REGISTRATION DOCUMENT
DATED 28 JUNE 2016

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements 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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

by

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 26136

with the joint and several Guarantee* of

IHI MAGYARORSZÁG ZRT.

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF HUNGARY
WITH COMPANY REGISTRATION NUMBER Cg.01-10-044660

*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note forming part of this Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Secured Bonds and the Guarantee provided by IHI Magyarország Zrt.

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE 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 INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

APPROVED BY THE DIRECTORS

Joseph Fenech on behalf of: Alfred Pisani, Frank Xerri de Caro, Abdulnaser M.B. Ahmida, Douraid Zaghouani, Hamad Mubarak Mohd Buamin, Abuagila Almahdi, Khaled Amr Algonsel, Joseph Pisani, Winston V. Zahra, Joseph J. Vella.

Manager and Registrar	Sponsor	Legal Counsel
BOV Bank of Valletta	CHARTS Wealth Management • Corporate Broking	CAMILLERI PREZIOSI Advocates

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON INTERNATIONAL HOTEL INVESTMENTS P.L.C. IN ITS CAPACITY AS ISSUER AND IHI MAGYARORSZÁG ZRT. IN ITS CAPACITY AS GUARANTOR IN ACCORDANCE WITH THE REQUIREMENTS OF 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 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, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015.

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

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES: BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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

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

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

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

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS" IN SECTION 3.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS THE CASE MAY BE, 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.

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

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

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1. DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
AHCT	Alinmaa Holding Company for Tourism & Real Estate Investments, a company registered under the laws of Libya and having its registered office at Al-Hamamat St., Al Madina Alsiahya, Tripoli, Libya;
AUCC	Arab Union Contracting Company, a company registered under the laws of Libya and having its registered office at Level 21, General Department, Tripoli Tower, Tower 1, Tripoli, Libya;
Bondholders	a holder of Secured Bonds to be issued by the Issuer in terms of the Prospectus;
Bond Issue	the issue of the Secured Bonds;
CDI	Corinthia Developments International Limited, a company registered under the laws of Malta with company registration number C 70440 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Company, IHI or **Issuer**	International Hotel Investments p.l.c., a company registered under the laws of Malta with company registration number C 26136 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Corinthia® Brand	any and all intellectual property associated with the Corinthia® brand for hotel and property operations the legal and beneficial ownership of which is held by the Issuer;
Corinthia Group	CPHCL and the companies in which CPHCL has a controlling interest;
CPHCL	Corinthia Palace Hotel Company Limited, a company registered under the laws of Malta with company registration number C 257 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Directors or **Board**	the directors of the Issuer whose names are set out under the heading "Identity of Directors, Senior Management, Advisors and Auditors";
EDREICO	Economic Development and Real Estate Investment Company, a company registered under the laws of Libya and having its registered office at 49, 4th Floor, Burj Al Fatah Tower, PO BOX 93142, Tripoli, Libya;
Euro or **€**	the lawful currency of the Republic of Malta;
Group	the Issuer (as parent company) and its Subsidiaries;
Guarantee or **Security**	the joint and several suretyship granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex IV thereof;
Guarantor	IHI Magyarország Zrt. (full name IHI Magyarország Szolgáltató zártkörűen működő részvénytársaság), a company limited by shares registered under the laws of Hungary having its registered office at 1073 Budapest, Erzsébet krt 43-49, Hungary and bearing company registration number Cg.01-10-044660;

IHGH	Island Hotels Group Holdings p.l.c., a company registered under the laws of Malta having its registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians STJ 3391, Malta and bearing company registration number C 44855, and the companies in which IHGH has a controlling interest;
Istithmar	Istithmar Hotels FZE, a company registered under the laws of Dubai with company registration number 01256L and having its registered office at PO Box 262080, Level 38, Al Shatha Tower, Media City, Dubai, United Arab, Emirates;
LFICO	Libyan Foreign Investment Company, a company registered under the laws of Libya with company registration number 9481 and having its registered office at Ghadem Aljabel, Gharian, P.O. Box 4538 Tripoli, Libya;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of L.N. 1 of 2003;
Marina San Gorg Limited	a company registered and existing under the laws of Malta with company registration number C 4852 and having its registered office situated at 22, Europa Centre, Floriana FRN 1400, Malta;
Malta Stock Exchange or **MSE**	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Medina Tower JSC (Libya) or **MTJSC**	Medina Tower Joint Stock Company for Real Estate and Development, a joint stock investment company registered under the commercial laws of Libya (in accordance with Law No. 5 (1997) as amended by Law No. 7 (2004) and Law No. 9 (2010)) having its registered office at Tripoli Tower, Suite 107, Tower 2, Level 10, Tripoli, Libya, and bearing privatisation and investment board number 343;
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
MIH	Mediterranean Investments Holding p.l.c., a company registered and existing under the laws of Malta with company registration number C 37513 and having its registered office situated at 22, Europa Centre, Floriana FRN 1400, Malta;
NLI	NLI Holdings Limited, a company registered and existing under the laws of Jersey with company registration number 100582 and having its registered office at CTV House, La Pouquelaye, St Helier, Jersey JE2 3TP;
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
QPM	QPM Limited, a company registered and existing under the laws of Malta with company registration number C 26148 and having its registered office at 22, Europa Centre, Floriana FRN 1400, Malta;
Registration Document	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; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Secured Bond(s)	a maximum of €55,000,000 secured bonds due 2026 of a face value of €100 per bond bearing interest at the rate of 4% per annum and redeemable at their nominal value, as detailed in the Securities Note;
Securities Note	the securities note issued by the Issuer dated 28 June 2016, forming part of the Prospectus;
Security Interest or **Collateral**	a first ranking mortgage over the Security Property registered in the Budapest real estate registry in accordance with Hungarian law in favour of the Security Trustee;
Security Property	the hotel owned and operated by the Guarantor, the Corinthia Hotel Budapest, situated at 43-49, Teréz körút (Grand Boulevard) and 53, Hársfa Street, District VII, Budapest, Hungary;
Security Trustee or Trustee	Alter Domus Trustee Services (Malta) Limited, a company registered and existing under the laws of Malta with company registration number C 63887 and having its registered office at Vision Exchange Building, Territorial Street, Mriehel, Birkirkara BKR3000, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta);
Subsidiaries	means all entities (including structured entities) over which the Issuer has control. In terms of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity;
Summary Note	the summary note issued by the Issuer dated 28 June 2016, forming part of the Prospectus.

2. RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. 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 BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND THE GUARANTOR AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S AND/OR GUARANTOR'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR GUARANTOR.

