



## SUMMARY NOTE

This Summary Note is issued in accordance with the provisions of Listing Rule 6.4.1 issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the "Regulation").

### WARNINGS

This Summary Note should be read as an introductory part to the Prospectus dated 12 February 2010 (the "Prospectus") which is written in the English language and composed of the following parts:

1. Summary Note
2. Registration Document
3. Securities Note

Any decision to invest in the Bonds has to be based on an exhaustive analysis by the investor of the Prospectus as a whole.

The directors of the Issuer 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.

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity or any of the Early Redemption Dates, as applicable. Prospective investors should carefully consider all the information contained in the Prospectus as a whole and should consult their own independent financial and other professional advisers before deciding to make an investment in the Bonds.**

This Summary Note is dated 12 February 2010

In respect of an Issue of €15,000,000 6.25% Bonds 2016-2019 (Second Issue)  
(fungible with the existing €25,000,000 6.25% bonds 2016-2019, ISIN: MT0000101239)  
of a nominal value of €100 per Bond issued at par by



CORINTHIA FINANCE plc

A member of the Corinthia Group of Companies

A public limited liability company registered in Malta with registration number C 25104

Guaranteed by

CORINTHIA PALACE HOTEL COMPANY LIMITED

A private limited liability company registered in Malta with registration number C 257

Joseph Fenech

Anthony R. Curmi

Frank Xerri de Caro

Joseph J. Vella

MANAGER & REGISTRAR



LEGAL COUNSEL



SPONSORING STOCKBROKER





## SUMMARY NOTE

### IMPORTANT INFORMATION

This Summary Note, forming part of the Prospectus, contains information on an issue by Corinthia Finance p.l.c. (the “Issuer”), as guaranteed by Corinthia Palace Hotel Company Limited (the “Guarantor”), of €15,000,000 unsubordinated Bonds 2016 - 2019 of a nominal value of €100, issued at par and bearing interest at the rate of 6.25% per annum, payable annually on 23 September of each year. On 23 September 2010, after the first interest payment, which will be for a period shorter than one year, the Bonds will be integrated with the existing €25,000,000 6.25% bonds 2016-2019 (ISIN: MT0000101239) and the two bonds shall thereafter both be deemed to be one bond. The nominal value of the Bonds will be repayable in full at maturity on 23 September 2019, unless otherwise previously redeemed or cancelled. The Issuer shall redeem the Bonds on the Redemption Date, unless it exercises the option to redeem all or part of the Bonds on any of the Early Redemption Dates, by giving not less than 30 days written notice.

This Summary Note contains information about the Issuer, the Guarantor and the Bonds in accordance with the requirements of the Listing Rules of the Listing Authority, the Act and the Regulation. This Summary Note should be read in conjunction with the Registration Document and Securities Note forming part of the Prospectus.

No broker, dealer, salesman or other person has been authorised by the Issuer, the Guarantor or their respective directors to issue any advertisement or to give any information or to make any representations in connection with the sale of securities of the Issuer other than those contained in this Summary Note and in the documents referred to herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or their directors or advisers.

The Listing Authority accepts no responsibility for and makes no representations as to the contents, accuracy or completeness of this Summary Note and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Summary Note.

The Prospectus does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for Bonds by any person in any jurisdiction (i) in which such offer or invitation is not authorised or (ii) in which the person making such offer or invitation is not qualified to do so or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of this document and any persons wishing to apply for any Bonds issued by the Issuer to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for any securities that may be issued by the Issuer should inform themselves as to the legal requirements of applying for any such Bonds and any applicable exchange control requirements and taxes in the country of their nationality, residence or domicile.

Save for the issue in the Republic of Malta, no action has been or will be taken by the Issuer that would permit a public offering of the Bonds or the distribution of the Prospectus (or any part thereof) or any offering material in any country or jurisdiction where action for that purpose is required. In relation to each Member State of the European Economic Area (other than Malta) which has implemented Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading or which, pending such implementation, applies article 3.2 of the said Directive, the Bonds can only be offered to “qualified investors” (as defined in the 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 the said Directive.

The Bonds have not been, nor will they be, registered under the United States Securities Act, 1933 as amended, or under any federal or state securities law and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States of America, its territories or possessions, or any area subject to its jurisdiction (the “U.S.”) or to or for the benefit of, directly or indirectly, any U.S. person (as defined in regulation “S” of the said act). Furthermore, the Issuer will not be registered under the United States Investment Company Act, 1940 as amended and investors will not be entitled to the benefits set out therein.

A copy of this document has been submitted to the Listing Authority in satisfaction of the Listing Rules, the Malta Stock Exchange in satisfaction of the Malta Stock Exchange Bye-Laws and has been duly filed with the Registrar of Companies, in accordance with the Act.

Statements made in the Prospectus are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

The contents of the Guarantor’s website or any website directly or indirectly linked to the Guarantor’s website do not form part of the Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such websites as the basis for a decision to invest in the Bonds.



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All the advisers to the Issuer named in Section 4.1.1 of the Securities Note forming part of the Prospectus under the heading “Advisers to the Issuer”, acting in their capacity of advisers, have acted and are acting exclusively for the Issuer in relation to this public offer and will, acting in such capacity, not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Prospectus.

During the Issue Period, applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries.



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## SUMMARY NOTE

### 1 DEFINITIONS

In this Summary Note, the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>Act</b>	the Companies Act, 1995, Chapter 386 of the Laws of Malta;
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for Bonds, a specimen of which is contained in Annex III of the Securities Note;
<b>Authorised Financial Intermediaries</b>	all the licensed stockbrokers and financial intermediaries listed in Annex II of the Securities Note;
<b>Bond/s</b>	the €15,000,000 bonds of a face value of €100 per bond redeemable on the Redemption Date, bearing interest at the rate of 6.25% per annum and redeemable at their nominal value. On 23 September 2010, after the first interest payment, which will be for a period shorter than one year, the Bonds will be integrated with the existing €25,000,000 6.25% bonds 2016-2019 (ISIN: MT0000101239) and the two bonds shall thereafter both be deemed to be one bond;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>CHI Limited</b>	CHI Limited, a company registered under the laws of Malta having its registered office at 1, Europa Centre, Floriana, FRN 1400 and company registration number C 26086;
<b>Company or Issuer</b>	Corinthia Finance p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 25104;
<b>Corinthia Group or Group</b>	CPHCL and the companies in which CPHCL has a controlling interest;
<b>CPHCL or Guarantor</b>	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 257. CPHCL acts as the parent company of the Corinthia Group;
<b>Cut-off Date</b>	close of business of 5 February 2010;
<b>Early Redemption Date/s</b>	any day falling between and including 24 September 2016 and 22 September 2019;
<b>Euro or €</b>	the currency of the European Monetary Union of which Malta forms part;
<b>Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063 and company registration number C 42525;
<b>IHI p.l.c. or IHI</b>	International Hotel Investments p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 26136;
<b>Issue Period</b>	the period between 15 February 2010 and 5 March 2010, both days included (or such earlier date as may be determined by the Issuer in the event of over-subscription);
<b>Istithmar Hotels FZE</b>	Istithmar Hotels FZE, a company registered under the laws of Dubai having its registered office at PO Box 262080, Level 38, Al Shatha Tower, Media City, Dubai, United Arab Emirates and company registration number 01256L;
<b>Listing Authority</b>	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;



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<b>Maturing Bonds</b>	the €14,273,700 6.5% bonds due to mature on 8 April 2010 issued by the Issuer pursuant to a prospectus dated 11 March 2002;
<b>MIH p.l.c. or MIH</b>	Mediterranean Investments Holding p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 37513;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Prospectus</b>	collectively the Summary Note, the Registration Document and the Securities Note;
<b>QPM Limited</b>	QPM Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 26148;
<b>Redemption Date</b>	23 September 2019, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates;
<b>Registration Document</b>	the registration document issued by the Issuer dated 28 August 2009, forming part of the Prospectus;
<b>Securities Note</b>	the securities note issued by the Issuer dated 12 February 2010, forming part of the Prospectus;
<b>Sponsor</b>	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
<b>Summary Note</b>	this document in its entirety;
<b>Terms and Conditions</b>	the terms and conditions of the Bond Issue as contained in Section 6 of the Securities Note.

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

Unless it appears otherwise from the context:

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



## 2 RISK FACTORS

### 2.1 GENERAL

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

An investment in the Bonds involves certain risks, including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to make an investment in the Bonds. The sequence in which the risks are listed below is not intended to be indicative of any order of priority or of the extent of their consequences.

Neither this Summary Note, nor any other parts of the Prospectus or any other information supplied in connection with the Bonds (i) is intended to provide the basis of any credit or other evaluation, or (ii) should be considered as a recommendation by the Issuer or the Guarantor or the Sponsor or Authorised Financial Intermediaries that any recipient of this Summary Note or any other part of the Prospectus or any other information supplied in connection with the Prospectus or any Bonds, should purchase any Bonds.

Accordingly, prospective investors should make their own independent evaluation of all risk factors and should consider all other sections in this document.

### 2.2 FORWARD-LOOKING STATEMENTS

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

### 2.3 RISKS RELATING TO THE ISSUER

The Issuer itself does not have any substantial assets and is merely a special purpose vehicle set up for the issue of bonds and other funding requirements of the business of CPHCL or any of its subsidiary and/or associated companies.

### 2.4 ISSUER'S RELIANCE ON THE GUARANTOR

The Issuer is mainly dependant on the business prospects of CPHCL and, therefore, the operating results of CPHCL have a direct effect on the Issuer's financial position. Accordingly, the risks of the Issuer are indirectly those of CPHCL. The Bonds, however, are being guaranteed by CPHCL and the information in this Prospectus is designed to provide the prospective investor with sufficient information about CPHCL and the other companies comprising the Corinthia Group to enable such investor to make an informed judgment as to the reliance on the guarantee, a copy of which is contained in Annex I of the Securities Note.

### 2.5 RISKS RELATING TO THE BUSINESS OF THE GUARANTOR

CPHCL has a long trading history in mixed-use real estate developments that consist principally of hotels, residences, offices and retail areas. The hotel industry globally is characterised by strong and increasing competition. Many of CPHCL's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Guarantor. Severe competition in certain countries and changes in economic and market conditions could adversely affect CPHCL's business and operating results.



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

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

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

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

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

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

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

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

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

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

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

### 2.5.4 Liquidity Risk

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

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



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### 2.6 RISKS RELATING TO THE GUARANTOR'S ACQUISITION STRATEGY

The Guarantor's business consists of the acquisition, development and running of real estate projects that consist principally of hotels, residences, offices and retail areas for rental to third parties. Property acquisition and development projects are subject to a number of specific risks, including the inability to source adequate opportunities, cost overruns, insufficiency of resources to complete the projects, rental of commercial areas not being effected at the prices and within the times envisaged, higher interest costs and curtailment of revenue generation. If these risks were to materialise, they would have an adverse impact on the Guarantor's revenue generation, cash flows and financial performance.

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

### 2.7 RISKS EMANATING FROM THE GUARANTOR'S FINANCING STRATEGY

#### 2.7.1 The Guarantor's indebtedness could adversely affect its financial position

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

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

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

#### 2.7.2 The Guarantor may be unable to effectively hedge against interest rates

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

#### 2.7.3 The Group's senior personnel and management have been and remain key to its growth

The Group's growth is in part 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.



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### 2.7.4 The Group's insurance policies

Historically, the Group has maintained insurance covers at levels determined by the Group to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by its insurance policies, it may be difficult and time-consuming to recover such losses from the insurers. In addition, the Group may not be able to recover the full amount from the insurers. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

### 2.8 RISKS RELATING TO THE BONDS

- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell the Bonds at or above the Bond Issue Price or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of Section 5.10 of the Securities Note), together with any accrued interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.
- The Bonds constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer that are guaranteed by the Guarantor and shall at all times rank *pari passu*, without any priority or preference among themselves and with other guaranteed and unsubordinated debt, if any. Furthermore, subject to the negative pledge clause (Section 5.8 of the Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

In essence, this means that Bondholders will rank *pari passu* (equally) with the other non-secured creditors of the Issuer. As the Issuer does not have any secured or privileged creditors, Bondholders shall rank equally between themselves and with other simple creditors (if any) of the Issuer.

In addition, the Bonds are being guaranteed by the Guarantor and, therefore, Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount. The guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer.

- In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds, it shall call a meeting of Bondholders in accordance with the provisions of Section 5.15 of the Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- The Terms and Conditions of this Bond Issue are based on Maltese law in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.



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### 3 DIRECTORS, BOARD COMMITTEES, ADVISERS AND AUDITORS

#### 3.1 DIRECTORS OF THE ISSUER

As at the date of this Summary Note, the Board of directors of the Issuer is constituted by the following persons:

Joseph Fenech	Chairman
Anthony R. Curmi	Non-executive director
Frank Xerri de Caro	Non-executive director
Joseph J. Vella	Non-executive director

#### 3.2 DIRECTORS OF THE GUARANTOR

As at the date of this Summary Note, the Board of directors of the Guarantor is constituted by the following persons:

Alfred Pisani	Chairman and CEO
Yousef Abdelmaula	Vice-Chairman
Ahmed A.S. Elmssalati	Non-executive director
Joseph M. Pisani	Executive director
Suleiman O. Ahtash	Non-executive director
Victor Pisani	Executive director

#### 3.3 BOARD COMMITTEES

The directors of the Issuer and Guarantor have established separate Audit Committees for the respective companies as committees of the respective Boards. The Issuer and Guarantor consider that the members of the respective Audit Committees have the necessary experience, independence, and standing to hold office as members thereof.

The Audit Committees' primary objective is to assist the respective Boards in fulfilling their oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Committees oversee the conduct of the internal and external audit and act to facilitate communication between the Board, management, the external auditors and the internal audit team. Both the internal and external auditors are invited to attend the Audit Committees' meetings. The Audit Committees report directly to the respective boards of directors.

As at the date of this Summary Note, the Audit Committee of the Issuer is composed of Frank Xerri de Caro, a non-executive director, who acts as Chairman and Joseph Fenech and Anthony R. Curmi as members, whilst Alfred Fabri performs the duties of secretary to the Audit Committee.

As at the date of this Summary Note, the Audit Committee of the Guarantor is composed of Joseph F.X. Zahra who acts as Chairman and Joseph J. Vella and Joseph C. Caruana as members, whilst Alfred Fabri performs the duties of secretary to the Audit Committee.



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### 3.4 ADVISERS TO THE ISSUER

#### LEGAL COUNSEL

Name: GVTH Advocates  
Address: 192, Old Bakery Street,  
Valletta, VLT 1455

#### SPONSORING STOCKBROKER

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

#### MANAGER AND REGISTRAR

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

### 3.5 STATUTORY AUDITORS

Name: Grant Thornton  
Address: Tower Business Centre,  
Tower Street,  
Swatar, Birkirkara BKR 2013

The audited financial statements of the Issuer for the financial years ended 31 December 2007 and 2008 have been audited by KPMG, having its registered office at Portico Building, Marina Street, Pieta', PTA 9044. KPMG ceased to act as auditors on 13 April 2009 and at the date of the Prospectus Grant Thornton is the statutory auditor of both the Issuer and the Guarantor.

The audited financial statements of the Guarantor for the financial years ended 31 December 2007 and 2008 have been audited by Grant Thornton.

Grant Thornton and KPMG are both independent firms of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the Laws of Malta).



## SUMMARY NOTE

### 4 ISSUE STATISTICS

<b>Amount:</b>	€15,000,000;
<b>Fungibility</b>	on 23 September 2010, after the first interest payment, which will be for a period shorter than one year, the Bonds will be integrated with the existing €25,000,000 6.25% bonds 2016-2019 (ISIN: MT0000101239) and the two bonds shall thereafter both be deemed to be one bond;
<b>Form</b>	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the Malta Stock Exchange;
<b>Denomination</b>	Euro (€);
<b>ISIN</b>	MT0000101247;
<b>Minimum Amount per Subscription</b>	a minimum of €1,000 and multiples of €100 thereafter;
<b>Redemption Date</b>	23 September 2019, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates;
<b>Early Redemption Date/s</b>	any day falling between and including 24 September 2016 and 22 September 2019;
<b>Plan of Distribution</b>	the Bonds are open for subscription to holders of Maturing Bonds and to Authorised Financial Intermediaries;
<b>Allocation Preference</b>	Applications made by persons holding Maturing Bonds at the Cut-off Date completing a pre-printed Application Form and stating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of Maturing Bonds, which shall be for the par value of the Maturing Bonds being transferred to the Issuer rounded upwards to the nearest thousand, subject to a minimum application of €1,000. Bonds applied for by way of transfer as described above shall be allocated prior to any further allocation of Bonds;
<b>Bond Issue Price</b>	at par (€100 per Bond);
<b>Status of the Bonds</b>	the Bonds constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer guaranteed by the Guarantor and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other guaranteed and unsubordinated debt, if any;
<b>Listing</b>	application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>Issue Period</b>	the period between 15 February 2010 and 5 March 2010, both days included (or such earlier date as may be determined by the Issuer in the event of over-subscription);
<b>Interest</b>	6.25% per annum;
<b>Interest Payment Date/s</b>	annually on the 23 September, with the first interest payment due in 2010 (covering a period shorter than one year);
<b>Redemption Value</b>	at par (€100 per Bond);
<b>Governing law of the Bonds</b>	the Bonds are governed by and shall be construed in accordance with Maltese law;
<b>Jurisdiction</b>	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.



## SUMMARY NOTE

### 5 EXPECTED TIMETABLE OF THE BOND ISSUE

1.	Application Forms mailed to holders of Maturing Bonds as at Cut-off Date	15 February 2010
2.	Issue Period	15 February 2010 to 5 March 2010, both days included
3.	Closing date for Applications to be received from holders of Maturing Bonds	25 February 2010
4.	Placement Period	1 March 2010 to 5 March 2010
5.	Commencement of interest on the Bonds	12 March 2010
6.	Announcement of basis of acceptance	12 March 2010
7.	Expected dispatch of allotment advices and refunds of unallocated monies	22 March 2010

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

The net proceeds from the Bonds amounting to €14,750,000 will be used by the Issuer to redeem the outstanding amount of the 6.5% bonds 2010 which as at the date of the Prospectus stands at €14,273,700. The remaining net proceeds of the Bond Issue will be advanced by the Company to the Guarantor and used by the latter for its general corporate funding purposes.

### 7 INFORMATION ABOUT THE ISSUER AND GUARANTOR

#### 7.1 THE ISSUER

##### 7.1.1 Introduction

Full legal and commercial name of the Company:	Corinthia Finance p.l.c.
Registered address:	22, Europa Centre, Floriana, FRN 1400
Place of registration and domicile:	Malta
Company registration number:	C 25104
Date of registration:	9 September 1999
Legal form:	The Company is lawfully existing and registered as a public limited company in terms of the Act
Telephone number:	+356 2123 3141
Fax number:	+356 2123 4219
Website:	<a href="http://www.corinthiacorporate.com">www.corinthiacorporate.com</a>

##### 7.1.2 Principal activities

The Issuer itself does not have any substantial assets (other than the loans receivable that are detailed below) and is merely a special purpose vehicle set up to raise finance for the business of CPHCL, so as to enable the latter to undertake the ownership, development and operation of real estate developments. In this respect, the Issuer is mainly dependant on the business prospects of CPHCL.

