion	(31,016)
6.5% Redeemable Bonds (2017 - 2019)	(14,000)
	<u>(45,016)</u>
Non-current financial indebtedness	(45,016)
Net financial indebtedness	(57,629)

6.5 Reasons for the Combined Offer & Expenses

6.5.1 Reasons for Share Offer & Bond Offer

This Combined Securities Note contemplates the following: -

- Share Offer - The offer by VBG of 8,383,300 Shares in the Company to the general public (Public Offer) and 8,817,300 to Double You Limited and T Limited (25% Offer);
- Bond Offer - The offer at par by VBG of the VBG Bonds and by TMC of the TMC Bonds. The Bonds were issued by the Company with effect from the 1 July 2009 as part of an acquisition and restructuring programme of the Group. The Bonds were issued in favour of TMC and VBG to settle part of the consideration due to them for the acquisition of the Group.



By virtue of the SPA entered into on the 6 August 2009, VBG undertook, subject to the satisfaction of a number of conditions (including the admission of the Company's ordinary shares capital to trading on the MSE), to transfer to each of Double You Limited and T Limited 4,408,650 ordinary shares in the Company, thereby rendering each of Double You Limited and T Limited 12.5% shareholders in the Company. The purpose of the offer by TMC of the TMC Bonds is to discharge the price of the acquisition of the said 8,817,300 shares from VBG on behalf of Double You Limited and T Limited, leaving an outstanding balance due between TMC and Double You Limited and T Limited for their respective portions of the acquired shares in the Company.

The Share Offer and the Bond Offer (as to VBG Bonds) by VBG shall be applied to the benefit of VBG which through such offer shall realise its investment in the Group.

6.5.2 Expenses

Accordingly, all of the proceeds of the Combined Offer, which are estimated to be in the region of €31,200,600 will be

- a) for the account of TMC for a maximum of €7,000,000 and,
- b) for the account of VBG for a maximum of €24,200,600.

The said amounts do not take into account direct costs and expenses of the Combined Offer, including but not limited to, selling commissions, management and registrar fee, legal, consultancy and accounting fees, advertising, printing and other publicity.

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsorship, management, registrar fees, selling commission and other miscellaneous expenses in connection with this Combined Offer are estimated not to exceed €650,000. There is no particular order of priority with respect to such expenses. Accordingly, the net amount of proceeds from the Combined Offer is estimated to be €30,550,600.

7 INFORMATION CONCERNING THE SHARES

7.1 Description and Type of Shares

The Shares are ordinary shares in the Company having a nominal value of €1 each share. The 17,200,600 Shares on offer constitute 48.78% of the entire issued share capital of the Company. Subject to admission to the listing of the Shares on the Official List of the Malta Stock Exchange, the Shares are expected to be attributed the following ISIN: MT0000480104.

7.2 Creation and Status

The Company was registered as a private limited liability company on 5 August 2008 with an authorised share capital of €40,000,000 divided into 20,000,000 Ordinary 'A' shares and 20,000,000 Ordinary 'B' shares of a nominal value of €1.00 each share. The initial issued share capital of the Company was €1,200 divided into 1,200 of a nominal value of €1.00 each, subscribed to by TMC, holder of 600 Ordinary 'A' shares, and by VBG, holder of 600 Ordinary 'B' shares.

On 3 August 2009, the issued share capital of the Company was increased to €35,269,200, divided into 17,634,600 Ordinary 'A' shares of a nominal value of €1.00 each share and 17,634,600 Ordinary 'B' shares of a nominal value of €1.00 each share, held as follows:

1. TMC as to 17,634,600 ordinary A shares; and
2. VBG as to 17,634,600 ordinary B shares;

Immediately prior to conversion of the Company from a private limited liability company to a public limited liability company on 21 August 2009, the share capital in the Company was redesignated into a single class of ordinary shares by virtue of an extraordinary resolution dated 21 August 2009. Accordingly, as from the date of said conversion, the issued share capital of the Company was €35,269,200 divided into 35,269,200 ordinary shares of a nominal value of €1.00 per share.

The Shares are ordinary shares of the Company and form part of one class of ordinary shares. There are no shares of the Company in issue that have any preferred or deferred rights. The Shares entitle their holders to attend and vote at general meetings of Shareholders and to dividends, if any, declared and paid by the Company. All holders of ordinary shares shall rank *pari passu* upon any distribution of assets in a winding up or otherwise. (See Section 7.3 of this Combined Securities Note).

The shares of the Company were created by the incorporation of the Company on the 5 August 2008 and by an increase in the issued share capital of the Company by a resolution of the Directors on the 3 August 2009 (pursuant to an authority granted to same by the Shareholders of the Company). The Shares were issued pursuant to the Companies Act, Cap 386 of the laws of Malta and are in registered form and until they are admitted to the Official List of the MSE they will be in fully certificated form. The Share certificates are evidence issued by the Company to the shareholder of the relevant entry in the register of members of the Company and of the shares held by such member. Following admission of the ordinary share capital of the Company to the Official List of the MSE, the Company's share capital, whilst retaining its registered form, will no longer be in certificated form and will thereafter be held in book-entry form at the Central Securities Depository of the MSE in accordance with the requirements of the MSE or in such other form as may be determined from time to time by applicable law, the requirements of the MSE or by the Company.



7.3 Rights Attached to the Shares

The Shares form part of one class of ordinary shares in the Company and shall accordingly have the same rights and entitlements. The following are highlights of the rights attaching to the Shares:

Dividends:	the Shares shall carry the right to participate in any distribution of dividend declared by the Company <i>pari passu</i> with all other shares in the same class;
Form:	ordinary shares;
Currency of Shares:	Euro;
ISIN	MT0000480104
Voting Rights:	each Share shall be entitled to one vote at meetings of Shareholders;
Capital Distributions:	the Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise, <i>pari passu</i> with all other shares of the same class;
Transferability:	the Shares are freely transferable and once admitted to the Official List of the MSE shall be transferable in accordance with the rules and regulations of the MSE applicable from time to time;
Pre-Emption:	In accordance with article 88 of the Act and article 8 of the Company's articles of association, should shares of the Company be proposed for allotment for consideration in cash, those shares must be offered on a pre-emptive basis to Shareholders in proportion to the share capital held by them. A copy of any offer of subscription on a pre-emptive basis indicating the period within which this right must be exercised must be delivered to the Registrar of Companies. The right of pre-emption must be exercised in accordance with the terms and conditions set out in the articles of association of the Company. This right of pre-emption may be withdrawn by an extraordinary resolution of the general meeting, in which case, the Directors will be required to present to that general meeting a written report indicating the reasons for restriction/withdrawal of the said right and justifying the issue price;
Other:	The Shares are not redeemable and not convertible into any other form of security;
Mandatory Takeover Bids, Squeeze-Out and Sell-Out Rules:	Chapter 18 of the Listing Rules, implementing the relevant provisions of <i>Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004</i> regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The Shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority – www.mfsa.com.mt

7.4 Authorisations

The Listing Authority admitted the ordinary share capital of the Company as eligible to listing on a regulated market pursuant to the Listing Rules by virtue of a letter dated 28 August 2009.

Application has been made to the MSE for the ordinary share capital of the Company to be admitted to the Official List of the MSE, on the allocation of the Shares pursuant to the Share Offer.

7.5 Selling Shareholder - VBG

VBG is a limited liability company registered under the laws of Malta with company registration number C2448 and with registered office at 'The Three Arches', Valletta Road, Mosta MST 9016. The beneficial owners of VBG are Nazzareno Vassallo, Mary Ann Vassallo, Natalie Briffa Farrugia, Pio Vassallo, Christian Vassallo, Ruben Vassallo and Charlene Vassallo. VBG is offering for sale 17,200,600 ordinary shares in the Company, constituting 48.77% of the total issued share capital of the Company.

Nazzareno Vassallo has held directorships and in some instances the Chairmanship of a number of companies within the IHG Group.



7.6 Dilution Following Share Offer

As at the date of this Prospectus, the shareholding of the Company is divided in the following manner: -

Name:	Ordinary Shares:	Percentage of total issued share capital:
VBG	17,634,600	50%
TMC	17,634,600	50%

In the event of a full subscription by the persons indicated in sections 8.2 and 8.3 of this Combined Securities Note, it is envisaged that the shareholding of the Company shall be divided in the following manner: -

Name:	Ordinary Shares:	Percentage of total issued share capital
TMC	17,634,600	50%
Double You Limited	4,408,650	12.5%
T Limited	4,408,650	12.5%
General Public*	8,817,300	25%

* The General Public includes the 434,000 shares to be held by VBG, the 2,200,000 shares to be held by other investors as described in section 8.3.2 of this Combined Securities Note and the shares to be sold to the general public during the Offer Period

7.7 Lock Up

In terms of a facility agreement entered into by the Company and Bank of Valletta p.l.c. on the 14 July 2009, as amended on the 28 July 2009, Winston V. Zahra, Winston. J Zahra and Trevor Zahra, (together, the “**Zahras**”) undertook that following the initial public offering of the Shares and until such time as the said facility remains outstanding, the Zahras shall, unless Bank of Valletta p.l.c. consents in writing, retain control of, at least, 51% of the total issued share capital of the Company. Authorisation is to be sought from Bank of Valletta p.l.c. for any transmission/transfers/disposal of shares which would change the present shareholding of the Zahras. Bank of Valletta p.l.c. has undertaken not to withhold its consent unreasonably after taking into account the impact of such change on the ownership and/or management structure of the Group.

