Registration Document

Dated 6 May 2014

This document is a Registration Document issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014. This Registration Document should be read in conjunction with the Securities Note containing information about the securities to which it relates.

ISLAND HOTELS

GROUP HOLDINGS PLC

(a public limited liability company registered under the laws of Malta

with registration number C44855)

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

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

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

Winston V. Zahra	**Winston J. Zahra**
Director	Director

LEGAL COUNSEL	LEAD SPONSOR	SPONSOR	MANAGER & REGISTRAR	JOINT MANAGER
CAMILLERI PREZIOSI ADVOCATES	CURMI & PARTNERS	RIZZO FARRUGIA YOUR INVESTMENT CONSULTANTS	BOV Bank of Valletta	HSBC

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON ISLAND HOTELS GROUP HOLDINGS P.L.C., ITS SUBSIDIARIES, AFFILIATES AND BUSINESS OF THE GROUP, AND INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF THE 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013) AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014).

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

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

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 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 SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

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

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

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

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

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

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

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

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1 DEFINITIONS AND INTERPRETATION

Act	the Companies Act, Cap. 386 of the laws of Malta;
Affiliates	each of:- (a) Golden Sands Resort Limited, a limited liability company registered under the laws of Malta with company registration number C30569 and with registered office at The Radisson SAS Golden Sands Resort & Spa, Golden Bay, Limits of Mellieħa, MLH 5510, Malta ("**GSR**"); (b) Azure Services Limited, a limited liability company registered under the laws of Malta with company registration number C31224 and with registered office at Level 1, LM Complex, Brewery Street, Mrieħel, Birkirkara, BKR 3000, Malta ("**Azure Services**"); (c) Vacation Financial Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 535715 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI ("**Vacation Financial**"); (d) Brooksfield Overseas Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 536243 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI ("**Brooksfield**"); (e) Heathfield Overseas Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 536242 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI ("**Heathfield**"); (f) Azure Resorts Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 535716 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI ("**Azure**"); (g) Medi International Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 1677242 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI ("**Medi International Limited**"); (h) Buttigieg Holdings Limited, a limited liability company registered under the laws of Malta with company registration number C4443 and with registered office at The Penthouse, Papillon Court A, Birbal Street, Balzan, BZN 9019, Malta ("**Buttigieg Holdings**"); (i) R. J. C. Caterers Limited, a limited liability company registered under the laws of Malta with company registration number C10552 and registered office at The Penthouse, Papillon Court A, Birbal Street, Balzan, BZN 9019, Malta ("**RJC Caterers**"); (j) Quality Catering & Retail Services Limited, a limited liability company registered under the laws of Malta with company registration number C41365 and with registered office at Miller House, Airport Way, Tarxien Road, Luqa, LQA 1814, Malta ("**QCRS**"); (k) Travel Stores Company Limited, a limited liability company registered under the laws of Malta with company registration number C43549 and with registered office at Miller House, Airport Way, Tarxien Road, Luqa, LQA 1814, Malta ("**Travel Stores**"); (l) The Coffee Company Malta Limited, a limited liability company registered under the laws of Malta with company registration number C55973 and with registered office at The Penthouse, Papillion Court A, Birbal Street, Balzan, BZN 9019, Malta ("**Coffee Company Malta**"); (m) CLL Limited, a limited liability company registered under the laws of Malta with company registration number C58906 and with registered office at 5, Birbal Street, Balzan, BZN9019, Malta ("**CLL**"); (n) The Coffee Company Spain S.L. a company registered under the laws of Spain with fiscal number (NIF): B66240581 and with registered office at Calle Floridablanca 98, Planta Ent, Puerta 2, 08015, Barcelona, Spain ("**Coffee Company Spain**"); (o) The Heavenly Collection Limited, a limited liability company registered under the laws of Malta with company registration number C48380 and with registered office at The Radisson SAS Golden Sands Resort & Spa Golden Bay, Limits of Mellieħa, MLH 5510, Malta ("**Heavenly Collection**"); and (p) MKIC Limited, a limited liability company registered under the laws of Malta with company registration number C56106 and with registered office at Montekristo Estates, Ħal Farruġ Road, Luqa, Malta ("**MKIC**");
Azure Group	means all of:- (a) Azure; (b) Vacation Financial; (c) Heathfield; (d) Brooksfield; and (e) Medi International Limited;
BVI	British Virgin Islands;
Code	the 'Code of Principles of Good Corporate Governance' contained in Appendix 5.1 of the Listing Rules;

Current Bonds in Issue	the €14,000,000 6.5% Bonds 2017-2019 issued by the Issuer pursuant to a prospectus dated 28 August 2009;
Directors or Board	the directors of the Company whose names and addresses are set out in Section 3.1 under the heading "*Directors*" of this Registration Document;
EBITDA	earnings before interest, tax, depreciation and amortisation;
Euro or €	the lawful currency of the Republic of Malta;
Group or IHG Group	the Issuer, the Subsidiaries and the Affiliates;
Issuer or Company	Island Hotels Group Holdings p.l.c. a public limited liability company registered under the laws of Malta with company registration number C44855 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta;
Listing Authority	the Malta Financial Services Authority, as appointed in terms of the Financial Markets Act (Cap. 345. of the laws of Malta);
Listing Rules	the listing rules issued by the Listing Authority from time to time;
Malta Stock Exchange or MSE	the Malta Stock Exchange p.l.c. as originally constituted by the Financial Markets Act (Cap. 345 of the laws of Malta) having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta and bearing company registration number C42525;
Mayfair	Mayfair Overseas Holdings Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 283978 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI;
Memorandum and Articles of Association or M&As	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
Prospectus	collectively the Summary Note, the Registration Document and the Securities Note, as such documents may be amended, updated, replaced and supplemented from time to time;
Registration Document	means this document in its entirety;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus Text with EEA relevance;
Securities Note	the securities note issued by the Issuer dated 6 May 2014, forming part of the Prospectus;
Subsidiaries	each of:- (a) Island Hotels Group Limited, a limited liability company registered under the laws of Malta with company registration number C19442 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta ("**IHG**"); (b) Bay Point Hotel Limited, a limited liability company registered under the laws of Malta with company registration number C13170 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta ("**BPH**"); (c) Island Resorts International Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 294368 and with registered office at Akara Building 24, De Castro Street, Wickhams Cay I, Tortola, BVI ("**IRIL**"); (d) Island Caterers Limited, a limited liability company registered under the laws of Malta with company registration number C9377 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta ("**ICL**"); (e) Bay Point Properties Limited[1], a limited liability company registered under the laws of Malta with company registration number C47131 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta ("**BPPL**"); and (f) Bay Point Collection Limited, a company registered under the laws of the British Virgin Islands with company registration number 1743963 and with registered office at Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, BVI ("**Bay Point Collection**");
Summary Note	the summary note issued by the Issuer dated 6 May 2014, forming part of the Prospectus.

1 *As at the date of this Registration Document BBPL is a dormant company and does not carry on any kind of trading activities nor does it own any property.*

2 RISK FACTORS

AN INVESTMENT IN THE SECURITIES ISSUED BY THE ISSUER INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. A PROSPECTIVE INVESTOR SHOULD CAREFULLY CONSIDER THE FOLLOWING MATTERS, AS WELL AS THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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

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

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSORS OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.1 Forward Looking Statements

This Registration Document and the documents incorporated therein by reference or annexed thereto include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company and/or the Directors concerning, amongst other things, the Company's strategy and business plans, results of operations, financial condition, liquidity, prospects and dividend policy of the Company and the markets in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such.

The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Company are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions generally and in Malta, hotel markets specifically, legislative/regulatory changes, changes in taxation regimes, the availability and cost of capital for future investments and the availability of suitable financing.

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

2.2 Risks relating to the Industries in which the Group operates

The Group is subject to certain risks common to the industries in which it operates, certain of which are beyond its control. The performance of the Group may be influenced by the general condition of the economies in which it operates or which it is exposed to. Changes in interest rates, employment rates, inflation, consumer spending and government policy may affect sales and operating profits. Changes in economic conditions may result in customers changing spending patterns or their level of consumption, which may have an adverse impact upon the Group's operating and financial performance.

The Group currently owns, operates and manages two hotels in Malta, one of which, jointly owned by Mayfair, is also operated

as a vacation ownership resort. In addition, the Group owns, operates and manages an event catering operation and a retail catering operation. As such, the Group's operations and the results of its operations are subject to a number of factors that could adversely affect the Group's business, many of which are common to the industries in which the Group operates, including the following:

- **a downturn in international market conditions or the national, regional and/or local political, economic and market conditions, may diminish the demand for leisure and business travel and meeting/conference space;**
- **any increases in interest rates and a reduction in the availability of financing and/or refinancing on favourable terms could affect the Group's ability to negotiate working capital and capex funding;**
- **any fluctuations in the exchange rates between the Euro and Pound Sterling could have an impact on that part of the Group's profitability generated from the sale of vacation ownership;**
- **the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;**
- **the increased competition of services and products offered by the Group which might result in a decrease in profit margins;**
- **future growth depends in part on the Group's international expansion efforts in Spain through the COSTA® Coffee brand. The Spanish market is new to the Group, and accordingly there is a risk that the Group may not be as successful in penetrating the Spanish market;**
- **periodic local oversupply of guest accommodation in Malta;**
- **changes in travel patterns, any increase in, or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes;**
- **increases in operating expenses as a result of inflation, increased personnel costs and healthcare related costs, higher utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors that may not be offset by increased room rates;**
- **changes in governmental laws and regulations, including those relating to vacation ownership, employment, the preparation and sale of food and beverages, smoking, health and alcohol licensing laws and environmental concerns, fiscal policies and zoning and development regulations and the related costs of compliance;**
- **the reduction in availability of financing to buyers at acceptable costs with respect to the acquisition of vacation ownership could affect that part of the Group's profitability generated from the sales of vacation ownership;**
- **the termination, non-renewal and/or the renewal on less favourable terms of the material contracts described in Section 15 under the heading "*Material Contracts*", as well as agreements entered into with tour operators;**
- **the termination or non-renewal of agreements entered into by the Group with respect to the lease and provision of event catering venues.**

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

2.3 Risks relating to Real Estate

Risk relating to the Group's properties and operations

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

Property valuation is inherently subjective and uncertain

The valuation of property and property-related assets is inherently subjective. As a result, valuations are subject to uncertainty. Moreover, all property valuations are made on the basis of assumptions which may not prove to reflect the true position. There

is no assurance that the valuations of the properties and property-related assets will reflect actual market prices.

Real estate investments are relatively illiquid

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

Risk of Termination of Emphyteutical Concessions

Most of the Group's immovable property is held under title of emphyteusis. These grants may be terminated as a result of a breach of the conditions contained therein. Any such termination will have a material impact on the Group's operations and financial position.

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

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

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

Planning Permission & other risks relating to construction

The Group is planning a total investment of €16 million in the Radisson® Blu Resort St. Julians as described in Section 6 of this Registration Document. The Malta Environment & Planning Authority has issued a new planning policy, in terms of which, under certain circumstances, hotels may be allowed to construct up to a maximum of two additional storeys above current height limitations[2] however this does not mean that there cannot be delays in obtaining the necessary planning permissions or not obtaining the planning permits at all since these are risks commonly associated with property development projects.

Furthermore the completion of the refurbishment programme, as well as the construction of the conference centre at the Radisson® Blu Resort St. Julians are dependent on various external parties completing the project within the timeframe and costs anticipated. Failure to do so may have an adverse impact on the revenue generation, cash flow and financial performance of the Group.

2.4 Risks Associated with the Issuer's Financial Strategy

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

A significant portion of the Issuer's costs are fixed and the Issuer's operating results are vulnerable to short-term changes in its revenues. The Issuer's inability to react quickly to changes in its revenue by reducing its operating expenses could have a material adverse effect on its business, financial condition and results of operations. Furthermore for hotel properties to remain attractive and competitive the Group must periodically spend a percentage of its cash flow on refurbishments and relevant updates. This creates an ongoing need for cash. To the extent that the Group cannot fund capital expenditure from cash flows generated by operations, then the funds must come from additional financing.

The Group's level of debt

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

Furthermore, members of the Group are a party to a number of bank credit facility agreements that contain certain covenants and restrictions which might limit the Issuer's ability to, among other things: obtain future financing, fund capital expenditures,

2 http://www.mepa.org.mt/newslet38-article2.

withstand future downturns in general business or economic conditions and conduct certain corporate activities. The Issuer is also the issuer of the Current Bonds in Issue which are due for redemption in 2017-2019.

A substantial portion of the cash flow generated from the Issuer's operations in the coming years must be dedicated to debt service and debt repayment. This will limit the amount of cash that would otherwise be available for funding the Issuer's capital expenditure, and other general corporate costs.