In September 1999, the Company issued Lm10,000,000 (equivalent to €23,293,734) 6.7% bonds redeemable in 2009. The proceeds of that bond issue were advanced to CPHCL pursuant to and under the terms of a loan agreement (Loan I) dated 10 September 1999. The said 1999 bond issue was redeemed through the issuance of €25,000,000 6.25% bonds 2016-2019 by the Issuer pursuant to a prospectus dated 28 August 2009.



## SUMMARY NOTE

In March 2002, the Company issued €14,273,700 6.5% bonds redeemable in April 2010 (Tranche I) and Lm6,289,900 (equivalent to €14,644,885) 6.75% bonds redeemable in April 2012 (Tranche II). The proceeds of the bond issues were advanced to CPHCL pursuant to and under the terms of two loan agreements both dated 7 March 2002. The Company receives interest from CPHCL on the Tranche I monies on-lent to CPHCL at the rate of 7.10% per annum (Loan II) and on the Tranche II monies on-lent to CPHCL at the rate of 6.85% per annum (Loan III). Both interest payments are due on 15 March of each year. Loan II is repayable by not later than 15 March 2010, whereas Loan III is repayable by not later than 15 March 2012.

On 20 August 2009 the Issuer entered into a loan agreement with the Guarantor (the 'Loan Agreement IV') pursuant to which the Issuer advanced to the Guarantor the proceeds from the bond issued under the terms and conditions as set out in the securities note dated 28 August 2009. The Loan Agreement bears interest at the rate of 6.4% per annum with interest payable annually in arrears on 7 September of each year. In terms of the Loan Agreement IV, the Guarantor bound itself to repay the loan in accordance with a pre-agreed repayment schedule which will enable the Company to set up a sinking fund in accordance with the terms and conditions as set out in the securities note dated 28 August 2009. The Guarantor is also bound to effect the final repayment by not later than 7 September 2019.

In addition and similarly to the above, the Issuer has also entered into a loan agreement dated 20 January 2010 with the Guarantor (the 'Loan Agreement V') pursuant to which the Issuer will advance to the Guarantor the proceeds from the Bond issued under the Terms and Conditions as set out in the Securities Note. The Loan Agreement shall bear interest at the rate of 6.4% per annum with interest payable annually in arrears on 7 September of each year. In terms of the Loan Agreement V, the Guarantor binds itself to repay the loan in accordance with a pre-agreed repayment schedule which will enable the Company to set up a sinking fund in accordance with the terms and conditions as set out in Section 5.18 of the Securities Note. The Guarantor is also bound to effect the final repayment by not later than 7 September 2019. All expenses incurred in the preparation and implementation of this Bond shall be at the charge of CPHCL.

## 7.2 HISTORICAL DEVELOPMENT OF THE GUARANTOR

### 7.2.1 Introduction

Full legal and commercial name of the Guarantor:	Corinthia Palace Hotel Company Limited
Registered address:	22, Europa Centre, Floriana, FRN 1400
Place of registration and domicile:	Malta
Company registration number:	C 257
Date of registration:	21 June 1966
Legal form:	The company is lawfully existing and registered as a private limited company in terms of the Act
Telephone number:	+356 21 233 141
Fax number:	+356 21 234 219
Website:	<a href="http://www.corinthiacorporate.com">www.corinthiacorporate.com</a>

### 7.2.2 The Group and its business development strategy

The strategy that the Group embarked upon in the year 2000 was that of creating individual business units for each of its four distinct areas of competences for investing, developing and operating in real estate projects having a particular focus on hotel assets. The intention behind the separation into different subsidiary companies was twofold:

- (a) to encourage each company to provide its services to third party companies and, in the process, becoming a viable business in its own right without resorting to the support of the parent company; and
- (b) to enable each company to source new capital and forge new alliances, allowing it to grow at an even faster pace.



## SUMMARY NOTE

IHI p.l.c., a public company that was launched in 2000, initially owned a 250-room hotel in Malta and a plot of land in Budapest. Since then it has expanded into a company that currently owns six operating hotels in each of Malta, Hungary, the Czech Republic, Portugal, Russia and Libya. It is currently developing a 296-room five star hotel with 12 neighbouring luxury residences in London, UK and planning another development in Benghazi, Libya. The investors in the London and Benghazi projects, in which IHI p.l.c. has shareholdings of 50% and 75% respectively, plan to sell the residential elements within these two developments in order to realise part of the capital appreciation and, in so doing, improve the overall return on their investment. In 2007, IHI p.l.c. attracted significant new equity from Istithmar Hotels FZE which led the Board to re-assess its future investment strategy. Whilst IHI p.l.c. continues to target investments in under-performing properties in emerging markets, it now has the opportunity to diversify its portfolio of investments both geographically as well as in terms of business segments. In fact, apart from undertaking the projects that are currently in hand, the company intends to invest in other major cities such as New York, Rome and Paris. IHI p.l.c. is also committed to obtain a secondary listing on a major international stock exchange. This will provide it with further room for growth.

CHI Limited, which at inception solely managed hotels that were owned by the Corinthia Group, in 2006 also struck an alliance with Wyndham Hotels Group of the United States. By means of this alliance, CHI Limited was nominated as the licensed operator of the Corinthia, Wyndham and Ramada Plaza Brands across Europe, the Russian Federation, Africa and the Middle East. As a result, CHI Limited concluded a number of management agreements with third party hotel owners. Over and above the five agreements concluded in 2007, another seven agreements were concluded in 2008, reflecting an increase of 2,000 rooms under its management. It is expected that this company shall continue on its growth path in the forthcoming years. The hotels that are the subject of these management agreements are all expected to become operational before the end of 2011.

Whilst MIH p.l.c. did not feature in the businesses that were set up in the year 2000, it is indicative of the strong momentum that was set in motion in restructuring the Group's activities. Whereas CPHCL was in the past mainly involved in the development of hotel assets, over the years it became clear that the Group's development competences could be profitably applied to other kinds of real estate projects. In 2006, MIH p.l.c. was formed as a joint venture between CPHCL and the National Real Estate Company of Kuwait. MIH p.l.c. made a significant investment in its first project – Palm City Residences, Tripoli – a 413-unit residential gated compound earmarked at providing luxury accommodation to expatriates working in Libya. Whilst MIH p.l.c. will be overseeing the finalisation of this project by the end quarter 1 2010, it has already entered into a new joint venture with a Libyan institutional investor that will result in its second project which is a 180,000 square metre mixed-use development over a land plot measuring 13,000 square metres right in the centre of Tripoli. This mixed-use high-rise development will comprise residences for resale, offices, retail, conferencing and car park facilities for rental to third parties.

QPM Limited operates independently of and at arm's length to CPHCL and offers a range of project, construction and cost management services to a number of international clients in various countries. Since its inception it has become increasingly obvious that, given the real estate focus of the Group, this company was going to be able to add value to the Group as a whole and progressively source projects independently. To date, the company has been involved in more than forty projects in nine countries.

Furthermore, the Group will continue to maintain a strong focus on the improvement in the performance of its present assets in order to safeguard the profitability of the Group during the short to medium term.

Over recent years and in the years to come, the Group plans to dedicate much of its resources to the acquisition and development of new assets that will, in the main, contribute to provide adequate returns in the medium and long term.

For the long term, whilst overseeing the growth of the companies described above, CPHCL will still be committed to see other subsidiary companies grow into independent business units.

CPHCL has also identified a number of assets principally consisting of resort hotels acquired in the 1980's and 1990's and a number of small 3 star hotels that no longer fit within its 4 and 5 star long-term development focus and growth strategy and has decided to dispose of these non-core assets when the time is opportune to do so. The disposal proceeds will be used in furthering the Group's objectives.



## SUMMARY NOTE

### 8 TREND INFORMATION AND FINANCIAL PERFORMANCE

#### 8.1 TREND INFORMATION OF THE ISSUER

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

The Issuer is mainly dependant on the business prospects of CPHCL and, therefore, the trend information of the Guarantor (detailed below) has a material effect on its financial position and prospects.

#### 8.2 TREND INFORMATION OF THE GUARANTOR

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

Whilst according to the World Tourism Organisation (UNWTO), international tourist arrivals were estimated to have declined worldwide by 4% in 2009, growth returned in the last quarter of 2009 after fourteen months of negative results, thus contributing to a better than expected full year.

Regions in which the Group operates had mixed fortunes during 2009. Despite the overall global downward trend, North Africa reported an increase in 2009 in international visitation of 5.0% over 2008. On the other hand, Central Europe recorded a decrease of 8%, the Mediterranean region a decrease of 5%, whereas Western Europe recorded a drop in annual visitation of 4%. Given the recent upturn in both international tourism figures and the overall economic indicators, UNWTO forecasts a growth in international tourist arrivals of between 3% and 4% in 2010.<sup>1</sup>

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

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

Secondly, the Guarantor has distributed its investments across diverse geographic locations and is now achieving further diversity through growth in ancillary business segments. The diversity of the Group's investment portfolio mitigates its exposure to any one specific country or source of business. This diversity ensures that the Group's earnings provide a healthy mix between active (hotel business) and passive (long-term rental income) income, thereby ensuring a more balanced profit and cash generation.

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

#### 8.3 KEY FINANCIAL REVIEW

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

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

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



## SUMMARY NOTE

### 8.3.1 Financial review of the Issuer

#### **Corinthia Finance p.l.c.**

##### ***Income Statement***

*for the year ended 31 December*

	2008 Euro 000s	2007 Euro 000s
Interest receivable	3,305	3,318
Interest payable and similar charges	(3,276)	(3,279)
<b>Net interest earned</b>	<b>29</b>	<b>39</b>
Administrative expenses	(28)	(29)
<b>Profit before tax</b>	<b>1</b>	<b>10</b>
Tax expense	-	(3)
<b>Profit for the year</b>	<b>1</b>	<b>7</b>

#### **Corinthia Finance p.l.c.**

##### ***Condensed Balance Sheet***

*At 31 December*

	2008 Euro 000s	2007 Euro 000s
<b>ASSETS</b>		
Non-current	28,517	47,883
Current	21,084	1,655
<b>Total assets</b>	<b>49,601</b>	<b>49,538</b>
<b>EQUITY</b>		
<b>Total equity</b>	<b>237</b>	<b>236</b>
<b>LIABILITIES</b>		
Non-current	28,834	48,140
Current	20,530	1,162
<b>Total liabilities</b>	<b>49,364</b>	<b>49,302</b>
<b>Total equity and liabilities</b>	<b>49,601</b>	<b>49,538</b>

#### **Corinthia Finance p.l.c.**

##### ***Condensed Statement of Cash Flows***

*for the years ended 31 December*

	2008 Euro 000s	2007 Euro 000s
Net cash used in operating activities	(37)	(7)
Net cash from investing activities	-	345
Net cash used in financing activities	-	(287)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(37)</b>	<b>51</b>
Cash and cash equivalents at 1 January	66	15
<b>Cash and cash equivalents at end of year</b>	<b>29</b>	<b>66</b>



## SUMMARY NOTE

### 8.3.2 Financial review of the Group

#### **Corinthia Palace Hotel Company Limited** **Condensed Consolidated Income Statement**

*for the year ended 31 December*

	2008 Euro 000s	2007 Euro 000s
Turnover	186,249	179,565
Direct costs	(139,906)	(137,601)
<b>Gross profit</b>	<b>46,343</b>	<b>41,964</b>
Other income	2,556	2,329
Other operating costs	(29,349)	(29,735)
Net reversal of impairment losses on hotel properties	12,844	-
Revaluation to fair value of investment properties	26,253	24,058
<b>Results from operating activities</b>	<b>58,647</b>	<b>38,616</b>
Finance income	6,184	4,368
Finance costs	(28,927)	(24,216)
Loss on sale of investments	(138)	-
Gain on sale of investment property	-	1,078
Share of results of associate companies	567	687
<b>Profit before tax</b>	<b>36,333</b>	<b>20,533</b>
Tax expense	(13,036)	(5,385)
<b>Profit for the year</b>	<b>23,297</b>	<b>15,148</b>
<b>Attributable to:</b>		
Equity holders of the Guarantor	16,888	10,536
Minority interest	6,409	4,612
<b>Profit for the year</b>	<b>23,297</b>	<b>15,148</b>



## SUMMARY NOTE

### Corinthia Palace Hotel Company Limited

#### Condensed Consolidated Balance Sheet

At 31 December

	2008 Euro 000s	2007 Euro 000s
<b>ASSETS</b>		
Non-current	1,083,003	972,316
Current	133,754	218,594
<b>Total assets</b>	<b>1,216,757</b>	<b>1,190,910</b>
<b>EQUITY</b>		
Equity pertaining to CPHCL's shareholders	378,840	362,927
Minority interest	262,573	246,351
<b>Total equity</b>	<b>641,413</b>	<b>609,278</b>
<b>LIABILITIES</b>		
Non-current	460,868	482,136
Current	114,476	99,496
<b>Total liabilities</b>	<b>575,344</b>	<b>581,632</b>
<b>Total equity and liabilities</b>	<b>1,216,757</b>	<b>1,190,910</b>

### Corinthia Palace Hotel Company Limited

#### Condensed Consolidated Statement of Cash Flows

for the year ended 31 December

	2008 Euro 000s	2007 Euro 000s
Net cash from operating activities	17,320	19,016
Net cash used in investing activities	(80,579)	(36,165)
Net cash (used in) from financing activities	(19,186)	163,976
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(82,445)</b>	<b>146,827</b>
Cash and cash equivalents at 1 January	174,211	27,384
<b>Cash and cash equivalents at end of year</b>	<b>91,766</b>	<b>174,211</b>

During 2008, the turnover amounted to €186.3 million representing an increase of 4% on the turnover levels registered in 2007. Operating profit for the year, prior to reversals of impairment losses, amounted to €19.6 million compared to €14.6 million in 2007, reflecting improved cost efficiencies and higher profit retentions on turnover. Moreover, during 2008 the Group also benefited from the reversal of impairment losses of €12.8 million taken in previous years on a hotel property in Portugal.

The other most notable positive effect on the income statement for the year was the revaluation to fair value of investment properties which totalled €26.3 million (2007: €24.1 million). This resulted from uplifts in value recognised on properties located in Libya and in the Russian Federation. Profits actually realised in 2008 on the disposal of properties, mainly in the Czech Republic, had already been recognised in the income statement in 2007 through a revaluation to fair value. Financing costs net of financing income amounted to €22.7 million (2007: €19.9 million). The resultant profit before tax and minority interest for the year amounted to €36.3 million (2007: €20.5 million).



## SUMMARY NOTE

In 2008 the Group registered another significant increase in the carrying amount of its property, plant and equipment from €772.5 million in 2007 to €831.5 million by the end of the year, both on account of the continued development activities carried out during the year as well as uplifts in value, as recommended by independent valuing firms.

Notwithstanding the increase in the carrying value of its property, plant and equipment, the total borrowings, excluding bank overdrafts, continued to fall in 2008 to €377 million from €397.4 million at the end of 2007.

During the course of 2008 the gearing level improved further from 40% in 2007 to 37%, while financing costs as a percentage of operational profits before depreciation fell from 58% in 2007 to 51%.

### 8.3.3 Updates to the financial review documented in this Section 8.3 and in the Registration Document

The following information is extracted from the Company's unaudited interim financial statements and the Guarantor's unaudited consolidated interim financial statements for the nine-months ended 30 September 2009.

#### **Corinthia Finance p.l.c.**

##### ***Income Statement***

*for the period ended 30 September*

	2009 Euro 000s	2008 Euro 000s
Interest receivable	2,506	2,478
Interest payable and similar charges	(2,476)	(2,457)
<b>Net interest earned</b>	<b>30</b>	<b>21</b>
Administrative expenses	(27)	(21)
<b>Profit before tax</b>	<b>3</b>	<b>-</b>
Tax expense	(1)	-
<b>Profit for the period</b>	<b>2</b>	<b>-</b>

#### **Corinthia Finance p.l.c.**

##### ***Condensed Balance Sheet***

	At 30 Sep 2009 Euro 000s	At 31 Dec 2008 Euro 000s
<b>ASSETS</b>		
Non-current	39,667	25,517
Current	21,267	21,084
<b>Total assets</b>	<b>60,934</b>	<b>49,601</b>
<b>EQUITY</b>		
<b>Total equity</b>	<b>239</b>	<b>237</b>
<b>LIABILITIES</b>		
Non-current	39,645	28,834
Current	21,050	20,530
<b>Total liabilities</b>	<b>60,695</b>	<b>49,364</b>
<b>Total equity and liabilities</b>	<b>60,934</b>	<b>49,601</b>



## SUMMARY NOTE

**Corinthia Finance p.l.c.**  
**Condensed Statement of Cash Flows**  
*for the period ended 30 September*

	2009 Euro 000s	2008 Euro 000s
Net cash used in operating activities	(19)	(32)
Net cash used in investing activities	(11,038)	-
Net cash from financing activities	11,038	-
<b>Net decrease in cash and cash equivalents</b>	<b>(19)</b>	<b>(32)</b>
Cash and cash equivalents at 1 January	29	66
<b>Cash and cash equivalents at end of period</b>	<b>10</b>	<b>34</b>

**Corinthia Palace Hotel Company Limited**  
**Condensed Consolidated Income Statement**  
*for the period ended 30 September*

	2009 Euro 000s	2008 Euro 000s
Turnover	120,759	140,784
Operating costs	(92,880)	(100,854)
<b>EBITDA</b>	<b>27,879</b>	<b>39,930</b>
Finance income	1,620	4,896
Finance cost	(15,413)	(19,632)
FV Interest rate swap	(2,358)	(56)
	<b>11,728</b>	<b>25,138</b>
Depreciation	(23,155)	(21,422)
Difference on exchange	466	(2,181)
Other	115	(135)
<b>(Loss) Profit before tax</b>	<b>(10,846)</b>	<b>1,400</b>
Tax expense	(3,149)	(2,649)
<b>Loss for the period</b>	<b>(13,995)</b>	<b>(1,249)</b>
<b>Attributable to:</b>		
Equity holders of CPHCL	(11,902)	(4,153)
Minority interest	(2,093)	2,904
<b>Loss for the period</b>	<b>(13,995)</b>	<b>(1,249)</b>



## SUMMARY NOTE

### Corinthia Palace Hotel Company Limited Condensed Consolidated Balance Sheet

	At 30 Sep 2009 Euro 000s	At 31 Dec 2008 Euro 000s
<b>ASSETS</b>		
Non-current	1,108,652	1,083,003
Current	136,071	133,754
<b>Total assets</b>	<b>1,244,723</b>	<b>1,216,757</b>
<b>EQUITY</b>		
Equity pertaining to CPHCL's shareholders	367,279	378,840
Minority interest	260,139	262,573
<b>Total equity</b>	<b>627,418</b>	<b>641,413</b>
<b>LIABILITIES</b>		
Non-current	492,640	460,868
Current	124,665	114,476
<b>Total liabilities</b>	<b>617,305</b>	<b>575,344</b>
<b>Total equity and liabilities</b>	<b>1,244,723</b>	<b>1,216,757</b>

### Corinthia Palace Hotel Company Limited Condensed Consolidated Statement of Cash Flows for the period ended 30 September

	2009 Euro 000s	2008 Euro 000s
Net cash from operating activities	591	19,358
Net cash used in investing activities	(46,059)	(42,437)
Net cash from (used in) financing activities	33,637	(16,881)
<b>Net decrease in cash and cash equivalents</b>	<b>(11,831)</b>	<b>(39,960)</b>
Cash and cash equivalents at beginning of period	91,766	174,819
<b>Cash and cash equivalents at end of period</b>	<b>79,935</b>	<b>134,859</b>



## SUMMARY NOTE

During the nine months January to September 2009, the Group's turnover amounted to €120.8 million representing a decrease of 14% on the turnover levels registered during the same period in 2008. EBITDA earnings for the period amounted to €27.9 million compared to €39.9 million in 2008 reflecting the impact of the world recession on the Group's activities notwithstanding the improved cost efficiency and rationalisation measures introduced by the Group.