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 SPONSOR 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

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under this Section 2 and elsewhere in the Prospectus. If any of the risks described were to materialise, they could have a material effect on the Issuer's and Guarantor's financial results and trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued in terms of the Prospectus and of the Guarantor to honour its obligations under the Guarantee.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantor and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements 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.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors", for an assessment of the factors that could affect the Issuer's and Guarantor's future performance.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

2.2 GENERAL

An investment in the Issuer and the Secured Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Secured Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

(i) **has sufficient knowledge and experience to make a meaningful evaluation of the Secured Bonds, the merits and risks of investing in the Secured Bonds and the information contained or incorporated by reference to the Prospectus or any applicable supplement;**
(ii) **has sufficient financial resources and liquidity to bear all the risks of an investment in the Secured Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;**
(iii) **understands thoroughly the terms of the Secured Bonds and be familiar with the behaviour of any relevant indices and financial markets; and**
(iv) **be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

2.3 RISKS RELATING TO THE GROUP AND ITS BUSINESS

General

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

The Issuer's business interests cover a wide geographical spread that includes operations in new and rapidly developing markets as well as more stabilised locations. The Issuer's business model remains primarily reliant on hotel assets, with a diversified strategy resulting in increased reliance on non-hotel assets, mainly in commercial and residential real estate. Accordingly the Issuer's prospects should be considered in the light of the risks and difficulties generally encountered by companies operating in similar markets and industry sectors.

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

Risks relating to the political, economic and social environment of the countries in which the Group operates

The Group has operations situated in emerging markets, specifically Libya and the Russian Federation. Emerging markets present economic and political conditions which differ from those of the more developed markets, thereby possibly resulting in less social, political and economic stability, which could render investments in such markets riskier than investments in more developed markets. Businesses in emerging markets may not be operating in a market-oriented economy as is generally associated with developed markets. The emerging markets in which part of the Group's operations are situated are undergoing and may continue to undergo substantial political, economic and social reform, and the implications and consequences of reform may not be entirely clear at the outset. As the political, economic and social environments in certain countries in which the Group operates remain subject to continuing development, investments in these countries are characterized by a degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in these countries may have an adverse effect on any investments made. The consequences may be profound and accordingly prospective investors should take into account the unpredictability associated therewith.

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

The room rates and occupancy levels of hotels forming part of the Group could be adversely impacted by the events set out in this risk factor, all of which could have the effect of reducing domestic or international travel and consequently decreasing the demand for hotel rooms, which may have an adverse impact on the Group's operations and financial results. At present two jurisdictions in which the Group has substantial investments are subject to an increasingly unstable political, economic and social environment. In this regard investors' attention is drawn to the information set out in the following paragraphs of this risk factor with specific reference to Libya and the Russian Federation.

> ***Libya:***
> **The continued instability and state of uncertainty prevailing since the 2011 uprising continues to have a negative effect on travel to Libya and accordingly on the performance and operation of the Group's hotel in Tripoli as well as on the financial results of the Group relative to that particular hotel. Economic uncertainty and political risk remain high in Libya with prevalent threats to positive development, including the rising incidence of violent acts resulting from conflicts and terrorist activity in several parts of the country, with some areas such as the Sirte basin being affected particularly badly. Locations visited by foreigners, including diplomatic interests and other symbolic targets, have been the subject of attacks. Practically all foreign embassies in Libya have suspended operations and withdrawn their diplomatic staff, and have advised their respective nationals against all unnecessary travel to the country. Although an agreement was reached in December 2015 for the formation of a Government of National Accord, sustained levels of governance, stability and economic development cannot as yet be considered to have been achieved, and notwithstanding the reported efforts of the UN Special Mission in Libya (UNSMIL) the threat of further deterioration in Libya's general economic and social situation prevails.**
>
> **Security concerns resulting from the above, as well as social unrest and lack of clarity on the political situation have also brought about a decline in investor confidence, investment (including foreign direct investment) and capital spending.**
>
> ***The Russian Federation:***
> **The Russian Federation's actions in Ukraine have elicited international criticism and resulted in the imposition of a series of European and international sanctions on the Russian Federation's financial, defence and energy sectors, which are expected to have an adverse effect on both the political and economic development of the country. These sanctions include: a travel ban imposed to prevent named Russian and Crimean officials, prominent members of the Russian business community and politicians travelling to Canada, the United States, and the European Union; a ban on business transactions with certain specified companies; trade restrictions relating to the Russian energy and defence industries; and the freezing of funds and economic resources of certain specified natural and legal persons.**
>
> **Furthermore, the Russian Federation has been negatively impacted by a significant drop in prices of its largest export, oil. Reliance on tax revenues from the oil industry makes the Russian Federation particularly sensitive to price movements. The Rouble has weakened significantly as a result of the foregoing.**

The abovementioned negative political or economic factors and trends may continue to have a negative influence on the operating results of the Group and could also have a material impact on the business of the Issuer in these regions.

Natural disasters, contagious disease, terrorist activity and war have in the past adversely affected the hotel industry and similar events could adversely affect the industry in the future

Natural disasters, the spread of contagious disease, industrial action, travel-related accidents, terrorist activity and war and the targeting of hotels and popular tourist destinations in particular, have in the past had a significant negative impact on the hotel industry globally and such events could have a similarly negative impact in the future. The Corinthia Hotel Tripoli was itself the subject of an armed attack on 27 January 2015.

Events such as the aforementioned in locations where the Group owns or operates hotels could directly or indirectly affect travel patterns and reduce the number of business and leisure travellers in affected countries and reduce the demand for hotel accommodation at the Group's hotels. In addition, concerns about air travel safety could substantially decrease the overall amount of air travel, including premium business travel, which is generally associated with the highest average daily rates at hotels. Such a decrease could have an adverse impact on occupancy levels in hotels owned or operated by the Group. Actual or threatened war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty may also reduce overall demand for business and leisure travel. Furthermore, because hotels in major city centres tend to be more vulnerable to these types of events and concerns, and most of the hotels owned and operated by the Group are located in city centres, the occurrence of any of these events or increasing concerns about these events could have a material adverse impact on the business, financial condition, results of operations and prospects of the Issuer and Guarantor.

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

To varying degrees, 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 failure in such systems. Whilst the Group has service agreements and disaster recovery plans with third party providers of these systems to ensure their continuity and stability, there can be no assurance that the service or systems will not be disrupted. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating results.

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

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

In common with many businesses, the Group will be relying heavily on the contacts and expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel. The loss of the services of any of the key personnel could have, in the short term, a material adverse effect on the Group's business.

Litigation risk

All industries, including the real estate development industry, are subject to legal claims, with or without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

The Group's insurance policies

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

Risks relative to changes in laws

The Group is subject to taxation, environmental and health and safety laws and regulations. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus upon the business and operations of Group companies.

The Group may not be able to realise the benefits it expects from investments made in its properties under development

The Issuer's business, either directly or through subsidiaries or associated entities, consists of the acquisition, development and operation of mixed-use real estate projects, comprising hotels, residences, offices and retail spaces. Property acquisition and development projects are subject

to a number of specific risks, including the inability to source adequate opportunities, cost overruns, insufficiency of resources to complete the projects, sales transactions not materializing at the prices and the tempo envisaged resulting in a liquidity strain, rental of commercial areas not being effected at the prices and within the timeframes envisaged, higher interest costs, and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

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

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

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

The Group may not be able to obtain the capital it requires for development or improvement of existing or new properties on commercially reasonable terms, or at all

The Group may not be able to secure sufficient financing for its current and future investments. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within the timeframes required by the Group, also taking into account the need from time to time for the Group's hotel properties to undergo renovation, refurbishment or other improvements in the future. Any weakness in the capital markets may limit the Group's ability to raise capital for completion of projects that have commenced or for development of future properties. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments and refurbishment projects on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

The Group's indebtedness could adversely affect its financial position

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

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

A substantial portion of the cash flow generated from the Subsidiaries' operations is utilised to repay their debt obligations pursuant to the terms of the facilities provided. The financial covenants to which such facilities are subject give rise to a reduction in the amount of cash available for distribution to the Issuer which would otherwise be available for funding of the Issuer's working capital, capital expenditure, development costs and other general corporate costs, or for the distribution of dividends. The Issuer may in certain cases also be required to provide guarantees for debts contracted by its Subsidiaries. Defaults under financing agreements could lead to the enforcement of security over property, where applicable, and/or cross-defaults under other financing agreements.