Enforcement of security over the Issuer's assets

Borrowings are likely to be secured over part of the Group's assets. In the event that a member of the Group defaults under the terms of any borrowing agreements entered into, the lender concerned may seize title to such assets by enforcing its security. In addition, any amounts owing under borrowing agreements will rank ahead of bondholder entitlements.

Certain Financial Market Risks

The Group may be exposed to a variety of financial risks associated with the unpredictability of financial markets, including market risk (such as the risk associated with fluctuations in interest rates and fair values of investments), foreign exchange rate risk and credit risk (the risk of loss by the Issuer due to its debtors not respecting their commitments).

In particular, interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows.

2.5 Other Risks

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

The Group is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business and is exposed to the risk of failures in such systems. Whilst the Group has service level agreements and disaster recovery plans with third party providers of these systems to ensure continuity and stability of these systems, there can be no assurance that the service or systems will not be disrupted. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating results.

Consumer preferences and perceptions

The industries in which the Group operates are affected by changes in consumer demands, national, regional and local economic conditions and demographic trends. There could be a materially adverse effect on the Company's business and operating results if consumer demands change. This is particularly relevant for the event catering business and the COSTA® Coffee franchise business.

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

The Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel. If one or more 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.

Holding Company Structure

Since the Issuer is a holding company, the possibility that the Issuer may satisfy the demands of its creditors ultimately depends on its ability to participate in its Subsidiaries' and Affiliates' asset distribution upon liquidation. The Issuer's rights and therefore its creditors' rights to participate in the said asset distribution, is effectively subordinated to the Subsidiary's and Affiliate's payment claims.

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

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

The Group's insurance policies

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Group operates. However, the Group may not be able to obtain insurance that covers losses that are due to external risks, such as acts of terrorism or flooding. In addition, the scope of coverage the Group can obtain may be limited as may the Group's ability to obtain coverage at reasonable rates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current

insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

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

Since the Group operates in an industry which involves the continuous provision of services to guests, customers and consumers and such operation necessarily requires continuous interaction with suppliers, employees, franchisors and regulatory authorities it is exposed to the risk of litigation with such parties. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

Austerity Measures

Since 2010, European countries have been implementing austerity measures in an effort to reduce government deficits. This may have an effect on the tourism market resulting in a material adverse effect on the Group's performance.

Increased Competition

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

3 IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS

3.1 Directors

As at the date of this Registration Document, the Board of Directors of the Issuer is constituted as follows:

Winston V. Zahra	Chairman
Winston J. Zahra	Chief Executive Officer
Trevor Zahra	Non-Executive Director
William Hancock	Independent, Non-Executive Director
Gary Alexander Neville	Independent, Non-Executive Director
John L. Bonello	Independent, Non-Executive Director
Michael C. Bonello	Independent, Non-Executive Director

The business address of the Directors is Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta.

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. Each and all of the directors of the Issuer whose names appear under the heading "*Directors*" in this Section 3.1 of this Registration Document accept responsibility for the information contained in this Prospectus.

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

3.2 Advisors and Auditors

The persons listed in this section "*Advisors and Auditors*" have advised and assisted the Directors in the drafting and compilation of the Prospectus.

3.2.1 Sponsors

Lead Sponsor

Name:	Curmi & Partners Ltd.
Address:	Finance House
	Princess Elizabeth Street
	Ta' Xbiex, XBX 1102
	Malta

Sponsor

Name:	Rizzo, Farrugia & Co (Stockbrokers) Ltd.
Address:	Airways House, Third Floor
	High Street
	Sliema, SLM 1549
	Malta

3.2.2 Legal Counsel

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

3.2.3 Managers and Registrar

Manager and Registrar

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

Joint Manager

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

3.2.4 Statutory Auditors

Name:	Deloitte Audit Limited
Address:	Deloitte Place
	Mrieħel Bypass, Mrieħel
	Birkirkara, BKR 3000
	Malta

The financial statements of the Issuer for the financial years ended 31 October 2011, 2012 and 2013 respectively have been audited by Deloitte Audit Limited. Deloitte Audit Limited is a firm of Certified Public Accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

4 INFORMATION ABOUT THE ISSUER

4.1 History and Development of the Issuer

4.1.1 Introduction

Full Legal and Commercial Name of the Issuer	Island Hotels Group Holdings p.l.c.
Registered Address	Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians STJ 3391, Malta
Place of Registration and Domicile	Malta
Registration Number	C44855
Date of Registration	5 August 2008
Legal Form	The Company is lawfully existing and registered as a public limited company in terms of the Act
Telephone Numbers	+356 21374894
Fax Number	+356 21374895
Email Address	info@islandhotels.com
Website	www.islandhotels.com

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

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

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

- the operation of the Radisson® Blu Resort St. Julians (through BPH);
- the operation of the Radisson® Blu Golden Sands Resort & Spa (through a 50% equity contribution in GSR);
- the event catering business of the Group (through ICL);
- the operation of Montekristo Estates exclusive venues (through a 50% equity contribution in MKIC);
- the operation of the vacation ownership marketing business of Radisson® Blu Golden Sands Resort & Spa (through a 50% equity contribution in the Azure Group) and Radisson® Blu Resort St. Julians (through Bay Point Collection);
- the development and operation of the COSTA® Coffee brand in Malta through the Coffee Company Malta, and in the East Coast of Spain, the Balearic Islands and the Canary Islands through the Coffee Company Spain;
- the operation of retail outlets at Mater Dei Hospital through QCRS, 50% of which is owned by RJC Caterers, a subsidiary of Buttigieg Holdings; and
- ownership of the 83,000m^2 plot of land at Ħal Ferħ with permits to develop the property into a luxurious tourist complex the "**Oasis Project**" (through its 50% equity stake in Heavenly Collection).

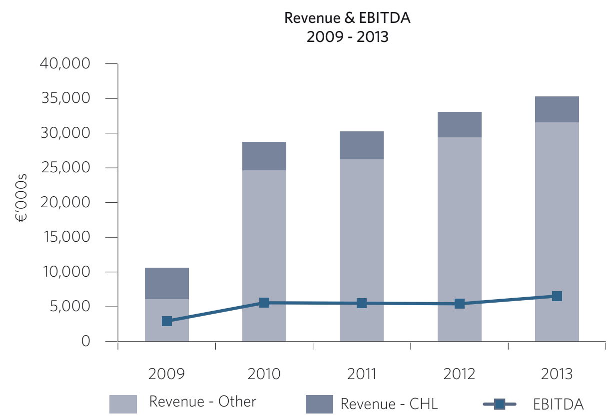
On the 21 August 2009, the Company was converted to a public limited liability company. The Issuer's ordinary shares and the Current Bonds in Issue were first admitted to the Official List of the MSE on the 7 October 2009, and trading commenced on the 8 October 2009.

Established in 1987 with a single 200-bed hotel and employing 20 personnel, the Group developed over the last 27 years to become a leading player in the leisure, hospitality and catering industry in Malta, managing a bed stock in excess of 1,450 beds across two hotel properties and employing just under 1,000 personnel (including part time equivalents) in its core hotel and catering operations. Over this period, the business expanded from a revenue figure of under €750,000 and an EBITDA figure of under €250,000 in the first year of operation to revenues of €35 million and EBITDA of €6.5 million in 2013. In 2011 the Issuer acquired a 50% stake in Buttigieg Holdings, a company operating mainly in the retail and contract catering sector thus continuing to diversify its catering business. In 2012 Buttigieg Holdings entered into a Franchise Agreement with Costa International Limited, granting it exclusive development and operating rights for the COSTA® Coffee brand in Malta. Following an international tendering process The Coffee Company Spain was awarded the right to develop the COSTA® Coffee brand in the territory of Spain (East Coast), the Balearic Islands and the Canary Islands.

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

Year	Event
1987	Formation of partnership between T.M.C. Limited and Vassallo Builders Group Limited
	Commencement of operations with the two hundred bed hotel named Bugibba Holiday Complex
1989	Expansion of Bugibba Holiday Complex to a one-thousand bed complex
1992	Island Caterers set up to provide event catering services
	Acquisition of Salina Bay Hotel and commencement of major redevelopment works
1994	Re-opening of Salina Bay Hotel as the new four star Coastline Hotel
1995	Commencement of construction works on the Group's first five-star hotel in St. George's Bay
1997	Opening of the Group's Radisson® Blu Resort St. Julians
1998	Acquisition of 16.67% equity stake in a company holding the lease in and operating the Dragonara Casino in St. Julians
2003	Acquisition of the old Golden Sands Hotel, Għajn Tuffieħa
	Strategic partnership with Mayfair, a specialist vacation ownership marketer, in the Radisson® Blu Golden Sands Resort & Spa project
	Commencement of works on the five-star Radisson® Blu Golden Sands Resort & Spa
2005	Opening of the five-star Radisson® Blu Golden Sands Resort & Spa to coincide with the Commonwealth Heads of Government Meeting (CHOGM) held in Malta in October 2005
2008	Sale of Bugibba Holiday Complex & indirect equity interest in Dragonara Casino Limited
2009	The Issuer was the sole tenderer for the development of land and property situated at Ħal Ferħ, Malta in response to the tender issued by the Government of Malta on the 20 March 2009. In December 2009, the transaction was completed pursuant to which the Issuer acquired the perpetual emphyteusis over a tract of land adjacent to the Radisson® Blu Golden Sands Resort & Spa
	Issue of a total of 140,000 6.5% Bonds 2017 – 2019
	Offer of a total of 17,200,600 ordinary shares to the general public and listing of the shares of the Issuer on the Malta Stock Exchange
2011	Completion of acquisition of 50% of Buttigieg Holdings Limited, a company operating mainly in the retail and contract catering sector
2012	Buttigieg Holdings, through the Coffee Company Malta, entered into a Franchise Agreement with Costa International Limited granting it exclusive development and operating rights for COSTA® Coffee brand in Malta
	Island Caterers Limited acquired 50% of MKIC, the operator of Montekristo Estates, a 300,000m² venue in Luqa
2013	The Malta Environment and Planning Authority approved the application that had been submitted for the Oasis Project at Golden Sands. The site will be developed through the Issuer's affiliate, Heavenly Collection
2014	Following an international tender issued by Costa International Limited the Coffee Company Spain was awarded the right to develop the COSTA® Coffee brand in the territory of Spain (East Coast), the Balearic Islands and the Canary Islands
	The group sold its 100% equity holding in Coastline Hotel Ltd to Claret Holdings Limited. At the same time it entered into a 5-year agreement to provide food & beverage services to Coastline Hotel Limited

The following chart sets out the growth in revenue and EBITDA of the IHG Group over the last five years and distinguishes the revenue resulting from the operations of the Coastline Hotel (sold in 2014 see Section 5.1.1, *"Hotel Operation - Sale of the Coastline Hotel"*) as opposed to that from the other Group companies.



Source: National Statistics Office

4.2 Recent Events

The Issuer is not aware of any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency.

4.3 Investments

In terms of an agreement dated 18 May 2011 the Issuer purchased a 50% stake in Buttigieg Holdings (See Section 5.1.5). As part of the same agreement the Issuer has the option to purchase the other 50% stake of Buttigieg Holdings currently held by third parties thus becoming the 100% owner of Buttigieg Holdings. The option is exercisable during the period commencing 18 May 2014 and ending on 18 May 2017. The Issuer intends to exercise this option during 2014.

The Issuer will either:

(a) utilise its own funds to purchase the aforesaid stake; or

(b) issue shares in itself in consideration of the acquisition; or

(c) a combination of (a) and (b) above.

The Group is also planning:

(i) an investment in the Radisson® Blu Resort St. Julians consisting of the construct of a stand-alone conference centre adjacent to the hotel and the refurbishment of all guest rooms, public areas and exterior spaces of the hotel as well as the construction of an additional two storeys;

(ii) to open additional outlets of COSTA® Coffee in Malta and new outlets in the East Coast of Spain, Canary Islands and the Balearic Islands.

The proceeds of the bond will be utilised to finance these investments (refer to Securities Note forming part of this Prospectus).

5 BUSINESS OVERVIEW

5.1 Principal Activities

The Issuer is a holding company having investments in a number of Subsidiaries and Affiliates which operate the business of the Group. The business of the Group largely relates to: the ownership, management and operation of five-star hotels in Malta (namely, the Radisson® Blu Resort St. Julians and the Radisson® Blu Resort & Spa, Golden Sands); the operation of a vacation ownership marketing business for the Radisson® Blu Resort St. Julians and the Radisson® Blu Resort & Spa, Golden Sands; the operation of retail and event catering business (Island Caterers, Montekristo Estates and Papillion Caterers); and the development and operation of COSTA® Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands. The Group also owns a plot of land measuring 83,000m^2 located next to the Golden Bay, Mellieħa with permits to develop this land into a luxury tourist complex. IHG recently sold its entire shareholding in the Coastline Hotel Limited, a company registered in Malta with registration number C14107 and with its registered office at the Coastline Hotel, Salina Bay, Salina, Naxxar, NXR 9030, Malta ("**CHL**") (see Section 5.1.1 "*Hotel Operation - Sale of the Coastline Hotel*").