Finance costs decreased from €19.7 million in 2008 to €17.8 million in 2009. These costs were positively affected by the Group's lower cost of servicing its bank loans as a result of the reduction of interest rates on the international markets. On the other hand, finance income decreased from €4.9 million to €1.6 million due to the reduction in interest rates and the fact that during 2009 part of the Group's surplus cash was invested in capital expenditure.

The loss for the nine month period before tax and minority interest amounted to €14.0 million (Jan – Sep 2008: loss of €1.2 million). In its financial statements for the full year 2008, the Group had registered a significant increase in the carrying amount of its property, plant and equipment, both on account of the continued development activities carried out during the year, as well as through uplifts in value as recommended by independent professional valuing firms. This had resulted in a substantial positive effect on the income statement for the year through the revaluation to fair value of investment properties amounting to €26.3 million and a reversal of impairments in value of €12.8 million that had been recognised in previous years. As regards 2009, the Group is still in the process of receiving the revaluation reports from the independent valuing firms. Whereas it is expected that in view of the global recession the value of some of the Group's properties will be negatively affected, the value of other Group properties, in particular 'Palm City Residences', are expected to reflect a revaluation uplift thereby neutralising any impairment charges. This reflects the good hedge that the geographical diversification of the Group's properties provides.

The Group's substantial investment in the Corinthia Hotel London and in the Corinthia Hotel St Petersburg gave rise to an increase in total borrowings. Total borrowings as at the end of September 2009 increased by €35 million since December 2008, that is from €377 million to €412 million, with the funds mainly raised through the issue of a new €35 million bond by IHI p.l.c., a €25 million bond issued by Corinthia Finance p.l.c. in replacement of a bond of €19.3 million, and other borrowings net of repayments effected during the period. As a result of the above developments, during the course of 2009 the Group's gearing level increased slightly from 37% to 40%.

## 9 MAJOR SHAREHOLDERS

### 9.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of Corinthia Finance p.l.c. is €2,329,373 divided into 1,000,000 ordinary shares of a nominal value of €2.329373 each. The issued share capital amounts to 100,000 ordinary shares of a nominal value of €2.329373 each for a total of €232,937 and is subscribed and fully paid up as follows:

Shareholder	Ordinary shares
Corinthia Palace Hotel Company Limited (C 257)	99,999
Mistra Village Limited (C 1245)	1



## SUMMARY NOTE

### 9.2 SHARE CAPITAL OF THE GUARANTOR

The authorised share capital of CPHCL is €18,710,456 divided into 8,032,400 ordinary shares of a nominal value of €2.329373 each. The share capital has been fully issued and subscribed as follows and is fully paid up:

Shareholder	Ordinary shares
1. A. & A. Pisani and Company Limited (C 6430)	669,367
2. J & H Pisani Company Limited (C 6817)	669,367
3. PAKA Limited (C 6969)	669,367
4. VAC Company Limited (C 6818)	669,367
5. Rosanne Fenech	669,366
6. Intakur Limited (C 7038)	669,366
7. Libyan Foreign Investment Company ('LFICO')	4,016,200

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of six directors. A shareholder or a number of members who individually or between them hold 16.5% plus one share of the issued share capital of the Guarantor shall be entitled to appoint one director. In practice, the Pisani Family is collectively (represented through the shareholders numbered 1 to 6 above) entitled to elect three directors and LFICO (numbered 7 above) is entitled to elect the other three. All issues arising at Board of directors meetings are to be decided by a majority of votes and in the case of equality of votes the Chairman shall not have a second or casting vote.

## 10 FINANCIAL INFORMATION

### 10.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information of the Issuer for the two financial years ended 31 December 2007 and 31 December 2008 have been audited by KPMG, Malta.

The historical financial information of the Guarantor for the two financial years ended 31 December 2007 and 31 December 2008 have been audited by Grant Thornton, Malta.

Grant Thornton and KPMG are both independent firms of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the Laws of Malta).

### 10.2 SIGNIFICANT CHANGES IN FINANCIAL OR TRADING POSITION

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



## 11 DETAILS OF THE ISSUE

### 11.1 PLAN OF DISTRIBUTION AND ALLOTMENT

During the Issue Period, applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription to holders of Maturing Bonds and to Authorised Financial Intermediaries.

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

Dealing shall commence upon admission to trading of the Bonds by the MSE, and subsequent to the above mentioned notification.

### 11.2 INTEREST TOP-UP TO HOLDERS OF MATURING BONDS

A Maturing Bond Transfer shall be without prejudice to the rights of the holders of Maturing Bonds to receive interest on the Maturing Bonds up to and including 11 March 2010.

The Issuer intends to settle the difference between the coupon rates of 6.5% on the Maturing Bonds and 6.25% on the Bonds, from 12 March 2010 up to 8 April 2010 (both days included), being the date of redemption of the Maturing Bonds, to all persons holding Maturing Bonds who would have submitted their Application Forms by not later than 25 February 2010 and, consequently, exercising their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Maturing Bonds to the Issuer as mentioned above.

### 11.3 INTERMEDIARIES' OFFER

The Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of the Bonds whereby it will bind itself to allocate Bonds to such investors subsequent to closing of the Issue Period. In terms of each subscription agreement, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List of the Malta Stock Exchange. The subscription agreements will become binding on each of the Issuer and the Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

Such arrangements will come into force subsequent to 25 February 2010, being the closing date for holders of Maturing Bonds, for any Bonds not taken up. Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

### 11.4 ADMISSION TO TRADING

The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 12 February 2010.

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

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 23 March 2010 and trading is expected to commence on 24 March 2010.

### 11.5 EXPENSES OF THE ISSUE

Professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €250,000. There is no particular order of priority with respect to such expenses.



## 12 ADDITIONAL INFORMATION

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

#### 12.1.1 Incorporation

The Company was incorporated on 9 September 1999 as a public company with limited liability in terms of the Companies Act, 1995, with company registration number C 25104.

In terms of clause 3(e) of its Memorandum of Association, the Issuer is authorised to issue bonds, commercial paper or other instrument creating or acknowledging indebtedness and to sell or offer same to the public.

#### 12.1.2 Share capital

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

### 12.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

#### 12.2.1 Incorporation

The Guarantor was incorporated on 21 June 1966 as a private company with limited liability in terms of the Companies Act, 1995, with company registration number C 257.

In terms of clause 4.6 of its Memorandum of Association, the Guarantor is, amongst other things, authorised to borrow, raise or secure the payment of money for the purpose of or in connection with the company's business and to secure the repayment of any moneys borrowed by hypothecation, charge or lien upon the whole or part of the movable and immovable property or assets of the company. Furthermore, the Guarantor is authorised to give guarantees or become security for any such persons, firms and companies as the directors may deem fit and proper and on such terms as may seem expedient and, in particular, to companies in which the company has an interest.

### 12.3 HOLDINGS IN EXCESS OF 5% OF SHARE CAPITAL

On the basis of the information available to the Company as at the date of the Prospectus, CPHCL holds 99,999 shares in the Company, equivalent to 99.99% of its total issued share capital. No persons hold an indirect shareholding in excess of 5% of its total issued share capital.

Apart from raising finance, the Issuer's business is restricted to transactions with CPHCL. In view of this state of affairs, the Audit Committee of the Issuer ensures that any such related party transaction entered into by the Company is made at arm's length.

### 12.4 MATERIAL CONTRACTS

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



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## SUMMARY NOTE

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### 12.5 DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Summary Note, the following documents or certified copies thereof, where applicable, shall be available for physical inspection at the registered address of the Issuer at 22, Europa Centre, Floriana, FRN 1400:

- (a) The Issuer's and Guarantor's Memorandum and Articles of Association;
- (b) The audited financial statements of Corinthia Finance p.l.c. for the years ended 31 December 2007 and 2008;
- (c) The consolidated audited financial statements of Corinthia Palace Hotel Company Limited for the years ended 31 December 2007 and 2008;
- (d) The unaudited interim financial statements of Corinthia Finance p.l.c. for the nine-month period ended 30 September 2009;
- (e) The unaudited interim consolidated financial statements of Corinthia Palace Hotel Company Limited for the nine-month period ended 30 September 2009;
- (f) The loan agreement entered into between CPHCL and the Company in respect of the Bond issued pursuant to the Prospectus; and
- (g) The letter of guarantee by CPHCL in respect of the Bond Issue, a copy of which is contained in Annex I of the Securities Note.

Document (b) above is also available for inspection in electronic form on the Guarantor's website at [www.corinthiacorporate.com](http://www.corinthiacorporate.com)



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## REGISTRATION DOCUMENT

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This Registration Document is issued in accordance with the provisions of Listing Rule 6.4.2 as 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 should be read in conjunction with the Securities Note which provides the details of the securities to which it relates and with the Summary Note, both of which form part of the Prospectus.

**The Listing Authority accepts no responsibility for and makes no representations as to the contents, accuracy or completeness of this Registration Document and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Registration Document.**

**This Registration Document is dated 28 August 2009**



**CORINTHIA FINANCE plc**

A member of the Corinthia Group of Companies

A public limited liability company registered in Malta with registration number C 25104

Guarantor

**CORINTHIA PALACE HOTEL COMPANY LIMITED**

A private limited liability company registered in Malta with registration number C 257

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JOINT MANAGER & REGISTRAR



JOINT MANAGER



LEGAL COUNSEL



SPONSORING STOCKBROKER





## REGISTRATION DOCUMENT

### IMPORTANT INFORMATION

This Registration Document is issued pursuant to the requirements of Listing Rules 6.1 *et seq.* of the Listing Rules and contains information about Corinthia Finance p.l.c. (the “Issuer”) as the issuer of securities and about Corinthia Palace Hotel Company Limited (the “Guarantor”) acting as the guarantor of the said securities.

No broker, dealer, salesman or other person has been authorised by the Issuer, the Guarantor or their respective directors to issue any advertisement or to give any information or to make any representations in connection with the sale of securities of the Issuer other than those contained in this Registration Document and in the documents referred to herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or their directors or advisers.

The Prospectus does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for securities issued by the Issuer by any person in any jurisdiction (i) in which such offer or invitation is not authorised or (ii) in which the person making such offer or invitation is not qualified to do so or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of this document and any persons wishing to apply for any securities issued by the Issuer to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective investors for any securities that may be issued by the Issuer should inform themselves as to the legal requirements of applying for any such securities and any applicable exchange control requirements and taxes in the countries of their nationality, residence or domicile.

Save for the offering in the Republic of Malta, no action has been or will be taken by the Issuer that would permit a public offering of the securities described in the Securities Note or the distribution of the Prospectus (or any part thereof) or any offering material in any country or jurisdiction where action for that purpose is required.

In relation to each Member State of the European Economic Area (other than Malta) which has implemented Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading or which, pending such implementation, applies article 3.2 of the said Directive, the securities can only be offered to “qualified investors” (as defined in the 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 the said Directive.

A copy of this document has been submitted to the Listing Authority in satisfaction of the Listing Rules, the Malta Stock Exchange in satisfaction of the Malta Stock Exchange Bye-Laws and has been duly filed with the Registrar of Companies, in accordance with the Act.

Statements made in this Registration Document are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

All the advisers to the Issuer named in section 4 of this Registration Document under the heading “Advisers to the Issuer”, acting in their capacity of advisers, have acted and are acting exclusively for the Issuer in relation to this public offer and will, acting in their capacity of advisers, not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Prospectus.



## REGISTRATION DOCUMENT

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## REGISTRATION DOCUMENT

### 1 DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>Act</b>	the Companies Act, 1995, Chapter 386 of the Laws of Malta;
<b>CHI Limited</b>	CHI Limited, a company registered under the laws of Malta having its registered office at 1, Europa Centre, Floriana, FRN 1400 and company registration number C 26086;
<b>Company or Issuer</b>	Corinthia Finance p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 25104;
<b>Corinthia Group or Group</b>	CPHCL and the companies in which CPHCL has a controlling interest;
<b>CPHCL or Guarantor</b>	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 257. CPHCL acts as the parent company of the Corinthia Group;
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063 and company registration number C 42525;
<b>IHI p.l.c.</b>	International Hotel Investments p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 26136;
<b>Istithmar Hotels FZE</b>	Istithmar Hotels FZE, a company registered under the laws of Dubai having its registered office at PO Box 262080, Level 38, Al Shatha Tower, Media City, Dubai, United Arab Emirates and company registration number 01256L;
<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the Laws of Malta);
<b>MIH p.l.c.</b>	Mediterranean Investments Holding p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 37513;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Prospectus</b>	collectively the Summary Note, the Registration Document and the Securities Note;
<b>QPM Limited</b>	QPM Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 26148;
<b>Registration Document</b>	this document in its entirety;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
<b>Securities Note</b>	the most updated securities note issued by the Issuer from time to time that will provide the details of the securities to which it relates;
<b>Summary Note</b>	the most updated summary note issued by the Issuer from time to time summarising the most updated Registration Document and Securities Note.

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

Unless it appears otherwise from the context:

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



## 2 RISK FACTORS

### 2.1 GENERAL

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

### 2.2 FORWARD LOOKING STATEMENTS

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

### 2.3 RISKS RELATING TO THE ISSUER

The Issuer itself does not have any substantial assets and is merely a special purpose vehicle set up for the issue of bonds and other funding requirements of the business of CPHCL or any of its subsidiary and/or associated companies.

### 2.4 ISSUER'S RELIANCE ON THE GUARANTOR

The Issuer is mainly dependant on the business prospects of CPHCL and, therefore, the operating results of CPHCL have a direct effect on the Issuer's financial position. Accordingly, the risks of the Issuer are indirectly those of CPHCL. The Registration Document includes information about CPHCL as guarantor to bonds issued by the Issuer during the document's lifetime intended to enable a prospective investor to make an informed judgment as to the reliance on the guarantee.

### 2.5 RISKS RELATING TO THE BUSINESS OF THE GUARANTOR

CPHCL has a long trading history in mixed-use real estate developments that consist principally of hotels, residences, offices and retail areas. The hotel industry globally is characterised by strong and increasing competition. Many of CPHCL's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Guarantor. Severe competition in certain countries and changes in economic and market conditions could adversely affect CPHCL's business and operating results.

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

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

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

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



## REGISTRATION DOCUMENT

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

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

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

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

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

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

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

### 2.5.4 Liquidity risk

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

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

## 2.6 RISKS RELATING TO THE GUARANTOR'S ACQUISITION STRATEGY

The Guarantor's business consists of the acquisition, development and running of real estate projects that consist principally of hotels, residences, offices and retail areas for rental to third parties. Property acquisition and development projects are subject to a number of specific risks, including the inability to source adequate opportunities, cost overruns, insufficiency of resources to complete the projects, rental of commercial areas not being effected at the prices and within the times envisaged, higher interest costs and curtailment of revenue generation. If these risks were to materialise, they would have an adverse impact on the Guarantor's revenue generation, cash flows and financial performance.

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



## REGISTRATION DOCUMENT

### 2.7 RISKS EMANATING FROM THE GUARANTOR'S FINANCING STRATEGY

#### 2.7.1 The Guarantor's indebtedness could adversely affect its financial position

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

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

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

#### 2.7.2 The Guarantor may be unable to effectively hedge against interest rates

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

#### 2.7.3 The Group's senior personnel and management have been and remain key to its growth

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

#### 2.7.4 The Group's insurance policies

Historically, the Group has maintained insurance covers at levels determined by the Group to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by its insurance policies, it may be difficult and time-consuming to recover such losses from the insurers. In addition, the Group may not be able to recover the full amount from the insurers. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.



## REGISTRATION DOCUMENT

### 3 PERSONS RESPONSIBLE

This Registration Document includes information prepared in compliance with the Listing Rules of the Listing Authority for the purpose of providing prospective investors with information with regard to the Issuer and the Guarantor. Each and all of the directors of the Issuer whose names appear under the heading “Administrative, Management and Supervisory Bodies” in Section 9.1.1 of this Registration Document accept responsibility for the information contained herein, save for the information specifically relating to the Guarantor, for which the directors of the Guarantor whose names appear in Section 9.2.1 of this Registration Document are responsible.

To the best of the knowledge and belief of the directors of the Issuer and Guarantor, who have taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer and the Guarantor hereby accept responsibility accordingly.

### 4 ADVISERS TO THE ISSUER

#### LEGAL COUNSEL

Name: GVTH Advocates  
Address: 192, Old Bakery Street,  
Valletta, VLT 1455

#### SPONSORING STOCKBROKER

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

#### JOINT MANAGER AND REGISTRAR

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

#### JOINT MANAGER

Name: HSBC Bank Malta p.l.c.  
Address: 233, Republic Street,  
Valletta, VLT 1116

### 5 STATUTORY AUDITORS

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

The audited financial statements of the Issuer for the financial years ended 31 December 2007 and 2008 have been audited by KPMG, having its registered office at Portico Building, Marina Street, Pieta', PTA 9044. KPMG ceased to act as auditors on 13 April 2009 and at the date of the Prospectus Grant Thornton is the statutory auditor of both the Issuer and the Guarantor.

The audited financial statements of the Guarantor for the financial years ended 31 December 2007 and 2008 have been audited by Grant Thornton.

Grant Thornton and KPMG are both independent firms of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the Laws of Malta).



## REGISTRATION DOCUMENT

# 6 INFORMATION ABOUT THE ISSUER AND GUARANTOR

## 6.1 THE ISSUER

### 6.1.1 Introduction

Full legal and commercial name:	Corinthia Finance p.l.c.
Registered address:	22, Europa Centre, Floriana, FRN 1400, Malta
Place of registration and domicile:	Malta
Company registration number:	C 25104
Date of registration:	9 September 1999
Legal form:	The Company is lawfully existing and registered as a public limited company in terms of the Act
Telephone numbers:	+356 2123 3141
Fax number:	+356 2123 4219
Website:	<a href="http://www.corinthiacorporate.com">www.corinthiacorporate.com</a>

### 6.1.2 Principal activities

The Issuer itself does not have any substantial assets (other than the loans receivable that are detailed below) and is merely a special purpose vehicle set up to raise finance for the business of CPHCL, so as to enable the latter to undertake the ownership, development and operation of real estate developments. In this respect, the Issuer is mainly dependant on the business prospects of CPHCL.