The Group may be exposed to certain financial risks, including interest rate risk, which the Group may be unable to effectively hedge against

The Group's activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk), credit risk and risks associated with the unpredictability of financial markets, all of which could have adverse effects on the financial performance of the Group.

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. The Group may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows if any future borrowings are made under bank credit facilities set at variable interest rates. Although in such a case the Group seeks to hedge against interest rate fluctuations, this may not always be economically practicable.

Furthermore, the possibility of hedging may become more difficult in the future due to the unavailability or limited availability of hedging counter-parties. An increase in interest rates which is not hedged may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to realise the benefits it expects from acquisitions, joint ventures and strategic alliances

The Group has been involved in a number of acquisitions, joint ventures and strategic alliances, the most recent transaction being the acquisition of IHGH in 2015. The Group expects to continue to enter into similar transactions as part of its long-term business strategy. Such transactions involve significant challenges and risks, including the transaction failing to achieve the Group's business strategy; the Group not realising a satisfactory return on the investment; the potential occurrence of difficulties in integrating new employees, business systems, and technology; or the transaction diverting management's attention from the Group's other businesses.

The success of acquisitions, joint ventures and strategic alliances will depend in part on the Group's ability to provide efficient integration from an operational and financial point of view. It may take longer than expected to realise the full benefits from transactions, such as increased revenue, enhanced efficiencies, increased market share, and improved market capitalisation, or the benefits may ultimately be smaller than anticipated or not realised at all. In addition, making such acquisitions requires significant costs for legal and financial advice and can take management's focus away from achieving other strategic objectives.

There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of any transaction, in whole or in part.

2.4 RISKS RELATING TO THE OPERATIONS OF THE ISSUER AND GUARANTOR

Currency fluctuations and other regional economic developments may have a material adverse effect on the Issuer's and Guarantor's business, financial condition and results of operations

The Issuer's and Guarantor's operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains or losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

The Issuer's and Guarantor's financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both: translation risk, which is the risk that the financial statements for a particular period or as of a certain date depend on the prevailing exchange rates of the various currencies against the Euro; and transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the currency of its revenue and assets, which fluctuation may adversely affect its operating performance.

The Issuer and Guarantor are exposed to the risks of global and regional adverse economic developments that could result in the lowering of revenues and in reduced income. Since 2010, a number of European Union member states have been implementing austerity measures in an effort to reduce government deficits, with such measures resulting in increased taxes and reduction in social spending, consequently materially affecting disposable income.

These measures and any further unexpected changes in the political, social or economic conditions of certain countries, may reduce leisure and business travel to and from those affected countries, which, in turn, may adversely affect the Issuer's and Guarantor's room rates and/or occupancy levels and other income-generating activities, and could potentially lead to increased costs through increased taxes in those particular countries, ultimately resulting in the deterioration of the Group's business and/or operating results in the affected countries.

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

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

Liquidity Risk

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

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

The Issure and Guarantor are exposed to the risk of failure of the Group's proprietary reservations system and increased competition in reservations infrastructure

In 2010 the Group set up its own proprietary central reservation system to serve as a central repository for all of the Group's hotel room inventories. The system provides an electronic link between and to multiple sales channels, including Group websites, third-party internet intermediaries and travel agents, Group reservation offices and the Group's hotels. Lack of resilience or failure of the new central reservation system could lead to service disruption and may result in significant interruption in processing room bookings and reservations, which could negatively impact revenues. There can be no assurance that the continued stability of this system will not be disrupted. In addition, inadequate investment in this system or failure to maintain an effective e-commerce strategy may adversely affect the Group's competitiveness and its market share, thereby materially adversely affecting the business, financial condition, results of operations and prospects of the Group.

2.5 RISKS INHERENT IN PROPERTY VALUATIONS

The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation referred to in this Prospectus reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.

2.6 RISKS RELATING TO THE GUARANTEE

If the Issuer were to default on its payment obligations in terms of the Secured Bonds, Bondholders would have to rely on claims for payment under the Guarantee, which is subject to certain risks and limitations, particularly the risk relating to the fact that claims against the Guarantee may only be made following the taking of enforcement action against the Guarantor in Hungary in respect of the Security Property. It will only be possible for the Security Trustee acting on behalf of the Bondholders to make a claim against the Guarantee once there has been an Event of Default (as defined in the Securities Note) by the Issuer which has not been remedied within the prescribed time. Only the Security Trustee has the right to enforce the Security Interests relating to the Security Property on behalf of the Bondholders. Accordingly, Bondholders will not have direct security interests in the Security Property and will not be entitled to take enforcement action in respect of the Security Property securing the Secured Bonds, except through the Trustee. The Issuer is incorporated under the laws of Malta. The Guarantor is organised under the laws of Hungary, with the Security Property located in Hungary. The ability of the Security Trustee to enforce the security interests of the Bondholders is subject to the laws of Hungary.

3. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS OF THE ISSUER AND THE GUARANTOR

3.1 DIRECTORS OF THE ISSUER

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

Alfred Pisani	Chairman
Frank Xerri de Caro	Senior Independent Director
Abdulnaser M.B. Ahmida	Non-Executive Director
Douraid Zaghouani	Non-Executive Director
Hamad Mubarak Mohd Buamin	Non-Executive Director
Abuagila Almahdi	Non-Executive Director
Khaled Amr Algonsel	Non-Executive Director
Joseph Pisani	Non-Executive Director
Winston V. Zahra	Non-Executive Director
Joseph J. Vella	Independent Non-Executive Director

Alfred Fabri is the company secretary of the Issuer.

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

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

3.2 DIRECTORS OF THE GUARANTOR

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

Frank Xerri de Caro	Chairman
Joseph Pisani	Director
Joseph Galea	Director

The articles of association of the Guarantor also provide for a Supervisory Board, composed of the following members as at the date hereof:

Alfred Fabri	Chairman
Péter Hodina	Member
Réka Szalai-Dömötör	Member

3.3 SENIOR MANAGEMENT OF THE ISSUER

Joseph Fenech and Simon Naudi, both previously executive directors of the Issuer, jointly hold the post of Chief Executive Officer. Alfred Pisani, an executive director, is the Chairman of the Company. Joseph M. Galea and Neville Fenech hold the posts of Group Chief Financial Officer and Director of Finance of the Issuer, respectively. Clinton Fenech is the Company’s General Counsel. Alfred Fabri holds the post of Company Secretary. The joint Chief Executive Officers, together with Alfred Pisani and other senior members of the executive team, are responsible for the Issuer’s day-to-day management.