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

5.1.1 Hotel Operation

Radisson® Blu Resort St. Julians

BPH, (a fully-owned indirect Subsidiary of the Issuer), owns the 252-room five-star Radisson® Blu Resort St. Julians situated in St George's Bay in St. Julians. The hotel consists of 224 twin rooms, 14 Junior Suites, 6 Club Suites and 8 Executive Suites in addition to a range of facilities including, 3 restaurants, 2 bars and 2 pool-side bars, indoor and outdoor pools, beach club, spa, tennis courts, gymnasium, conference suites and the Grand Ballroom. The Radisson® Blu Resort St. Julians operates under a franchise agreement with the Carlson Rezidor® Hotel Group, one of the world's foremost hotel companies incorporating 1,345 hotels worldwide with 216,000 hotel rooms in 108 countries, under seven global brands. The original franchise agreement was extended in 2007 for a period up to 31 December 2018 (see Section 15 *"Material Contracts"*).

The Resort opened its doors for business in May 1997. The Radisson® Blu Resort St. Julians has been of service to numerous conferences and individuals and enjoys a strong reputation as a unique destination able to cater for extensive customer needs backed by a team of professional hoteliers dedicated to delivering a genuine hospitality experience to their guests.

Over the course of these seventeen years of operation the hotel has undergone numerous enhancements most recently the refurbishment of the guest room bathrooms, a projected completed in February 2014.

The Issuer believes that there is still significant potential for improvement in the room and occupancy rates of the Radisson® Blu Resort St. Julians and that this can be achieved by improving further the standard of the premises. This would allow Radisson® Blu Resort St. Julians to compete better with the other five-star hotels in the area.

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

	Financial year ended 31 October 2011	Financial year ended 31 October 2012	Financial year ended 31 October 2013
Revenue (€)	9,402,497	9,156,753	9,554,729
Revenue per available room (€)[3]	102.2	99.3	103.9
Occupancy level (%)	71	69	69
Revenue per occupied room (€)[4]	145.0	144.2	150.9

Radisson® Blu Resort & Spa Golden Sands

GSR, an indirect, 50% Affiliate of the Issuer, owns the 329-room five-star Radisson® Blu Resort & Spa Golden Sands situated in Għajn Tuffieħa. The hotel has been named the Top Hotel in Malta in the 2014 Travelers' Choice® awards as well as being recognized in the categories of Top Hotels for Romance and Top Luxury Hotels in Malta[5]. The property offers a full complement of five-star hotel facilities, leisure conference and vacation ownership accommodation. The facilities include indoor and outdoor pools, private beach, spa facilities, tennis court, a fully equipped gymnasium, four restaurants, three bars and three pool-side bars as well as extensive conference facilities and event rooms.

The hotel, which opened its doors to host the Commonwealth Heads of Government Meeting (CHOGM) during their visit to Malta in November 2005, has been developed primarily as a luxury five-star hotel and vacation ownership resort in collaboration with Mayfair, a company specialising in vacation ownership. The Radisson® Blu Resort & Spa Golden Sands operates under a franchise agreement with the Carlson Rezidor® Hotel Group that has exclusive rights for the use of the Radisson® Blu name within the EMEA region (see Section 15 "*Material Contracts*").

Since opening, the resort has hosted numerous leisure guests, conference and incentive events, many high profile individuals as well as a large number of vacation club travellers. The business to date reflects that of a mixed used resort focusing, on the one part on a traditional hotel operation, and on the other part a vacation ownership club. The following table sets out the highlights of the hotel's operating performance* for the years indicated therein:

	Financial year ended 31 October 2011	Financial year ended 31 October 2012	Financial year ended 31 October 2013
Revenue (€)	**15,138,539**	**15,453,362**	**14,949,685**
Revenue per available room (€)[6]	**125.9**	**128.3**	**124.5**
Occupancy level (%)	**68**	**66**	**68**
Revenue per occupied room (€)[7]	**185.6**	**193.6**	**183.1**

** GSR is a 50% indirect affiliate of the Issuer. The figures in the table above refer to 100% of the hotel's operating performance. The consolidated financial statements of the Group reflect the Group's 50% share of GSR.*

Sale of the Coastline Hotel

By virtue of a sale agreement entered into on the 2 May 2014 by and between IHG and Claret Holdings Limited, a company registered in Malta with registration number C39960 and with its registered office at European School of English, Paceville Avenue, St. Julians ("**Claret**"), IHG transferred its entire shareholding in CHL in favour of Claret for a gross price of €14,000,000. CHL is the owner of the Coastline Hotel. Concurrently the Group has entered into an agreement with Claret to supply CHL with food and beverage services for five years commencing on the date of the share transfer. This service will be provided through ICL.

The sale of CHL from the portfolio of the Group is in line with the Group's current strategy to focus on the five-star segment of the local hotel industry and the proceeds of the sale will be utilised to contribute to the continued development of the Group in this area as well as the other core activities of the Group including vacation ownership, high end event catering and the development of the COSTA® Coffee brand.

3, 6 Calculated as Total Revenue (including revenue from Food & Beverages) divided by the total number of available room nights

4, 7 Calculated as Total Revenue (including revenue from Food & Beverages) divided by the total number of occupied room nights

5 See www.tripadvisor.com

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

	Financial year ended 31 October 2011	Financial year ended 31 October 2012	Financial year ended 31 October 2013
Revenue (€)	4,024,314	3,661,338	3,734,495
EBITDA (€)	762,372	643,548	571,985
(Loss)/Profit before Tax (€)	40,034	(22,408)	(41,666)

5.1.2 Vacation Ownership

Azure Group

The Azure Group is constituted of the 50% owned Affiliates of the Company held through IRIL, the other 50% being held indirectly by third parties through Mayfair. Azure is the travel agent and tour operating arm for GSR and is involved in marketing and reselling pre-allocated travel, holiday and vacation ownership holiday accommodation to travellers. Heathfield accepts credit card payments on vacation ownership sales. Brooksfield holds promotion agreements with Azure Services. The latter company provides promotional services in Malta for persons that are established abroad. Vacation Financial and Medi International Limited are involved in the financial aspects of the vacation ownership products.

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

Vacation ownership typically allows guests to exchange their pre-allocated accommodation rights for alternative packages offered by the exchange company to which the original property is attached. GSR is affiliated with Resort Condominiums International (RCI), one of the two major international exchange companies in the world. Buying into the vacation club system affords secured allocation rights for a pre-determined period of time against the payment of an upfront fee and an obligation to pay an annual fee, without however acquiring any real rights over the property.

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

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

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

	Financial year ended 31 October 2011	Financial year ended 31 October 2012	Financial year ended 31 October 2013
Revenue (€)	**12,955,857**	**14,817,744**	**15,641,330**

** Azure is a 50% indirect affiliate of the Issuer. The figures in the table above refer to 100% of Azure's operating performance. The consolidated financial statements of the Group reflect the Group's 50% share of Azure.*

Bay Point Collection Limited

Bay Point Collection, a fully owned subsidiary of the Issuer, was incorporated and commenced its operations in 2013 with the principal activity of operating the vacation ownership of Radisson® Blu Resort St. Julians. The company has been allocated a total of 45 rooms to be sold as vacation ownership units.

The revenue of Bay Point Collection for the financial year ended 31 October 2013 was of €471,723.

5.1.3 Event Catering Business

Island Caterers Limited

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

Using a strategy based on the delivery of a quality food product served by trained, knowledgeable and friendly staff within venues that were unique proved to be highly successful for the company. Over the past twenty two years, the company has catered over 10,000 events and has been of service to over five million guests. Clients have included many international blue chip companies, local corporates, high profile individuals, and heads of state. ICL caters at a variety of events including weddings, receptions, banquets, conference and incentive events and private parties. ICL is today still headed by the same management team that was responsible for the growth of the company.

ICL has also pioneered the use of local historical sites, including the Mediterranean Conference Centre, Villa Bologna and the Saluting Battery in Valletta, using a methodology which ensures that substantial funds are re-invested into those sites to fund their restoration.

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

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

The following table sets out the revenue and EBITDA of ICL:

	Financial year ended 31 October 2011	Financial year ended 31 October 2012	Financial year ended 31 October 2013
Revenue (€)	4,245,959	4,012,132	4,162,011
EBITDA (€)	289,098	155,840	148,767

Notwithstanding the relatively stable revenue, there is a downward trend in EBITDA as a result of pricing pressures brought about by increased competition in the sector in which ICL operates.

5.1.4 MKIC Limited

MKIC was set up in 2012 as a 50% joint venture with Monte Kristo Estates Limited (C41417) in order to take over the exclusive operation of Montekristo Estates in Ħal Farruġ, the unique complex a few kilometres away from the villages of Luqa and Siġġiewi. The company caters for weddings, corporate events, themed functions for local and international clientele, and other major events. The company also offers outside catering services and operates a pizza and pasta restaurant with 160 covers.

The following table sets out the revenue of MKIC for the six months up to October 2012 and for the year ended 31 October 2013:

	6 months ended 31 October 2012	Financial year ended 31 October 2013
Revenue (€)	**1,100,053**	**1,751,972**

** MKIC is a 50% indirect affiliate of the Issuer. The figures in the table above refer to 100% of MKIC's operating performance. The consolidated financial statements of the Group reflect the Group's 50% share of MKIC.*

5.1.5 Buttigieg Holdings Limited

Buttigieg Holdings is an events and retail catering group which became part of the Group in June 2011 after the Issuer acquired a 50% interest in Buttigieg Holdings. Buttigieg Holdings is the main shareholder of RJC Caterers which operates the Papillon catering and retail outlets including the concessions at the Malta International Airport, Luqa and Mater Dei Hospital at Tal-Qroqq. As part of the Group's vision of securing an internationally recognised retail catering brand, in 2012 Buttigieg Holdings signed a ten-year agreement with Costa Coffee International Limited for the development of the COSTA® Coffee retail outlets in Malta. The first

COSTA® Coffee outlet was opened in June 2012 at the check-in lounge of the Malta International Airport. Since then, another two COSTA® Coffee outlets were opened at the Malta International Airport, the fourth outlet opened in June 2013 at Tigné Point Shopping Complex, Sliema and six months later the Papillion retail catering outlet in Balzan was converted into a COSTA® Coffee outlet. The Group has plans to open another three outlets in key retail locations in Malta, including Valletta and the Schengen departures area within the Malta International Airport.

Earlier this year, the Group also signed a franchise agreement with Costa Coffee International Limited for the development and operation of up to 75 COSTA® Coffee outlets in the East Coast of Spain, the Balearic and Canary Islands. The first outlet in Spain will open towards the third quarter of 2014 with another three outlets planned before the end of the year.

The following table sets out the revenue of Buttigieg Holdings for the years indicated therein:

Revenue (€)	Four months ended 31 October 2011	Financial year ended 31October 2012	Financial year ended 31October 2013
Costa Coffee	N/A	599,308	2,107,677
Other Business	2,063,470	5,623,607	4,334,636
Total	**2,063,470**	**6,222,915**	**6,442,313**

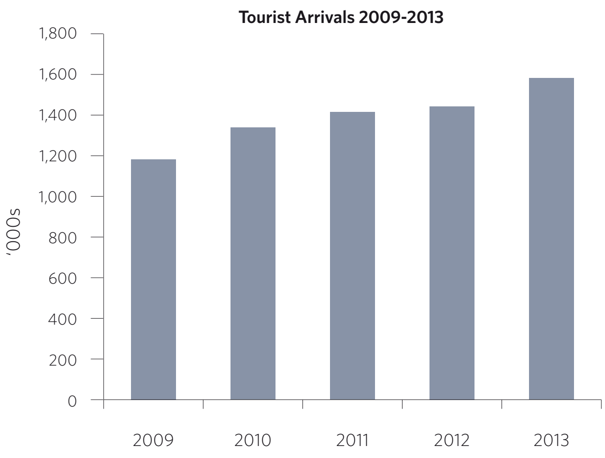
**Buttigieg Holdings is a 50% indirect affiliate of the Issuer. The figures in the table above refer to 100% of Buttigieg Holdings' operating performance. The consolidated financial statements of the Group reflect the Group's 50% share of Buttigieg Holdings. In terms of an agreement dated 18 May 2011 the Issuer has the option to purchase the other 50% stake of Buttigieg Holdings thus becoming the 100% owner of Buttigieg Holdings. The option is exercisable during the period commencing 18 May 2014 and ending on 18 May 2017. The Issuer intends to exercise this option during 2014.*

5.2 Principal Markets

The Group operates primarily in the hospitality and catering sectors and in the financial year ended 31 October 2013, 76% of the Group's total revenue was derived from its hotel and vacation ownership business with the remaining 24% generated from its catering business.