In September 1999, the Company issued Lm10,000,000 (equivalent to €23,293,734) 6.7% bonds redeemable in 2009. The proceeds of that bond issue were advanced to CPHCL pursuant to and under the terms of a loan agreement (Loan I) dated 10 September 1999. The Company receives interest on the loan to CPHCL at the rate of 6.8% per annum on 15 October of each year. Loan I is repayable by not later than 15 October 2009.

In March 2002, the Company issued €14,273,700 6.5% bonds redeemable in April 2010 (Tranche I) and Lm6,289,900 (equivalent to €14,644,885) 6.75% bonds redeemable in April 2012 (Tranche II). The proceeds of the bond issues were advanced to CPHCL pursuant to and under the terms of two loan agreements dated 7 March 2002. The Company receives interest from CPHCL on the Tranche I monies on-lent to CPHCL at the rate of 7.10% per annum (Loan II) and on the Tranche II monies on-lent to CPHCL at the rate of 6.85% per annum (Loan III). Both interest payments are due on the 15 March of each year. Loan II is repayable by not later than 15 March 2010, whereas Loan III is repayable by not later than 15 March 2012.

The Issuer has also entered into a loan agreement dated 20 August 2009 with the Guarantor ('Loan Agreement IV') pursuant to which the Issuer will advance to the Guarantor the proceeds from the Bond issued under the terms and conditions as set out in the Securites Note dated 28 August 2009. The loan agreement shall bear interest at the rate of 6.4% per annum with interest payable annually in arrears on 7 September of each year. In terms of Loan Agreement IV, the Guarantor binds itself to repay the loan in accordance with a pre-agreed repayment schedule which will enable the Company to set up a sinking fund in accordance with the terms and conditions as set out in the Securities Note dated 28 August 2009. The Guarantor is also bound to effect the final repayment by not later than 7 September 2019. All expenses incurred in the preparation and implementation of this Bond shall be at the charge of CPHCL.

### 6.1.3 Principal markets

The Issuer operates exclusively in and from Malta.



## REGISTRATION DOCUMENT

### 6.2 HISTORICAL DEVELOPMENT OF THE GUARANTOR

#### 6.2.1 Introduction

Full legal and commercial name:	Corinthia Palace Hotel Company Limited
Registered address:	22, Europa Centre, Floriana, FRN 1400, Malta
Place of registration and domicile:	Malta
Company registration number:	C 257
Date of registration:	21 June 1966
Legal form:	The company is lawfully existing and registered as a private limited company in terms of the Act
Telephone numbers:	+356 21 233 141
Fax number:	+356 21 234 219
Website:	www.corinthiacorporate.com

#### 6.2.2 Share capital

The authorised and issued share capital of the Guarantor is €18,710,456, divided into 8,032,400 ordinary shares of €2.329373 each.

The table below shows the build-up of shares since the last published Prospectus of the Company

Date	Number of Shares	Shareholder	Consideration
Share Capital as at 31 December 2002	16,200 'A' Ordinary Shares 15,000 'B' Ordinary Shares 1,400,000 'C' Preference Shares 1,400,000 'D' Preference Shares	Pisani Family LFICO LFICO Pisani Family	
22 April 2003	1,200,000 'A' Ordinary Shares 1,200,000 'B' Ordinary Shares 1,200 'B' Ordinary Shares	Pisani Family LFICO LFICO	Capitalisation of retained earnings Capitalisation of retained earnings Lm1,200 in Cash
6 June 2003	1,400,000 'A' Ordinary Shares 1,400,000 'B' Ordinary Shares 1,400,000 'A' Ordinary Shares 1,400,000 'B' Ordinary Shares	Pisani Family LFICO Pisani Family LFICO	Conversion of preference shares into ordinary shares Conversion of preference shares into ordinary shares Conversion of retained earnings through an issue of bonus shares Capitalisation of shareholders' loan

On 6 June 2003, it was further resolved to convert the whole of the authorised and issued share capital from ordinary 'A' and 'B' shares into ordinary shares without any distinction or privilege.



## REGISTRATION DOCUMENT

### 6.2.3 The Group and its business organisation

The Guarantor is the parent company of the Group that is principally engaged in the ownership, development and operation of hotels, and in other activities related to the hospitality industry in various countries. During the ten-year period ended 31 December 2008, the Group expanded its asset base as shown hereunder.

#### Corinthia Palace Hotel Company Limited

##### *Key Financial Information as per Audited Consolidated Financial Statements*

	2008	1998
	Euro 000s	Euro 000s
Total Assets	1,216,757	337,345
Net Equity	378,840	94,370
Employees	3,408	3,252

The Group is organised at the strategic level into four distinct business units, each of which plan and implement well-defined strategies driven by the objective of continued growth, furtherance of their core interests and the on-going optimisation of profitability of their operations.

These business units are organised as follows:

- (a) IHI p.l.c. with an objective to invest, acquire and develop real estate projects with a principal focus on hotel assets. IHI p.l.c. owns a majority shareholding in CHI Limited, whose main objective is to provide professional hotel management services to hotel owners and acts as the exclusive manager of hotels under the Corinthia, Wyndham and Ramada Plaza Brands in Europe, the Russian Federation, the Middle East and Africa. Whilst CPHCL holds 58.89% of shares in IHI p.l.c., Istithmar Hotels FZE of Dubai acts as a strategic investor in the company with a 33.14% holding. The remaining shares are held by the general investing public;
- (b) MIH p.l.c. with the goal of investing, acquiring and developing luxury residential complexes and commercial centres in North Africa. CPHCL owns this company jointly with the National Real Estate Company of Kuwait, with both parties holding equal shares;
- (c) QPM Limited which specializes in construction and the provision of project management services. CPHCL owns 80% of the shares in this company, with the remaining 20% owned by IHI p.l.c.; and
- (d) The Guarantor holds other properties and investments either directly in its own name or through subsidiary companies. Included in these holdings are the Panorama Hotel in Prague, the Ramada Plaza Hotel in Budapest, the Ramada Plaza Hotel in Tunisia and the Corinthia Palace Hotel and Marina Hotel in Malta. CPHCL also owns six small hotels in the Czech Republic, two small hotels in Turkey, and a minority interest in three other hotels in Turkey and another small hotel in Portugal. On the industrial side, CPHCL owns Swan Laundry, holds a majority shareholding in the Danish Bakery and provides airline catering services through another subsidiary, Flight Catering Company Limited.

The following table provides a list of the properties and assets owned by the Guarantor including the principal markets in which each respective company operates:



## REGISTRATION DOCUMENT

## OPERATING ASSETS

Name of Asset	Location	Description of Asset	Industry	% Ownership	Holding Co.	Investment Vehicle
Corinthia Hotel St. George's Bay	Malta	250 room Five-Star Hotel	Hospitality	100%	IHI	Five Star Hotels Limited
Corinthia Hotel Budapest	Hungary	414 room Five-Star Hotel, Spa & 26 residential apartments	Hospitality	100%	IHI	IHI Hungary Zrt
Corinthia Hotel Lisbon	Portugal	518 room Five-Star Hotel	Hospitality	100%	IHI	Alfa Investimentos Turisticos Lda & IHI Lisbon Limited
Corinthia Hotel & Commercial Centre St Petersburg	Russia	390 room Five-Star Hotel, 11,000m <sup>2</sup> commercial centre with a further 1,500m <sup>2</sup> of office space under-development	Hospitality & Real Estate	100%	IHI	IHI Berelux B.V. & IHI St. Petersburg LLC
Corinthia Hotel, Prague	Czech Republic	544 room Five-Star Hotel	Hospitality	100%	IHI	IHI Towers s.r.o.
Corinthia Hotel & Commercial Centre, Tripoli	Libya	299 room Five Star Hotel and 10,000m <sup>2</sup> commercial centre	Hospitality & Real Estate	100%	IHI	Corinthia Towers Tripoli Limited
CHI Limited	Malta	Provision of Professional Hotel Management Services	Hospitality	70%	IHI	CHI Limited
QPM Limited	Malta	Provision of Professional Project Management Services	Project Management	100%	CPHCL/IHI	QPM Limited
CCOL Limited	Libya	Provision of Construction Services	Construction	100%	QPM	QPM Limited
Corinthia Palace Hotel & Spa	Malta	155 room Five-Star Hotel & Spa	Hospitality	100%	CPHCL	Corinthia Palace Hotel Company Limited
Marina Hotel St. George's Bay	Malta	200 room Five-Star Hotel	Hospitality	100%	CPHCL	Marina San Gorg Limited
Gulluk & Labranda Hotels, Antalya	Turkey	178 rooms between both Hotels	Hospitality	100%	CIL	Corinthia Turizm Yatirimlari ve Ticaret & Internasyonal Turizm ve Otelcilik
Excelsior Hotel, Antalya	Turkey	181 room Hotel	Hospitality	40%	CIL	Norm Turizm Yatirim Isletmeleri AS
Club Hotel Tekirova, Antalya	Turkey	526 room Hotel	Hospitality	50%	CIL	Tekirova Turizm Yatirimlari AS
Art Hotel, Antalya	Turkey	397 room/apart-hotel	Hospitality	35%	CPHCL	Tektur Turizm AS
Panorama Hotel, Prague	Czech Republic	450 room Hotel	Hospitality	100%	CPHCL	Corinthia Panorama sro
Amber Hotel Chain	Czech Republic	6 small hotels	Hospitality	100%	CPHCL	Amber Hotels SRO



## REGISTRATION DOCUMENT

## OPERATING ASSETS (CONTINUED)

Name of Asset	Location	Description of Asset	Industry	% Ownership	Holding Co.	Investment Vehicle
Corinthia Restuarants	Hungary	Restaurants	Hospitality	100%	CIL	Corinthia Restuarants KFT
Atkins Travel Agency	U.K.	Provision of Travel Agency Services	Hospitality	43%	CIL	Atkins Travel Limited
Santarem Hotel	Portugal	105 room Hotel	Hospitality	42%	CIL	Scalotel Escalibana SA
Ramada Plaza Hotel, Tunis	Tunisia	328 room Hotel	Hospitality	100%	63.4% CPHCL 36.6% CIL	SPH Khamsa
Ramada Plaza Hotel, Budapest	Hungary	310 room Hotel	Hospitality	100%	CIL	Thermal Hotel Aquincum zrt
Danish Bakery	Malta	Production and Distribution of Bakery Products	Consumer Services	65%	CPHCL	Danish Bakery Limited
Swan Laundry	Malta	Provision of Laundry and	Consumer Services	100%	CPHCL	Swan Laundry & Dry Cleaning Services Limited
Flight Catering Company	Malta	Provision of In-flight Catering	Hospitality	70%	CPHCL	Flight Catering Company Limited
BCW Limited	Malta	Investment Interest in Dragonara Casino	Hospitality & Leisure	33%	CPHCL	BCW Limited
Marsa Investments Limited	Malta	Owner of Land Plot in Marsa	Real Estate	100%	CPHCL	Marsa Investments Ltd.

## ASSETS UNDER DEVELOPMENT

Name of Asset	Location	Description of Asset	Industry	% Ownership	Holding Co.	Investment Vehicle
Palm City Residences, Janzour	Libya	413-unit residential gated compound	Real Estate	100%	MIH	Palm City Limited
Corinthia Hotel & Residences, London	U.K.	296 room Five-Star Hotel and 12 luxury Apartments for re-sale	Hospitality & Real Estate	37%	IHI	NLI Holdings Limited

## PLANNED FUTURE DEVELOPMENTS

Name of Asset	Location	Description of Asset	Industry	% Ownership	Holding Co.	Investment Vehicle
Corinthia Hotel, Residences & Commercial Centre, Benghazi	Libya	250 room Five-Star Hotel, 30 Apartments and 4,400m <sup>2</sup> commercial centre	Hospitality & Real Estate	75%	IHI	IHI Benghazi Limited
Medina Tower, Tripoli	Libya	336 residences for resale, 25,000m <sup>2</sup> of offices for rental and 20,000m <sup>2</sup> retail, leisure & conference facilities	Real Estate	50%	MIH/IHI	Medina Tower Limited (still in formation)



## REGISTRATION DOCUMENT

### 6.2.4 The Group and its business development strategy

The strategy that the Group embarked upon in the year 2000 was that of creating individual business units for each of its four distinct areas of competences for investing, developing and operating in real estate projects having a particular focus on hotel assets. The intention behind the separation into different subsidiary companies was twofold:

- (a) to encourage each company to provide its services to third party companies and, in the process, becoming a viable business in its own right without resorting to the support of the parent company; and
- (b) to enable each company to source new capital and forge new alliances, allowing it to grow at an even faster pace.

IHI p.l.c., a public company that was launched in 2000, initially owned a 250-room hotel in Malta and a plot of land in Budapest. Since then it has expanded into a company that currently owns six operating hotels in each of Malta, Hungary, the Czech Republic, Portugal, Russia and Libya. It is currently developing a 296-room five star hotel with 12 neighbouring luxury residences in London, UK and planning another development in Benghazi, Libya. The investors in the London and Benghazi projects, in which IHI p.l.c. has shareholdings of 37% and 75% respectively, plan to sell the residential elements within these two developments in order to realise part of the capital appreciation and, in so doing, improve the overall return on their investment. In 2007, IHI p.l.c. attracted significant new equity from Istithmar Hotels FZE which led the Board to re-assess its future investment strategy. Whilst IHI p.l.c. continues to target investments in under-performing properties in emerging markets, it now has the opportunity to diversify its portfolio of investments both geographically as well as in terms of business segments. In fact, apart from undertaking the projects that are currently in hand, the company intends to invest in other major cities such as New York, Rome and Paris. IHI p.l.c. is also committed to obtain a secondary listing on a major international stock exchange. This will provide it with further room for growth.

CHI Limited, which at inception solely managed hotels that were owned by the Corinthia Group, in 2006 also struck an alliance with Wyndham Hotels Group of the United States. By means of this alliance, CHI Limited was nominated as the licensed operator of the Corinthia, Wyndham and Ramada Plaza Brands across Europe, the Russian Federation, Africa and the Middle East. As a result, CHI Limited concluded a number of management agreements with third party hotel owners. Over and above the five agreements concluded in 2007, another seven agreements were concluded in 2008, reflecting an increase of 2,000 rooms under its management. It is expected that this company shall continue on its growth path in the forthcoming years. The hotels that are the subject of these management agreements, are all expected to become operational before the end of 2011.

Whilst MIH p.l.c. did not feature amongst the businesses that were originally set up, its creation resulted from the strong momentum that was set in motion by the restructuring of the Group's activities in the year 2000. Whereas CPHCL was in the past mainly involved in the development of hotel assets, over the years it became clear that the Group's development competences could be profitably applied to other kinds of real estate projects. In 2006, MIH p.l.c. was formed as a joint venture between CPHCL and the National Real Estate Company of Kuwait. MIH p.l.c. made a significant investment in its first project – Palm City Residences, Tripoli – a 413-unit residential gated compound earmarked at providing luxury accommodation to expatriates working in Libya. Whilst MIH p.l.c. will be overseeing the finalisation of this project by the end of this year, it has already entered into a new joint venture with a Libyan institutional investor that will result in its second project which is a 180,000 square metre mixed-use development over a land plot measuring 13,000 square metres right in the centre of Tripoli. This mixed-use high-rise development will comprise residences for resale, offices, retail, conferencing and car park facilities for rental to third parties.

QPM Limited operates independently of and at arms length to CPHCL and offers a range of project, construction and cost management services to a number of international clients in various countries. Since its inception it has become increasingly obvious that, given the real estate focus of the Group, this company was going to be able to add value to the Group as a whole and progressively source projects independently. To date, the company has been involved in more than forty projects in nine countries.

Furthermore, the Group will continue to maintain a strong focus on the improvement in the performance of its present assets in order to safeguard the profitability of the Group during the short to medium term.

In 2009 and subsequent years, the Group plans to dedicate much of its resources to the acquisition and development of new assets that will, in the main, contribute to provide adequate returns in the medium and long term.



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For the long term, whilst overseeing the growth of the companies described above, CPHCL will still be committed to see other subsidiary companies grow into independent business units.

CPHCL has also identified a number of assets principally consisting of resort hotels acquired in the 1980's and 1990's and a number of small 3 star hotels that no longer fit within its 4 and 5 star long-term development focus and growth strategy and has decided to dispose of these non-core assets when the time is opportune to do so. The disposal proceeds will be used in furthering the Group's objectives.

## 7 TREND INFORMATION AND FINANCIAL PERFORMANCE

### 7.1 TREND INFORMATION OF THE ISSUER

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

The Issuer is mainly dependant on the business prospects of CPHCL and, therefore, the trend information of the Guarantor (detailed below) has a material effect on its financial position and prospects.

### 7.2 TREND INFORMATION OF THE GUARANTOR

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

In the first four months of 2009, international travel declined and international visitation was reported by the World Tourism Organisation (UNWTO) to have decreased by 8% on 2008 figures.

Regions in which the Group operates have had mixed fortunes during 2009. Despite the overall global downward trend, North Africa reported an increase in 2009 in international visitation of 6.4% over 2008. On the other hand, Central Europe registered a decrease of 13.2%, the Mediterranean region a decrease of 9.2%, whereas Western Europe recorded a drop in annual visitation of 10.3%. The outlook for the rest of 2009 is cautious, with the UNWTO predicting a slowdown in international tourist arrivals, forecasting a drop of between 4% to 6%.<sup>1</sup>

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

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

Secondly, the Guarantor has distributed its investments across diverse geographic locations and is now achieving further diversity through growth in ancillary business segments. The diversity of the Group's investment portfolio mitigates its exposure to any one specific country or source of business. This diversity ensures that the Group's earnings provide a healthy mix between active (hotel business) and passive income (long-term rental income), thereby ensuring a more balanced profit and cash generation.