As a condition to the Listing Authority approving the Company's admissibility to listing on a regulated market, the Listing Authority has imposed a lock-up on TMC, Double You Limited and T Limited whereby, for a period of 24 months from the date that the Company's shares are admitted to trading on the Official List of the MSE, (the “**Lock-Up Period**”) and save for what is provided in the last paragraph of this section:

- None of TMC, Double You Limited and T Limited shall transfer or otherwise dispose of their shares in the Company which may cause their combined holding in the Company to fall below 75% of the total issued share capital of the Company;
- Each of Double You Limited and T Limited shall not transfer or otherwise dispose of any shares acquired by it pursuant to the 25% Offer, and that, for the duration of the Lock-Up Period, they shall each retain a minimum holding of 12.5% of the Company's issued share capital;
- TMC shall not transfer or otherwise dispose of any shares in the Company which may cause its holding in the Company to fall below 50% of the total issued share capital of the Company.

This undertaking shall subsist notwithstanding any provision of the Act, the Listing Rules and the memorandum and articles of association of the Company that would otherwise have permitted any transfer or disposal of shares for the Lock-Up Period.

In addition to the Lock-Up above, in the event that during the Lock-Up Period the Company were to make a new issue of shares to allow the public shareholders to increase their share in the Company, each of TMC, Double You Limited and T Limited may exercise their right to subscribe for their proportionate share (in exercise of their pre-emption rights on new issue of shares). Subject to them retaining not less than 51% of the issued share capital of the Company, none of them shall be bound to subscribe for their respective proportionate share of such issue.



8 SHARE OFFER

8.1 Plan of Distribution

During the Offer Period, Applications may be made through the Sponsor and any of the Financial Intermediaries. The Shares are open for application to all categories of investors.

It is expected that an allocation advice to Applicants will be dispatched within 5 Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (and regulations made thereunder). Such monies will not bear interest while retained as aforesaid.

8.2 Share Offer & Allocation

The Shares shall be available for subscription in three tranches:

- a) By Financial Intermediaries for the account of their clients during the Share Pre-Placement Period pursuant to, *inter alia*, the provisions of Section 8.2.1 of this Combined Securities Note;
- b) By Employees through Financial Intermediaries pursuant to, *inter alia*, the provisions of 8.2.2 of this Combined Securities Note; and
- c) By the general public through Financial Intermediaries pursuant to, *inter alia*, the provisions of 8.4 of the Combined Securities Note.

The applications received by Financial Intermediaries in terms of paragraphs (a) and (b) above are considered to be preferred by virtue of the fact that the shares allocated to them shall have priority over the allocation during the Offer Period.

8.2.1 Pre-Placement Period

Prior to the commencement of the Offer Period, VBG intends to enter into conditional placement agreements with Financial Intermediaries (the **"Share Placement Agreements"**) with respect to the allocation of the shares forming part of the Public Offer up to an amount not exceeding 3,000,000 Shares (approximately 35.78% of the Public Offer), (the **"Share Placed Portion"**).

Upon the satisfactory completion and submission of the Share Placement Agreements, VBG will be conditionally bound to allocate and each Financial Intermediary will be bound to purchase and acquire for their underlying clients such number of shares indicated in their respective Share Placement Agreement. Each Share Placement Agreement will become binding on both VBG and the Financial Intermediaries upon delivery, subject to the Offerors having received all subscription proceeds in clear funds on delivery of the Share Placement Agreement.

Financial Intermediaries may submit the completed Share Placement Agreements together with subscription proceeds in clear funds on the 18 September 2009 by 1000 hours, (the **"Share Pre-Placement Period"**).

The minimum subscription amount for each Application lodged with Financial Intermediaries (for the benefit of their investors other than Employees) during the Share Pre-Placement Period shall be 2,500 shares, and Applications in a single name for a lesser amount shall not be eligible for the Share Placed Portion and shall be disregarded, unless such lesser amount is the result of scaling down by the Registrar pursuant to an over-subscription of Applications.

8.2.2 Employees

VBG has reserved approximately 250,000 of the Shares (2.98% of the Public Offer) for acquisition and purchase by Employees, (the **"Employee Share Reserved Portion"**). Employees may submit their Application for Shares through Financial Intermediaries with clear funds by the 17 September 2009, both days included, the **"Employees' Share Application Period"**.

The minimum application amount for Applications lodged by Employees with Financial Intermediaries during the Employees' Share Application Period shall be for 1000 shares and Applications in a single name for a lesser amount shall not be eligible for the Employees Share Reserved Portion and shall be disregarded.

8.2.3 Treatment of Share Placed Portion and Employees Reserved Portion

The Share Placed Portion and the Employees Share Reserved Portion shall be subject to the following limits:

- (i) The Financial Intermediaries shall be entitled to apply for up to a maximum aggregate amount of 3,250,000 shares pursuant to the Share Placement Agreements; and
- (ii) The Employees shall be entitled to apply for, through the services of Financial Intermediaries, up to a maximum aggregate amount of 250,000 shares.

The above shall be subject to the following:

- (a) any amount not taken up by Financial Intermediaries for the benefit of their clients under (i) above shall be available for subscription by Employees, subject to a combined limit of 3,250,000 shares. In the event that Applications submitted by Employees are in excess of the said amount, any unsatisfied part of such Applications shall automatically participate during the Offer Period *pari passu* with other Applicants.



- (b) any amount not taken up by Employees under (ii) above shall be available to Financial Intermediaries for the benefit of their clients during the Share Pre-Placement Period, subject to a combined limit of 3,250,000 shares. In the event that applications received from Financial Intermediaries pursuant to the Share Placement Agreements are in excess of the said amount, such applications shall be scaled down and the unsatisfied Applications or part thereof shall be cancelled and refunded.

8.3 Other Pre-Placement Agreements

8.3.1 Double You & T Limited Portion

By virtue of the SPA entered into on the 6 August 2009, VBG is bound, subject to the satisfaction of a number of conditions (including the admission of the Company's ordinary shares capital to trading on the MSE), to transfer 4,408,650 ordinary shares in the Company (equivalent to 12.5%) to Double You Limited and 4,408,650 ordinary shares in the Company (equivalent to 12.5%) to T Limited. Subject to the satisfaction of the said conditions, the shares to be transferred to each of Double You Limited and T Limited shall be transferred in their totality in accordance with the SPA and are not liable to reduction.

Double You Limited is fully owned by Winston J. Zahra (director of the Company and CEO of the Group) and T Limited is fully owned by Trevor E. Zahra (director of the Company and forms part of the senior management of the Group).

8.3.2 Other Investors

With a view to ensuring distribution of the Shares, VBG has also entered into a number of conditional placement agreements with certain investors. Such investors have, subject to the listing of the Shares on the Official List of the MSE, bound themselves to acquire and purchase, and VBG has bound itself to transfer to such investors, the number of shares indicated below:

Ryan Joseph Giggs	1,100,000 Shares	3.12%
Gary Alexander Neville	1,100,000 Shares	3.12%

Subject to the listing of the Shares on the Official List of the MSE, the shares to be transferred to each of the said investors shall be transferred in their totality in accordance with the conditional placement agreements and are not liable to reduction. On this basis each of the above are considered to be preferred applicants. The interest of each of the said two investors commenced following discussions with the Zahra family and the investor's intimation of their willingness to invest in the hospitality sector in Malta. Their interest in the investment was made subject to a minimum material threshold of investment, which is the reason for the preferred allocation. From the Group's perspective the high profile of each of the investors in the sporting field is calculated to enhance the Group's overall public relations image and profile.

8.4 General Offer

The balance of the shares not subscribed to during the Share Pre-Placement Period, the Employees' Application Period and pursuant to the placement agreements described in Section 8.3 above shall be offered to the general public during the Offer Period. Employees are also at liberty to apply for Shares during the Offer Period, at which stage, no preference shall be provided to their application.

8.5 Terms and Conditions of the Share Offer

The following terms and conditions should be read and construed as one with the additional terms and conditions of Application for Securities contained in Annex 1 of this Combined Securities Note.

8.5.1 Offer Period

VBG is making the Public Offer of the said shares for subscription by the general public. The shares forming part of the Public Offer will be available for subscription during the Offer Period that is, from 22 September 2009 up to and including 28 September 2009, subject to the right of VBG to close subscription lists before such date in the case of over-subscription. VBG reserves the right to revoke or suspend the Public Offer until such time as the Shares have been allocated in accordance with this Prospectus and dealing of the said shares takes place on the official list of the MSE.