5.2.1 Competitive Environment in the Hotel Industry

Tourism remains one of the pillars of the Maltese economy contributing significantly to employment, investment and GDP. Since 2009, tourist arrivals reported consistent annual growth reaching a high of 1,582,000 in 2013, which represented a 9.6% increase over the previous year. Total estimated tourist expenditure for the year reached €1.4 billion[8]



Source: National Statistics Office

The UK continues to hold the top position as Malta's main tourist market with 28.7% of total tourist arrivals followed by Italy at 14.8% and Germany at 9%. The table below sets out the geographic distribution of tourist arrivals to Malta for calendar years 2012 and 2013 as reported by the National Statistics Office.

8 *National Statistics Office, News Release, 31 January 2014 (021/2014)*

Country	2012	2013	% change
United Kingdom	441,275	454,659	3%
Italy	202,200	233,777	16%
Germany	137,500	147,110	7%
France	107,893	116,533	8%
Scandinavia	97,363	105,068	8%
Spain	60,223	53,278	-12%
The Netherlands	39,191	41,486	6%
Russia	31,563	40,048	27%
Libya	17,217	34,621	101%
Ireland	27,731	30,224	9%
Belgium	27,279	28,948	6%
Switzerland	25,758	28,702	11%
Austria	19,827	25,739	30%
USA	18,027	19,502	8%
Other	190,368	222,457	17%
Total	**1,443,415**	**1,582,152**	**10%**

Five-Star Segment

The five-star sector, in which the Group operates is highly competitive with a room stock of approximately 3,478 and a strong presence of international hotel operators with brands including Hilton®, Intercontinental®, Westin® and Corinthia®. The segment counts 15 properties. Occupancy percentage levels in this segment reached an average of 68.2% in 2012 increasing to an average of 69.6% in 2013. Average room rates in this category increased from €105.3 in 2012 to €111.8 in 2013. In 2013, the five-star segment industry business mix comprised the following[9]:

(a) tour operator business accounting for approximately 35% of the business mix;

(b) conference and incentive visitors accounting for approximately 14% of the business mix;

(c) corporate travellers accounting for approximately 14% of the business mix; and

(d) other sectors, including predominantly direct bookings accounting, contributing to approximately 30% of the business mix.

The Group's hotels comprise the Radisson® Blu Resort St. Julians and The Radisson® Blu Resort & Spa Golden Sands. The business mix for the Radisson® Blu Resort St. Julians comprised the following:

(i) tour operator business accounting for approximately 45% of the business mix;

(ii) conference and incentive travellers accounting for approximately 14% of the business mix;

(iii) corporate travellers accounting for approximately 12% of the business mix and

(iv) other sectors, including predominantly direct bookings accounting for 27% of the business mix.

The Radisson® Blu Golden Sands Resort & Spa business mix is somewhat particular in view of the hotel's focus on the vacation ownership market which accounted for 72.5% of rooms occupied in 2013. Key performance indicators for the two hotels including occupancy, average room rate and revenue per available room are listed in Section 5.1.1 above under the heading "*Hotel Operations*"

5.2.2 Event and Retail Catering

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

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

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

9 BOV MHRA Survey Q4 2013 by Deloitte

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

Insofar as the retail catering business is concerned the Group intends to continue to develop the chain of COSTA® Coffee brand outlets in Malta and open up to a maximum of ten stores. The Group also intends to commence the development of the COSTA® Coffee brand in Spain. This is expected to give the Coffee Company Spain the right to develop up to 75 stores.

Spain has a population of 46.5 million, of which 13.5 million are concentrated around the four larger cities, including; Barcelona (4.7 million) and Valencia (1.7 million).

Spain is one of the world's top tourism destinations, ranking third, with 60.6 million visitors generating revenue in 2013 equal to €53.9 billion, an increase of circa 9.55% from 2012[10]. Tourism is concentrated primarily in the largest cities as well as the Balearic and Canary Islands. The importance of this industry for the Spanish economy is also highlighted by the fact that it accounts for circa 10.8% of GDP and 12.2% of total employment.

Spain also has a large percentage of UK tourists (representing circa 26% of overnight stays) with whom the COSTA® Coffee brand is familiar. Germany accounts for a further 25% of arrivals, and France for 7%.

The most frequented region is Catalonia with 15 million visitors, followed by the Balearic Islands (10.2 million visitors) and the Canary Islands (9.6 million).

The food service segment in Spain is fragmented, with independent domestic operators dominating in terms of number of outlets. While most traditional restaurants in Spain are family-owned, there is a growing number of national and international chains.

Current international specialised chained coffee brands in Spain are Starbucks® and McCafe®. Starbucks® established its presence in Spain ten years ago and has since rolled out 75 outlets, while McCafe® opened its first outlet in 2008 and had 27 outlets at the end of 2012.

Spain's economy grew steadily for ten consecutive years prior to the 2009 recession. As indicated by Euromonitor International, the Spanish economy is showing positive signs of economic recovery for 2014, with a projected growth estimated at 0.5% as set out in the table below[11]:

	2010	**2011**	**2012**	**2013**	**2014**
Real GDP Growth (% growth)	-0.2	0.1	-1.6	-1.3	0.5

5.2.3 Dependency on Material Contracts

The Group is dependent upon the validity of each of the Material Contracts described in Section 15 under the heading "*Material Contracts*". In the event that any of the said Material Contracts were to terminate prior to their expected date of termination, if any, this could have a material adverse effect on the financial position and future profitability of the Issuer and the Group.

5.3 Organisational Structure

5.3.1 Major Shareholders

Shareholder	**Number of shares**	**Percentage Ownership**
T.M.C. Limited (C6720)	17,634,600	48.20%
Double You Limited (C25234)	4,408,650	12.05%
T Limited (C25235)	4,408,650	12.05%

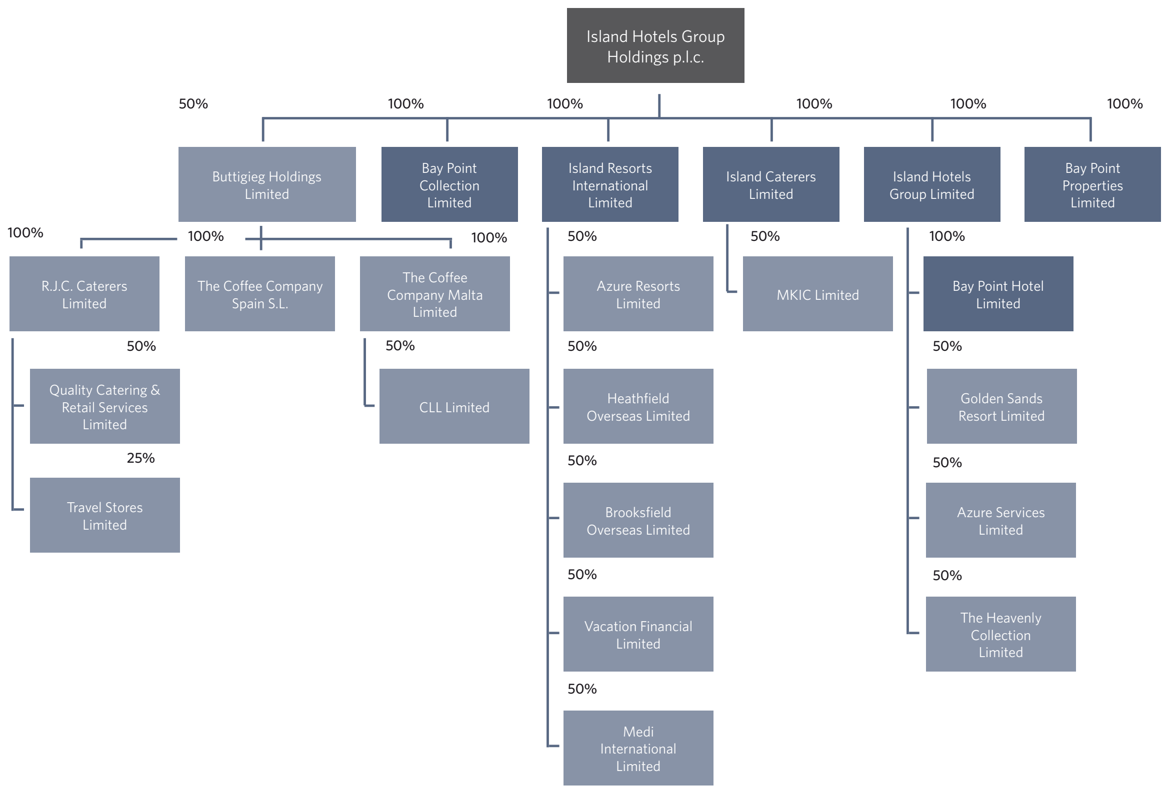
As at the date of this Registration Document, the shares in T.M.C. Limited are held by Winston V. Zahra, Doris Zahra, Double You Limited (beneficially owned by Winston J. Zahra) and T Limited (beneficially owned by Trevor Zahra). Accordingly in the event that the aforesaid members of the Zahra family decide to act in concert in exercising their voting rights as shareholders, control of the Issuer will vest in them through the power to appoint the directors of the Issuer.

The Issuer has adopted measures in line with the Code to ensure that control is not abused of, including the appointment of independent non-executive directors who also sit on the committees of the Board and the adherence to the Rules on Related Party Transactions, which transactions require the sanctioning of the Audit Committee, the majority of which is constituted by independent non-executive directors, one of whom also acts as chairman.

10 *Government of Spain (Ministry of Industry, Energy and Tourism)*

11 *http://www.euromonitor.com/spain/country-factfile*

As the holding company of the Group, the Issuer is ultimately dependent upon the operations and performance of its Subsidiaries, Affiliates and their respective operations. The organisational structure of the Group is illustrated in the diagram below.



6 STRATEGY AND TREND INFORMATION

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

The Group's overall vision is to be a leader in the hospitality industry through its traditional core values of innovation and excellence in the delivery of its services in all of the market segments in which it operates. Moreover the Group's local achievements are considered an appropriate platform for further growth overseas where the first steps have been taken with the COSTA® Coffee brand.

The primary short term objectives of the Group are to optimise existing investments to ensure maximisation of returns with a focus on four main pillars of operation – five-star hotels, vacation ownership, event catering and retail catering through the COSTA® Coffee brand.

The main focus on the five-star hotel sector will be to reposition the Radisson® Blu Resort St. Julians to be aligned to the top performing properties within its segment. The vacation ownership sector will continue to be a pivotal part of the Group's income stream and will continue to be developed within the five-star properties of the Group. Event catering will be developed further through the Island Caterers brand and MKIC, the company entrusted with the management of the catering side of Montekristo Estates while the retail catering sector will be developed significantly through the COSTA® Coffee brand both locally as well as internationally. The Group's first step in expanding its operations overseas will take place through the development and operation of the COSTA® Coffee brand in the East Coast of Spain, the Balearic Islands and the Canary Islands.

The Issuer is actively seeking a fresh equity injection so as to finance its expanding operations. The Issuer's efforts at raising fresh equity are not proving easy in the difficult international market conditions but the efforts will continue, driven by the prospects of the high-end Oasis Project, the plans to further up-scale existing stock and, the COSTA® Coffee Spain venture.

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

Five-Star Hotels

Radisson® Blu Resort St. Julians

In line with the strategy to focus on the five-star segment within the local hotel industry the Group recently divested itself of the Coastline Hotel, a 207-room four-star hotel at Salina. The Group's immediate focus is the repositioning of the Radisson® Blu Resort St. Julians to achieve above average returns which are closer to the top performers within the five-star segment in the Sliema/St. Julians area.

The Group is planning a total investment of €16 million into this property. Plans for the hotel involve the construction of a stand-alone conference centre adjacent to the hotel on a site currently being utilised as a secondary car park. A full development permit for this has been issued by the Malta Environment and Planning Authority. At the same time, the property will be completely refurbished including all guest rooms, public areas, and exterior spaces. The Company has applied for and is currently awaiting building permits to construct an additional two floors which will increase its number of guest rooms to 290. This project is scheduled to start in November 2014 and is intended to be completed within eight months for the refurbished property to re-open in summer 2015. Construction is planned to happen over the winter period when occupancy is at its lowest with a view to minimising the negative impact of closing the property.