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

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

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



## REGISTRATION DOCUMENT

### 7.3 KEY FINANCIAL REVIEW

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

#### 7.3.1 Financial review of the Issuer

##### **Corinthia Finance p.l.c.**

##### **Income Statement**

*for the years ended 31 December*

	2008 Euro 000s	2007 Euro 000s
Interest receivable	3,305	3,318
Interest payable and similar charges	(3,276)	(3,279)
<b>Net interest earned</b>	<b>29</b>	<b>39</b>
Administrative expenses	(28)	(29)
<b>Profit before tax</b>	<b>1</b>	<b>10</b>
Tax expense	-	(3)
<b>Profit for the year</b>	<b>1</b>	<b>7</b>

##### **Corinthia Finance p.l.c.**

##### **Condensed Balance Sheet**

*At 31 December*

	2008 Euro 000s	2007 Euro 000s
<b>ASSETS</b>		
Non-current	28,517	47,883
Current	21,084	1,655
<b>Total assets</b>	<b>49,601</b>	<b>49,538</b>
<b>EQUITY</b>		
Total equity	237	236
<b>LIABILITIES</b>		
Non-current	28,834	48,140
Current	20,530	1,162
<b>Total liabilities</b>	<b>49,364</b>	<b>49,302</b>
<b>Total equity and liabilities</b>	<b>49,601</b>	<b>49,538</b>



## REGISTRATION DOCUMENT

**Corinthia Finance p.l.c.**  
**Condensed Statement of Cash Flows**  
*for the years ended 31 December*

	2008 Euro 000s	2007 Euro 000s
Net cash used in operating activities	(37)	(7)
Net cash from investing activities	-	345
Net cash used in financing activities	-	(287)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(37)</b>	<b>51</b>
Cash and cash equivalents at beginning of year	66	15
<b>Cash and cash equivalents at end of year</b>	<b>29</b>	<b>66</b>

## 7.3.2 Financial review of the Group

**Corinthia Palace Hotel Company Limited**  
**Condensed Consolidated Income Statement**  
*for the years ended 31 December*

	2008 Euro 000s	2007 Euro 000s
Turnover	186,249	179,565
Direct costs	(139,906)	(137,601)
<b>Gross profit</b>	<b>46,343</b>	<b>41,964</b>
Other income	2,556	2,329
Other operating costs	(29,349)	(29,735)
Net reversal of impairment losses on hotel properties	12,844	-
Revaluation to fair value of investment properties	26,253	24,058
<b>Results from operating activities</b>	<b>58,647</b>	<b>38,616</b>
Finance income	6,184	4,368
Finance costs	(28,927)	(24,216)
(Loss) gain on sale of investments	(138)	-
Gain on sale of investment property	-	1,078
Share of results of associate companies	567	687
<b>Profit before tax</b>	<b>36,333</b>	<b>20,533</b>
Tax expense	(13,036)	(5,385)
<b>Profit for the year</b>	<b>23,297</b>	<b>15,148</b>
<b>Attributable to:</b>		
Equity holders of CPHCL	16,888	10,536
Minority interest	6,409	4,612
<b>Profit for the year</b>	<b>23,297</b>	<b>15,148</b>
Earnings per share	2.10	1.31



## REGISTRATION DOCUMENT

### **Corinthia Palace Hotel Company Limited** **Condensed Consolidated Balance Sheet**

At 31 December

	2008 Euro 000s	2007 Euro 000s
<b>ASSETS</b>		
Non-current	1,083,003	972,316
Current	133,754	218,594
<b>Total assets</b>	<b>1,216,757</b>	<b>1,190,910</b>
<b>EQUITY</b>		
Equity pertaining to CPHCL's shareholders	378,840	362,927
Minority interest	262,573	246,351
<b>Total equity</b>	<b>641,413</b>	<b>609,278</b>
<b>LIABILITIES</b>		
Non-current	460,868	482,136
Current	114,476	99,496
<b>Total liabilities</b>	<b>575,344</b>	<b>581,632</b>
<b>Total equity and liabilities</b>	<b>1,216,757</b>	<b>1,190,910</b>
Net asset value per share	151.30	148.09

### **Corinthia Palace Hotel Company Limited** **Condensed Consolidated Statement of Cash Flows**

for the years ended 31 December

	2008 Euro 000s	2007 Euro 000s
Net cash from operating activities	17,320	19,016
Net cash used in investing activities	(80,579)	(36,165)
Net cash (used in) from financing activities	(19,186)	163,976
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(82,445)</b>	<b>146,827</b>
Cash and cash equivalents at the beginning of the year	174,211	27,384
<b>Cash and cash equivalents at end of year</b>	<b>91,766</b>	<b>174,211</b>

During 2008, turnover amounted to €186.3 million representing an increase of 4% on the turnover levels registered in 2007. Operating profit for the year, prior to reversals of impairment losses, amounted to €19.6 million compared to €14.6 million in 2007, reflecting improved cost efficiencies and higher profit retentions on turnover. Moreover, during 2008 the Group also benefited from the reversal of impairment losses of €12.8 million taken in previous years on a hotel property in Portugal.

The other most notable positive effect on the income statement for the year was the revaluation to fair value of investment properties which totalled €26.3 million (2007: €24.1 million). This resulted from uplifts in value recognised on properties located in Libya and in the Russian Federation. Profits actually realised in 2008 on the disposal of properties, mainly in the Czech Republic, had already been recognised in the income statement in 2007 through a revaluation to fair value. Financing costs net of financing income amounted to €22.7 million (2007: €19.9 million). The resultant profit before tax and minority interest for the year amounted to €36.3 million (2007: €20.5 million).



## REGISTRATION DOCUMENT

In 2008 the Group registered another significant increase in the carrying amount of its property, plant and equipment from €772.5 million in 2007 to €831.5 million by the end of the year, both on account of the continued development activities carried out during the year as well as uplifts in value, as recommended by independent valuing firms.

Notwithstanding the increase in the carrying value of its property, plant and equipment, the total borrowings, excluding bank overdrafts, continued to fall in 2008 to €377 million from €397.4 million at the end of 2007.

During the course of 2008 the gearing level improved further from 40% in 2007 to 37%, while financing costs as a percentage of operational profits before depreciation fell from 58% in 2007 to 51%.

### 7.4 LATEST DEVELOPMENTS OF THE GUARANTOR

The Guarantor, through its investments in subsidiary and associate companies has, over the last thirty-six months up to the date of this Prospectus, been focusing its activities on:

- The increase in the equity base of MIH p.l.c. by an additional €24 million in cash through the issuance of new shares to National Real Estate Company p.l.c. of Kuwait;
- The increase in the equity base of CHI Limited through its alliance with Wyndham Hotels Group. As a consequence, CHI Limited became the exclusive licensee of the Corinthia, Wyndham and Ramada Plaza brands in all of Europe, the Russian Federation, Middle East and African region;
- The increase in the equity base of IHI p.l.c. by an additional €178 million in cash through the subscription of new shares by Istithmar Hotels FZE of Dubai;
- The completion of works on the 413-residential unit gated village in Janzour, Tripoli. This work is carried out by a fully-owned subsidiary of MIH p.l.c. and is expected to be fully completed before the end of 2009;
- The completion of the works on the Corinthia Nevskij Hotel and Commercial Centre in St. Petersburg. During the first phase of this project, works included the total refurbishment and reorganisation of the existing hotel's foyer, restaurants, bar and public areas, the addition of 105 executive bedrooms, extensive conference facilities and 11,000 square metres of office and retail accommodation. These areas were completed and became fully operational in May 2009. Works are still underway on a building located at the back of the hotel. This building will be converted into a 185-space car park and 1,500 square metres of office space available for rent to third parties;
- The acquisition of a 37% equity stake in the joint venture company that acquired the Metropole Building and adjoining 10 Whitehall Place in London. The acquisition and development of the said project into a 296-room five star hotel with 12 adjoining luxury apartments is fully funded on a 50:50 debt to equity ratio;
- The acquisition of a 75% interest in a joint venture company formed for the purpose of acquiring the former El-Jazeera Hotel and adjoining site in Benghazi, Libya and developing same into a mixed-use project. IHI p.l.c. shall contribute its equity contribution when the sites are acquired by the joint venture company. The joint venture shall seek to obtain appropriate bank financing for the development of this project.

As explained earlier, the investors in the London and Benghazi projects, in which IHI p.l.c. has shareholdings of 37% and 75% respectively, plan to sell the residential elements of these projects in order to realise part of the capital appreciation and, in so doing, improve the return on their investment; and

- The acquisition of a 50% interest in a joint-venture company formed to carry out a 180,000 square metre development over a land plot measuring 13,000 square metres in the centre of Tripoli. Plans are in hand to carry out a mixed-use high-rise development comprising residences for resale, offices, retail, conferencing and car park facilities for rental to third parties. Whilst the equity contribution required for the first phase of this project is already available, bank financing still needs to be procured.



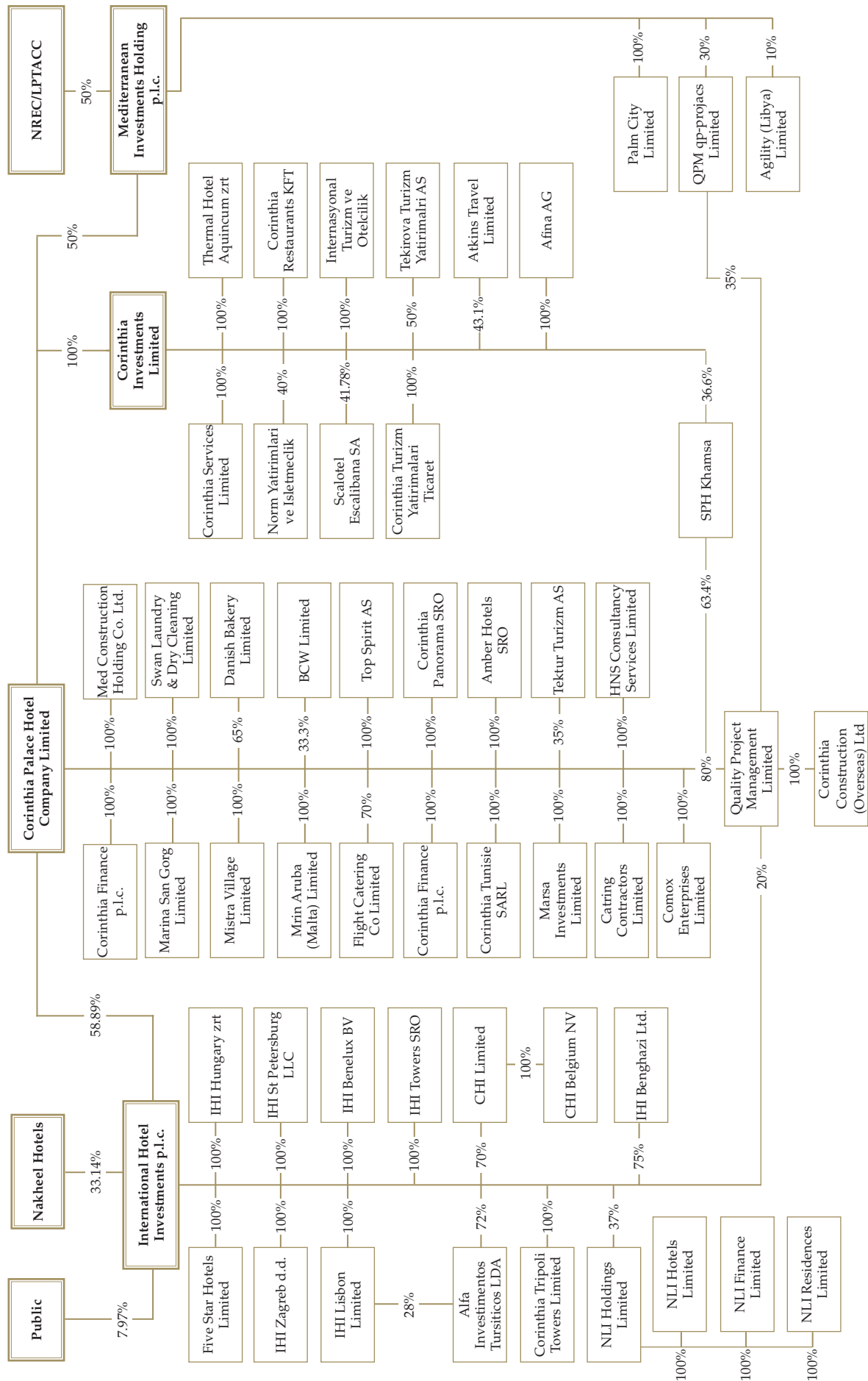
## 8 ORGANISATIONAL STRUCTURE

The Issuer is a wholly-owned subsidiary of CPHCL and is a special purpose vehicle set up for the raising of finance to be on-lent to its parent company.

CPHCL has adopted a streamlined and cost-effective organisational structure which has expanded over the years in line with its development phases and growth. The Group's organisational structure, as illustrated below, is considered to be instrumental in ensuring success. This is due to the fact that it allows the Guarantor to keep the strategic direction and development of the Group as its primary focus, whilst allowing the respective boards and management teams of the Group's subsidiary companies to focus on achieving the Group's operational objectives.

The Group has adopted an autonomous organisational structure for each operation. The Group's philosophy is to set up subsidiary companies to firstly retain a corporate structure that provides efficient tax treatment to the CPHCL and, secondly, to ensure that each operating asset is vested with its own management structure. The latter approach suitably adheres to each asset's need to take account of the particular environment and market within which it operates, albeit subject to the overall direction and the strategic parameters and objectives established by the Guarantor's directors.

The Guarantor's business is increasingly being driven through public companies. In the first instance, this results in more accountability and stronger corporate governance structures that are most effective in safeguarding the ultimate shareholders' interests. Secondly, this allows the Group to procure fresh capital injections both in terms of equity and debt funding in order to secure the financing required in fulfilling its ambitious plans. Thirdly, it achieves the objective of turning CPHCL into an investment company that holds investments in other companies rather than operating assets in its own name or indirectly through wholly-owned subsidiaries.





## REGISTRATION DOCUMENT

# 9 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

## 9.1 THE ISSUER

### 9.1.1 Directors

The Memorandum of Association of Corinthia Finance p.l.c. provides that the board of directors shall be composed of four directors. The business address of each director is the registered office of the Issuer. As at the date of this Registration Document, the board of directors of the Issuer is constituted by the following persons:

Joseph Fenech	Chairman
Anthony R. Curmi	Non-executive director
Frank Xerri de Caro	Non-executive director
Joseph J. Vella	Non-executive director

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

**Anthony Curmi** is a Fellow of the Chartered Institute of Bankers and was appointed as a non-executive director of the Issuer in August 2007. Mr Curmi is a former CEO of Mid-Med Bank Limited and was the first General Manager of the Malta International Business Authority.

**Frank Xerri de Caro** has previously been Chief Executive Officer of Bank of Valletta p.l.c., besides serving on the boards of several major financial, banking and insurance institutions. Mr Xerri de Caro, in addition to being a director of IHI p.l.c. and a number of its subsidiaries, is also a director of the Issuer and is currently the Chairman of the Issuer's Audit Committee.

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

**Alfred Fabri** occupies the position of company secretary.

The persons listed under the heading "Advisers to the Issuer" in section 4 of this Registration Document have advised and assisted the directors in the drafting and compilation of the Prospectus.

### 9.1.2 Directors service contracts

None of the directors of the Company have a definitive service contract with the Company. All directors may be removed by the shareholder appointing them or by an ordinary resolution of the shareholders in general meeting.

### 9.1.3 Aggregate emoluments of directors

For the year ending 31 December 2008, the Company paid an aggregate of €15,145 to its directors.

### 9.1.4 Loans to directors

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



## REGISTRATION DOCUMENT

### 9.2 THE GUARANTOR

#### 9.2.1 Directors

The Memorandum of Association of Corinthia Palace Hotel Company Limited provides that the board of directors shall be composed of six directors. The business address of each director is the registered office of the Guarantor. As at the date of this Registration Document, the board of directors of the Guarantor is constituted by the following persons:

Alfred Pisani	Chairman and CEO
Yousef Abdelmaula	Vice-Chairman
Ahmed A.S. Elmssalati	Non-executive director
Joseph M. Pisani	Executive director
Suleiman O. Ahtash	Non-executive director
Victor Pisani	Executive director

**Alfred Pisani** is the founder of the Corinthia Group and has been the Chairman and Chief Executive Officer since the incorporation of CPHCL in 1966. He was responsible for the construction of the Group's first hotel, the Corinthia Palace Hotel in Attard. He has led the Corinthia Group from a one hotel company to a diversified group having significant interests. Such interests vary from equity participations, management or both in several geographical areas and include interests in three hotels in Malta, five hotels in Turkey, two hotels in Hungary, eight hotels in the Czech Republic, two hotels in Portugal and one in each of Libya, Tunisia, the United Kingdom and the Russian Federation.

**Yousef Abdelmaula** is Vice-Chairman of Corinthia Palace Hotel Company Limited, nominated by the Libyan Foreign Investment Company (LFICO). He has been a director of LFICO since 1981. He is also a member of the board of directors of Arab Banking Corporation and of the Libyan Foreign Bank. He holds a Masters Degree in Management from the University of Hartford (USA).

**Ahmed A.S. Elmssalati** graduated in law from the University of Benghazi and took a Master's Degree in International Law from McGill University, Montreal. Mr Elmssalati has served in various senior positions in Libya, including director of the Central Bank of Libya, advisor to the Libyan Mission to the United Nations, under-secretary of the Cabinet, Chairman of the Litigation Department of the Secretariat of Justice and is currently director of the Department of Legal Affairs of the General People's Committee. He served as director of CHI Limited from 2005 to 2007 and in 2007 was appointed director of CPHCL.

**Joseph M. Pisani** has been a director of CPHCL since 1966 and is also a director on a number of its subsidiary companies. He has ever since been intimately involved in the growth and evolution of the Corinthia Group. He is also the Chairman of the Guarantor's Monitoring Committee.

**Suleiman O. Ahtash** graduated in economics from the University of Libya, and later took a Master's Degree in Economics from the University of Colorado. He served as under-secretary at the Libyan Ministry of Economics and Trade, under-secretary for economic affairs in the Council of Ministers' General Peoples' Committee and economic advisor in the General Peoples' Committee and National Planning Council. He also served as Libyan Delegate to the Council of Economic Unity of the Arab League in Cairo.

**Victor Pisani** has been a director of CPHCL since 1966 and is a director on a number of its subsidiary companies. He is also the Chairman of Pisani Flour Mills Ltd. and a director of Federated Mills p.l.c.

**Alfred Fabri** occupies the position of company secretary.

#### 9.2.2 Directors service contracts

None of the directors of the Guarantor have a definitive service contract with the company.



## REGISTRATION DOCUMENT

### 9.2.3 Loans to directors

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

### 9.2.4 Other general information

The directors have appointed Alfred Pisani as the Chief Executive Officer of the Guarantor. He is supported by the executives employed in the subsidiary companies in the execution of the overall strategy.

On 29 May 2007, CPHCL entered into a corporate management services agreement with IHI p.l.c. whereby the latter company was appointed to provide CPHCL with the corporate management and administrative support services that its CEO requires in running the business.

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

The board of IHI p.l.c. consists of three executive directors and six non-executive directors. The directors have appointed Alfred Pisani as CEO, Joseph Fenech as Managing Director and Simon Naudi as the Executive Director, responsible for acquisitions and development.

The non-executive directors are Ibrahim Zletni, Giuseppe (Joe) Sita, Andrew Watson, Hamza Mustafa, Joseph J. Vella and Frank Xerri de Caro. These non-executive directors are independent of IHI p.l.c. and constitute a majority on the company's board. The non-executive directors' main functions are to monitor the operations of the executive directors and their performance, as well as to review any investment opportunities that are proposed by the executive directors. All proposed acquisitions of IHI p.l.c. are brought to the board for approval.