8.5.2 Eligible Applicants

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 for shares. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person or persons authorised to sign and bind such Applicant. It shall not be incumbent on the Company, VBG or the Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact so authorised.

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, and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any shares transferred pursuant to such an Application shall be registered in the name of the minor as shareholder, with dividends payable to the parents/legal guardian signing the Application Form until such time as the minor attains the age of eighteen (18) years, after which all dividends shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen years.



8.5.3 Application Form/Methods of Payment

All Applications for the purchase of shares during the Offer Period must be submitted on Application Forms contained in Annex 3. The completed Application Forms are to be lodged with any of the Financial Intermediaries. All Application Forms must be accompanied by the full price of the shares applied for. Payment may be made either in cash or by cheque payable to “*The Registrar-Island Hotels Group Holdings plc – Combined Offer*”. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Company, VBG and the Registrar reserve the right to invalidate the relative Application. Multiple Applications during the Offer Period are not allowed.

8.5.4 Refunds

In the event that an Applicant has not been allocated any shares or has been allocated a smaller number of shares than the number applied for, then the Applicant shall receive a full refund or as the case may be, the balance of the price of the shares 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.

8.5.5 Minimum and Maximum Applications

Applications for less than 1000 Shares will not be considered. All Applications in excess of 1000 shares must be in multiples of 100 shares.

8.5.6 Preferential Treatment

The allocation of the shares shall be made without preference to any class or classes of investors or certain affinity group in their allocation, save for such persons described in Section 8.2.1, 8.2.2, 8.3.1 and 8.3.2 of this Combined Securities Note.

8.5.7 Pricing

The pricing of the Public Offer has been fixed by VBG at the Share Offer Price.

8.5.8 Allocation Policy

TMC (as lawfully authorised by VBG) will determine the allocation policy for the allotment of the shares pursuant to the Public Offer within five Business Days of the closing of subscriptions.

8.5.9 Results of the Public Offer

It is expected that the results of the Public Offer will be published by the Company by means of a company announcement or press release within five (5) Business Days following the closing of subscriptions. Each Applicant will be directly notified of the amount of shares allocated in his/her name by the Central Securities Depository of the MSE once these have been admitted to the Official List of the MSE. Trading may not commence before notification by the Central Securities Depository of the MSE has been dispatched to each person receiving Shares.

8.5.10 Intention to Acquire

Save for what is disclosed in section 8.3 of this Combined Securities Note the Company does not have any indication whether a member of the Company's management, supervisory or administrative bodies or a single investor has the intention of participating in the Share Offer by acquiring more than 5% of the Shares.

8.5.11 Conditionality

The Share Offer is conditional upon the Shares being admitted to the Official List of the MSE. In the event that the ordinary share capital of the Company is not admitted to the Official List of the MSE, the Application monies will be returned by VBG, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form.

In the event that the Public Offer is not fully subscribed by the general public and provided that the ordinary share capital of the Company is listed on the MSE, the subscribed portion thereof shall be allocated to the respective applicants in accordance with the terms of this Combined Securities Note.



9 INFORMATION CONCERNING THE BONDS

The 140,000 Bonds were issued with effect from the 1 July 2009 pursuant to a resolution of the Board of Directors of the Company dated 20 July 2009 in favour of the Offerors as part consideration of the purchase price for the business interests of the Group.

The Bonds constitute the unsecured and unconditional debt obligations of the Company that bind the Company to pay to Bondholders interest on each Interest Payment Date and the nominal value of the Bonds on the Redemption Date or any of the Designated Early Redemption Dates, as the case may be. The Bonds have a nominal value of €100 per Bond.

The Bonds have been created in terms of the Act and pursuant to the said resolution of the Board. The Bonds were issued in certificated form and represented by two global notes. Following admission of the Bonds to the Official List of the Malta Stock Exchange, the Bonds shall be held in book-entry form by the Central Securities Depository of the Malta Stock Exchange.

The Bonds are denominated in Euros.

Subject to the admission to listing of the Bonds to the Official List of the Malta Stock Exchange, the Bonds are expected to be assigned the following ISIN code: MT0000481219.

9.1 Status & Ranking

The Bonds shall constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Company and will rank *pari passu* without any priority or preference with all other present and future unsecured and, in the event there are any, unsubordinated obligations of the Company.

9.2 Rights Attaching to 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 in Section 9.1 hereof.

9.3 Interest & Yield

The Bonds shall bear interest at the rate of 6.5% per annum payable annually on the 30 June of each year. Interest shall accrue as from 1 July 2009. Interest on the Bonds shall be paid to the Offerors as at the date immediately preceding the date of admission of the Bonds on the Official List of the MSE. Interest shall accrue in favour of Bondholders as of the date immediately following such date. The first Interest Payment Date following the issuance of this Prospectus shall be 30 June 2010.

Each Bond will cease to bear interest from and including its due date of redemption, unless the Bond is earlier redeemed on a Designated Early Redemption Date, or upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or an Event of Default (as defined herein) occurs.

When interest is required to be calculated in respect of a 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.

The gross yield calculated on the basis of the interest, the Bond Offer Price and the redemption value of the Bonds at Redemption Date is six point five per cent (6.5%).

9.4 Maturity & Redemption

The Bonds shall become due for final redemption on 30 June 2019. The Company reserves the right to redeem the Bonds or any part of the Issue at any time prior to the stated maturity at any time by giving Bondholders 60 (sixty) days written notice in any of the years between 2017 and 2019 (both years included).

Redemption of the Bonds shall be made at the face value of the Bonds.

In addition, the Company reserves the right to purchase from the market at any time after issue, Bonds for cancellation. Any purchase by tender shall be made available to all Bondholders alike.

9.5 Sinking Fund

The Company hereby undertakes that as from the end of the financial year ending 31 October 2011, 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 Company's annual surpluses to meet part of the redemption proceeds on the Redemption Date.

The Directors reserve the power to invest the funds allocated to the sinking fund, provided that, save where market conditions may dictate otherwise from time to time, the investment of these proceeds will only be made either for the purpose of the Company buying back Bonds for cancellation in terms of Section 9.4 of this Combined Securities Note, or for investing in such

- a) 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 recognized international rating agency, without incurring



exchange risk, at the lower of cost and market value; and/or

- any other fixed income security which the Directors may consider appropriate for the building of the sinking fund as aforesaid.

In making such investment decisions, the Directors will apply the necessary level of prudence, taking into account the then current market circumstances and the obligations of the Company over the term of the Bonds. The directors shall keep under review their investment policies with respect to the assets constituting the sinking fund for the term of the Bonds and shall determine the asset allocation of the sinking fund with a view to creating as balanced and diversified a portfolio of assets as can reasonably be considered practicable in the then current market and overall economic conditions.

The proceeds constituting the sinking fund shall be settled on trust to an authorised trustee independent of the Company 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 Company. 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 Company.

9.6 Negative Pledge

The Company 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 Company, unless at the same time or prior thereto the Company's indebtedness under the Bonds, 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 Company;

"Permitted Security Interest" means (A) any Security Interest arising by operation of law; (B) any Security Interest securing bank loans; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Company, in an aggregate outstanding amount not exceeding eighty per cent (80%) of the difference between the value of the unencumbered assets of the Company 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 Company being less than one hundred and six point five per cent (106.5%) of the aggregate principal amount of the Bonds still outstanding;

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

9.7 Payments

- (a) Payment of the principal amount of a Bond will be made in the currency in which that Bond is designated to the person in whose name such Bond is registered, with interest accrued to the date fixed for redemption, as may be notified by the Company by way of a cheque drawn on a bank in Malta.
- (b) Payment of interest on a Bond will be made in Euro to the person in whose name such Bond is registered as at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven days of the Interest Payment Date. The Company shall not be responsible for any loss or delay in transmission.
- (c) All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments by the Company in respect of the Bonds shall be made net of any amount which the Company 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 or levied by or on behalf of the Government of Malta or authority thereof or therein having power to tax.
- (d) No commissions or expenses shall be charged to the Bondholders in respect of such payments.

9.8 Events of Default

- (a) 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:-



- (i) the Company shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Company by any Bondholder; or
- (ii) the Company 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 Company by any Bondholder; or
- (iii) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Company; or
- (iv) the Company 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
- (v) the Company is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- (vi) there shall have been entered against the Company 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 one million two hundred fifty thousand Euros (€1,250,000) 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
- (vii) any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Company in excess of one million two hundred fifty thousand Euros (€1,250,000) or its equivalent at any time.

9.9 Registration, Replacement, Transfer and Exchange

- (a) A register of the Bonds will be kept by the Company at the Central Securities Depository ('CSD') of the MSE, wherein there will be entered the names and addresses of the Bondholders and particulars of the Bonds held by them respectively and a copy of such register will at all reasonable times during business hours be open to inspection at the registered office of the Company.
- (b) Bonds, following admission to the Official List, shall be converted in uncertificated form and shall be maintained in book-entry form at the CSD of the MSE. The Bonds shall accordingly be evidenced by a book-entry in the register of Bondholders held by the CSD. The CSD will, upon request, issue a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.
- (c) A Bond may be transferred only in whole in accordance with the rules and procedures applicable from time to time at the MSE.