Radisson® Blu Resort & Spa Golden Sands

Concurrently the Group will continue to invest in the upkeep of the Radisson® Blu Resort & Spa Golden Sands in order to ensure it retains its current position as a high end luxury five-star property with results amongst the top performing five-star properties in Malta. The business model used at the resort with a mix of vacation ownership and traditional hotel business has worked excellently well over the first eight years of operation and it is intended that this model will continue to be used in the foreseeable future. Part of the success of the model is maintaining the product to the highest level possible and care and attention will continue to be given to this aspect to ensure that this resort remains as sought after as it is today.

The Oasis Project

In 2013, the Group obtained development permits for the 83,000 m^2 adjacent to the Radisson® Blu Resort & Spa, Golden Sands. Plans are for the construction of 176 units and 12 pavilions covering approximately 20% of the site's footprint with over 80% of the site being dedicated to landscaping.

The Issuer believes that this project is a unique opportunity which will contribute significant returns on investment. The strategy of the Group is to undertake this project with a solid equity base and is currently seeking an international equity investment to bring the project to fruition.

Vacation Ownership

As the travel agent and tour operating arm for Radisson® Blu Resort & Spa Golden Sands, Azure is expected to retain focus on its main target market, the U.K. Azure will expand the sales and marketing operation to other jurisdictions, particularly in the European continent, only if it is clear that opportunities arise in those jurisdictions.

The Group is also selling vacation ownership units at the Radisson® Blu Resort St. Julians under a newly incorporated company, The Bay Point Collection. Plans are to convert a total of 45 rooms to be allocated under the vacation ownership concept which are expected to add to the returns of this property over the coming years.

With the onset of the Oasis Project it is also anticipated that a vacation ownership product, albeit structured differently to that being sold in the two Radisson® properties pertaining to the Group, will also be sold.

Event Catering Business

In the area of event catering, the Group's focus will be for Island Caterers to be the market leader in this segment in Malta. ICL will continue to seek additional unique venues within which to expand its business model and will maintain its high quality in terms of service, people and food. The focus of the Island Caterers team will continue to be on local and international weddings, international conference and incentive events, local corporate events and local privately hosted events.

The Group will also continue to build on the work done to date to bring the Montekristo Estates up to a quality level where it will become one of the most sought after event and exhibition centres on the Island. This is being done through its 50% joint venture with Monte Kristo Estates Limited (C41417).

Retail Catering Business

Since signing the agreement on the development and operation of the COSTA® Coffee brand in Malta, the Group opened five COSTA® Coffee brand retail outlets and has plans on opening three more outlets in 2014 and a further two in 2015. The COSTA® Coffee brand is proving to be very popular and successful in the local market.

In line with its strategy of expansion overseas, the Group signed an agreement with Costa International Limited for the development and roll out of the COSTA® Coffee outlets in the East Coast of Spain, the Balearic Islands and the Canary Islands. The Group plans to open three outlets in Spain before the end of the year and another seven in 2015. Furthermore the Group plans to reach 58 outlets in these regions by 2019. The full development agreement allows for up to 75 outlets to be opened in the region.

7 PROFIT FORECASTS

The forecast statement of financial position, the forecast income statement and the forecast statement of cash flows of the Issuer and its Subsidiaries for the financial years ending 31 October 2014 and 31 October 2015 are contained in Annex I of this Registration Document.

8 SELECTED FINANCIAL INFORMATION

The financial information about the Issuer is included in the audited consolidated financial statements for each of the financial years ended 31 October 2011, 2012 and 2013. The said statements have been published and are available on the Issuer's website www.islandhotels.com and at its registered office. Set out below are highlights taken from the audited consolidated financial statements for each of the financial years ended 31 October 2011, 2012 and 2013.

Consolidated Income Statement for the years ended 31 October	**2011** (€'000)	**2012** (€'000)	**2013** (€'000)
Revenue	30,254	33,086	35,280
Net operating Costs	(24,750)	(27,659)	(28,748)
EBITDA	**5,504**	**5,427**	**6,532**
Depreciation and amortisation	(3,212)	(3,331)	(3,207)
Share of loss of associates	-	(1)	(25)
Investment Income	151	18	61
Finance costs	(3,041)	(2,947)	(2,916)
Profit/(Loss) before tax	**(598)**	**(834)**	**445**
Taxation	356	(155)	110
Profit/(Loss) for the year	**(242)**	**(989)**	**555**
Other comprehensive income			
Exchange differences on translating foreign operations	135	1,279	(821)
Total comprehensive (expense)/income for the year	**(107)**	**290**	**(266)**

Consolidated Balance Sheet as at 31 October	**2011** (€'000)	**2012** (€'000)	**2013** (€'000)
ASSETS			
Non-current assets	128,466	127,892	128,854
Current assets	10,168	10,925	12,287
Total Assets	**138,634**	**138,817**	**141,141**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves	36,179	36,469	36,203
Total equity	**36,179**	**36,469**	**36,203**
Liabilities			
Non-current liabilities	60,593	66,506	67,501
Current liabilities	41,862	35,842	37,437
Total liabilities	**102,455**	**102,348**	**104,938**
Total equity and liabilities	**138,634**	**138,817**	**141,141**

Consolidated Cash Flow Statement for the years ended 31 October	**2011** (€'000)	**2012** (€'000)	**2013** (€'000)
Net cash from operating activities	2,649	3,839	4,235
Net cash from investing activities	(5,891)	(1,473)	(5,088)
Net cash from financing activities	1,165	(2,968)	737
Net movement in cash and cash equivalents	**(2,077)**	**(602)**	**(116)**
Cash and cash equivalents at beginning of year	(7,521)	(9,677)	(10,267)
Effect of foreign exchange rate changes	(79)	12	(20)
Cash and cash equivalents at end of year	**(9,677)**	**(10,267)**	**(10,403)**

9 DIRECTORS AND SENIOR MANAGEMENT

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

9.1 Board of Directors

The Board of Directors of the Company consists of seven directors who are entrusted with setting the overall direction and strategy of the Company.

9.1.1 Current Directors

Winston V. Zahra

Winston V. Zahra was the Managing Director of the IHG Group of companies up until the 31 July 2009. Prior to 1987, he was the co-founder of one of the leading tourism-oriented companies in Malta. This provided him with an invaluable wealth of experience in practically all aspects of the tourism industry, including a tour operation company based in London. Winston V. Zahra was one of the first to build and operate an 'aparthotel'. In 1986 he relinquished all his holdings in the business and became a timeshare consultant, a position that, in a short time, developed into a partnership with the Vassallo Group. Winston V. Zahra was Managing Director of the IHG Group of companies from its inception and has been responsible for the development of the said group till 2009, when he gave up the position of Managing Director and took up the post of Chairman of the Group. His responsibilities also included the project management of all the Group's properties. He has served on various boards and committees related to the tourism industry, including the National Tourism Organisation of Malta and later the Malta Tourism Authority (MTA). He was president of the Malta Hotels and Restaurants Association (MHRA) and chairman of the Marketing Board of the MTA. He was also a Board member of the Malta Council for Economic and Social Development (MCSED). Winston V. Zahra is also a director of a number of companies outside the Group. Mr. Zahra is also a director of Caritas and is a member of the Council of the University of Malta. Winston V. Zahra was also Chairman of Volksbank Malta Limited, for a period of three years. In December 2008, the Government of Malta honoured Winston V. Zahra by bestowing upon him the National Order of Merit for his contribution to the tourism industry, in which he has been involved since 1967.

Winston J. Zahra

Winston J. Zahra graduated with a First Class Bachelors of Arts honours degree in Hotel and Catering Management from Portsmouth University in 1991. Mr. Zahra joined the Group in October 1991. He was instrumental in the setting up of ICL as well as the Coastline Hotel, the Radisson® Blu Resort St. Julians and the Radisson® Blu Resort & Spa Golden Sands. After having effectively managed all areas of the Group, in June 2001 Mr. Zahra was appointed Director of Operations, Sales and Marketing of the Group. Since October 2009 Mr. Zahra has been the CEO of the Group. Mr. Zahra was the youngest ever President of the MHRA serving from 2002-2004 at a time when Malta's entry into the European Union was high on the national agenda. Mr. Zahra sat on the council of the MHRA for twelve years. He has also served on the boards of the National Commission for the Promotion of Equality and the MCESD. Over the years Mr. Zahra has also occupied various posts on national boards within the tourism industry, including the HCEB, the main board of the MTA, Malta International Airport p.l.c., Transport Malta and the Airport Charges Regulatory Board. He was recognised as the "Young Hotelier of the World" for 1999 by the International Hotels and Restaurants Association and HOTELS Magazine after a recommendation from the President and CEO of the Rezidor® Hotel Group.

Trevor Zahra

Trevor Zahra joined the Group in 1988 at the Bugibba Holiday Complex. In 1992 he was appointed Front Office Manager of the Bugibba Holiday Company and in 1994 he was appointed Front Office Manager for the Coastline Hotel, responsible, amongst others, for the sales and marketing of the hotel. In 1997 he was appointed General Manager of the Bugibba Holiday Complex and in 2004 he was appointed director of Sales for the leisure market for the Group. In 2009 Mr. Zahra resigned from the Group Executive Team to set up 3sixtymeetings Limited, a destination management company specialising in corporate meetings, events, incentives and conferences.

William Hancock

William Hancock is today the Managing Partner of Resolute Asset Management LLP. Prior to setting up this company he was a senior director at JER, a private equity firm based in the US. Mr. Hancock was a member on the European, North American and Global investment Committees of the company. Before joining JER, Mr. Hancock was a director in the Real Estate Investment Banking team at Credit Suisse First Boston for 11 years with primary responsibility for corporate finance and capital raising activities in Continental Europe.

Gary Alexander Neville

Gary Alexander Neville is best known for his footballing achievements with Manchester United. He has also played for the English National football team 85 times and captained the side on two occasions. He was also on the Professional Footballers Association management committee for 11 years. Having retired from the game in 2011, he took up the role of Ambassador for Manchester United and is also a Sky Sports commentator. Mr. Neville is a partner in a renewables company and a director of Signature Developments.

John L. Bonello

John L. Bonello retired as Chairman and Senior Partner of PricewaterhouseCoopers in Malta on 31 December 2009 having reached the firm's statutory retirement age. He had joined the firm in 1972 and became a partner in 1976. Today he sits on the Board of Directors of HSBC Bank Malta plc where he is the Chairman of the Audit and Risk Committee and the Chairman of the Remuneration Committee. He sits on the Board of Tigne Mall plc where he chairs the Audit Committee and sits on the Remuneration Committee and sits on the boards of a number of private companies. He is also a member of the Kumitat Finanzjarju Djocesan.

He was the first President of the Association of Nominee Companies (now the Institute of Financial Services Practitioners), an association of the legal and accounting firms engaged in servicing the very successful financial services industry in Malta. From 1992 until the end of 1996 John L. Bonello was the non-executive Chairman of the Malta External Trade Corporation, which at the time was the national trade promotion organisation in the form of a partnership between Government, the Federation of Industry and the Chamber of Commerce. Between 2011 and 2013 he was Chairman of the Policy Advisory Board, which was a board made up of people from the private sector as well as members of the civil service, and Chairman of the Management Systems Unit at the Office of the Prime Minister. He is a member of the Joint Disciplinary Board of the Accountancy Board and the Malta Institute of Accountants. He is the contact member in Malta for the Institute of Chartered Accountants in England and Wales. He is also the Chairman of the Board of Trustees of St. Edwards College.

John L. Bonello is a UK Chartered Accountant and a Certified Public Accountant and Auditor in Malta.

Michael C. Bonello

After obtaining a degree in languages and economics from the University of Malta in 1965, Mr. Bonello pursued his studies as a Rhodes Scholar at the University of Oxford, where he was awarded an honours degree in Philosophy, Politics and Economics in 1969 and an MA in 1973. He served as a Senior Research Officer at the Central Bank of Malta from 1971 to 1978. Mr. Bonello was also President of the Malta Branch of the Chartered Institute of Bankers. In 1978 he joined the private sector, where he held senior management positions and sat on the Councils of the Chamber of Commerce and the Federation of Industry.

In 1983 Mr. Bonello joined the United Nations Conference on Trade and Development in Geneva, where over a period of sixteen years he was a senior economist in the fields of trade and finance and an advisor in the Office of the Secretary-General.