The business address of each director is 22 Europa Centre, Floriana FRN 1400, Malta.

IHI p.l.c. employs a number of executives and engages third-party consultants to support its executive directors in fulfilling their role as officers of the Company.

### 9.2.5 Non-executive directors

The non-executive directors' main functions are to monitor the operations of the executive directors and their performance, as well as to review any investment opportunities that are proposed by the executive directors. All proposed acquisitions of the Guarantor are brought to its Board for approval.

### 9.2.6 Boards of subsidiary companies

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

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



## 10 BOARD PRACTICES

### 10.1 THE ISSUER

#### 10.1.1 Compliance with the Corporate Governance regime

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

The Board deems that, during the reporting periods referred to in this Registration Document, the Issuer has fully complied with the requirements of the Code, except as outlined in Section 10.1.3 below.

#### 10.1.2 Audit Committee

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

The terms of reference of the Audit Committee have been formally set out in a separate Charter. Frank Xerri de Caro, a non-executive director, acts as Chairman and Joseph Fenech and Anthony R. Curmi as members, whilst Alfred Fabri performs the duties of secretary to the Audit Committee.

The Audit Committee’s role principally involves the monitoring and review of the financial reporting process and internal controls. Additionally, it is responsible for monitoring the performance of the entities borrowing funds from the Company, and also carries out the oversight of related party transactions to ensure that these are carried out on an arm’s length basis.

In terms of Listing Rule 8.56a, the board of directors has identified Anthony R. Curmi as the independent member of the Audit Committee who is competent in accounting and/or auditing matters. Mr Curmi is a Fellow of the Chartered Institute of Bankers, he is a former CEO of Mid-Med Bank Limited and a former General Manager of the Malta International Business Authority.

#### 10.1.3 Nomination Committee, Remuneration Committee and Evaluation Committee

The Board considers that the size and operation of the Company do not warrant the setting up of a Nomination and Remuneration Committee, as recommended by the Code.

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board’s performance is always under the scrutiny of the shareholders.

#### 10.1.4 Internal audit

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

### 10.2 THE GUARANTOR

#### 10.2.1 Compliance with the Corporate Governance regime

Whilst it is not a requirement on the Guarantor to adopt the Code forming part of the Listing Rules, it has out of its own accord chosen to introduce all the disciplines that are recommended in the Code.



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### 10.2.2 Audit Committee

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

The terms of reference of the Audit Committee have been formally set out in a separate Charter. Joseph F.X. Zahra acts as Chairman and Joseph J. Vella and Joseph C. Caruana as members, whilst Alfred Fabri performs the duties of secretary to the Audit Committee.

The Audit Committee's role principally involves the review of the financial reporting process and internal controls. Additionally, it is responsible for monitoring the performance of the entities borrowing funds from the Issuer and also carries out the oversight of related party transactions to ensure that these are carried out on an arm's length basis.

### 10.2.3 Internal audit

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

### 10.2.4 Hotel operations

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

### 10.2.5 Monitoring Committee

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

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

### 10.2.6 Property Audit

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



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### 11 MAJOR SHAREHOLDERS

#### 11.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of Corinthia Finance p.l.c. is €2,329,373 divided into 1,000,000 ordinary shares of a nominal value of €2.329373 each. The issued share capital amounts to 100,000 ordinary shares of a nominal value of €2.329373 for a total of €232,937 and is subscribed and fully paid up as follows:

Shareholder	Ordinary shares
Corinthia Palace Hotel Company Limited (C 257)	99,999
Mistra Village Limited (C 1245)	1

#### 11.2 SHARE CAPITAL OF THE GUARANTOR

The authorised share capital of CPHCL is €18,710,456 divided into 8,032,400 ordinary shares of a nominal value of €2.329373 each. The share capital has been fully issued, subscribed and fully paid up, as follows:

Shareholder	Ordinary shares
1. A. & A. Pisani and Company Limited (C 6430)	669,367
2. J & H Pisani Company Limited (C 6817)	669,367
3. PAKA Limited (C 6969)	669,367
4. VAC Company Limited (C 6818)	669,367
5. Rosanne Fenech	669,366
6. Intakur Limited (C 7038)	669,366
7. Libyan Foreign Investment Company ('LFICO')	4,016,200

At present, in terms of the Memorandum and Articles of Association, the board shall consist of six directors. A shareholder or a number of members who individually or between them hold 16.5% plus one share, of the issued share capital of the Guarantor, shall be entitled to appoint one director. In practice, the Pisani family is collectively (represented through the shareholders numbered 1 to 6 above) entitled to elect three directors and LFICO (numbered 7 above) is entitled to elect the other three. All issues arising at board of directors' meeting are to be decided by a majority of votes, and in the case of equality of votes, the Chairman shall not have a second or casting vote.

### 12 FINANCIAL INFORMATION CONCERNING THE ISSUER'S AND GUARANTOR'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

#### 12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information of the Issuer for the two financial years ended 31 December 2007 and 31 December 2008 have been audited by KPMG, Malta.

The historical financial information of the Guarantor for the two financial years ended 31 December 2007 and 31 December 2008 have been audited by Grant Thornton, Malta.

Grant Thornton and KPMG are both independent firms of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the Laws of Malta).

#### 12.2 AGE OF LATEST FINANCIAL INFORMATION

The latest audited financial statements available in respect of the Issuer and the Guarantor relate to the financial year ended 31 December 2008 as approved for issuance by the respective Boards of directors on 13 April 2009 and 25 June 2009. These are available on the Group's website at [www.corinthiacorporate.com](http://www.corinthiacorporate.com).



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### 12.3 SIGNIFICANT CHANGES IN FINANCIAL OR TRADING POSITION

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

## 13 ADDITIONAL INFORMATION

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

#### 13.1.1 Incorporation

The Company was incorporated on 9 September 1999 as a public company with limited liability in terms of the Companies Act, 1995, with company registration number C 25104.

In terms of clause 3(e) of its Memorandum of Association, the Issuer is authorised to issue bonds, commercial paper or other instruments creating or acknowledging indebtedness and to sell or offer same to the public.

#### 13.1.2 Share capital

The authorised share capital of the Company is €2,329,373 and the issued share capital of the Company is €232,937 fully paid up, divided into 100,000 ordinary shares of a nominal value of €2.329373 each share.

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

The shares of the Company are not listed on the MSE, nor has an application ever been filed for the shares of the Company to be quoted on the MSE Official List. There is no capital of the Company which has been issued to the public during the two years immediately preceding the publication of the Prospectus, nor is it expected that the Company issues during the next financial year any shares, whether fully or partly paid up, in consideration or cash or otherwise. There is no capital of the Company which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Company is to be put under option.

#### 13.1.3 Appointment and removal of directors

In terms of the Memorandum and Articles of Association of the Company, the directors of the Company shall be appointed as follows:

- (a) The appointment of directors to the Board is reserved to shareholders or a number of members who individually or between them have a holding of 25% of the total issued share capital of the Company having voting rights;
- (b) A shareholder or a number of members who individually or between them hold 25% of the issued share capital of the Company are entitled to appoint one director for every such 25% shareholding held. Any shareholder who does not appoint a director or directors as described above will participate in the annual election of directors at the Annual General Meeting of the Company. Shareholders who are entitled to appoint directors pursuant to their 25% holding shall be entitled to participate in the annual election of directors, provided that in such an election they only use such shares not otherwise used to appoint a director as described above; and



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- (c) All directors may be removed from their post by the shareholder appointing them or by an ordinary resolution of the shareholders in general meeting. Unless appointed for a longer or shorter period or unless they resign or are removed, the directors shall, unless otherwise specified in the letter of their appointment, hold office for a period of one year. Directors are eligible for re-appointment upon the lapse of the period stated in their letter of appointment.

Further details on the appointment of directors may be found in the Memorandum and Articles of Association of the Company, a copy of which may be inspected during the lifetime of the Prospectus at the registered office of the Issuer.

### 13.1.4 Powers of directors

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

### 13.1.5 Commissions

There were no commissions, discounts, brokerages or other special terms granted during the two years immediately preceding the publication of this Registration Document in connection with the issue or sale of any capital of the Company.

### 13.1.6 Directors' interests

The directors of the Company have no beneficial interests in the share capital of the Company as at the date of the Prospectus. There are no assets which have been leased or otherwise transferred by or to the Company in which any of the directors have any interest, direct or indirect, nor are any such leases or transfers being proposed.

## 13.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

### 13.2.1 Incorporation

The Guarantor was incorporated on 21 June 1966 in Malta as a private company with limited liability and with company registration number C 257.

In terms of clause 4.6 of its Memorandum of Association, the Guarantor is, amongst other things, authorised to borrow, raise or secure the payment of money for the purpose of or in connection with the company's business and to secure the repayment of any monies borrowed by hypothecation, charge or lien upon the whole or part of the movable and immovable property or assets of the company. Furthermore, the Guarantor is authorised to give guarantees or become security for any such persons, firms and companies as the directors may deem fit and proper and on such terms as may seem expedient and, in particular, to companies in which the company has an interest.

## 13.3 HOLDINGS IN EXCESS OF 5% OF SHARE CAPITAL

On the basis of the information available to the Company as at the date of the Prospectus, CPHCL holds 99,999 shares in the Company, equivalent to 99.99% of its total issued share capital. No persons hold an indirect shareholding in excess of 5% of its total issued share capital. Apart from raising finance, the Issuer's business is restricted to transactions with CPHCL. In view of this state of affairs, the audit committee of the Issuer ensures that any such related party transaction entered into by the Company is made at arm's length.



## REGISTRATION DOCUMENT

### 13.4 LITIGATION

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantor are aware) during a period covering twelve months prior to the date of the Registration Document which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer or Guarantor.

### 13.5 CONFLICT OF INTEREST

Joseph Fenech, Frank Xerri de Caro and Joseph J. Vella, in addition to sitting on the board of directors of the Issuer, also act as directors of other listed companies within the Group. Furthermore, Joseph J. Vella is also a senior partner of GVTH Advocates, the legal counsel of the Issuer. Alfred Pisani, in addition to sitting on the board of directors of the Guarantor, also acts as director of other listed companies within the Group. The audit committees of the Issuer and the Guarantor have the task of ensuring that any potential conflicts of interest that may arise at any moment, pursuant to these different roles held by directors, are handled in the best interests of the Issuer and Guarantor respectively. To the extent known or potentially known to the Issuer and Guarantor as at the date of the Prospectus, there are no other potential conflicts of interest between any duties of the directors of the Issuer and of the Guarantor and their private interests and/or their other duties which require disclosure in terms of the Regulation.

## 14 MATERIAL CONTRACTS

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

## 15 DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document, the following documents or certified copies thereof, where applicable, shall be available for physical inspection at the registered address of the Issuer at 22, Europa Centre, Floriana, FRN 1400:

- (a) The Issuer's and Guarantor's Memorandum and Articles of Association;
- (b) The audited financial statements of Corinthia Finance p.l.c. for the years ended 31 December 2007 and 2008;
- (c) The consolidated audited financial statements of Corinthia Palace Hotel Company Limited for the years ended 31 December 2007 and 2008; and
- (d) The loan agreement entered into between CPHCL and the Issuer in respect of the Bonds issued pursuant to the Prospectus.

Document (b) is also available for inspection in electronic form on the Guarantor's website at [www.corinthiacorporate.com](http://www.corinthiacorporate.com).



## SECURITIES NOTE

This document is a Securities Note issued in accordance with the provisions of Listing Rule 6.4.3 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 and contains information about the Bonds being offered by the Issuer as described in this document.

Application has been made to the Listing Authority in its capacity as the competent authority under the Financial Markets Act (Chapter 345 of the Laws of Malta) (the "FMA") for the Bonds to be admitted to listing on a regulated market and to the Malta Stock Exchange for the Bonds to be admitted to the Official List.

A prospective investor should be aware of the potential risks in investing in such Bonds and should make the decision to invest only after careful consideration of all the information contained in the Prospectus as a whole and consultation with his or her own independent financial adviser.

The Listing Authority accepts no responsibility for and makes no representations as to the contents, accuracy or completeness of this Securities Note and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Securities Note.

This Securities Note is dated 12 February 2010

In respect of an Issue of €15,000,000 6.25% Bonds 2016 - 2019 (Second Issue)  
(fungible with the existing €25,000,000 6.25% bonds 2016-2019, ISIN: MT0000101239)  
of a nominal value of €100 per Bond issued at par by



CORINTHIA FINANCE plc

A member of the Corinthia Group of Companies

A public limited liability company registered in Malta with registration number C 25104

Guaranteed by

CORINTHIA PALACE HOTEL COMPANY LIMITED

A private limited liability company registered in Malta with registration number C 257

ISIN: MT0000101247

MANAGER & REGISTRAR



LEGAL COUNSEL



SPONSORING STOCKBROKER





## SECURITIES NOTE

### IMPORTANT INFORMATION

This Securities Note contains information on an issue by Corinthia Finance p.l.c. (the “Issuer”), as guaranteed by Corinthia Palace Hotel Company Limited (the “Guarantor”), of €15,000,000 unsubordinated Bonds 2016-2019 of a nominal value of €100, issued at par and bearing interest at the rate of 6.25% per annum, payable annually on 23 September of each year. On 23 September 2010, after the first interest payment, which will be for a period shorter than one year, the Bonds will be integrated with the existing €25,000,000 6.25% bonds 2016-2019 (ISIN: MT0000101239) and the two bonds shall thereafter both be deemed to be one bond. The nominal value of the Bonds will be repayable in full at maturity on 23 September 2019, unless otherwise previously redeemed or cancelled. The Issuer shall redeem the Bonds on the Redemption Date, unless it exercises the option to redeem all or part of the Bonds on any of the Early Redemption Dates, by giving not less than 30 days written notice.

This Securities Note contains information about the Issuer, the Guarantor and the Bonds in accordance with the requirements of the Listing Rules of the Listing Authority, the Act and the Regulation. This Securities Note should be read in conjunction with the Registration Document issued by the Issuer.

No broker, dealer, salesman or other person has been authorised by the Issuer, the Guarantor or their respective directors to issue any advertisement or to give any information or to make any representations in connection with the sale of securities of the Issuer other than those contained in this Securities Note and in the documents referred to herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or their directors or advisers.

The Prospectus does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for Bonds by any person in any jurisdiction (i) in which such offer or invitation is not authorised or (ii) in which the person making such offer or invitation is not qualified to do so or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of this document and any persons wishing to apply for any Bonds issued by the Issuer to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for any securities that may be issued by the Issuer should inform themselves as to the legal requirements of applying for any such Bonds and any applicable exchange control requirements and taxes in the country of their nationality, residence or domicile.

Save for the issue in the Republic of Malta, no action has been or will be taken by the Issuer that would permit a public offering of the Bonds or the distribution of the Prospectus (or any part thereof) or any offering material in any country or jurisdiction where action for that purpose is required. In relation to each Member State of the European Economic Area (other than Malta) which has implemented Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading or which, pending such implementation, applies article 3.2 of the said Directive, the Bonds can only be offered to “qualified investors” (as defined in the 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 the said Directive.

The Bonds have not been, nor will they be, registered under the United States Securities Act, 1933 as amended, or under any federal or state securities law and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States of America, its territories or possessions, or any area subject to its jurisdiction (the “U.S.”) or to or for the benefit of, directly or indirectly, any U.S. person (as defined in regulation “S” of the said act). Furthermore, the Issuer will not be registered under the United States Investment Company Act, 1940 as amended and investors will not be entitled to the benefits set out therein.

A copy of this document has been submitted to the Listing Authority in satisfaction of the Listing Rules, the Malta Stock Exchange in satisfaction of the Malta Stock Exchange Bye-Laws and has been duly filed with the Registrar of Companies, in accordance with the Act.

Statements made in the Prospectus are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

The contents of the Guarantor’s website or any website directly or indirectly linked to the Guarantor’s website do not form part of the Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such websites as the basis for a decision to invest in the Bonds.

All the advisers to the Issuer named in Section 4.1.1 of this Securities Note under the heading “Advisers to the Issuer”, acting in their capacity of advisers, have acted and are acting exclusively for the Issuer in relation to this public offer and will, acting in such capacity, not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Prospectus.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity or any of the Early Redemption Dates, as applicable. Prospective investors should carefully consider all the information contained in the Prospectus as a whole and should consult their own independent financial and other professional advisers before deciding to make an investment in the Bonds.



## SECURITIES NOTE

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## SECURITIES NOTE

### 1 DEFINITIONS

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

<b>Act</b>	the Companies Act, 1995, Chapter 386 of the Laws of Malta;
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for Bonds, a specimen of which is contained in Annex III of this Securities Note;
<b>Authorised Financial Intermediaries</b>	all the licensed stockbrokers and financial intermediaries listed in Annex II of this Securities Note;
<b>Bond/s</b>	the €15,000,000 bonds of a face value of €100 per bond redeemable on the Redemption Date, bearing interest at the rate of 6.25% per annum and redeemable at their nominal value. On 23 September 2010, after the first interest payment, which will be for a period shorter than one year, the Bonds will be integrated with the existing €25,000,000 6.25% bonds 2016-2019 (ISIN: MT0000101239) and the two bonds shall thereafter both be deemed to be one bond;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Company or Issuer</b>	Corinthia Finance p.l.c., a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 25104;
<b>CPHCL or Guarantor</b>	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta having its registered office at 22, Europa Centre, Floriana, FRN 1400 and company registration number C 257. CPHCL acts as the parent company of the Corinthia Group;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye- Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063;
<b>Cut-off Date</b>	close of business of 5 February 2010;
<b>Early Redemption Date/s</b>	any day falling between and including 24 September 2016 and 22 September 2019;
<b>Euro or €</b>	the currency of the European Monetary Union of which Malta forms part;
<b>Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063 and company registration number C 42525;
<b>Interest Payment Date</b>	23 September of each year between and including each of the years 2010 and 2019, provided that, if any such day is not a business day, such Interest Payment Date will be carried over to the next following day that is a business day;
<b>Issue Period</b>	the period between 15 February 2010 and 5 March 2010, both days included (or such earlier date as may be determined by the Issuer in the event of over-subscription);
<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
<b>Maturing Bonds</b>	the €14,273,700 6.5% bonds due to mature on 8 April 2010 issued by the Issuer pursuant to a prospectus dated 11 March 2002;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the Laws of Malta);



## SECURITIES NOTE

<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Prospectus</b>	collectively the Summary Note, the Registration Document and the Securities Note;
<b>Redemption Date</b>	23 September 2019, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond);
<b>Registration Document</b>	the registration document issued by the Issuer dated 28 August 2009, forming part of the Prospectus;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
<b>Securities Note</b>	this document in its entirety;
<b>Sponsor</b>	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
<b>Summary Note</b>	the summary note issued by the Issuer dated 12 February 2010, forming part of the Prospectus;
<b>Terms and Conditions</b>	the terms and conditions of the Bond Issue as contained in Section 6 of this Securities Note.