9.10 Further Issues

The Company is at liberty, from time to time, without the consent of the Bondholders, to create and issue further bonds, notes or debentures ranking *pari passu* in all respects with the Bonds (or in all respects save for the first payment of interest thereon). The Company shall not issue any other debt instrument for a period of six months following the date of this Combined Securities Note.

9.11 Meetings of Bondholders

The Terms and Conditions relating to the Bonds may be amended with the approval of Bondholders at a meeting called for that purpose in accordance with the terms hereunder.

- (a) In the event that the Company wishes to amend any of the Terms and Conditions of the Bonds 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.
- (b) 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 in nominal value of the Bonds then outstanding.
- (c) 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 Company would chair a general meeting of 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 the Bonds ought to be amended as proposed by the Company. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Company and the other Bondholders. The meeting shall then put the matter as proposed by the Company to a vote of the Bondholders present.
- (d) The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the Auditors of the Company.



- (e) The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75 per cent in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.
- (f) Save for the above, the rules generally applicable to the Company during general meetings of Shareholders shall apply.

9.12 Bonds held Jointly

In respect of a Bond held jointly by several persons, 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. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held. In the absence of such nomination and until such nomination is made, the person first named on the register in respect of such Bond shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held.

9.13 Bonds held Subject to Usufruct

In the 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-a-vis the Company to be the holder of the Bond so held and shall have the right to receive interests on the Bond but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

9.14 Governing Law and Jurisdiction

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

Any suit, action or proceeding against the Company with respect to a Bond shall exclusively be brought against it in the Maltese Courts.

9.15 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.

9.16 Listing

The Listing Authority has authorised the Bonds as admissible to listing pursuant to the Listing Rules by virtue of a letter dated 28 August 2009.

10 BOND OFFER

10.1 Bond Offer & Allocation

The Bonds shall be available for subscription in two tranches:

- a) By CareMalta Bondholders through Financial Intermediaries pursuant to, *inter alia*, the provisions of 10.1.1 of this Combined Securities Note; and
- b) By the general public through Financial Intermediaries pursuant to, *inter alia*, the provisions of 10.1.2 of the Combined Securities Note.

10.1.1 CareMalta Bondholders

The Offerors have reserved approximately €8,900,700 of the Bonds (63.57% of the Bond Offer) for acquisition and purchase by CareMalta Bondholders, (the “**CareMalta Reserved Portion**”). CareMalta Bondholders may submit their Application for Bonds contained in Annex 5 of this Combined Securities Note through Financial Intermediaries by the 17 September 2009, both days included, the “**CareMalta Application Period**”. The terms contained in the said Application Form form an integral part of the Terms and Condition of Application for the Bonds.

The Offerors intend to allocate the Bonds to those CareMalta Bondholders indicating their agreement by virtue of the submission of the duly completed Application Form to settle the consideration for the Bonds by surrendering in TMC's and/or VBG's favour CareMalta Bonds of an equivalent value in Euro, with preference over all other Applicants up the level of the CareMalta Reserved Portion. In applying for the Bonds in the CareMalta Reserved Portion, the CareMalta Bondholders will settle the consideration for the Bonds applied for by transferring their respective CareMalta Bonds to TMC and/or VBG. Such transfer shall be without prejudice to the rights of the CareMalta Bondholders to receive interest on the CareMalta Bonds up to and including the day immediately prior to the date of admission of the Bonds to the Official List of the MSE.



CareMalta Bondholders shall be preferred during the CareMalta Application Period

- a) up to the amount of CareMalta Bonds being transferred to TMC and/or VBG; or
- b) in the event that less than €1000 in value of CareMalta Bonds are being transferred together with the Cash Top-Up, up to the value of €1000.

The CareMalta Reserved Portion is equal to the number of outstanding CareMalta Bonds and the aggregate Cash Top-Ups, and accordingly, it is intended that all Applications submitted during the CareMalta Application Period by CareMalta Bondholders with respect to their holding of CareMalta Bonds and the Cash Top-Up shall be satisfied in full.

CareMalta Bondholders wishing to transfer their CareMalta Bonds in exchange of the Bonds shall only be entitled to do so during the CareMalta Application Period. Subsequent Applications by CareMalta Bondholders are to be made by submitting the Application Form contained in Annex 4 and must be accompanied by clear funds, at which stage, no preference shall be provided to their application.

Minimum Application Amount

The minimum application amount of Bonds for Applications lodged by CareMalta Bondholders with Financial Intermediaries during the CareMalta Application Period is for €1000 in value. Applications in excess thereof shall be in multiples of €100.

All CareMalta Bonds being transferred to VBG and/or TMC for the purpose of acquiring Bonds shall be rounded up to the next €100 by settling the difference in cash (the “**100 Top-Up**”). Each €100 in value of CareMalta Bonds transferred to VBG shall entitle such Applicant to receive €100 in value of the Bonds issued by the Company.

CareMalta Bondholders transferring less than €1000 in value of CareMalta Bonds

In the event that CareMalta Bondholders wish to transfer less than €1,000 in value of the CareMalta Bonds in settlement of their Application for Bonds, such CareMalta Bondholders shall be required to compensate for the difference between the €1,000 in value of the Bonds and the value in Euro of the CareMalta Bonds being transferred, by remitting the said amount in clear funds, the “**1000 Top-Up**”. Furthermore if the Applicant holding less than €1000 in value of CareMalta Bonds applies for Bonds in excess of €1,000 in value (being in multiples €100), such excess amount shall not be considered to form part of the CareMalta Reserved Portion and shall automatically participate during the Offer Period *pari passu* with other Applicants.

The 100 Top-Up and the 1000 Top-Up shall be referred to as the “**Cash Top-Up**”.

CareMalta Bondholders transferring more than €1000 in value of CareMalta Bonds

In the event that CareMalta Bondholders wish to transfer more than €1000 in value of the CareMalta Bonds in settlement of their Application for Bonds, such amount shall be preferred and the corresponding value of Bonds shall be allocated to him/her. However, in the event that an Applicant applies for more Bonds than the value of CareMalta Bonds held by him/her, subject to the Cash Top-Up, such amount in excess of the aggregate of his/her CareMalta Bond and the Cash Top-Up, shall not be preferred and shall automatically participate during the Offer Period *pari passu* with other Applicants.

The following is an example of the manner in which the CareMalta Reserved Portion shall be allocated: -

Value in € of CareMalta Bonds	Cash Top-Up	Additional Cash Application	Preferred Allocation
€900	€100		€1000
€900	€100	€1000*	€1000
€1,050	€50		€1,100
€1,050	€50	€1000*	€1,100

* Such additional amount applied for in cash shall not be preferred and shall automatically participate during the Offer Period *pari passu* with other Applicants.

10.1.2 Public Offer

The balance of the Bonds not subscribed to during the CareMalta Application Period shall be offered and issued to the general public during the Offer Period.

CareMalta Bondholders wishing to transfer their CareMalta Bonds in exchange of the Bonds shall only be entitled to do so during the CareMalta Application Period. Subsequent Applications by CareMalta Bondholders are to be made by submitting the Application Form contained in Annex 4 and must be accompanied by clear funds, at which stage, no preference shall be provided to their application.

The minimum application for Bonds is €1,000 in value. Applications in excess of the said minimum thresholds must be in multiples of €100. The terms of application of Bonds are contained in Annex 1 of this Combined Securities Note.

It is expected that the results of the Bond Offer will be published by the Company by means of a company announcement or press release within five (5) Business Days following the closing of subscriptions for Bonds. Each Applicant will be directly notified of the amount of Bonds allocated in his/her name by the Central Securities Depository of the MSE once these have been admitted to the Official List of the MSE. Trading may not commence before notification by the Central Securities Depository of the MSE has been



dispatched to each person receiving Bonds. The Bonds forming part of the Public Offer will be available for subscription during the Offer Period that is, from 22 September 2009 up to and including 28 September 2009, subject to the right of the Offerors to close subscription lists before such date in the case of over-subscription. The Offerors reserve the right to revoke or suspend the Bond Offer until such time as the Bonds have been allocated in accordance with this Prospectus and dealing of the said Bonds takes place on the official list of the MSE.

10.2 Unsubscribed TMC Bonds

In terms of the SPA, in the event that the TMC Bonds remain unsold by close of business of the 23 September 2009, VBG and TMC have agreed that VBG shall acquire the remaining unsold TMC Bonds. Such transfer represents part of the consideration payable by TMC (on behalf of Double You Limited T Limited) to VBG for the acquisition of the 25% of the issued share capital of the Company. In the event that the TMC Bonds are sold in full by the 23 September 2009, such consideration is to be paid by TMC out of the proceeds received from the sale of the TMC Bonds.

10.3 Allocations

Applications for Bonds shall first be applied to satisfy the Bonds Offer being made by TMC. After all Bonds being offered by TMC have been satisfied, the Bonds being offered by VBG shall be allocated in favour of Applicants.