3.4 ADVISORS TO THE ISSUER AND THE GUARANTOR

Legal Counsel to the Issuer

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

Legal Counsel to the Guarantor

Name:	Kálmán, Szilasi, Sárközy and Partners
Address:	Alkotás Center Office Building, H-1123 Budapest, Alkotás u. 39/C. 6. em. - HUNGARY

Sponsor

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

Manager and Registrar

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

Financial Advisors

Name:	Grant Thornton
Address:	Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013 - MALTA

3.5 AUDITORS OF THE ISSUER AND THE GUARANTOR

Auditors of the Issuer

Name:	PricewaterhouseCoopers
Address:	78, Mill Street, Qormi QRM 3101 – MALTA

The Issuer appointed PricewaterhouseCoopers of 78, Mill Street, Qormi QRM 3101, Malta as auditors with effect from 1 January 2015.

The annual statutory consolidated financial statements of the Issuer for the financial year ended 31 December 2015 were audited by PricewaterhouseCoopers. PricewaterhouseCoopers is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

The annual statutory consolidated financial statements of the Issuer for the financial years ended 31 December 2013 and 2014 were audited by Grant Thornton. Grant Thornton is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

Auditors of the Guarantor

Name:	PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság (company no. 01-09-063022)
Address:	HU-1055 Budapest, Bajcsy-Zsilinszky út 78. – HUNGARY

The annual statutory consolidated financial statements of the Guarantor for the financial years ended 31 December 2013, 2014 and 2015 have been audited by PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság. PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság is a firm of certified public accountants.

3.6 SECURITY TRUSTEE

Name:	Alter Domus Trustee Services (Malta) Limited
Address:	Vision Exchange Building, Territorial Street, Mriehel, Birkirkara BKR 3000 - MALTA

4. INFORMATION ABOUT THE ISSUER AND THE GUARANTOR

4.1 INTRODUCTION

4.1.1 The Issuer

Full Legal and Commercial Name of the Issuer:	International Hotel Investments p.l.c.
Registered Address:	22, Europa Centre, Floriana FRN 1400, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 26136
Date of Registration:	29 March 2000
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone Number:	+356 21 233 141
Fax:	+356 21 234 219
Email:	ihi@corinthia.com
Website:	www.ihiplc.com

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

Whilst CPHCL holds directly 58.49% of the share capital in the Issuer, Istithmar and LFICO both act as strategic investors in the Company with direct holdings of 21.95% and 10.97% respectively. LFICO also owns 50% of CPHCL, whilst half of its direct holding of 10.97% in the Issuer is subject to a call option in favour of CPHCL. The remaining shares in the Issuer are held by the general investing public.

4.1.2 The Guarantor

Full Legal and Commercial Name of the Issuer:	IHI Magyarország Szolgáltató zártkörűen működő részvénytársaság
Registered Address:	1073 Budapest, Erzsébet krt 43-49, Hungary
Place of Registration and Domicile:	Budapest Tribunal as court of company registry, Hungary
Registration Number:	Cg.01-10-044660
Date of Registration:	30 July 2001
Legal Form:	Company limited by shares (unlisted)
Telephone Number:	+36 1 479 4000

The Guarantor was incorporated as a private company with limited liability incorporated under the laws of Hungary on 30 July 2001 and was registered under number 0110044660. The Guarantor was set up as a fully owned subsidiary of the Issuer. The principal business of the Guarantor, a hotel-owning company, is that of providing hotel services. The independent auditor of IHI Budapest is PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság, member of the Hungarian Chamber of Auditors, located at Bajcsy-Zsilinszky út 78, H-1055, Budapest, Hungary.

4.2 BUSINESS OVERVIEW

4.2.1 Business Overview of the Issuer

IHI, a company listed on the Malta Stock Exchange, is principally engaged in the ownership, development and operation of hotels and ancillary real estate in Europe and North Africa.

To date, IHI has acquired and/or developed hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russia) and St Julian's (Malta). NLI is a joint venture between IHI and LFICO, each party holding 50% of the issued share capital in NLI. NLI owns the 294 roomed luxury hotel and residential development in London (UK), the latter property consisting of 12 residential apartments located within the same building as the hotel. In April 2014, 11 of the aforesaid apartments were sold to third parties with the holding company retaining ownership of the penthouse apartment.

Revenue and earnings are derived primarily from the operation of owned hotels. A secondary source of income and earnings is rental income of residential and commercial premises, particularly in St Petersburg, Budapest and Tripoli. Additional revenue streams include fees earned by CHI Limited, a wholly owned subsidiary of IHI, from hotels owned by IHI itself or managed pursuant to management contracts with CPHCL and other third parties. As at the date of this Registration Document CHI Limited manages eight hotels owned by IHI (of which one is 50% owned by IHI) and another five hotels owned by CPHCL and/or third-party owners.

On 10 August 2015, IHI acquired 100% of the issued share capital of IHGH. The business of IHGH largely relates to: the ownership, management and operation of five-star hotels in Malta (namely, the Radisson Blu Resort St Julians - 100% owned by IHGH, and the Radisson Blu Resort & Spa, Golden Sands – 50% owned by IHGH); the operating of a vacation ownership marketing business for the aforesaid hotels; the operation of retail and event catering business (Island Caterers Limited); and the development and operation of Costa Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands. IHGH, through a wholly owned subsidiary, also owns a plot of land measuring 83,530m^2 located adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta. The property is earmarked for the development of a residential complex.

On 11 April 2016, NLI acquired the entire issued share capital of the Belgian hotel-owning company, Hotel Astoria S.A., resulting in the acquisition of the Grand Hotel Astoria in Brussels. Further information on the proposed development of this property is set out in section 4.5(h) below.