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

Unless it appears otherwise from the context:

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



## 2 RISK FACTORS

### 2.1 GENERAL

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

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity unless the Bonds are previously re-purchased, cancelled or redeemed. The Issuer shall redeem the Bonds on the Redemption Date falling in 2019, subject to the right of the Issuer to redeem all or part of the Bonds on any of the Early Redemption Dates, by giving not less than thirty (30) days notice.

An investment in the Bonds involves certain risks, including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to make an investment in the Bonds. The sequence in which the risks are listed below is not intended to be indicative of any order of priority or of the extent of their consequences.

Neither this Securities Note, nor any other parts of the Prospectus or any other information supplied in connection with the Bonds (i) is intended to provide the basis of any credit or other evaluation, or (ii) should be considered as a recommendation by the Issuer or the Guarantor or the Sponsor or Authorised Financial Intermediaries that any recipient of this Securities Note or any other part of the Prospectus or any other information supplied in connection with the Prospectus or any Bonds, should purchase any Bonds.

Accordingly, prospective investors should make their own independent evaluation of all risk factors and should consider all other sections in this document.

### 2.2 FORWARD-LOOKING STATEMENTS

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

### 2.3 RISKS RELATING TO THE BONDS

- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell the Bonds at or above the Bond Issue Price or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.



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## SECURITIES NOTE

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- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of Section 5.10 of this Securities Note), together with any accrued interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.
- The Bonds constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer that are guaranteed by the Guarantor and shall at all times rank *pari passu*, without any priority or preference among themselves and with other guaranteed and unsubordinated debt, if any. Furthermore, subject to the negative pledge clause (Section 5.8 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds, it shall call a meeting of Bondholders in accordance with the provisions of Section 5.15 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- The Terms and Conditions of this Bond Issue are based on Maltese law in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.

### 3 PERSONS RESPONSIBLE

This Securities Note includes information prepared in compliance with the Listing Rules of the Listing Authority for the purpose of providing prospective investors with information with regard to the Issuer and the Guarantor. Each and all of the directors of the Issuer whose names appear under the heading "Administrative, Management and Supervisory Bodies" in Section 9.1.1 of the Registration Document accept responsibility for the information contained herein, save for the information specifically relating to the Guarantor, for which the directors of the Guarantor whose names appear in Section 9.2.1 of the Registration Document are responsible.

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



## 4 KEY INFORMATION

### 4.1. UPDATES TO THE REGISTRATION DOCUMENT

#### 4.1.1 Advisers to the Issuer

##### LEGAL COUNSEL

Name: GVTH Advocates  
Address: 192, Old Bakery Street,  
Valletta, VLT 1455

##### SPONSORING STOCKBROKER

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

##### MANAGER AND REGISTRAR

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

#### 4.1.2 Principal activities of the Issuer

The Issuer has entered into a loan agreement dated 20 January 2010 with the Guarantor (the 'Loan Agreement V') pursuant to which the Issuer will advance to the Guarantor the proceeds from the Bond issued under the Terms and Conditions as set out in this Securities Note. The Loan Agreement shall bear interest at the rate of 6.4% per annum with interest payable annually in arrears on 7 September of each year. In terms of the Loan Agreement V, the Guarantor binds itself to repay the loan in accordance with a pre-agreed repayment schedule which will enable the Company to set up a sinking fund in accordance with the terms and conditions as set out in Section 5.18 of this Securities Note. The Guarantor is also bound to effect the final repayment by not later than 7 September 2019. All expenses incurred in the preparation and implementation of this Bond shall be at the charge of CPHCL.

#### 4.1.3 Key Financial review

The financial information about the Issuer is included in the audited financial statements for the years ended 31 December 2007 and 2008, and in the unaudited interim financial statements for the nine-months ended 30 September 2009.

The financial information about the Guarantor is included in the audited consolidated financial statements for the years ended 31 December 2007 and 2008, and in the unaudited interim consolidated financial statements for the nine-months ended 30 September 2009.

The said statements have been published and are available at the Issuer's registered office and on the Guarantor's website at [www.corinthiacorporate.com](http://www.corinthiacorporate.com). Extracts of said financial information for the years ended 31 December 2007 and 2008 are included in Section 7.3 of the Registration Document.

The following information is extracted from the Company's unaudited interim financial statements and the Guarantor's unaudited consolidated interim financial statements for the nine-months ended 30 September 2009.



## SECURITIES NOTE

### Corinthia Finance p.l.c.

#### Income Statement

for the period ended 30 September

	2009 Euro 000s	2008 Euro 000s
Interest receivable	2,506	2,478
Interest payable and similar charges	(2,476)	(2,457)
<b>Net interest earned</b>	<b>30</b>	<b>21</b>
Administrative expenses	(27)	(21)
<b>Profit before tax</b>	<b>3</b>	<b>-</b>
Tax expense	(1)	-
<b>Profit for the period</b>	<b>2</b>	<b>-</b>

### Corinthia Finance p.l.c.

#### Condensed Balance Sheet

	At 30 Sep 2009 Euro 000s	At 31 Dec 2008 Euro 000s
<b>ASSETS</b>		
Non-current	39,667	25,517
Current	21,267	21,084
<b>Total assets</b>	<b>60,934</b>	<b>49,601</b>
<b>EQUITY</b>		
<b>Total equity</b>	<b>239</b>	<b>237</b>
<b>LIABILITIES</b>		
Non-current	39,645	28,834
Current	21,050	20,530
<b>Total liabilities</b>	<b>60,695</b>	<b>49,364</b>
<b>Total equity and liabilities</b>	<b>60,934</b>	<b>49,601</b>

### Corinthia Finance p.l.c.

#### Condensed Statement of Cash Flows

for the period ended 30 September

	2009 Euro 000s	2008 Euro 000s
Net cash used in operating activities	(19)	(32)
Net cash used in investing activities	(11,038)	-
Net cash from financing activities	11,038	-
<b>Net decrease in cash and cash equivalents</b>	<b>(19)</b>	<b>(32)</b>
Cash and cash equivalents at 1 January	29	66
<b>Cash and cash equivalents at end of period</b>	<b>10</b>	<b>34</b>



## SECURITIES NOTE

### Corinthia Palace Hotel Company Limited Condensed Consolidated Income Statement for the period ended 30 September

	2009 Euro 000s	2008 Euro 000s
Turnover	120,759	140,784
Operating costs	(92,880)	(100,854)
<b>EBITDA</b>	<b>27,879</b>	<b>39,930</b>
Finance income	1,620	4,896
Finance cost	(15,413)	(19,632)
FV Interest rate swap	(2,358)	(56)
	<b>11,728</b>	<b>25,138</b>
Depreciation	(23,155)	(21,422)
Difference on exchange	466	(2,181)
Other	115	(135)
<b>(Loss) Profit before tax</b>	<b>(10,846)</b>	<b>1,400</b>
Tax expense	(3,149)	(2,649)
<b>Loss for the period</b>	<b>(13,995)</b>	<b>(1,249)</b>
<b>Attributable to:</b>		
Equity holders of CPHCL	(11,902)	(4,153)
Minority interest	(2,093)	2,904
<b>Loss for the period</b>	<b>(13,995)</b>	<b>(1,249)</b>

### Corinthia Palace Hotel Company Limited Condensed Consolidated Balance Sheet

	At 30 Sep 2009 Euro 000s	At 31 Dec 2008 Euro 000s
<b>ASSETS</b>		
Non-current	1,108,652	1,083,003
Current	136,071	133,754
<b>Total assets</b>	<b>1,244,723</b>	<b>1,216,757</b>
<b>EQUITY</b>		
Equity pertaining to CPHCL's shareholders	367,279	378,840
Minority interest	260,139	262,573
<b>Total equity</b>	<b>627,418</b>	<b>641,413</b>
<b>LIABILITIES</b>		
Non-current	492,640	460,868
Current	124,665	114,476
<b>Total liabilities</b>	<b>617,305</b>	<b>575,344</b>
<b>Total equity and liabilities</b>	<b>1,244,723</b>	<b>1,216,757</b>



## SECURITIES NOTE

**Corinthia Palace Hotel Company Limited**  
**Condensed Consolidated Statement of Cash Flows**  
*for the period ended 30 September*

	2009 Euro 000s	2008 Euro 000s
Net cash from operating activities	591	19,358
Net cash used in investing activities	(46,059)	(42,437)
Net cash from (used in) financing activities	33,637	(16,881)
<b>Net decrease in cash and cash equivalents</b>	<b>(11,831)</b>	<b>(39,960)</b>
Cash and cash equivalents at beginning of period	91,766	174,819
<b>Cash and cash equivalents at end of period</b>	<b>79,935</b>	<b>134,859</b>

During the nine months January to September 2009, the Group's turnover amounted to €120.8 million representing a decrease of 14% on the turnover levels registered during the same period in 2008. EBITDA earnings for the period amounted to €27.9 million compared to €39.9 million in 2008 reflecting the impact of the world recession on the Group's activities notwithstanding the improved cost efficiency and rationalisation measures introduced by the Group.

Finance costs decreased from €19.7 million in 2008 to €17.8 million in 2009. These costs were positively affected by the Group's lower cost of servicing its bank loans as a result of the reduction of interest rates on the international markets. On the other hand, finance income decreased from €4.9 million to €1.6 million due to the reduction in interest rates and the fact that during 2009 part of the Group's surplus cash was invested in capital expenditure.

The loss for the nine month period before tax and minority interest amounted to €14.0 million (Jan – Sep 2008: loss of €1.2 million). In its financial statements for the full year 2008, the Group had registered a significant increase in the carrying amount of its property, plant and equipment, both on account of the continued development activities carried out during the year, as well as through uplifts in value as recommended by independent professional valuing firms. This had resulted in a substantial positive effect on the income statement for the year through the revaluation to fair value of investment properties amounting to €26.3 million and a reversal of impairments in value of €12.8 million that had been recognised in previous years. As regards 2009, the Group is still in the process of receiving the revaluation reports from the independent valuing firms. Whereas it is expected that in view of the global recession the value of some of the Group's properties will be negatively affected, the value of other Group properties, in particular 'Palm City Residences', are expected to reflect a revaluation uplift thereby neutralising any impairment charges. This reflects the good hedge that the geographical diversification of the Group's properties provides.

The Group's substantial investment in the Corinthia Hotel London and in the Corinthia Hotel St Petersburg gave rise to an increase in total borrowings. Total borrowings as at the end of September 2009 increased by €35 million since December 2008, that is from €377 million to €412 million, with the funds mainly raised through the issue of a new €35 million bond by IHI p.l.c., a €25 million bond issued by Corinthia Finance p.l.c. in replacement of a bond of €19.3 million, and other borrowings net of repayments effected during the period. As a result of the above developments, during the course of 2009 the Group's gearing level increased slightly from 37% to 40%.



## SECURITIES NOTE

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

The net proceeds from the Bonds amounting to €14,750,000, will be used by the Issuer to redeem the outstanding amount of the 6.5% bonds 2010 which as at the date of the Prospectus stands at €14,273,700. The remaining net proceeds of the Bond Issue will be advanced by the Company to the Guarantor and used by the latter for its general corporate funding purposes.

### 4.3 EXPENSES

Professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €250,000. There is no particular order of priority with respect to such expenses.

### 4.4 ISSUE STATISTICS

<b>Amount</b>	€15,000,000;
<b>Fungibility</b>	on 23 September 2010, after the first interest payment, which will be for a period shorter than one year, the Bonds will be integrated with the existing €25,000,000 6.25% bonds 2016-2019 (ISIN: MT0000101239) and the two bonds shall thereafter both be deemed to be one bond;
<b>Form</b>	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the Malta Stock Exchange;
<b>Denomination</b>	Euro (€);
<b>ISIN</b>	MT0000101247;
<b>Minimum Amount per Subscription</b>	a minimum of €1,000 and multiples of €100 thereafter;
<b>Redemption Date</b>	23 September 2019, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates;
<b>Early Redemption Date/s</b>	any day falling between and including 24 September 2016 and 22 September 2019;
<b>Plan of Distribution</b>	the Bonds are open for subscription to holders of Maturing Bonds and to Authorised Financial Intermediaries;
<b>Allocation Preference</b>	Applications made by persons holding Maturing Bonds at the Cut-off Date completing a pre-printed Application Form and stating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of Maturing Bonds, which shall be for the par value of the Maturing Bonds being transferred to the Issuer rounded upwards to the nearest thousand subject to a minimum application of €1,000. Bonds applied for by way of transfer as described above shall be allocated prior to any further allocation of Bonds;
<b>Bond Issue Price</b>	at par (€100 per Bond);
<b>Status of the Bonds</b>	the Bonds constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer guaranteed by the Guarantor and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other guaranteed and unsubordinated debt, if any;
<b>Listing</b>	application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>Issue Period</b>	the period between 15 February 2010 and 5 March 2010, both days included (or such earlier date as may be determined by the Issuer in the event of over-subscription);
<b>Interest</b>	6.25% per annum;
<b>Interest Payment Date/s</b>	annually on the 23 September, with the first interest payment due in 2010 (covering a period shorter than one year);
<b>Redemption Value</b>	at par (€100 per Bond);
<b>Governing law of the Bonds</b>	the Bonds are governed by and shall be construed in accordance with Maltese law;
<b>Jurisdiction</b>	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.



## SECURITIES NOTE

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

Joseph Fenech, Frank Xerri de Caro and Joseph J. Vella, in addition to sitting on the Board of directors of the Issuer, also act as directors of other listed companies within the Group. Furthermore, Joseph J. Vella is also a senior partner of GVTH Advocates, the legal counsel of the Issuer. Alfred Pisani, in addition to sitting on the board of directors of the Guarantor, also acts as director of other listed companies within the Group. The Audit Committees of the Issuer and Guarantor have the task of ensuring that any potential conflicts of interest that may arise at any moment, pursuant to these different roles held by directors are handled in the best interests of the Issuer and Guarantor respectively. To the extent known or potentially known to the Issuer and the Guarantor as at the date of the Prospectus, there are no other potential conflicts of interest between any duties of the directors of the Issuer and of the Guarantor and their private interests and/or their other duties which require disclosure in terms of the Regulation.

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

### 5.1 GENERAL

- 5.1.1 Each Bond forms part of a duly authorised issue of 6.25% Bonds of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €15,000,000 (except as otherwise provided under Section 5.14). On 23 September 2010, after the first interest payment, which will be for a period shorter than one year, the Bonds will be integrated with the existing €25,000,000 6.25% bonds 2016-2019 (ISIN: MT0000101239) and the two bonds shall thereafter both be deemed to be one bond.
- 5.1.2 The currency of the Bonds is Euro (€).
- 5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned the following ISIN: MT0000101247.
- 5.1.4 All outstanding Bonds shall be redeemed by the Issuer at par on the Redemption Date, unless otherwise redeemed at the option of the Issuer on any of the Early Redemption Dates.
- 5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act and the Regulation.
- 5.1.6 The Issue Period of the Bonds is between 15 February 2010 and 5 March 2010, both days included.
- 5.1.7 The Bond Issue is not underwritten.

### 5.2 RANKING OF THE BONDS

The Bonds are unsubordinated and guaranteed by the Guarantor to the claims of all holders of senior indebtedness. The Bonds constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer guaranteed by the Guarantor and shall at all times rank *pari passu*, without any priority or preference among themselves and with other guaranteed and unsubordinated debt, if any. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

### 5.3 RIGHTS ATTACHED TO THE BONDS

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest in accordance with the ranking specified in Section 5.2 hereof.

### 5.4 INTEREST

- 5.4.1 The Bonds shall bear interest from and including 12 March 2010 at the rate of 6.25% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be paid on 23 September 2010 and thus will be for shorter period than one year. Provided that any Interest Payment Date which falls on a day other than a business day will be carried over to the next following day that is a business day.



## SECURITIES NOTE

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

### 5.5 INTEREST TOP-UP TO HOLDERS OF MATURING BONDS

A Maturing Bond Transfer shall be without prejudice to the rights of the holders of Maturing Bonds to receive interest on the Maturing Bonds up to and including 11 March 2010.

The Issuer intends to settle the difference between the coupon rates of 6.5% on the Maturing Bonds and 6.25% on the Bonds, from 12 March 2010 up to 8 April 2010 (both days included), being the date of redemption of the Maturing Bonds, to all persons holding Maturing Bonds who would have submitted their Application Forms by not later than 25 February 2010 and, consequently, exercising their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Maturing Bonds to the Issuer as mentioned above.

### 5.6 YIELD

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

### 5.7 REGISTRATION, FORM, DENOMINATION AND TITLE

- 5.7.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively. The Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD at Garrison Chapel, Castille Place, Valletta, VLT 1063 for the purpose of inspecting information held on their account.
- 5.7.2 The CSD will issue, upon a request by the Bondholder, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.
- 5.7.3 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €1,000.
- 5.7.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under section 5.12 of this Securities Note.

### 5.8 NEGATIVE PLEDGE

The Issuer and Guarantor undertake, 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 their present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer and Guarantor, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

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



## SECURITIES NOTE

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

“**Permitted Security Interest**” means (a) any Security Interest arising by operation of law; (b) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (c) any other Security Interest (in addition to (a) and (b) above) securing Financial Indebtedness of the Issuer or the Guarantor, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the Guarantor and the aggregate principal amount of Bonds outstanding at the time net of any monies set aside for sinking fund purposes.

Provided that the aggregate Security Interests referred to in (b) and (c) above do not result in the unencumbered assets of the Issuer and Guarantor being less than one hundred and six point two five per cent (106.25%) of the aggregate principal amount of the Bonds still outstanding net of any monies set aside for sinking fund purposes;

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

### 5.9 PAYMENTS

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

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

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

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

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

### 5.10 REDEMPTION AND PURCHASE

**5.10.1** Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 23 September 2019, provided that the Issuer reserves the right to redeem all or any part of the Bonds on any of the Early Redemption Dates. The Issuer shall give at least thirty (30) days' notice in writing to all Bondholders of its intention to affect such earlier redemption, stating the number of Bonds that will be redeemed on that Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.

**5.10.2** Subject to the provisions of this Section 5.10, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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



## SECURITIES NOTE

### 5.11 EVENTS OF DEFAULT

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

- 5.11.1 The Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.11.2 The Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.11.3 An order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- 5.11.4 The Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- 5.11.5 The Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 5.11.6 There shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of €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
- 5.11.7 Any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in Section 5.8 of this Securities Note) of the Issuer in excess of €1,250,000 or its equivalent at any time.

### 5.12 TRANSFERABILITY OF THE BONDS

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



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## SECURITIES NOTE

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### 5.13 TAXATION

#### 5.13.1 General

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

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Prospective 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 prospective investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

#### 5.13.2 Interest

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

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

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

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

#### 5.13.3 European Union Savings Directive

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



## SECURITIES NOTE

### 5.13.4 Capital gains on transfer of the Bonds

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

### 5.13.5 Duty on documents and transfers

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

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

### 5.14 FURTHER ISSUES

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

### 5.15 MEETINGS OF BONDHOLDERS

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

**5.15.2** In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue 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.

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

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

**5.15.5** The voting process shall be managed by the company secretary under the supervision and scrutiny of the auditors of the Issuer.