TMC (on its own behalf and as authorised by VBG) shall determine and announce the allocation policy for the allotment of the Bonds within five Business Days of the closing of subscriptions.

Within five (5) Business Days of the closing of the subscription lists, the Offerors shall, either directly or through the Registrar, determine and announce the basis of acceptance of Applications and the allocation policy to be adopted.

10.4 Conditionality

The Bond Offer 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, the Application monies will be returned by VBG, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. Furthermore, in the case of Applications submitted by CareMalta Bondholders, the instructions to transfer the CareMalta Bonds shall be automatically revoked, without further formalities.

In the event that the Bond Offer is not fully subscribed by the general public and provided that the same are listed on the MSE, the subscribed portion thereof shall be allocated to the respective applicants in accordance with the terms of this Combined Securities Note.

11 SELLING COMMISSION

Selling commission is payable to the Financial Intermediaries. Each Financial Intermediary shall be entitled to a selling commission on the value:

- of the Shares allocated to Applicants applying through such Financial Intermediaries at the rate of 1.5% (one point five per cent); and
- of the Bonds allocated to Applicants applying through such Financial Intermediaries at the rate of 1% (one per cent).

11.1 Admission to Trading

The Bonds and the ordinary share capital of the Company have been declared admissible to listing by the Listing Authority in terms of the Financial Markets Act by letter dated 28 August 2009.

Application has been made to the Malta Stock Exchange for the ordinary share capital of the Company and the Bonds to be admitted to the Official List of the MSE on their allocation to investors in terms of this Prospectus.

The ordinary shares of the Company and the Bonds are expected to be admitted to the Malta Stock Exchange with effect from 13 October 2009 and trading is expected to commence on 14 October 2009.

For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2003, as subsequently amended, all Financial Intermediaries, acting as appointed selling agents, 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 selling agents 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.



12 TAXATION

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 Securities, 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 investors 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 Offerors and the Company 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 Securities from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

Investors in the Shares are informed as follows:

12.1 Taxation Status of the Company

The Company is subject to tax in Malta on taxable profits excluding certain interest income at the standard corporate tax rate which currently stands at 35%. Certain interest income, may, at the option of the Company, be received net of a final withholding tax, currently at the rate of 15% of the gross amount of interest.

12.2 Taxation on Dividends Paid to the Company's Shareholders

Dividends distributed to Shareholders resident in Malta, other than companies, from untaxed profits are subject to 15% withholding tax which may be treated as a final tax at the option of the recipient Shareholders. The Company will deduct this 15% withholding tax from the amount of the dividend and will remit such withholding tax to the Commissioner of Inland Revenue.

All other dividends distributed to any Shareholders are not subject to any further tax.

Under Malta's full imputation system of taxation, a person is subject to tax, where applicable, on the net dividend grossed up by the tax paid by the distributing company on the profits out of which the dividend is distributed. A shareholder is normally entitled to claim a refund of the difference between the tax payable on the grossed up dividend and the tax paid by the company distributing the dividend.

12.3 Tax on Capital Gains - Shares

In accordance with current legislation, if and for as long as the Shares are listed on the Malta Stock Exchange, no tax on capital gains is payable in Malta on any transfer of these shares.

12.4 Duty on Documents and Transfers - Shares

In accordance with current legislation, if and for as long as the Shares are listed on the Malta Stock Exchange, no duty on documents and transfers (stamp duty) is payable in Malta on any transfer of these Shares.

Investors in the Bonds are informed as follows:

12.5 Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Company is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act, (Cap. 123, 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 Company 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 Company. 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 Company in terms of law.

12.6 Malta Tax on Capital Gains - 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.

12.7 Duty on Documents and Transfers - Bonds

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, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty on documents and transfers.

12.8 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.

Investors in either of or both the Securities are informed as follows:

The information above does not constitute legal or tax advice, and is based on tax law and practice applicable at the date of this Document. Investors are reminded that tax law and practice may change from time to time.

THE INFORMATION ABOVE IS BASED ON TAX LAW AND PRACTICE APPLICABLE AT THE DATE OF THIS PROSPECTUS. PROSPECTIVE INVESTORS ARE CAUTIONED THAT TAX LAW AND PRACTICE AND THE LEVELS OF TAX RELATING TO THE COMPANY, ITS SHAREHOLDERS AND BONDHOLDERS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE INVESTORS ARE THEREFORE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF SECURITIES, AS WELL AS DIVIDEND AND INTEREST PAYMENTS MADE BY THE COMPANY ON THE SECURITIES RESPECTIVELY. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO INVESTORS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.



13 DOCUMENTS ON DISPLAY

For the duration period of the Prospectus the following documents shall be available for inspection at the registered address of the Company:

- a) Memorandum and Articles of Association of the Company;
- b) the Historical Financial Information of IHG and of each of the Subsidiaries for each of the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008;
- c) the *pro forma* restated consolidated financial information of the IHG Group for each of the financial years ended 31 October 2006, 31 October 2007 and 31 October 2008 and the accountants report thereon;
- d) the unaudited condensed interim financial information of the IHG Group for the period commencing 1 November 2008 and ended 30 April 2009 and the accountants report thereon;
- e) Valuations of the Properties dated 21 August 2009 and issued by Perit Edgar A. Rossignaud B.Arch., A.& C.E.; and
- f) the Prospectus.

The documents listed in (a), (b) and (f) above are also available for inspection in electronic form on the Company's website at www.ihgholdingsplc.com.



Annex 1 - Terms and Conditions of Application for the Securities

THESE TERMS AND CONDITIONS OF APPLICATION APPLY TO ANY APPLICATION FOR SHARES IN AND/OR BONDS ISSUED BY THE COMPANY PURSUANT TO THE OFFER BEING MADE BY THE OFFERORS.

1. References to the Offerors in this Annex 1 shall be deemed to refer to VBG and TMC with respect to the Bond Offer and VBG with respect to the Share Offer.
2. The contract created by the acceptance of an Application shall be subject to the terms and conditions set out herein, in the Prospectus and in the respective Application Form. If any Application is not accepted, or if any Application is accepted for fewer Securities than those applied for, the Application monies or the balance of the amount paid on Application will be returned, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form, within five (5) Business Days from the date of the final allocation. No interest shall be due on refunds and any risk of loss or gain that may emerge on exchange of refunds from the currency of denomination of the Securities applied for into the base currency of the Applicant shall be at the charge or for the benefit of the Applicant.
3. Subject to all other terms and conditions set out in the Prospectus, the Offerors reserve 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 Registrar 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.
4. In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each Applicant, and liability therefore is joint and several. Furthermore, as joint applicants, each warrant that he/she has only submitted one Application in his/her name.
5. 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 Offerors, Company or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.
6. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Securities allocated pursuant to such an Application shall be registered in the name of the minor as the holder of the acquired Securities, with interest / dividends (as the case may be) payable to the parents/legal guardian signing the Application Form until such time as the minor attains the age of 18 years, following which all interests shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen years.
7. All Applications for the purchase and acquisition of:
 - a. Bonds must be submitted on the appropriate Application Forms within the time limits established herein. The minimum application for Bonds is €1,000 in value. Applications in excess of the said minimum thresholds must be in multiples of €100. The completed Application Forms are to be lodged with any of the Financial Intermediaries mentioned in this Prospectus. All Application Forms must be accompanied by the full price of the Bonds applied for in Euro (including the Cash-Top Up, if any) and/or instructions to transfer the CareMalta Bonds, as the case may be. Payments in clear funds may be made in cash or by cheque payable, to "The Registrar – Island Hotels Group Holdings plc Combined Offer". In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative Application Form.
 - b. Shares must be submitted on the appropriate Application Forms within the time limits established herein. The minimum application for Shares is €1,000 in value, save in the case of the Share Pre-Placement Period, in which case this threshold shall be €2,500 in value. Applications in excess of the said minimum thresholds must be in multiples of €100. The completed Application Forms are to be lodged with any of the Authorised Intermediaries mentioned in this Prospectus. All Application Forms must be accompanied by the full price of the Shares applied for in Euro. Payment may be made either in cash or by cheque payable, to "The Registrar – Island Hotels Group Holdings plc Combined Offer". In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative Application Form.
8. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. **irrevocably** offer to purchase, and pay the consideration for, the number of Securities specified in your Application Form (or any smaller number for which the Application is accepted) at the Share Offer Price (in the case of Shares) or the Bond Offer Price (in the case of Bonds), subject to the provisions of the Prospectus, these terms and conditions and the Memorandum and Articles of Association of the Company;
 - b. authorise the Registrar and the Directors to include your name or in the case of joint Applications, the first-named applicant, in the register of Members of the Company (in respect of the Shares allocated to you) and/or in the register of Debentures of the Company (in respect of the Bonds allocated to you), as the case may be;
 - c. agree that you will receive a refund of unallocated Application monies, without interest, by direct credit, at your own risk, to your bank account (or that of the first-named Applicant) indicated by you in the Application Form;
 - d. warrant that 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 Members and/or on the register of Debentures (as the case may be) or to enjoy or receive any rights in respect of such Securities unless and until you make payment in cleared funds, or the CareMalta Bonds have been transferred to VBG and/or TMC, as the case may be, for such respective Securities and such payment 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 effectively transfer the CareMalta Bonds to VBG and/or TMC, as the case may be) and that, at any time prior to unconditional acceptance by the Registrar of late payment in respect of such Securities, the Company may (without prejudice to other rights) treat the agreement to allocate such Securities as void and may allocate such Securities to some other person, in which case you will not be entitled to any refund or payment in respect of such Securities (other than return of such late payment);