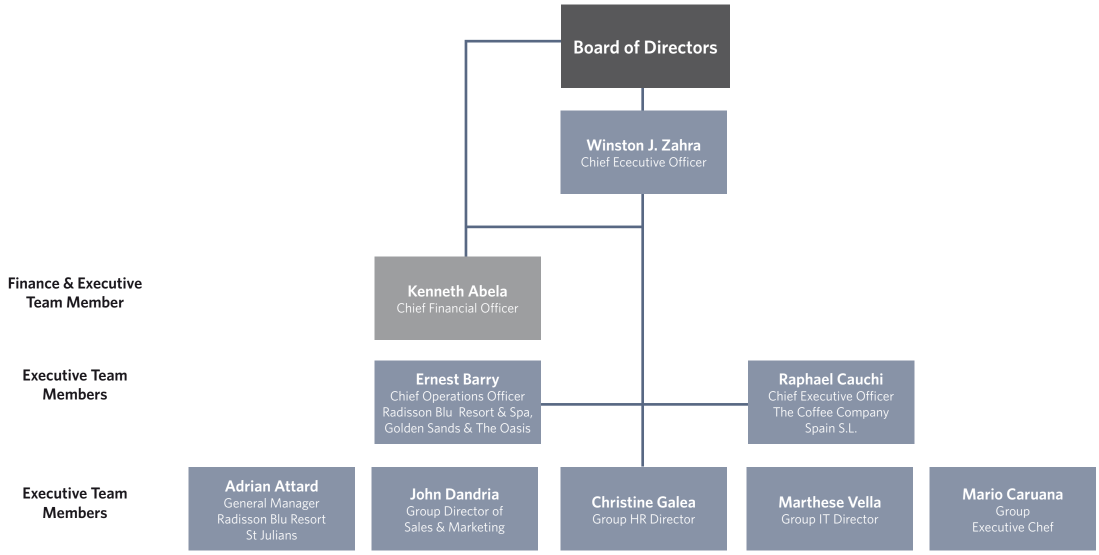
In 1999 Mr. Bonello was appointed Governor of the Central Bank of Malta, a post he relinquished at his request in June 2011. During his tenure, Mr. Bonello steered the Central Bank of Malta towards membership of the European System of Central Banks upon Malta's accession to the European Union in 2004, and subsequently of the Eurosystem when Malta adopted the Euro as its national currency in 2008. In his capacity as Governor, he was a member of the Governing and General Councils of the European Central Bank and of the European Systemic Risk Board, as well as of the Board of Governors of the Malta Financial Services Authority.

Mr. Bonello is a Fellow of the Institute of Financial Services and a member of the WTO List of Panellists, and currently sits on the boards of Lombard Bank Malta p.l.c, of which he is Chairman, the Company and the European Wholesale Securities Market Limited. He is also a Council member of Din l-Art Ħelwa, Malta's National Trust.

Mr. Bonello is a *Grande Ufficiale nell'Ordine Al Merito della Repubblica Italiana* and an *Officier de la Légion d'Honneur.*

9.2 Senior Management

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



Chief Executive Officer

Winston J. Zahra (44yrs)

Joined in 1991 - 22 years of service

Vide CV contained in Section 9.1.1 under the heading "*Current Directors*".

Group Chief Finance Officer (CFO)

Kenneth Abela (47yrs)

Joined in 1992 – 21 years of service

Kenneth Abela, is a Fellow member of the Malta Institute of Accountants. After graduating with a Bachelor of Arts (Hons.) degree in Accountancy from the University of Malta in November 1991, he was recruited by KPMG as a senior auditor and held this post up to November 1992. Following this, he joined the Group as assistant to the financial controller of one of the subsidiaries within the Group, a post that he occupied until June 1995. Subsequently, he was promoted to the position of Financial Controller of the Coastline Hotel and later on the Radisson® Blu Resort St. Julians. In 1996, he was selected to head the group's finance team as Group Financial Controller. In 2009 he was appointed as Group Chief Financial Officer, a position he still currently occupies.

Mr. Abela is responsible for the overall financial management of the Group and directs the individual finance teams of the respective companies within the Group accordingly. He oversees all company accounting practices and also directs the Group's financial strategy, planning and forecasts and supervises investment appraisal and the raising of funds for business. In addition to the role of CFO, Mr. Abela is also the Company Secretary of all the companies within the Group, a post that he has held since June 1995. He also holds the position of director within all local Subsidiaries and a number of joint ventures within the Group.

Chief Executive Officer, Coffee Company Spain
Country Manager, COSTA Spain (East Coast, Balearic and Canary Islands)

Raphael Cauchi (43yrs)

Joined in 1997 – 17 years of service

Raphael Cauchi graduated from the Institute of Tourism Studies in Malta with a Diploma in Hotel and Catering Management. He then continued his studies at the École Hotel Lausanne. His training in the hotel industry commenced by virtue of traineeships with the Royal York Hotel (four-star) in London, Suncrest Hotel (four-star) in Malta and Hotel Bellevue (five-star) in Switzerland. In 1993, he was employed by the Suncrest Hotel as Assistant Food and Beverage Manager. In 1997, he joined the IHG Group where he was initially responsible for the setting up of the food and beverage department of the Radisson® Blu Resort St. Julians before its official opening. This was followed by a promotion to General Manager of the resort. In 2005 he was appointed pre-opening General Manager of the Radisson® Blu Resort & Spa Golden Sands, a role which he occupied until April 2010. He was then promoted to Chief Operating Officer responsible for Radisson® Blu Resort St. Julians, the Coastline Hotel and ICL. Raphael also worked in Brussels as director of operations at the Radisson® Blu Royal Hotel.

Raphael is also a director of a number of companies within the Group.

Chief Operating Officer, GSR

Ernest Barry (46yrs)

Joined in 1989 – 25 years of service

Ernest Barry commenced his career with the IHG Group. The experience he has gained is the result of the various positions held within the Group which include Front Office Receptionist, Accounts Supervisor, Food and Beverage Controller and Assistant to the Catering Manager. In 1997, he was appointed General Manager of the Coastline Hotel whereby he was responsible for the operation and management of the hotel reporting directly to the Chief Executive Officer. In January 2005, he was appointed General Manager of the Radisson® Blu Resort St. Julians, a post which he occupied until 2010.

In 2011 Mr. Barry was promoted to the position of Chief Operating Officer responsible for the Radisson® Blu Resort & Spa Golden Sands as well as the Oasis Project.

Director of Sales

John Dandria (46yrs)

Joined in 1997 – 17 years of service (2 year gap)

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

Mr. Dandria is responsible for the overall sales effort in the meetings, conference and events segment. This role incorporates the overall strategy for attracting sales from corporates organising events ranging from sales promotions to incentives for their management and sales teams through sales channels with predominance on international professional conference organisers, local destination management companies and the Rezidor® General Sales offices.

Group Executive Chef

Mario Caruana (55yrs)

Joined in 1988 – 26 years of service

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

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

Director of IT

Marthese Vella (43yrs)

Joined in 1999 – 15 years of service

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

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

General Manager, BPH

Adrian Attard (39yrs)

Joined in 2005 – 9 years of service

Adrian Attard graduated in Hotel Administration from the Institute of Tourism Studies in Malta 1996. Before joining the Group, Mr. Attard gained experience with the Corinthia Group between 1993 and 2005. Mr. Attard's previous responsibility within the Group included opening Food and Beverage Manager at the Radisson® Blu Resort & Spa Golden Sands, Assistant General Manager also at Golden Sands and Group Food and Beverage Manager. In 2009 he assumed the role of director of revenue heading the groups' revenue management and marketing initiatives.

Mr. Attard is currently the General Manager at the Radisson® Blu Resort St. Julians overseeing the resorts operations and developments.

Group director of human resources

Christina Galea (34yrs)

Joined in 2004 – 10 years of service

In her capacity as Group director of human resources, Ms. Galea is responsible for the formulation and implementation of the human resources strategy for the Group aimed at maintaining the Group's position as an employer of choice within the hospitality industry through talent management, leadership development and employee engagement in line with the Company's core values. Ms. Galea joined the Group in 2004 following a number of years in various human resources positions with Corinthia® Hotels International including that of Employment Services Manager. Ms. Galea actively contributes to human resources activities and is an assessor for the Foundation of Human Resources Awards as well as a qualified mentor of the Maltese Mentoring Society amongst others.

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

(a) convicted in relation to fraud or fraudulent conduct in the last five years;

(b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;

(c) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or

(d) disqualified by a court from acting as director or manager in the last five years.

9.3 Members of Committees

The members of the Audit Committee and the RemNom Committee are referred to in Section 10.1.1 and 10.2.1 respectively.

9.4 Nature of Relationships

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

9.5 Related Party Transactions and Potential Conflicts of Interest

As at the date of this Registration Document Winston V. Zahra and Winston J. Zahra are officers of a number of companies of the Group and as such are susceptible to conflicts between the potentially diverging interests of the different members of the Group.

Furthermore as at 31 October 2013 the amounts owed to shareholders (who are also controlled by officers of certain companies in the Group) totalled €2,318,618. During the year ended 31 October 2013 the total interest charge incurred by the Group on such shareholder balances was of €88,241.

No private interests or duties unrelated to the Issuer have been disclosed by the senior managers and the Subsidiaries' general managers which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer.

9.6 Remuneration

The total amount of remuneration paid and benefits in kind granted to the Board of Directors and senior management personnel in the last financial year ended 31 October 2013 amounts to approximately €628,756.

10 BOARD PRACTICES

10.1 Audit Committee

The terms of reference of the Audit Committee (the "**Committee**") establish the composition, role and function, as well as the parameters of its remit. The Committee is at all times accountable to the Board and through its Chairman, reports to the Board on a regular basis. The Committee makes recommendations to the Directors where in its view certain improvements or changes are required.

10.1.1 Composition

The Committee is composed of the following persons:

John L. Bonello (independent director, chairman of the Committee and competent in accounting and auditing);

Michael C. Bonello (independent director);

William Hancock (independent director).

10.1.2 Role

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

(a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;

(b) maintaining communications on such matters between the Board, management, the independent auditors and the internal auditors; and

(c) preserving the Company's assets by understanding the Company's risk environment and determining how to deal with those risks.

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

(i) to review the significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, interim reports, preliminary announcements and related formal statements. The audit committee should also review the clarity and completeness of disclosures in the financial statements;

(ii) to review the Company's internal financial controls and the Company's internal control and risk management systems and the effectiveness of the Company's internal audit function;

(iii) to monitor and review the internal audit activities. Where there is no internal audit function, the audit committee should consider annually whether there is a need for an internal audit function and make a recommendation to the board;

(iv) to make recommendations to the board in relation to the appointment of the external auditors and to approve the remuneration and terms of engagement of the external auditors with the aim of requesting shareholder approval;

(v) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;

(vi) proposals for the development and implementation of a policy on the engagement of the external auditors to provide non-audit services to the Company; and

(vii) unless dealt with in any other manner, to monitor and scrutinise Related Party Transactions falling within the ambits of the Listing Rules and to make its recommendations to the Board on any proposed Related Party Transactions falling within the scope of the Listing Rules.

10.1.3 Meetings

In accordance with the terms of reference of the Committee and in terms of the Listing Rules, the Committee meets at least four times a year, though the Committee may meet more frequently depending on the necessities of the Issuer. The chairman of the Committee may convene additional meetings as and when he/she considers it appropriate. The quorum for the dispatch of business of the Committee is two members. Committee meetings should be attended by each of the finance director or equivalent officer within the Company (or his representative), the internal auditor or head of the Internal Audit Department (or his representative) and a representative of the external auditors.

10.1.4 Remuneration

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

10.1.5 Related Party Transactions

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

10.2 RemNom Committee

10.2.1 Composition

In terms of the terms of reference of the RemNom Committee, the members thereof are selected by the Board of Directors of the Company from amongst the Directors. The members of the RemNom Committee are the following persons:

William Hancock (chairman of RemNomCommittee);

John L. Bonello;

Gary Alexander Neville;

Winston V. Zahra.

10.2.2 Role

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

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

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

10.2.3 Meetings

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

10.3 Corporate Governance

Except as otherwise stated in this section, the Issuer is in compliance with the Code. The Issuer is confident that the adoption of the Code has resulted in a positive effect accruing to it.

Whilst the Board of Directors is satisfied that, in its short life as a listed entity, the Issuer has entrenched a sound culture of good corporate governance throughout the Group in accordance with the requirements of the Code, it is relevant to note that the Issuer does not have a formal mechanism in place as required by Code provision 9.3 to resolve conflicts between minority shareholders and controlling shareholders. No such conflicts have arisen to date.

11 LEGAL AND ARBITRATION PROCEEDINGS

The Issuer has made a claim against Vassallo Builders Group Limited for an amount of €264,421 representing amounts due by Vassallo Builders Group Limited in terms of an Amended and Restated Framework Agreement which was entered into in 2009.

Separately, Vassallo Builders Group Limited has, in the case Vassallo Builders Group Ltd. vs Island Hotels Group Holdings Plc et., made a claim for the refund of expenses allegedly overpaid by the plaintiff. The amount claimed has not yet been liquidated by the Court, although the Board understands that the amount should not exceed €624,970 (which amount is inclusive of VAT but exclusive of interest and fees).

Other than the aforesaid, the Group is not involved in any other governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which the Issuer is aware), which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability.