**5.15.6** The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.

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



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## SECURITIES NOTE

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### 5.16 AUTHORISATIONS AND APPROVALS

The Board of directors of the Issuer authorised the Bond Issue pursuant to a Board of directors' resolution passed on 20 January 2010.

### 5.17 NOTICES

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

### 5.18 SINKING FUND

The Issuer hereby undertakes that as from the end of the financial year ending 31 December 2011, it shall start building a sinking fund the value of which will by the Redemption Date be equivalent to 50% of the value of the issued Bonds. This is expected to create a cash reserve from the Issuer's annual cash surpluses to meet part of the redemption proceeds on the Redemption Date.

The Guarantor has, pursuant to the loan agreement dated 20 January 2010, agreed to make periodic repayments to enable the Issuer to build up this sinking fund.

The sinking fund will be made up of:

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

The Board of directors of the Issuer reserves the right to invest the funds allocated to the sinking fund, provided that the investment of these proceeds will only be made either for the purpose of the Issuer buying back Bonds for cancellation in terms of Section 5.10 of this Securities Note, or for investing in such debt securities as may be approved by the directors of the Issuer from time to time.

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



## SECURITIES NOTE

### 6 TERMS AND CONDITIONS OF THE ISSUE

#### 6.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1.	Application Forms mailed to holders of Maturing Bonds as at Cut-off Date	15 February 2010
2.	Issue Period	15 February 2010 to 5 March 2010, both days included
3.	Closing date for Applications to be received from holders of Maturing Bonds	25 February 2010
4.	Placement Period	1 March 2010 to 5 March 2010
5.	Commencement of interest on the Bonds	12 March 2010
6.	Announcement of basis of acceptance	12 March 2010
7.	Expected dispatch of allotment advices and refunds of unallocated monies	22 March 2010

#### 6.2 GENERAL

- 6.2.1** The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for during the Issue Period is €1,000.
- 6.2.2** In view of the fact that the proceeds of the Bond Issue are intended to redeem the Maturing Bond as well as for general corporate funding purposes, the Company has not established an aggregate minimum subscription level for the Bond Issue. In the event that the Bond Issue is not fully subscribed, the Company shall re-define its financing strategy accordingly.
- 6.2.3** The contract created by the acceptance of an Application shall be subject to the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.

It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

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

No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.

It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.



## SECURITIES NOTE

### 6.3 TERMS AND CONDITIONS OF APPLICATION FOR HOLDERS OF MATURING BONDS

- 6.3.1 The consideration payable by an Applicant for the Bonds may be settled after submitting a pre-printed Application Form, by the transfer of all or part of the Maturing Bonds held by such Applicant on the Cut-off Date together with the payment of such additional amount in cash as may be required for the purpose of rounding up to the nearest thousand, subject to a minimum application of €1,000 (the “Maturing Bond Transfer”).
- 6.3.2 The Applicant, being a holder of Maturing Bonds on the Cut-off Date, shall fill in and submit a pre-printed Application Form for the Bonds being applied for in exchange for Maturing Bonds. An applicant, being a holder of Maturing Bonds on the Cut-off Date, may apply for Bonds in excess of the amount of Maturing Bonds held on the Cut-off Date by completing the relevant section in the pre-printed Application Form, attaching payment for the said excess amount of Bonds and delivering same to any Authorised Financial Intermediary.
- 6.3.3 By submitting a signed pre-printed Application Form indicating that the Maturing Bond Transfer is being selected (whether in whole or in part consideration for the Bonds being applied for), the Applicant is thereby confirming that:
- (a) all or part (as the case may be) of the Maturing Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer; and
  - (b) the pre-printed Application Form constitutes the Applicant’s irrevocable mandate to the Issuer to:
    - I. cause the transfer of the said Maturing Bonds in the Issuer’s name in consideration of the issue of Bonds; and
    - II. engage, at the Issuer’s cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.
- 6.3.4 The amount of the Bond Issue is €15,000,000.
- 6.3.5 If the Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have bound his principal, or the relative corporation, corporate entity, or association of persons and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such intermediary may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar.

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

Where the Applicant is the holder of Maturing Bonds held subject to usufruct on the Cut-off Date, both the signatures of the bare owner, as well as that of the usufructuary, will be required in the Application Form. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner.

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. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parent/s / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder; provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.



## SECURITIES NOTE

- 6.3.6** All Applications for the subscription of Bonds being affected by Maturing Bond Transfer must be submitted on a pre-printed Application Form by not later than 12.00 hours on 25 February 2010. The completed pre-printed Application Forms are to be lodged with any of the Authorised Financial Intermediaries.
- 6.3.7** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, for Bonds in excess of the existing holding of Maturing Bonds. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original pre-printed Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned by the Issuer, without interest, by direct credit into the Bondholder's bank account as indicated by the Bondholder on the Application Form. The Issuer shall not be responsible for any loss or delay in transmission.
- 6.3.8** All Application Forms which include subscription for additional Bonds (other than Maturing Bond Transfers) must be accompanied by the full price of the Bonds applied for in Euro and in clear funds. Payment may be made either in cash or by cheque payable to "The Registrar – Corinthia Finance p.l.c. Bond Issue 2016-2019". In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
- 6.3.9** As already indicated by the Issuer elsewhere in the Prospectus, holders of Maturing Bonds applying for Bonds indicating their agreement to settle the consideration for the Bonds by surrendering in the Issuer's favour Maturing Bonds of an equivalent nominal value (subject to the payment of such additional amount as may be required for the purpose of rounding up to the nearest thousand), shall be allocated in their favour the full amount of Bonds.
- 6.3.10** An Applicant being a holder of Maturing Bonds shall have preference in the allocation of Bonds solely with respect to that number of Bonds for which payment is being made by means of a Maturing Bond Transfer, with the payment of such additional amount in cash as may be required for the purpose of rounding up to the nearest thousand subject to a minimum application of €1,000. In the event that a holder of Maturing Bonds applies for additional Bonds other than Maturing Bond Transfers, no preference shall arise with respect to the excess Bonds applied for (except for any rounding up to the nearest thousand).
- 6.3.11** By not later than 12 March 2010, the Issuer shall determine and announce the basis of acceptance of applications and allocation policy to be adopted through a press release in at least one local newspaper.
- 6.3.12** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Chapter 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;



## SECURITIES NOTE

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

- (a) agree to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- (b) warrant that the information submitted in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the person completing the Application Form. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- (c) confirm that the Issuer and the MSE may process the personal data that is provided in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for in accordance with the Data Protection Act (Chapter 440 of the Laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Company and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- (d) confirm that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- (e) agree to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application/s;
- (f) warrant, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or your Application;
- (g) warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (h) represent that you are not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (i) agree that Charts Investment Management Service Limited will not, in their capacity of Sponsoring Stockbrokers, treat you as their customer by virtue of your making an Application for the Bonds and that Charts Investment Management Service Limited will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you;
- (j) agree that all documents in connection with the issue of the Bonds will be sent at your own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
- (k) renounce to any rights Applicant/s may have to set-off any amounts Applicant/s may at any time owe the Issuer against any amount due under the terms of these Bonds.

**6.3.14** Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in the Application Form and in any other document issued pursuant to the Prospectus.



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## SECURITIES NOTE

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### 6.4 PLAN OF DISTRIBUTION AND ALLOTMENT

During the Issue Period, applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription to holders of Maturing Bonds and to Authorised Financial Intermediaries.

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

Dealing shall commence upon admission to trading of the Bonds by the MSE, and subsequent to the above mentioned notification.

### 6.5 PRICING

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

### 6.6 INTERMEDIARIES' OFFER

The Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of the Bonds whereby it will bind itself to allocate Bonds to such investors subsequent to closing of the Issue Period. In terms of each subscription agreement, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List of the Malta Stock Exchange. The subscription agreements will become binding on each of the Issuer and the Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

Such arrangements will come into force subsequent to 25 February 2010, being the closing date for holders of Maturing Bonds, for any Bonds not taken up. Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

### 6.7 ADMISSION TO TRADING

- 6.7.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 12 February 2010.
- 6.7.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.
- 6.7.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 23 March 2010 and trading is expected to commence on 24 March 2010.



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## SECURITIES NOTE

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### 7 DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Securities Note, the following documents or certified copies thereof, where applicable, shall be available for physical inspection at the registered address of the Issuer at 22, Europa Centre, Floriana, FRN 1400:

- (a) The Issuer's and Guarantor's Memorandum and Articles of Association;
- (b) The audited financial statements of Corinthia Finance p.l.c. for the years ended 31 December 2007 and 2008;
- (c) The consolidated audited financial statements of Corinthia Palace Hotel Company Limited for the years ended 31 December 2007 and 2008;
- (d) The unaudited interim financial statements of Corinthia Finance p.l.c. for the nine-month period ended 30 September 2009;
- (e) The unaudited interim consolidated financial statements of Corinthia Palace Hotel Company Limited for the nine-month period ended 30 September 2009;
- (f) The loan agreement entered into between CPHCL and the Company in respect of the Bonds issued pursuant to the Prospectus; and
- (g) The letter of guarantee by CPHCL in respect of the Bond Issue, a copy of which is contained in Annex I of this Securities Note.

Document (b) above is also available for inspection in electronic form on the Guarantor's website at [www.corinthiacorporate.com](http://www.corinthiacorporate.com).



## ANNEX I THE GUARANTEE



### CORINTHIA GROUP OF COMPANIES

To All Bondholders:

We make reference to the issue of €15,000,000 6.25% Bonds 2016-2019 (Second Issue) (the "Bonds") by Corinthia Finance p.l.c. (the "Issuer") pursuant to and subject to the terms and conditions contained in the Prospectus dated 12 February 2010.

Now therefore by virtue hereof, we, Corinthia Palace Hotel Company Limited, hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which may become due and payable should the Issuer default in paying the Bondholders under the Bonds.

We understand that the Bonds being issued are fungible with the existing €25,000,000 6.25% bonds 2016-2019 (ISIN: MT0000101239) and that, on 23 September 2010, after the first interest payment which will be for a period shorter than one year, the Bonds will be integrated with the said existing €25,000,000 6.25% bonds 2016-2019 and the two bonds shall thereafter both be deemed to be one bond.

All words and expressions used in this guarantee in their capitalised form shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

This guarantee shall be governed by the Laws of Malta.

Signed and executed on this the 12th day of February 2010, after approval of the Board of directors of Corinthia Palace Hotel Company Limited at its meeting of the same date.

Alfred Pisani  
Chairman and Chief Executive Officer



## ANNEX II

## AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE	FAX
All Invest Co. Ltd	Rosewell Bldg, Level 2, Villabate Street, M'Scala By-Pass, Zabbar ZBR 9045	21800919	21821933
APS Bank Ltd	17, Republic Street, Valletta VLT 1111	25671719	25671167
Atlas Investment Services Ltd*	Abate Rigord Street, Ta' Xbiex XBX 1121	21322590	23265691
Bank of Valletta p.l.c.*	BOV Centre, Cannon Road, St Venera SVR 9030	21312020	22751733
Calamatta Cuschieri & Co Ltd*	Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103	25688688	25688256
Charts Investment Management Service Ltd*	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106	21241101
Crystal Finance Investments Ltd	6, Freedom Square, Valletta VLT 1011	21226190	21226188
Curmi & Partners Ltd*	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331	21347333
D.B.R. Investments Limited	Deber, Nigret Road, Zurrieq ZRQ 3172	21647763	21647765
Financial Planning Services Ltd*	4, Marina Court No. 1, G Cali Street, Ta' Xbiex XBX 1421	21344255	21341202
FINCO Treasury Management Ltd*	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002	21243280
GlobalCapital Financial Management Ltd*	120, The Strand, Gzira GZR 1027	21342342	21333100
Growth Investments Ltd	Middle Sea House, Floriana FRN 1442	21234582	21249811
Hogg Capital Investments Ltd*	Regent House, Level 3, Suite 33, Bizazza Street, Sliema SLM 1641	21322872	21342760
HSBC Bank Malta p.l.c.	241/2, Republic Street, Valletta VLT 1116	25972209	25972475
HSBC Stockbrokers (Malta) Ltd*	233, Republic Street, Valletta VLT 1116	25972241	25972494
Island Financial Services Ltd	Insurance House, Psaila Street, Birkirkara BKR 9078	23855555	23855238
Jesmond Mizzi Financial Services Ltd	67, Flat 3, South Street, Valletta VLT 1105	21224410	21223810
Joseph Scicluna Investment Services Ltd	Bella Vista Court, Level 3, Gorg Borg Olivier Street, Victoria VCT 2517, Gozo	21565707	21565706
Lombard Bank Malta p.l.c.*	59, Republic Street, Valletta VLT 1117	25581114	25581815
Mercieca Financial Investment Services Ltd	Mercieca, JF Kennedy Square, Victoria VCT 2580, Gozo	21553892	21553892
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	21322426	21332190
Michael Grech Financial Investment Services Ltd	1 Mican Court, J. F. Kennedy Square, Victoria VCT 2580, Gozo	21554492	21559199
MPM Capital Investment Limited	81 B. Bontadini Street B'Kara	21493250	21493077
MZ Investment Services Ltd	11, St Rita Street, Rabat RBT 1523	21453739	21453407
Rizzo, Farrugia & Co (Stockbrokers) Ltd*	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000	22583001
Quest Investment Services Ltd	101, Town Square, Qui Si Sana, Sliema SLM 3112	21343500	21313733

\* Members of the Malta Stock Exchange



ANNEX III  
SPECIMEN APPLICATION FORM



CORINTHIA FINANCE plc

A member of the Corinthia Group of Companies

€15,000,000  
6.25% BONDS 2016 – 2019 (Second Issue)  
APPLICATION FORM

Application  
Number

Please read the notes overleaf before completing this Application Form

**A APPLICANT**

TEL. NO.

MOBILE NO.

**B** Nominal value of Corinthia Finance p.l.c. 6.5% Bonds 2010:

AMOUNT IN FIGURES **Box 1**  
€

I/We apply to purchase and acquire the amount set out below in Corinthia Finance p.l.c. 6.25% Bonds 2016-2019 (Second Issue) at the Bond Issue Price (at par) pursuant to the Prospectus (minimum €1,000 and in multiples of €100 thereafter).

AMOUNT IN WORDS

AMOUNT IN FIGURES **Box 2**  
€

Amount of 6.25% Bonds 2016-2019 (Second Issue) applied for less the nominal value of 6.5% Bonds 2010, payable in full upon application under the Terms and Conditions as defined in the said Prospectus.

AMOUNT IN FIGURES **Box 3**  
Difference payable on Application  
**Box 2 - Box 1**  
€

**C RESIDENT - WITHHOLDING TAX DECLARATION (See note 9)**

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

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

**D NON-RESIDENT - DECLARATION FOR TAX PURPOSES**

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

TAX COUNTRY

TOWN OF BIRTH

T I N (Tax Identification Number)

COUNTRY OF BIRTH

PASSPORT/NATIONAL I.D. CARD

COUNTRY OF ISSUE

NUMBER

ISSUE DATE

☐ I/We am/are **NOT** Resident in Malta but I/we am/are Resident in the European Union.

☐ I/We am/are **NOT** Resident in Malta and I/we am/are **NOT** Resident in the European Union.

**E INTEREST MANDATE (see note 9)**

Completion of this Panel is **MANDATORY**

BANK

BRANCH

ACCOUNT NUMBER

**F** This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the Corinthia Finance p.l.c. 6.25% Bonds 2016-2019 (Second Issue) being applied for, to transfer to the Issuer all or part of the Bonds issued by Corinthia Finance p.l.c. (6.5% Bonds 2010) held by the Applicant as at the Cut-Off Date for the nominal value of which is set out in Box 1 of Panel B above. By submitting this signed Application Form, the Applicant is thereby confirming that:

(a) all or part of 6.5% Bonds 2010 held by the Applicant at the Cut-Off Date are being transferred to the Issuer at their nominal value; and

(b) this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:

- cause the transfer of the said 6.5% Bonds 2010 in the Issuer's name in consideration of the issue of Corinthia Finance p.l.c. 6.25% Bonds 2016-2019 (Second Issue); and
- engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

**G** I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions which I/we fully accept.

Signature/s of Applicant/s

(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)

(All parties are to sign in the case of a joint Application)

(Bare owner/s and usufructuary/ies to sign in case of Bondholdings that are subject to usufruct)

Date

AUTHORISED INTERMEDIARY'S STAMP

AUTHORISED INTERMEDIARY'S CODE

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## ANNEX III

# SPECIMEN APPLICATION FORM

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

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

1. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. This Application Form is not transferable and entitles you to a preferential treatment as a bondholder of Corinthia Finance p.l.c. 6.5% Bonds 2010 (See note 6 below).
4. Interest and redemption proceeds will be issued in the name of the person as shown in Panel A overleaf.
5. This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the Corinthia Finance p.l.c. 6.25% Bonds 2016-2019 (Second Issue) being applied for, to transfer to the Issuer all or part of the Bonds issued by Corinthia Finance p.l.c. ("Maturing Bonds") held by the Applicant as at the Cut-Off Date for the nominal value of which is set out in Box 1 of Panel B overleaf. By submitting this signed Application Form, the Applicant is thereby confirming that:
  - (a) all or part of the Maturing Bonds held by the Applicant at the Cut-Off Date are being transferred to the Issuer at their nominal value; and
  - (b) this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
    - i. cause the transfer of the Maturing Bonds in the Issuer's name in consideration of the issue of Corinthia Finance p.l.c. 6.25% Bonds 2016-2019 (Second Issue); and
    - ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the appropriate number of 6.25% Bonds 2016-2019 (Second Issue) in the Applicant's name.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by holders to Maturing Bonds up to their full amount held at the Cut-Off Date rounded to the nearest €1,000 subject to a minimum application of €1,000.

Where the Applicant wishes to acquire a number of 6.25% Bonds 2016-2019 (Second Issue) having an aggregate value which exceeds the amount in respect of which preference is being given as indicated above, the Applicant may do so by including such amount in Box 2 of Panel B.

An Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of the Maturing Bonds being transferred. The amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, may be made by cheque payable to "The Registrar - CF Bond Issue 2016-2019" which is to be attached to the Application Form being submitted to any Authorised Financial Intermediary listed in Annex II of the Securities Note. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application..
7. Applicants who are Non-Resident in Malta for tax purposes, must complete Panel D overleaf.
8. In the case where a holder of Maturing Bonds is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have Final Withholding Tax, currently 10% deducted from interest payments. Applicants will receive their interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel E overleaf.

In terms of Section 5.13.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act.
10. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
11. The MSE account number has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 5 February 2010. **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
12. Completed Application Forms are to be delivered at any of the Authorised Financial Intermediaries listed in the Prospectus, during normal office hours by not later than 14:00 on 25 February 2010. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any Applications received by the Registrar after 14:00 on 25 February 2010, will not be accepted.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge/s that:
  - a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
  - b. the pre-printed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to;
    - i. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
    - ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such request must be made in writing and addressed to the Issuer. The request must further be signed by yourself, as the Applicant to whom the personal data relates.

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



CORINTHIA FINANCE plc

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