- e. agree that the registration advice and other documents and any monies returnable to you may be retained pending clearance of your remittance or transfer of the CareMalta 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 that all Applications, acceptances of Applications and contracts resulting therefrom will be governed by, and construed in accordance with Maltese law and that you submit to the jurisdiction of the Maltese Courts and agree that nothing shall limit the right of the Company or the Offerors to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
 - g. warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have due authority to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions and undertake to submit your power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar;
 - h. agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the Combined Offer contained therein;
 - i. confirm that in making such Application you are not relying on any information or representation in relation to the Company or the Combined Offer other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Application or any part thereof will have any liability for any such other information or representation;
 - j. confirm that you have reviewed and you will comply with the restriction contained in paragraph (r) and the warning in paragraph 8 below;
 - k. warrant that you are not under the age of 18 years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor;
 - l. agree that such Application Form is addressed to the Offerors and that in respect of those Securities for which your Application has been accepted, you shall receive a registration advice confirming such acceptance;
 - m. confirm that in the case of a joint Application the first-named Applicant shall be deemed the holder of the Securities;
 - n. agree to provide the Registrar as the case may be, with any information which it may request in connection with your Application(s);
 - o. agree that Charts Investment Management Service Limited (the “**Sponsor**”) will not, in its capacity of Sponsor, treat you as its customer by virtue of your making an application for Securities or by virtue of your Application to purchase Securities being accepted and it will not owe you any duties or responsibilities concerning the price of the Securities or their suitability for you;
 - p. warrant that, in connection with your Application, you 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 Company or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the Combined Offer or your Application;
 - q. represent that you are not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and that you are not accepting the invitation comprised in the Combined Offer from within the United States of America, its territories or its possessions, any State of the United States of America or the District of Columbia (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person, unless you indicate otherwise with your Application Form;
 - r. warrant that the Securities have not been and will not be registered under the Securities Act 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; and
 - s. acknowledge that any Securities which may be allotted to you will be recorded by the Central Securities Depository of the MSE in the MSE account number quoted on the Application Form even if the details of such MSE account number, as held by the MSE, differ from any or all of the details appearing on the Application Form.
8. No person receiving a copy of the Prospectus or any part thereof or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself 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 issues, transfer or other taxes required to be paid in such territory.

9. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2003 as subsequently amended, all Financial Intermediaries are under a duty to communicate, upon request, all information they hold about clients, pursuant to 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 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, Laws of Malta) for the purposes, and within the terms of, the Malta Stock Exchange’s Data Protection Policy as published from time to time.
10. Within five (5) Business Days of the closing of the subscription lists,
 - a. in the case of the Pubic Offer, TMC (as authorised by VBG); and
 - b. in the case of the Bond Offer, the Offerorsshall, either directly or through the Registrar, determine and announce the basis of acceptance of Applications and the allocation policy to be adopted.
11. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these terms and conditions of Application for the Securities, in the Application Form and in any other document issued pursuant to the Prospectus.
12. The Combined Offer will open at 0830 hours on the 22 September 2009 and will close as soon thereafter as may be determined by the Offerors, as the case may be, but not later than 1500 hours on the 28 September 2009.
13. Registration, Replacement, Transfer and Exchange
 - a. One register for the Shares and another register for the Bonds will be kept by the Company at the Central Securities Depository (“CSD”) of the MSE, wherein there will be entered the names and addresses of the holders of Shares / the holders of Bonds (as the case may be) and particulars of the Securities held by them respectively. A copy of such registers will at all reasonable times during business hours be open for inspection at the registered office of the Company after having given at least twenty four hours advance notice.
 - b. The Securities have been issued in certificated form but upon admission of the same to listing and trading on the Malta Stock Exchange they shall be maintained in book-entry form at the CSD of the Malta Stock Exchange. The Securities shall accordingly be evidenced by a book-entry in the register of Shareholders so far as the Shares are concerned and in the register of Bondholders in so far as the Bonds are concerned, both held by the CSD. The CSD will, upon request, issue on a statement of holdings to Shareholders and Bondholders evidencing their entitlement to Securities held in the register kept by the CSD.
 - c. Securities may be transferred only in whole in accordance with the rules and procedures applicable from time to time at the MSE.
 - d. Any person becoming entitled to the Securities in consequence of the death or bankruptcy of a holder of Securities may, upon such evidence being produced as may from time to time properly be required by the Company or the MSE, elect either to be registered himself/herself as holder of the Security or to have some person nominated by him/her registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself/herself, he/she shall deliver or send to the Company a notice in writing signed by him/her stating that he/she so elects. If he/she shall elect to have another person registered he/she shall testify his/her election by executing to that person a transfer of that/those Securities.
 - e. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Securities and to any applicable laws and regulations.
 - f. The cost and expenses of effecting any exchange or registration of transfer or transmission except for the expenses of delivery by other than regular mail (if any) and except, if the Company 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 holder of the Securities.
 - g. The Company reserves the right not to 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.



Annex 2 - Financial Intermediaries

MEMBERS OF THE MALTA STOCK EXCHANGE

Atlas Investments Services Ltd Abate Rigord Street, Ta Xbiex MSD 12	Tel: 2132 2590, Fax 2132 2584 www.atlas.com.mt
Bank of Valletta p.l.c. Financial Markets & Investments Division, BOV Centre, Cannon Road, Santa Venera SVR 9030	Tel: 2131 2020, Fax: 2275 3348 www.bov.com
Calamatta Cuschieri & Co. Ltd 5th Floor, Valletta Buildings, South Street, Valletta VLT 1103	Tel: 2568 8688 Fax: 2568 8256 www.cc.com.mt
Charts Investment Management Service Ltd 18A, Third Floor, Europa Centre, Floriana VLT 15	Tel: 2122 4106 Fax: 2124 1101 www.charts.com.mt
Curmi & Partners Ltd Finance House, Princess Elizabeth Street, Ta Xbiex, XBX 1102	Tel: 2134 7331 Fax: 2134 7333 www.curmiandpartners.com
Financial Planning Services Ltd 4, Marina Court, G Cali Street, Ta Xbiex	Tel: 2134 4255 Fax: 2134 1202
FINCO Treasury Management Ltd Level 5, The Mall Complex, The Mall, Floriana	Tel: 2122 0002 Fax: 2124 3280 www.fincotrust.com
GlobalCapital Financial Management Ltd Operation Centre, Balzan Valley Road, Balzan BZN 08	Tel: 2131 0088 Fax: 2328 2207 www.globalcapital.com.mt
Hogg Capital Investments Ltd Regent House, Level 3, Suite 33 Bisazza Street, Sliema SLM 1641,	Tel: 2132 2872 Fax: 2134 2760 www.hoggcapi.com
HSBC Stockbrokers (Malta) Ltd 233, Republic Street Valletta	Tel: 2597 2241 Fax: 2597 2494 www.hsbcmalta.com
Rizzo, Farrugia & Co. (Stockbrokers) Ltd Airways House, Third Floor, High Street, Sliema SLM 1549	Tel: 2258 3000 Fax: 2258 3001 www.rizzofarrugia.com