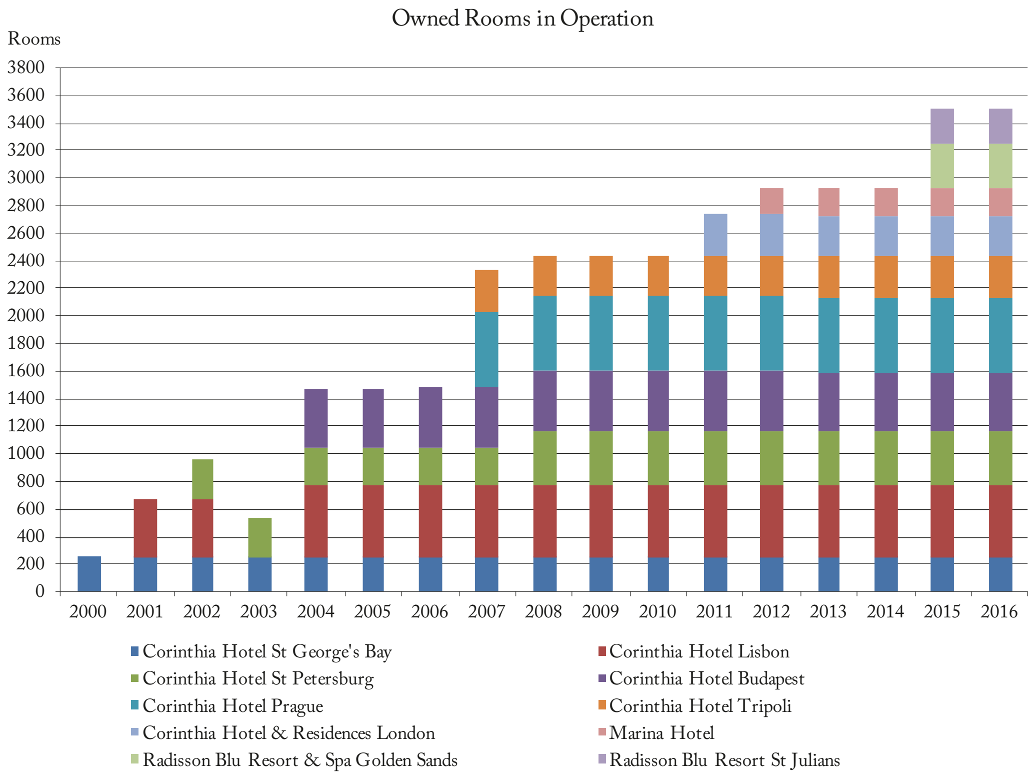
In May 2016, CHI signed a technical services and pre-opening services agreement with Meydan Group, to assist Meydan's architects, engineers and consultants in the planning and development of a luxury hotel and residences to be operated under the Corinthia® brand on Jumeirah Beach in Dubai, UAE. CHI has also entered into a management agreement in respect of this hotel having a term of 20 years due to commence as of the scheduled hotel opening date in early 2022. The site encompasses a total land area of 19,900m$^{2.}$ Construction has started and detailed design work is progressing on the proposed luxury hotel and apartments on the water's edge. The 55-storey hotel was designed in a way that all guestrooms enjoy direct sea views and meet the standard of five-star rated hotels worldwide, including a range of amenities from a state-of-the-art spa to several dining options. The hotel's inventory will feature a total of 360 guest rooms of varying sizes and amenities, as well as 60 serviced apartments for both short and long-term stays. The hotel's terraced podium will overlook a large levelled outdoor pool area that will open directly onto the beach.

On 22 June 2016 CHI entered into a memorandum of understanding with a globally-recognised investment fund for the development and management of a boutique hotel in Rome. Works are expected to commence in 2017 and be completed by 2019. The Groups' role in this project will be initially as developers and subsequently as operators under the Corinthia brand.

On 29 July 2013 CHI entered into a pre-opening and technical services agreement, as well as a hotel operation agreement for the operation of a 148 room hotel in Abuja, Nigeria in relation to the development, construction and operation of a hotel to be operated by CHI as a Corinthia® Hotel on a site in Abuja, Nigeria. The foundation works for the hotel commenced in the second half of 2015 and the development is currently at the pricing of tenders stage.

The Issuer is also a 20% shareholder of QPM. QPM offers a range of project, construction and cost management services to a number of international clients in various countries. It provides services to the Group as well as to its third party client base. The Issuer is in the course of acquiring the remaining 80% shareholding in QPM. Further information on this transaction may be found in section 4.5 of this document.

The chart below sets out the growth in room inventory of IHI since incorporation, which increased from 250 to 3,509 rooms over a 16-year period.



Source: Management

2000: IHI was incorporated on 29 March 2000 and immediately acquired the 250-bedroom Corinthia Hotel situated in St George's Bay, Malta, and the derelict shell of the Grand Hotel Royal in Budapest.

2001: IHI acquired the four star 430-bedroom Alfa Hotel in Lisbon on 16 August 2001.

2002: IHI acquired the 285-bedroom Corinthia Hotel, St Petersburg on 16 January 2002 together with adjoining buildings for development.

2003: IHI closed the Alfa Hotel, Lisbon on 24 February 2003 for refurbishment and extension.

2004: IHI inaugurated the 414-bedroom Corinthia Hotel, Budapest on 30 April 2004. The Corinthia Hotel, Lisbon re-opened as a five star hotel on 1 May 2004 with 518 bedrooms.

2006: IHI inaugurated 26 penthouse apartments situated at the Corinthia Hotel, Budapest.

2007: IHI acquired, in May 2007, the 544-bedroom Corinthia Hotel, Prague, and the 299-bedroom Corinthia Hotel & Commercial Centre, Tripoli.

2008: IHI completed, in May 2009, the extension of the Corinthia Hotel, St Petersburg by increasing the inventory by a further 105 bedrooms, together with a retail mall and office complex.

2009: In April 2009, IHI and its joint venture partners acquired the landmark Metropole Building and 10, Whitehall Place in London from the Crown Estate and initiated plans to develop a 294-bedroom luxury hotel and 12 residential apartments.

2011: The Corinthia Hotel, London commenced operations in April 2011 while the residential apartments achieved practical completion in November 2012 (by March 2014, 11 of the 12 residential apartments were sold on the open market).

2012: IHI acquired the 200-bedroom Marina Hotel in St. Julian's, Malta, on 13 February 2012.

2015: In the second half of 2015, IHI acquired the IHGH Group, owner of the 252 room five-star Radisson Blu Resort in St Julian's and joint owner of the 329 room Radisson Blu Resort & Spa, Golden Sands.

2016: In April 2016 NLI acquired the entire issued share capital of Hotel Astoria S.A., the company owning the 145 room Grand Hotel Astoria in Brussels.

4.2.2 Business Overview of the Guarantor

The principal business of the Guarantor, a hotel-owning company, is that of providing hotel services. The Guarantor's principal asset is the Corinthia Hotel Budapest, a trophy 5 star luxury establishment located in the very heart of Budapest. Behind its distinguished façade the old Corinthia Hotel Budapest (dating back to 1896) has been transformed into a modern luxury hotel, considered one of the finest hotels in Budapest. The Corinthia Hotel Budapest boasts a wealth of interior architectural detailing which was carefully restored and incorporated in 2003. The luxurious Royal Spa, offering a wide range of modern facilities, complements the hotel. The property is located in the central area of Nagykörút (or Grand Boulevard), which is one of the most central and busiest parts of Budapest. It forms a semicircle connecting two bridges crossing the Danube, Margaret Bridge on the north and Petőfi Bridge on the south. This semicircular area is considered to be the city centre of Budapest.

This luxury hotel, which provides leisure, business and conference accommodation, comprises 440 rooms, including 31 suites and 26 residential apartments. The hotel also features three restaurants, one bar and one coffee bar, a conference centre accommodating up to 2,200 delegates, 12 meeting rooms and an executive club. Other facilities include the original 19th century spa located in an adjoining building, which was extensively refurbished in 2005, as well as indoor swimming facilities.

The fully serviced and tenanted luxury apartments located in a property connected to the hotel via a private glass skyway bridge are available for short-term leases. Residents of these apartments have access to all the facilities of the hotel.