12 HISTORICAL FINANCIAL INFORMATION

The historical financial information for the three years ended 31 October 2011, 2012, and 2013 are set out in the consolidated financial statements of the Issuer which have been audited by Deloitte Audit Limited. Such financial statements are available for inspection as set out in Section 18 "*Documents on Display*" below as well as on the Issuer's website www.islandhotels.com.

There were no significant changes to the financial or trading position of the Group, since the end of the financial period to which the last annual financial statements relate.

13 SIGNIFICANT CHANGE IN ISSUER'S FINANCIAL POSITION

The historical financial information for the three financial years ended 31 October 2011, 2012 and 2013 is set out in the consolidated financial statements of the Issuer as audited by Deloitte Audit Limited. Such financial statements are available on the Issuer's website www.islandhotels.com. There were no significant changes to the financial or trading position of the Issuer or the Group since the end of the financial period to which the last annual financial statements relate.

14 ADDITIONAL INFORMATION

14.1 Share Capital

The authorised share capital of the Company is €40,000,000 divided into 40,000,000 ordinary shares of a nominal value of €1 each share. The issued share capital of the Company is €36,583,660 divided into 36,583,660 ordinary shares of €1 each share. The share capital has been fully issued, subscribed and fully paid up, as follows:

Shareholders	**Ordinary Shares**
Shares held by the public listed on the Malta Stock Exchange	36,583,660

The Issuer's ordinary shares were first admitted to the Official List of MSE on 7 October 2009, and trading commenced on 8 October 2009.

More than eight per cent of the Issuer's authorised share capital remains unissued. However, in terms of the Issuer's Memorandum and Articles of Association, the Issuer may not issue shares which would dilute a substantial interest without the approval of the shareholders in general meeting. Also, in terms of the Memorandum and Articles of Association and by virtue of an extraordinary resolution of the general meeting of the Issuer dated 19 May 2010, the Board of Directors was authorised and empowered for a period of five years from 19 May 2010, to issue and allot up to a maximum of 4,730,800 ordinary shares in the Company in exchange for non-cash consideration, without first offering the said shares to the existing holders of ordinary shares. A total of 1,314,460 from the said 4,730,800 ordinary shares have already been issued by the Board pursuant to the said power.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

14.2 Memorandum and Articles of Association

The Memorandum and Articles of Association of the Company are registered with the Malta Financial Services Authority. The objects of the Company are the following: -

(a) to subscribe for, acquire, hold, manage, administer, dispose of or otherwise deal with, solely for and on behalf of the Company, directly or indirectly, any shares, stock, debentures, debenture stock, bonds, notes, options, interests in or securities of all kinds of any company, corporation, entity, partnership or other body of persons;

(b) to acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on any business which the Company is authorised to carry on;

(c) to hold shares and investment portfolios in corporate bodies engaged in activities similar or ancillary to those performed by the Company;

(d) to develop, manage or operate any offices, stores or other buildings which may further the Company's interest;

(e) to own, manage and in any way dispose of trademarks, patents and other intellectual property and property rights;

(f) to purchase, take by title of lease, or otherwise acquire any immovable or movable property which the Company may deem necessary or convenient for its business;

(g) to borrow without any limit in connection with the Company's business, and to secure the repayment of such monies borrowed or any other obligation by granting hypothecary or other forms of security over any movable or immovable property of the Company;

(h) to sell, lease, hypothec or otherwise dispose of the whole or any part of the property or assets of the Company;

(i) to lend and advance money or give credit to any person or company and to secure, without any limit, any debt or obligation of any third party, including, if deemed appropriate, by granting hypothecary or other forms of security over the Company's assets;

(j) to carry on any other business within the objects of the Company and which may seem to the Company capable of being conveniently carried on in connection with its business;

(k) to do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Company; and

(l) to receive, from any assets held by the company pursuant to any of the provisions of this clause, dividends, capital gains, interest, and any other income derived from investments including income or gains on their disposal, rents, royalties and similar income whether arising in or outside Malta, and profits or gains attributable to a permanent establishment (including a branch) whether situated in or outside Malta.

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

15 MATERIAL CONTRACTS

International License Agreements – Radisson® Blu Resort & Spa Golden Sands

In 2003, GSR entered into an International Licence Agreement with SAS Hotels A/S Danmark (for the purpose of this particular Section, referred to as the "Licensor") for the Radisson® Blu Golden Sands Resort & Spa to employ a proprietary and distinctive system, identified by the trademarks 'Radisson' and 'Blu'. The licence commenced on 1 May 2005 and will expire on 31 December 2015.

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

International License Agreements - Radisson® Blu Resort St. Julians

On the 9 March 1997, BPH and Rezidor Hotels ApS Danmark (for the purpose of this particular Section, referred to as the "Licensor") entered into an International License Agreement for the operation of the Bay Point Hotel as a "Radisson® Bay Point Resort Malta" to employ a proprietary and distinctive system which is identified by the trademarks 'Radisson' and 'Blu'. Such agreement expired on the 31 December 2007 and accordingly, on the 18 December 2007, the parties entered into another International Licence Agreement with respect to the operation of the Radisson® Blu Resort St. Julians.

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

Pursuant to the agreement, BPH pays the Licensor (i) a royalty fee for the licence; (ii) the Radisson® SAS Hotels Worldwide marketing and advertising contribution; and (iii) a monthly reservation fee.

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

Shareholders Agreement between IHG and Mayfair dated 4 December 2002

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

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

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

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

Pursuant to a deed published in the records of Notary Vincent Miceli on 1 September 1992, the Commissioner of Lands on behalf of the Government of Malta granted on temporary emphyteusis for a term of 75 years expiring on 1 September 2067, to BPH as emphyteuta, two sites situated at St. George's Bay.

The original ground rent for the site measuring 26,848m^2 is €65,222, while the ground rent for the site measuring 8,748m^2 is €6,965, both payable yearly in advance and to be increased every five years by 5%.The emphyteutical grant is subject to the condition that the land is used for a five-star hotel with 260 rooms to be kept fully operational throughout term of emphyteusis.

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

Emphyteutical Grant – Radisson® Blu Resort & Spa Golden Sands

Pursuant to a deed published by Notary Dr Angelo Vella on 12 February 2003, Golden Sands Limited transferred to GSR the temporary *utile dominium* for the remaining period of the original grant stipulated for a period of 150 years which expires on the 19 January 2114 of the Golden Sands Hotel, subject to an annual and temporary ground rent of approximately €7,500 and subject to all the terms and conditions resulting from the following public deeds: -

(a) A public deed in the records of Notary Anthony Attard dated 20 January 1964;

(b) A public deed in the records of Notary Alexander Grech dated 23 August 1979;

(c) A public deed in the records of Notary Vincent Miceli dated 13 August 1993.

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

Sub-Emphyteutical Grant – Oasis Project

Pursuant to a deed published by Dr Diana Charles, the Government of Malta granted by title of perpetual emphyteusis to IHG two separate divided portions of land, both situated in Mellieħa, having an area of circa 79,942m^2 and 3,588m^2 respectively, subject to an annual and perpetual ground rent of approximately €3,000. On 23 December 2009, IHG transferred to Heavenly Collection the perpetual *utile domimium* over the said portions of land. The emphyteutical grant is subject to the condition that the sites are used for tourism development, which includes accommodation, ancillary and supporting facilities and may not be used for permanent residential occupation or any other use.

In terms of the emphyteutical deed, the vendor has the right to dissolve the sub-emphyteusis in the case of non-compliance with the conditions of the deed.

COSTA International Limited Development Agreement – Coffee Company Malta

Pursuant to an agreement dated 16 May 2012, Costa International Limited granted the Coffee Company Malta the following exclusive rights:

(a) the right and obligation to open in Malta a number of COSTA® Coffee outlets; and

(b) the right and obligation to operate individual COSTA® Coffee outlets in Malta.

The agreement sets out a number of targets and milestones to be acheived by the Coffee Company Malta in the development of the COSTA® Coffee brand in Malta and the operation of the COSTA® Coffee outlets.

Furthermore the parties agreed to a number of covenants and development targets. If these development targets are not met, COSTA International Limited has reserved the right to terminate the agreement.

COSTA International Limited Development Agreement – Coffee Company Spain

Pursuant to an agreement dated 3 April 2014, Costa International Limited granted the Coffee Company Spain the following rights:

(a) the right and obligation to open in specified regions of eastern Spain, the Balearic Islands and the Canary Islands a minimum of 75 COSTA® Coffee outlets;

(b) the right and obligation to operate individual COSTA® Coffee outlets in specified regions of eastern Spain, the Balearic Islands and the Canary Islands.

The agreement set out a number of targets and milestones to be achieved by the Coffee Company Spain in the development and operation of the COSTA® Coffee brand in specified regions of eastern Spain, the Balearic Islands and the Canary Islands. In pursuance thereof, the parties agreed to a number of covenants and development and operational targets. If these development and operational targets are not met, Costa International Limited has reserved the right to terminate the agreement.

16 PROPERTY VALUATION REPORTS

The Issuer commissioned iAS – Innovative Architectural Structures Limited, a firm of architects, to issue a property valuation report in relation to the following sites:

(a) Radisson® Blu Resort & Spa, Golden Sands (valued at €115,000,000)

(b) Radisson® Blu Resort St. Julians (valued at €49,000,000)

(c) The Oasis Project (valued at €30,000,000)

The following are the details of the said valuer:

Name: Peter Zammit

Address: iAS – Innovative Architectural Structures Limited
Level 4, Cobalt House,
Notabile Road, Mrieħel,
Birkirara,
Malta

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The valuation reports are dated 15 April 2014.

A copy of the reports compiled by Arch. Peter Zammit of iAS – Innovative Architectural Structures Limited in respect of the above mentioned sites are available for inspection as set out in Section 18 "*Documents on Display*".

17 THIRD PARTY INFORMATION AND EXPERTS' STATEMENTS

Save for the valuation reports referred to in Section 16 *"Property Valuation Reports"* and in Section 18 "*Documents on Display*" as well as the financial analysis summary set out as Annex I of this Registration Document, the Prospectus does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included and the valuation reports have been put on display in the form and context in which that appear with the authorisation of Curmi & Partners Ltd. and iAS - Innovative Architectural Structures Limited, which have given, and have not withdrawn their respective consent to the inclusion, or display of such reports. Curmi & Partners Ltd. and iAS - Innovative Architectural Structures Limited do not have any material interest in the Issuer.

The Issuer confirms that the information sourced from third parties and contained or referred to in this Prospectus has been accurately reproduced and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

18 DOCUMENTS ON DISPLAY

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

(a) Memorandum and Articles of Association of the Company;

(b) the Historical Consolidated Financial Information of the Issuer for each of the financial years ended 31 October 2011, 2012 and 2013;

(c) the Historical Financial Information of:

(i) each to the Subsidiaries (other than Bay Point Collection) for each of the financial years ended 31 October 2011, 2012 and 2013;

(ii) Bay Point Collection for financial year ended 31 October 2013;

(d) the letter of confirmation drawn up by Deloitte Audit Limited dated 25 April 2014; and

(e) independent expert's property valuation reports prepared at the Issuer's request in respect of the sites referred to in Section 16 "*Property Valuation Reports*" prepared by Arch. Peter Zammit of iAS – Innovative Architectural Structures Limited dated 15 April 2014.

Island Hotels Group Holdings p.l.c.

Forecast Financial Information

Deloitte.

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info@deloitte.com.mt
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Company Reg No: C51320
VAT Reg No: MT2013 6212
Exemption number: EXO2156

The Directors
Island Hotels Group Holdings p.l.c
Radisson Blu Resort St. Julians
Louis V. Farrugia Street
St. George's Bay
St. Julians STJ 3391
Malta

25 April 2014

Dear Sirs,

Independent Accountants' Report on the forecast financial informations of Island Hotels Group Holdings p.l.c

We report on the forecast statement of financial position, income and cash flow ("the forecast financial information") of Island Hotels Group Holdings p.l.c and its subsidiaries (the "Group") for the two financial years ending 31 October 2014 and 31 October 2015. The forecast financial information, the basis of preparation and the material assumptions upon which the forecasts are based, are set out in Section A "Summary of significant assumptions and accounting policies" of Annex I of the Registration Document issued by Island Hotels Group Holdings p.l.c dated 6 May 2014.

This report is required in terms of rule 5.40 of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and is given for the purpose of complying with that regulation and for no other purpose.

Directors' responsibilities for the forecast financial information

It is the responsibility of the Directors of Island Hotels Group Holdings p.l.c to prepare the forecast financial information and the assumptions upon which they is based, as set out in Section A "Summary of significant assumptions and accounting policies" of Annex I of the Registration Document, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC 809/2004.