Annex 2 - Financial Intermediaries

INVESTMENT SERVICES PROVIDERS

All Invest Company Limited Rosewall Building, Level 2, Triq-Villabate, M'scala By-pass Zabbar	Tel: 2166 7886 Fax: 2182 1933
APS Bank Ltd APS House, St Anne Square, Floriana	Tel: 2122 6644 Fax: 2560 3001 www.apsbank.com.mt
Crystal Finance Investments Ltd 6, Freedom Square, Valletta	Tel: 2122 6190 Fax: 2122 6188 www.crystal.com.mt
D. B. R. Investments Ltd Deber, Nigret Road, Zurrieq	Tel: 2164 7763 Fax: 2164 7765
Epic Financial Services Burmarrad Road, Burmarrad	Tel: 2157 2010 Fax: 2157 1998 www.epicdirect.com
Growth Investments Ltd Middlesea House, Floriana	Tel: 2123 4582 Fax: 2124 9811 www.growthinvestmentsonline.com
HSBC Bank Malta p.l.c. 233, Republic Street Valletta	Tel: 2597 2209 Fax: 2597 2475 www.hsbcmalta.com
Island Financial Services Ltd Insurance House, Salvu Psaila Street, Birkirkara, BKR 9078	Tel: 2385 5555 Fax: 2385 5238 www.islandins.com
Jesmond Mizzi Financial Services Ltd 67, Flat 3, South Street, Valletta	Tel: 2122 4410 Fax: 2122 3810 www.jmfs.net
Joseph Scicluna Investment Services Ltd Level 3, Bellavista Court, Gorg Borg Olivier Street, Gozo	Tel: 2156 5707 Fax: 2156 5706
Lombard Bank Malta p.l.c. 67, Republic Street, Valletta, VLT 1117	Tel: 2124 8411 Fax: 2558 1150 www.lombardmalta.com
MFSP Financial Management 220 Immaculate Conception Str., Msida	Tel: 2132 2426 Fax: 2133 2190
Michael Grech Financial Investment Services Ltd No 1 Mican Court, J.F.Kennedy Square, Victoria Gozo	Tel: 2155 4492 Fax: 2155 9199 www.michaelgrechfinancial.com
MZ Investment Services Ltd PO Box 24 or 55, MZ house, St. Rita Street Rabat RBT1523	Tel: 2145 3739 Fax: 2145 3407 www.mzinvestments.com
Mercieca Financial Investment Services Ltd 'Mercieca' John F Kennedy Square, Victoria Gozo VCT2580	Tel: 2155 3892 Fax: 2155 3892
MPM Capital Investments Ltd Cornerline, Dun Karm Street, B'Kara, BKR 9039	Tel: 2149 3250 Fax: 2149 3077 www.mpmci.net



Annex 3 – Application Form - Shares

 ISLAND HOTELS GROUP HOLDINGS PLC		Island Hotels Group Holdings p.l.c. Share Offer 8,383,300 shares at €1 per share APPLICATION FORM	
		Application Number	
Please read the notes overleaf before completing this Application Form.			
APPLICANT (see notes 3 to 7) [Mark 'X' if applicable.]			
A	<input type="checkbox"/> Non-Resident <input type="checkbox"/> Minor (under 18) <input type="checkbox"/> Body Corporate / Body of Persons <input type="checkbox"/> CIS-Prescribed Person <input type="checkbox"/> IHG Group Employee		
TITLE (Mr/Mrs/Ms/)		FULL NAME & SURNAME / REGISTERED NAME	
B	ADDRESS		
		POSTCODE	
MSE A/C NO. (if applicable)		I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.
		MOBILE NO.	
C ADDITIONAL (JOINT) APPLICANTS (see note 3) (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.
D MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 5) (to be completed ONLY if the Applicant is a minor)			
I	TITLE (Mr/Mrs/Ms/)		FULL NAME & SURNAME
			I.D. CARD/PASSPORT NO.
II	TITLE (Mr/Mrs/Ms/)		FULL NAME & SURNAME
			I.D. CARD/PASSPORT NO.
E	I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 & 9):		
NUMBER OF SHARES IN FIGURES		NUMBER OF SHARES IN WORDS	
Ordinary Shares in Island Hotels Group Holdings p.l.c. (minimum 1,000 Shares and in multiples of 100 Shares thereafter) or any smaller number of Shares for which this Application may be accepted at the Share Offer Price as defined in the Prospectus (dated 28 August 2009) payable in full upon application under the terms and conditions as defined in the said Prospectus and subject to the Memorandum and Articles of Association of Island Hotels Group Holdings p.l.c.			
		AMOUNT IN FIGURES €	
F DIVIDEND MANDATE (see note 10)			
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 dated 28 August 2009 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	
FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED INTERMEDIARY'S CODE	



Annex 3 – Application Form - Shares

Island Hotels Group Holdings p.l.c.

Notes on how to complete this Application Form and other information


The following notes are to be read in conjunction with the Prospectus dated 28 August 2009

1. This Application is governed by the application conditions contained in the Prospectus dated 28 August 2009. Capitalised terms not defined herein, shall unless the context otherwise requires, have the meanings ascribed to them in the Prospectus dated 28 August 2009.
2. The Application Form is to be completed in BLOCK CHARACTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – 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 Shares. (Vide note 7 below).
4. Applicants who are Non-Resident in Malta for tax purposes, must indicate their passport number in Panel B and the relative Box in Panel A must also be marked appropriately.
5. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in panel A must be marked appropriately. Any Shares allocated pursuant to such an Application shall be registered in the name of the minor as Shareholder, with any dividends made 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 any dividends shall be payable directly to the registered holder provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
6. In the case of a body corporate, the name of the entity, exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOCATED 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.
8. Applications must be for a minimum of 1,000 shares and thereafter in multiples of 100 shares.
9. Payment in Euro may be made by cheque payable to 'The Registrar – Island Hotels Group Holdings p.l.c. Combined Offer'.
10. Subscription Lists will open at 0830 hours on 22 September 2009 and will close at 1500 hours on 28 September 2009. The Company and the Offeror reserve the right, however, to close the Share Offer before the 28 September 2009 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected. The Company and the Offeror reserve the right to refuse any Application which appears to be in breach of the terms and conditions of the Share Offer as contained in the Prospectus dated 28 August 2009. Applicants will receive any dividends paid, directly in a bank account held locally in Euro as indicated in Panel F. If any Application is not accepted, or is accepted for fewer Shares after the closure of the 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.
11. Completed Application Forms are to be delivered to the office of the Registrar or any Financial Intermediary listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Company and the Offeror disclaims all responsibility for any such remittances not received by the closing of the subscription lists.
12. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - (a) the Company and the Offeror may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
 - (b) the Company and the Offeror may process such personal data for all purposes necessary for and related to the Shares applied for; and
 - (c) you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company and the Offeror. Any such requests must be made in writing and sent to the Company or the Offeror at the address indicated in the Prospectus. The request must be signed by yourself, as the Applicant to whom the personal data relates.

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



Annex 4 – Application Form - Bonds



ISLAND HOTELS
GROUP HOLDINGS PLC

Island Hotels Group Holdings p.l.c. Bond Offer
€14,000,000 6.5% Bonds 2017-2019
APPLICATION FORM

Application
Number

Please read the notes overleaf before completing this Application Form.

APPLICANT (see notes 3 to 7) [Mark 'X' if applicable.]																					
A	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate Body of Persons																		
	<input type="checkbox"/> CIS-Prescribed Person																				
B	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">TITLE (Mr/Mrs/Ms/)</td> <td style="width: 70%;">FULL NAME & SURNAME / REGISTERED NAME</td> </tr> <tr> <td colspan="2">ADDRESS</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">POSTCODE</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>MSE A/C NO. (if applicable)</td> <td>I.D. CARD / PASSPORT / COMPANY REG. NO.</td> <td>TEL. NO.</td> <td>MOBILE NO.</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>			TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME / REGISTERED NAME	ADDRESS				POSTCODE				MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.				
TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME / REGISTERED NAME																				
ADDRESS																					
POSTCODE																					
MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.																		
C ADDITIONAL (JOINT) APPLICANTS (see note 3) (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.																		
D MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 5) (to be completed ONLY if the Applicant is a minor)																					
I	TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME	I.D. CARD/PASSPORT NO.																		
II	TITLE (Mr/Mrs/Ms/)	FULL NAME & SURNAME	I.D. CARD/PASSPORT NO.																		
E	I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 & 9): <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">AMOUNT IN FIGURES €</td> <td style="width: 50%;">AMOUNT IN WORDS</td> </tr> <tr> <td> </td> <td> </td> </tr> </table> <p>Island Hotels Group Holdings p.l.c. 6.5% Bonds 2017-2019 (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 Offer Price, as defined in the Prospectus dated 28 August 2009 (the "Prospectus"), payable in full upon application under the Terms and Conditions as defined in the said Prospectus.</p>			AMOUNT IN FIGURES €	AMOUNT IN WORDS																
AMOUNT IN FIGURES €	AMOUNT IN WORDS																				
F RESIDENT - WITHHOLDING TAX (see note 10) (to be completed ONLY if the Applicant is a Resident of Malta)																					
	<input type="checkbox"/> I/We elect to have Final Withholding Tax, currently 15% deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).																				
G NON-RESIDENT-DECLARATION FOR TAX PURPOSES (see note 11) (to be completed ONLY if the Applicant is a Non-Resident)																					
	TAX COUNTRY	T.I.N (Tax Identification Number)	TOWN OF BIRTH																		
	COUNTRY OF BIRTH	PASSPORT/NATIONAL I.D. CARD	COUNTRY OF ISSUE																		
	NUMBER	ISSUE DATE																			
	<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.																				
H INTEREST MANDATE (see note 10)																					
	BANK	BRANCH	ACCOUNT NUMBER																		
I	<p>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, dated 28 August 2009 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.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div> <p>Signature/s of Applicant/s</p> <p><small>(Both parents or legal guardian/s are/is to sign if Applicant is a minor)</small> <small>(All parties are to sign in the case of a joint Application)</small></p> </div> <div> <p>Date</p> </div> </div>																				

AUTHORISED INTERMEDIARY'S STAMP

AUTHORISED INTERMEDIARY'S CODE



Annex 4 – Application Form - Bonds

Island Hotels Group Holdings p.l.c.