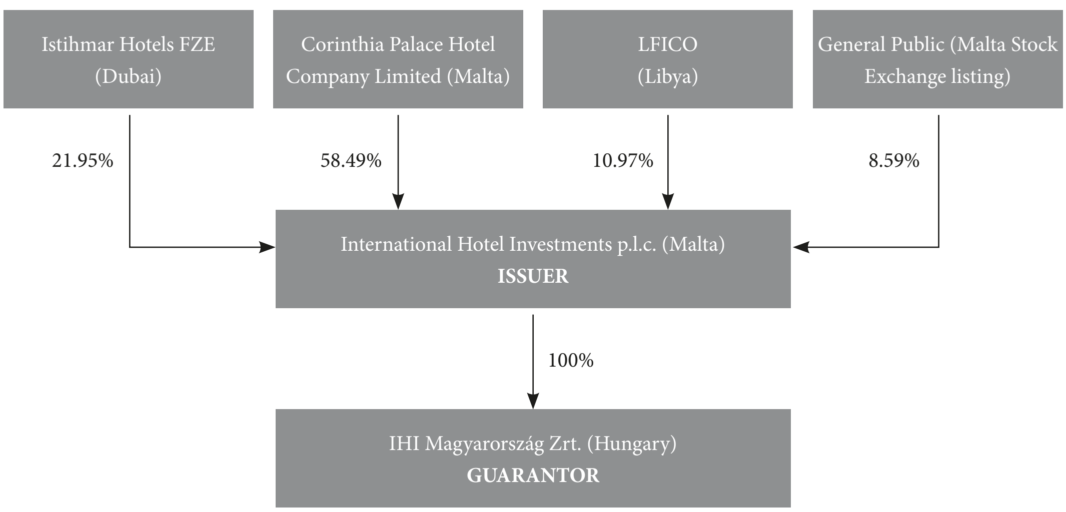
4.3 ORGANISATIONAL STRUCTURE OF THE GROUP

The Group's organisational structure has expanded over the years in line with the Group's development phases and growth. The Group's organisational structure allows the Issuer to keep the strategic direction and development of the Group as its primary focus, whilst allowing the respective boards and management teams of the Subsidiaries to focus on achieving the Group's operational objectives. CHI, the hotel management company, provides the necessary support, expertise and guidance to the Subsidiaries with respect to operations of each hotel.

The Group has adopted an autonomous organisational structure for each hotel property and operation. The Group's philosophy is based on the ownership of each hotel property through a company established in the jurisdiction where the hotel is located.

As the holding company of the Group, the Issuer is ultimately dependent upon the operations and performance of its Subsidiaries and their respective operations. The Guarantor is not dependent upon the operations and performance of any Group companies.

The following diagram summarises, in simplified format, the structure of the Group and the position within the said group of the Issuer and Guarantor. The complete list of companies forming part of the Group and further information on other investments of the Group are included in note 16.1 and 17 respectively of the consolidated audited financial statements of the Issuer for the year ended 31 December 2015. The aforesaid financial statements are available for inspection as indicated in section 16 below.



The following table provides a list of the principal assets and operations of the Issuer:

INTERNATIONAL HOTEL INVESTMENTS PLC
PRINCIPAL ASSETS AND OPERATIONS
AS AT 28 JUNE 2016

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel Budapest	Hungary	Property owner	100	440
Corinthia Hotel St Petersburg	Russia	Property owner	100	388
Commercial property St Petersburg	Russia	Property owner	100	n/a
Corinthia Hotel Lisbon	Portugal	Property owner	100	518
Corinthia Hotel Prague	Czech Republic	Property owner	100	539
Corinthia Hotel Tripoli	Libya	Property owner	100	299
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George's Bay	Malta	Property owner	100	250
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London	United Kingdom	Property owner	50	294
Corinthia Grand Astoria Hotel Brussels	Belgium	Hotel property (to be developed)	50	n/a
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	50	329
CHI Limited	Malta	Hotel management	100	n/a
QPM Limited	Malta	Project management	20	n/a
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
Island Caterers	Malta	Event catering	100	n/a
Hal Ferh Complex	Malta	Residence complex (to be developed)	100	n/a
Costa Coffee	Malta/Spain	Retail catering	100	n/a
				3,509

4.4 BUSINESS DEVELOPMENT STRATEGY

The Group's business strategy focuses on achieving positive and sustainable financial results, and appreciation in the value of the Group's properties. In the execution of the Group's strategy, management aims to provide a high quality service at each hotel and treat customers to a unique hospitality experience. Through the provision of better quality offerings the brand value is further enhanced, and occupancy levels and average room rates are improved. Moreover, such strategy enables the Group to target higher-yielding customers, in particular from the leisure and conference/event segments.

Electronic booking portals have gained significant importance in generating room reservations. In this respect, the Group is continuously optimising its website 'Corinthia.com', further developing its online reservation system and investing in online marketing.

From a cost perspective, improved results are being achieved through the implementation of cost-control and energy-efficient measures at Group hotels, particularly since the acquisition of IHGH. These are predominantly evident in the procurement of goods through the increased purchasing power of the hotel properties in Malta and the consolidation and rationalisation of board of directors members' and other administrative costs across the IHGH Group.

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

In addition, whilst the Issuer continues to target investments in under-performing properties in emerging markets, nowadays it seeks to further diversify its portfolio of investments both geographically (not limiting itself to emerging markets but also focusing on key and mature capital cities) as well as in terms of business segments. Indeed, in addition to the aforementioned strategy for internal growth, the Group aims to grow its business externally by further expanding its portfolio of hotels and mixed-use properties and venturing into other businesses through:

- ***Acquisitions, joint ventures and developments***
  Management remains active in growing the Group's portfolio of hotel and mixed-use properties by acquisition, particularly if these entail a potential for capital appreciation. In 2015, the Group acquired IHGH which, *inter alia*, will enable the Group to redevelop the three hotels located near St George's Bay, St Julian's, Malta into a mixed-use luxury development. This recent acquisition will also allow the Group to diversify its revenue streams through the expansion of Costa Coffee outlets principally in Spain. Furthermore, other mixed-use properties described in section 4.5 below are earmarked for development in the coming years, which are expected to generate positive returns for the Group. Furthermore, management remains active in the pursuit of new investment opportunities. In particular, if available at attractive prices and subject to funding, the Group is principally interested in acquiring hotels in its target markets, specifically in certain European cities.

- ***Management contracts***
  The Group is intent on growing ancillary business lines such as hotel management. When originally set up, CHI's activities were limited to the management of hotels that were owned by the Corinthia Group. CHI continues to actively pursue the negotiation and conclusion of a number of management agreements with third party hotel owners and it is expected that this company shall continue on its growth path in the forthcoming years. Accordingly, where attractive opportunities arise, the Group, through CHI, will seek to expand its portfolio of hotels by entering into agreements to manage hotels for third party owners. Management believes that the strength of the Corinthia® brand, its reservation system and online presence, and the quality of its existing operations, place it in a good position to establish such relationships, which are expected to gather momentum in the short to medium term, principally through the exposure that the Corinthia Hotel & Residences, London gave to the international market.

This diversification is aimed at improving the Group's profitability, cash generation capabilities and return on investment, as well as reducing the overall risk profile of the Issuer.

Since IHI acquired the legal and beneficial ownership of all intellectual property associated with the Corinthia® Brand for hotel and property operations from CPHCL, IHI has taken active steps to protect the significant goodwill that has become inherent in the Corinthia® name, and has registered its intellectual property rights in several jurisdictions. The Corinthia® Brand acquisition has proved to be an important part of the Group's strategy to capitalise on the repositioning of the Corinthia® Brand as a global luxury hotel brand.