Accountants' responsibility

It is our responsibility to form an opinion as required by Listing Rule 5.40 as issued by the Listing Authority of the Malta Financial Services Authority and Annex IV item 9.2 of EU Regulation EC 809/2004 as to the proper compilation of the forecast financial information, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with report or our statement, required by and given solely for the purposes of complying with the Listing Rules, consenting to its inclusion in the Registration Document.

Basis of preparation of the forecast financial information

The financial information has been prepared on the basis stated in Section A "Summary of significant assumptions and accounting policies" of Annex I of the Registration Document and is based on the forecast for the years ending 31 October 2014 and 2015. The forecast financial information is required to be presented on a basis consistent with the accounting policies of the Group.

Deloitte.

Basis of opinion

We have examined the basis of compilation and the accounting policies of the accompanying forecast financial information of the Group for the years ending 31 October 2014 and 2015 in accordance with ISAE 3000 "Assurance Engagements Other than Audits and Reviews of Historical Financial Information". Our work included evaluating the basis on which the financial information included in the forecast has been prepared and considering whether the forecast financial information has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group.

The assumptions upon which the forecast financial information is based are solely the responsibility of the Directors of Island Hotels Group Holdings p.l.c. and accordingly we express no opinion on the validity of the assumptions. However, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the forecast financial information have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the forecast financial information has been properly compiled on the basis stated, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned.

The forecast financial information is not intended to, and does not provide all the information and disclosures necessary to give a true and fair view of the results of the operations and the financial position of the Group in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

Since the forecast financial information and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the forecast financial information and differences may be material.

Opinion

In our opinion, the forecast financial information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Yours sincerely,

Raphael Aloisio
Director

A Summary of significant assumptions and accounting policies

1. Introduction

The forecast statement of financial position, the forecast income statement, and the forecast statement of cash flows of Island Hotels Group Holdings p.l.c. and its subsidiary undertakings (the "Group") for the financial years ending 31 October 2014 (FY14) and 31 October 2015 (FY15), have been prepared to provide financial information for the purposes of inclusion in the Prospectus of Island Hotels Group Holdings p.l.c., dated 6 May 2014. The forecast financial information as presented in Annex I of the Registration Document, together with the assumptions set out below, are the sole responsibility of the Directors of the Company.

The forecast information is intended to show a possible outcome based on assumptions relating to anticipated future events which the Directors expect to take place, and on actions the Directors expect to take. Events and circumstances frequently do not occur as expected, and therefore, actual results may differ materially from those included in the forecast and projected financial information. Attention is drawn, in particular, to the risk factors set out in the Prospectus, which describe the primary risks associated with the business to which the forecast financial information relates.

The forecast financial information is not intended to and does not provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU.

The Directors have exercised due care and diligence in adopting the assumptions set out below. The forecast financial information was formally approved on 23 April 2014 by the Directors, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are described in Section 3 below.

2. Significant accounting policies

The significant accounting policies of Island Hotels Group Holding p.l.c. are set out in the audited financial statements of the Group for the financial year ended 31 October 2013 (FY13). Where applicable, in so far as they relate to recognition and measurement criteria, they have been consistently applied in the preparation of the forecast financial information.

3. Basis of preparation and principal assumptions

The principal assumptions relating to the environment in which the Group operates, and the factors which are exclusively outside the influence of the Directors and which underlie the forecast financial statements, are the following:

- there will be no material adverse movements originating from market and economic conditions affecting tourism, consumer spending levels, employment and job growth, amongst others;
- exchange rates will not change significantly over the period covered by the forecast financial information;
- interest rates will not change significantly over the period covered by the forecast financial information;
- the rate of inflation will be in line with historic trends;
- the company will continue to enjoy the confidence of its bankers;
- the Group will be able to meet its financial obligations; and
- the basis and rates of taxation, direct and indirect, will not change materially throughout the period covered by the prospective financial information.

The principal assumptions relating to the environment in which the Group operates, and the factors which the Directors can influence and which underlie the forecast financial information, are the following:

Significant assumptions

For the purposes of the forecast financial information the following have been assumed:

- the disposal of the Coastline Hotel Limited in terms of a sale agreement dated 2 May 2014. The financial forecasts include the results for the hotel up to the date of disposal and gross proceeds from disposal of €14 million;
- proceeds from the bond will amount to €35 million in May 2014;
- the Radisson® Blu Resort St. Julians will undergo a major refurbishment project which will include the refurbishment of the existing hotel, construction and finishing of two additional storeys and construction and finishing of a conference centre. The total project cost is assumed at €16 million based on management's estimates, following guidance from the Group's architects, and comprises an estimate of €13 million for the hotel including civil works, building services, finishes and furnishings; and €3 million for the conference centre. The works will take place between November 2014 and June 2015, and payment will be effected as follows:

(i) €3 million in 2014;

(ii) €7 million in FY15; and

(iii) €6 million after 31 October 2015;

- the Group will open three COSTA® Coffee outlets in Spain, and another two outlets in Malta during FY14. During FY15, the forecasts assume that seven new outlets will be rolled out in Spain and another two outlets will be opened in Malta, to bring the total COSTA® Coffee outlets open in Malta and Spain to eighteen. The total projected investment in new outlets between FY14 and FY15 is €3.9 million;
- out of proceeds from the sale of the Coastline Hotel and the Bond, €12.5 million will be applied towards the reduction in bank loans and overdrafts in FY14;
- working capital movements are forecast at €6.3 million in FY 14, and €2.9 million in FY15; and
- the Group will exercise its option to acquire the remaining 50% of Buttigieg Holdings and its subsidiaries, including RJC Caterers, Coffee Company Malta, and Coffee Company Spain in May 2014 at a cost of €2.15 million, inclusive of taxes and related costs.

Radisson® Blu Resort St.Julians

During FY14, the Radisson® Blu Resort St. Julians is forecast to report an 8% increase in total revenue, mainly driven by vacation ownership business, whilst hotel revenue is forecast to remain in line with FY13 levels. The increase in vacation ownership revenue is forecast to result in a 4.7% improvement in overall EBITDA for the property.

During FY15, the hotel will be shut down for refurbishment for an eight month period between 1 November 2014 and 30 June 2015. Following the refurbishment, the hotel's room complement will increase from the current 252 rooms to 290 rooms, 45 of which will be allocated to vacation ownership.

Forecast revenue for the four-month period between July and October 2015 is substantially in line with budgeted revenue for the same period in FY14. The forecasts assume improved rates, but lower occupancy, when compared to that normally recorded during the summer months, allowing for the gradual build-up following re-opening. The forecast increase in average room rate is attributed to the improved quality of the property following the refurbishment and the shift in business mix towards conference and incentive business following the development of new conference facilities.

During the eight-month refurbishment period, management is planning to deploy certain staff on the project, whereas some of the staff will be temporarily transferred to other properties. The financial forecasts assume that €1.2 million of wages will be capitalised as part of the refurbishment project. This, together with saved variable operating costs during the construction period will result in a 55% drop in the hotel's cost base in FY15. The net result is a 39% forecast drop in hotel EBITDA during that financial year.

Sales of vacation ownership units are projected to continue increasing in FY15 as the new stock of vacation ownership rooms are placed on the market. Overall contribution from vacation ownership is forecast to increase by 3% in FY15.

Radission® Blu Resort and Spa Golden Sands

The financial forecasts assume that revenue from this property will be substantially in line with FY13, whereas EBITDA is forecast to improve by 3% in FY14. Capital expenditure is forecast at 3% of revenue.

Catering

In FY14, revenue from ICL is forecast to be substantially in line with FY13. The forecast financial information assumes an inflationary increase of 3% in FY15.

With respect to COSTA® Coffee business in Malta, the forecast financial information assumes the opening of two new outlets in FY14 (including the Balzan outlet which was opened in December 2013) and two new outlets in FY15, bringing the total complement to eight stores. Forecast revenue per outlet is similar to that achieved in FY13.

Revenue from the other catering and retail outlets, together with the Group's central food processing unit are forecast to be substantially in line with previous years.

With respect to COSTA® Coffee business in Spain, the forecast financial information assumes that three new outlets will be opened during the third quarter of FY14, and another seven new outlets will be opened evenly throughout FY15. Average revenue per outlet is based on the average achieved in Malta during FY13, and EBITDA margin is in line with that forecast for COSTA® Coffee Malta.

With regards to MKIC, the forecast financial information assumes a 29% increase in revenue, and an EBITDA percentage of 2% in FY14. Increase in revenue in FY15 is forecast at 5% with an improved EBITDA of 3.5%.

Other key assumptions

Finance costs on existing debt have been forecast on the basis of existing arrangements, and the interest rate on the new €35 million bond is assumed at 6%.

Interest incurred by the Heavenly Collection on loans in respect of land acquired for the Oasis project is being capitalised.

The forecast financial information is based on tax calculations at each operating unit level as follows:

- Malta income tax has been provided at 35% of forecast taxable income generated in Malta, taking into consideration capital allowances, investment tax credits and unabsorbed losses carried forward.
- Spanish income tax has been provided at 30% of forecast taxable income generated by COSTA® Coffee Spain.
- Forecasts assume that 75% of profits from foreign operations will be distributed and the flat rate foreign tax credit is applied to the dividend income received in Malta.

4. Conclusion

The Directors believe that the assumptions on which the projections are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Issuer will be sufficient for the carrying on of its business.

Approved by the Board of Directors on 23 April 2014 and signed on its behalf by:

Winston V. Zahra
Director

Winston J. Zahra
Director

A Forecast Income Statement - Year ending 31 October

	Forecast 2014 €'000	Forecast 2015 €'000
Continuing operations		
Revenue	34,872	36,129
Staff costs	(12,815)	(12,025)
Food and beverage costs	(4,486)	(5,538)
Other operating expenses	(10,571)	(11,200)
Earnings before interest, taxation, depreciation and amortisation	7,000	7,366
Depreciation and amortisation	(3,352)	(3,290)
Operating profit	3,648	4,076
Investment income	20	136
Finance costs	(2,564)	(3,494)
Profit before tax	1,104	718
Income tax expense	(292)	(150)
Profit for the year from continuing operations	812	568
Discontinued operation		
Loss for the year from discontinued operation	(421)	-
Profit for the year	**391**	**568**
Profit for the year attributable to the owners of the holding company	391	568

B Forecast Statements of Financial Position - As at 31 October

	Forecast 2014 €'000	Forecast 2015 €'000
ASSETS		
Non-current assets		
Goodwill	30,470	30,470
Other intangible assets	2,930	2,565
Property, plant and equipment	74,635	81,771
Loans and receivables	8,947	8,947
Other financial assets	500	1,000
	117,482	**124,753**
Current assets		
Inventories	1,404	1,403
Trade and other receivables	10,646	10,638
Current taxation	61	24
Cash and bank balances	12,388	-
	24,499	**12,065**
Total assets	**141,981**	**136,818**
EQUITY AND LIABILITIES		
Equity attributable to the owners of the holding company		
Share capital	36,584	36,584
Currency translation reserve	85	85
(Accumulated losses)/retained earnings	(75)	493
Total equity	**36,594**	**37,162**
Non-current liabilities		
Bank loans	11,980	7,741
Other financial liabilities	60,091	59,705
Trade and other payables	3,296	1,795
Deferred tax liabilities	8,632	8,606
	83,999	**77,847**
Current liabilities		
Trade and other payables	16,502	15,402
Bank overdrafts and loans	3,369	4,890
Current taxation	-	-
Other financial liabilities	1,517	1,517
	21,388	**21,809**
Total liabilities	**105,387**	**99,656**
Total equity and liabilities	**141,981**	**136,818**

C Forecast Statement of Cash Flows - Year ending 31 October

	Forecast 2014 €'000	Forecast 2015 €'000
Cash flow from operating activities		
Profit before tax from continuing operations	1,104	718
Adjustments for:		
Depreciation	3,352	3,290
Loss before tax on discontinued operations	(350)	-
Finance costs	2,564	3,494
Operating profit before working capital movements	6,670	7,502
Movement in working capital	(6,306)	(2,947)
Cash flows from operations	364	4,555
Interest paid	(2,921)	(3,691)
Tax paid	(28)	(139)
Operating cash flows	**(2,585)**	**725**
Cash flow from investing activities		
Purchase of property, plant and equipment	(4,920)	(9,898)
Proceeds from disposal of discontinued operation	14,000	-
Transfer to sinking fund reserve	(477)	(500)
Acquisitions, net of cash acquired	(2,476)	-
Financing cash flows	**6,127**	**(10,398)**
Cash flow from financing activities		
Proceeds from issue of debt securities	35,000	-
Movement in bank loans	(15,751)	(3,369)
Investing cash flows	**19,249**	**(3,369)**
Net movement in cash and cash equivalents	**22,791**	**(13,042)**
Cash and cash equivalents at beginning of year	(10,403)	12,388
Cash and cash equivalents at end of year	**12,388**	**(654)**