Notes on how to complete this Application Form and other information


The following notes are to be read in conjunction with the Prospectus dated 28 August 2009

1. This Application is governed by the application conditions contained in the Prospectus dated 28 August 2009. Capitalised terms not defined herein, shall unless the context otherwise requires, have the meanings ascribed to them in the Prospectus dated 28 August 2009.
2. The Application Form is to be completed in BLOCK CHARACTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds. Interest and redemption proceeds will be issued in the name of such Bondholder (Vide note 7 below).
4. Applicants who are Non-Resident in Malta for tax purposes, must indicate their passport number in Panel B and complete panel G; the relative box in Panel A must also be marked appropriately.
5. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in panel A must be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
6. In the case of a body corporate, the name of the entity, exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOCATED 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.
8. Applications must be for a minimum of €1,000 and thereafter in multiples of €100.
9. Payment in Euro may be made by cheque payable to 'The Registrar – Island Hotels Group Holdings p.l.c. Combined Offer'.
10. Only Applicants who hold a valid official Maltese Identity Card or Companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but 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 H. If any Application is not accepted, or is accepted for fewer Bonds after the closure of the 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.
11. 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.
12. Subscription Lists will open at 0830 hours on 22 September 2009 and will close at 1500 hours on 28 September 2009. The Company and the Offerors reserve the right, however, to close the Bond Offer before the 28 September 2009 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected. The Offerors reserve the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond Offer as contained in the Prospectus dated 28 August 2009.
13. Completed Application Forms are to be delivered to the office of the Company, the Registrar or 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 Company and the Offeror disclaim all responsibility for any such remittances not received by the closing of the subscription lists.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - (a) the Company and the Offerors may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
 - (b) the Company and the Offerors may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - (c) you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company and the Offerors. Any such requests must be made in writing and sent to the Company or the Offeror at the address indicated in the Prospectus. The request must be signed by yourself, as the Applicant to whom the personal data relates.

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



Annex 5 – Application Form – CareMalta Bondholders



ISLAND HOTELS
GROUP HOLDINGS PLC

Island Hotels Group Holdings p.l.c. Bond Offer
€14,000,000 6.5% Bonds 2017-2019
APPLICATION FORM

Application
Number

Please read the notes overleaf before completing this Application Form.

APPLICANT			
<div style="position: relative;"> A </div>			
MSE A/C NO.	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.
B ADDITIONAL (JOINT) APPLICANTS			
C MINOR'S PARENTS / LEGAL GUARDIAN/S			
<div style="position: relative;"> D </div>			
<p>Value of holding of 6.5% CareMalta Finance p.l.c. 2008 - 2011 as at 3 September 2009 in Euro:</p> <p>I/We apply to purchase and acquire the amount set out in Island Hotels Group Holdings plc 6.5% Bonds 2017-2019 at the Bond Offer Price (at par) pursuant to the Prospectus dated 28 August 2009.</p>		<p>AMOUNT IN FIGURES</p> <p>€</p>	
<p>AMOUNT IN WORDS</p>		<p>AMOUNT IN FIGURES</p> <p>€</p>	
<p><small>* If your holding of CareMalta Bonds set out in Box 1 above is less than €1,000, the amount of 6.5% Bonds 2017-2019, which you can apply for and the amount set out in Box 2 must be €1,000. If your holding of CareMalta Bonds set out in Box 1 above is more than €1,000, the amount of 6.5% Bonds 2017-2019 applied for and the amount set out in Box 2 must not be less than €1,000 and not more than the amount of your holding of CareMalta Bonds set out in Box 1 rounded up to the nearest integral multiple of €100. See Note 3 overleaf. Application for an amount in excess of the said amounts may be made by completing a separate application form.</small></p>		<p>Difference payable on application for rounding purposes</p> <p>AMOUNT IN FIGURES</p> <p>€</p>	
E WITHHOLDING TAX (see note 5) (to be completed ONLY if the Applicant is a Resident of Malta)			
<p><input type="checkbox"/> I/We elect to have Final Withholding Tax, currently 15% deducted from my/our interest.</p> <p><input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).</p>			
F INTEREST MANDATE (see note 5)			
BANK	BRANCH	ACCOUNT NUMBER	
<div style="position: relative;"> G </div>			
<p>This Application form is to be submitted in the case where the Applicant selects, as a method of payment for the Island Hotels Group Holdings p.l.c. 6.5% Bonds 2017-2019 being applied for, to transfer to VBG or TMC, as the case may be, all or part of the CareMalta Bonds held by the Applicant as at 3 September 2009 (the Cut-Off Date) the nominal value of which is set out in Euro in Box 1 of Section D above. By submitting this signed Application Form, the Applicant is thereby confirming that:</p> <p>(a) all or part (up to the amount set out in Box 2, as the case may be) of CareMalta Bonds held by the Applicant at the Cut-Off Date are being transferred to VBG or TMC as the case may be, at their nominal value in consideration of the transfer by VBG or TMC of the equivalent amount of 6.5% Bonds issued by Island Hotels Group Holdings p.l.c.;</p> <p>(b) this Application Form constitutes the Applicant's irrevocable mandate to the Offerors to:</p> <p style="margin-left: 20px;">i) cause the transfer of the said CareMalta Bonds into VBG or TMC's name as the case may be in consideration of the transfer of Island Hotels Group Holdings p.l.c. 6.5% Bonds 2017-2019</p> <p style="margin-left: 20px;">ii) engage, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the appropriate number of Island Hotels Group Holdings p.l.c. Bonds in the name of the Applicant.</p> <p>I/We fully understand the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus dated 28 August 2009.</p>			
<p>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)</p>		<p>Date</p>	
<p>AUTHORISED INTERMEDIARY'S STAMP</p>		<p>AUTHORISED INTERMEDIARY'S CODE</p>	



Annex 5 – Application Form – CareMalta Bondholders

Island Hotels Group Holdings p.l.c.

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 28 August 2009

1. This Application is governed by the application conditions contained in the Prospectus dated 28 August 2009. Capitalised terms not defined herein, shall unless the context otherwise requires, have the meanings ascribed to them in the Prospectus dated 28 August 2009.
2. This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the Island Hotel Group Holdings p.l.c. 6.5% Bonds 2017-2019 being applied for, to transfer to Vassallo Builders Group Limited (VBG) or T.M.C. Limited (TMC), as the case may be, all or part of the 6.5% 2008 - 2011 Bonds issued by CareMalta Finance p.l.c. ("**CareMalta Bonds**") held by the Applicant at the Cut-Off Date, the nominal value of which is set out in Euro in Box 1 overleaf. By submitting this signed Application Form, the Applicant is thereby confirming that:
 - (a) all or part (up to the amount set out in Box 2, as the case may be) of CareMalta Bonds held by the Applicant at the Cut-Off Date are being transferred to the VBG or TMC, as the case may be, at their nominal value; and
 - (b) this Application Form constitutes the Applicant's irrevocable mandate to:
 - i. transfer of the said CareMalta Bonds into the VBG or TMC's name, as the case may be, in consideration of the transfer by VBG or TMC of the equivalent amount of Island Hotel Group Holdings p.l.c. 6.5% Bonds 2017-2019; and
 - ii. engage, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the appropriate number of Island Hotel Group Holdings p.l.c. 6.5% Bonds 2017-2019 in the name of the Applicant.
3. The amount set out in Box 2 must be in multiples of €100. Since the Offerors will be giving preference to Applications made by existing holders of CareMalta Bonds up to their full amount rounded up (a) to €1,000, if the CareMalta Bonds held are less than €1,000 or (b) to the nearest integral multiple of €100, if the CareMalta Bonds held are more than €1,000, any such 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 CareMalta Bonds being transferred. The amount representing such difference, which is to be inserted in Box 3, may be made by cheque payable to the 'The Registrar - Island Hotels Group Holdings p.l.c. Combined Offer' which is to be attached to the Application Form.
4. Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the amount in respect of which preference is being given as indicated in paragraph 3 above, the Applicant may do so through any of the Authorised Intermediaries list in Annex II of the Prospectus, subject to availability, in which case no preference shall be allocated to such application.
5. Applicants who hold a valid official Maltese Identity Card or Companies registered in Malta will be treated as residents in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but 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 locally in Euro as indicated in Panel F.
6. This Application Form duly completed is to be delivered to the offices of any Authorised Intermediary listed in the Prospectus during normal office hours by not later than 17 September 2009. Remittances by post are made at the risk of the Applicant and the Company and the Offerors disclaim all responsibility for any such remittances not received by the said closing date. The Offerors reserve 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 17 September 2009 will be rejected.
7. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - (a) the Company and the Offerors may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
 - (b) the Company and the Offerors may process such personal data for all purposes necessary for and related to the offer 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 Company and the Offerors. Any such requests must be made in writing and addressed to the Company or the Offerors. The request must further be signed by yourself, as 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 licenced stockbroker or an investment adviser, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.