4.5 INVESTMENTS

The most recent principal investments of the Group are described hereunder:

(a) ***Island Hotels Group Holdings p.l.c.***

In the second half of 2015, IHI acquired the assets, liabilities and operations of the Island Hotels Group. IHI acquired the entire issued share capital of IHGH which consisted of 38,583,660 shares of a nominal value of €1 each. In consideration for this acquisition IHI effected an aggregate cash settlement of €21.4 million and issued 2,687,960 ordinary IHI shares of €1 each in favour of IHGH's outgoing shareholders, upon the signing of the share purchase and sale agreement on 10 August 2015. A further payment of €17.3 million and the issuance of 6,507,168 ordinary IHI shares will be made by 10 August 2016. The cash settlement is expected to be partly funded through part of the net proceeds of this Bond Issue with the balance being funded through new bank financing.

(b) ***St George's Bay Development***

Following the IHGH acquisition in 2015, IHI initiated the design process to consolidate the three hotel properties situated in St George's Bay, St Julians, Malta (namely, the Radisson Blu Resort St Julians, the Corinthia Hotel St George's Bay and the Marina Hotel), and make way for a mixed-use development that will feature multiple luxury hotels, attracting high net worth leisure and corporate guests, as well as high-end residential, office, retail and commercial facilities targeting a six-star market.

The Group is in the initial stage of formulating a development concept and design for the project and as such, a formal application is yet to be submitted to the Planning Authority for project sanctioning. Thereafter, subject to having the required funding in place, it is envisaged that this project will be spread out over a number of phases to minimise interruption to hotel operations.

(c) ***Costa Coffee***

In May 2012, The Coffee Company Malta Limited (at the time an associate company, but now a fully owned subsidiary, of IHGH) entered into a five year agreement (renewable by a further five years) with Costa Coffee International for the development of ten 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 nine Costa Coffee outlets were opened (three outlets at the Malta International Airport and one outlet in each of The Point Shopping Complex Sliema, the premises formerly known as Papillon in Balzan, The Embassy Valletta, Bay Street Complex St Julian's, Marsaxlokk sea front and a second outlet in the heart of St Julian's). With ten outlets open, The Coffee Company Malta Limited reached the target it had originally set for a five year period in under four years. The team will continue to look at opportunities in Malta as they arise but there are no immediate plans to open any more outlets in 2016.

In March 2014, The Coffee Company Spain S.L. (at the time an associate company, but now a fully owned subsidiary, of IHGH) entered into a franchise agreement with Costa Coffee International 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 opened in the third quarter of 2014 and by 31 December 2015, ten outlets were in operation. During the first quarter of 2016 a further five outlets were opened, two in Benidorm, two in Palma de Mallorca and one in Valencia. This brings the total number of outlet openings to 15, equating to an opening every month since the start of operations in Spain.

Looking ahead, the Group has resolved to revisit the tempo of outlet openings in Spain, such that the original development strategy to open 75 outlets by 2018 will be extended over a longer period of time. The revised timeline will enable management to increase focus on achieving operating efficiencies in each new outlet. The capital expenditure earmarked for the additional outlets is estimated at €19.6 million. The cash outflow is expected to be financed through bank borrowings supplemented by cash flow from operations.

(d) ***Medina Tower***

In 2010, MTJSC was set up for the purpose of owning and developing the Medina Tower. The shareholders of MTJSC are MIH, IHI, AUCC and AHCT, having a shareholding of 25% each (the latter two companies were formerly known as Economic Development and Real Estate Investment Company [EDREICO]). The parcel of land over which this project will be developed measures *circa* 13,000m^2 and is situated in Tripoli's main high street. The architectural concept stems from a 4-storey podium that will include a mix of residential, retail, commercial and conference space. A curved tower rises from the 6th level and peaks at the 40th level, where a double height restaurant will complete the property. The development will comprise a total gross floor area of *circa* 199,000m^{2}.

The project designs of the Medina Tower are complete and all development approvals have been obtained from the relevant authorities. As to the financing of the project, the equity contribution for the first phase of this project is already fully paid up and will comprise 40% of the capital requirements for the said project. The remaining 60% of funding will be raised through bank financing. MTJSC has in hand an approved and signed sanction letter from a Libyan financial institution. However, since the sanction letter was issued in 2014, it is expected that on resumption of works, the Libyan financial institution would request a revision of terms and conditions included in the said sanction letter. The project was put on hold in 2014 as a result of the conflict in Libya and the prevailing political uncertainty.

(e) ***Corinthia Hotel St Petersburg***

A renovation programme for the Corinthia Hotel St Petersburg, estimated at €23.5 million, was approved by the IHI board of directors in 2014. This project comprises the refurbishment of the rooms of the original hotel and the development of an existing building measuring *circa* 1,500m^2 situated behind the hotel and which will consist of the creation of a car park and further office space. The project will commence once the economic situation in Russia improves and there is a material recovery in the generation of revenue at the hotel. The renovation of the hotel is expected to be funded through available free cash flow generated by this entity.

(f) ***Hal-Ferh Project***

As part of the IHGH acquisition, IHI took ownership of the 83,530m^2 plot of land at Hal-Ferh, situated adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta. The Group is currently in the process of assessing the project designs and concept and funding requirements, prior to embarking on the execution of this project.

(g) ***Benghazi Project***

IHI has a 55% equity participation in Libya Hotel Development and Investment JSC, a company set up in Libya to acquire a derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya. Libya Hotel Development and Investment JSC will eventually develop a mixed-use project consisting of a 228-room five-star hotel, 2,000m^2 of retail space and 10,000m^2 of office space. Whilst the necessary planning permits for the project were issued by the Benghazi planning authorities and demolition works commenced in January 2014, in light of the prevailing situation in Libya all works on this development have been put on hold, and current plans are due for reconsideration depending on future developments and outlook in Libya. It is anticipated that the funding required for the project, once resumed, will be sourced from a combination of equity injected by the shareholders and appropriate bank financing.

(h) ***Brussels***

The Grand Hotel Astoria was built in 1910 by a Belgian aristocratic family and at the time it was acquired by its last owners in 2007 it was operated as a 145 room hotel. When bought by the hotel's former owners in 2007, it was closed with a view to carrying out an intensive refurbishment. However such refurbishment failed to get underway and the asset has laid desolate for the last ten years. The hotel, once redeveloped, will be renamed the Corinthia Grand Astoria Hotel. IHI will handle the redevelopment of the hotel on behalf of NLI, much as it had done on the London project, this time through its newly created development company, CDI. CDI has reconfigured the plans currently in place for the hotel, and with the help of GA Design in London (the designers engaged in the London project), reorganised the ground floor flows and uses, as well as reconfigured the bedroom inventory, to ensure that all bedrooms are larger than 30m$^{2.}$ The new key count is set at 121 bedrooms of which 25% will be junior suites or suites. The hotel has been awarded a building permit to carry out the planned redevelopment.

The Issuer, on behalf of NLI, has prepared a capital concept cost estimate for the full refurbishment project, which cost is estimated at €65 million, inclusive of all costs, fees and contingencies. Work is underway to source and secure funding of the €65 million for the refurbishment project, and third party brokers have been mandated on the fundraising with targeted investment funds. The purchase price of the asset of £10,921,465 (€13.76 million at the applicable exchange rate) was funded through the utilisation of the available credit line on the London hotel operation with the Barclays Bank syndicate. An interest free deferred consideration of €500,000 is also payable after two years from opening of the hotel.

The commencement of some clean-out and restoration works has begun in earnest and the aim is to progress to construction by early 2017. The Issuer's aim is to complete the reconstruction and fit out of the hotel by early 2019. QPM are acting as project managers and work is underway to seek quotations from Belgian and international engineers, M&E designers, cost consultants and interior designers. CDI will handle the redevelopment project.

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

(i) ***Dubai***

In May 2016 CHI entered into a technical and pre-opening services agreement as well as a subsequent 20 year management agreement with Meydan, for the proposed Corinthia Hotel & Residences at Jumierah Beach, Dubai UAE. Further information is set out in section 4.2.1 above.

(j) ***QPM***

The Issuer is in the process of acquiring the remaining 80% of the entire issued share capital of QPM. The share purchase agreement is anticipated to be signed by the end of June 2016, having a consideration of €4.6 million payable from part of the net bond issue proceeds. The share purchase agreement further includes additional condition payments that may be or may become due to QPM and which, had they been crystallised at the point in time of the acquisition date, would have enhanced the value of QPM, resulting in a higher purchase consideration.

The said additional conditional payments comprise the following: (i) QPM is due an amount for services provided on a third party project. Upon receipt of all or part of said amount by QPM, the purchaser will be bound to pay an additional amount to the seller calculated on a given percentage of settled amounts; (ii) In view of the political and economic situation in Libya, the business activities of QPM in the country have stalled. In the event that QPM were to recommence any projects in Libya and were to generate cash revenues in any of the financial years ending 31 December 2017, 2018 and 2019, the seller will be due an additional amount from the purchaser based on a percentage of such cash revenues; (iii) Although QPM is already engaged to provide its services on the Corinthia St George's Bay Development, this engagement has not been factored in the valuation. Accordingly the seller will be due an amount equivalent to a percentage of revenues generated by QPM from the project on an annual basis up to 31 December 2026.

None of the above events have been included in the determination of the consideration payable for the acquisition of QPM, and therefore the figure indicated above may vary accordingly as aforesaid.

Save for the above, the Group is not party to any other principal investments, and has not entered into or committed for any principal investments subsequent to 31 December 2015, being the date of the latest audited consolidated financial statements of the Issuer.

5. TREND INFORMATION AND FINANCIAL PERFORMANCE

5.1 TREND INFORMATION

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

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

Libya

The continued instability and state of uncertainty prevailing since the 2011 uprising continues to have a negative effect on Libya's economy and as a result, on the performance and operation of the Corinthia Hotel Tripoli.

Ongoing conflict between rival militias has left Libya deeply divided, with vast regions split under the rule of various groups and armed gangs taking control on a smaller scale. This has left a security vacuum in the country without a reliable police or army force to maintain law and order. Moreover, a government that is recognised both on a national and international level is yet to be appointed. Practically all foreign embassies in Libya have suspended operations and withdrawn their diplomatic staff, and have advised their respective nationals against all unnecessary travel to the country. This state of affairs is expected to continue in the near term as there is yet no indication that the unstable political and security climate will subside any time soon.

As such, low occupancy at the Corinthia Hotel Tripoli is expected in 2016. Moreover, development of a number of the Group's properties in Libya (including Medina Tower and the Benghazi Project) will remain on hold until such time when there are clear signs that the turmoil in Libya has subsided and a gradual recovery in business activity has commenced.

Russia

Lower oil prices, a decline in real wages, the weakening of the Rouble and the impact from external economic factors continued to weigh on the Russian economy in 2015 and the first part of 2016. However, initial signs of stabilisation are coming from the industrial sector, while performance in the agricultural sector is also looking better. Despite such evidence, the economy will likely continue to underperform due to low oil prices, external economic factors and increasing geopolitical risks.[1]

The Corinthia Hotel St Petersburg has been affected by a reduction in corporate travel to the Russian Federation and a significant reduction in the value of the Rouble against the Euro. The challenges set and so far acted upon by the Hotel's management team have been to source alternative markets, targeting in particular as much business as possible from within the Russian Federation itself, and to operate the Hotel with a wide range of room rates targeting upscale corporate to luxury travellers.

Malta

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2015 as well. Inbound tourism from January to December 2015 amounted to 1.8 million guests, an increase of 6.0% over the same period in 2014. Although tourists residing in collective accommodation (hotels, guesthouses, hostels, B&Bs, etc) made up 71.7% of the market in 2015, preference for private accommodation has been growing in the last years at a faster pace, and actually increased by 18.2% from 2014. Tourism expenditure was estimated at €1.6 billion, 7.5% higher than that recorded for the comparable period in 2014.[2] Focus will be maintained on increasing traffic during the winter months and attracting more visitors from new markets to Malta. This bodes well for the Maltese hospitality industry to continue to grow revenues and increase profitability.

Beyond 2015, Malta's EU Presidency in 2017 together with Valletta serving as the European City of Culture in 2018 are widely expected to generate increased demand for hotels and enhance Malta's image as a tourist and leisure destination, which would in turn generate future growth. Meanwhile, the somewhat uncertain future of the national carrier Air Malta poses a threat to further growth and competition from other Mediterranean countries will likely remain strong.

[1] Russia Economic Outlook (www.focus-economics.com/countries/russia)
[2] National Statistics Office - Malta (www.nso.gov.mt)

In the light of the above developments, the Group's hotel properties in Malta have performed exceptionally well both in terms of revenue generation and profitability, achieving significant year-on-year growth.

Hungary

Hungary's economy picked up pace in the fourth quarter of 2015 as GDP growth accelerated from 2.4% in Q3 2015 to 3.2% in Q4. The pick-up in growth was driven by a robust performance from the domestic economy. Following a dynamic expansion in the last quarter of 2015, there are signs of moderation in economic activity in 2016. Industrial production and construction activity slowed in February 2016, while retail sales and employment improved. Although a deceleration in funding inflows from the EU is limiting growth, steps taken by the Central Bank of Hungary and the Government should mitigate the impact. The Central Bank of Hungary is projecting rising incomes and increased lending, which should support consumption and GDP growth.

In 2015, the number of nights spent by domestic tourists increased by 6.4% and that of international tourism nights increased by 4.6% compared to a year earlier. The guest turnover of accommodation establishments, measured in tourism nights, increased by an overall 1.3%. The gross revenues of accommodation establishments – at current prices – rose by 4.9%. In 2015, accommodation establishments recorded a total of 25.8 million tourism nights, 5.4% more than in 2014. Key markets that are contributing to growth in incoming travel include Germany, Austria, Russia, UK and the US.[3]

Overall, tourism prospects in Hungary are believed to be promising. Domestic tourism will be fuelled mainly by the continued decline of the local currency, making local travel more attractive for the budget conscious. Inbound travel will also benefit from more competitively-priced Hungarian offerings, especially in medical and health tourism. The conflict in neighbouring Ukraine and the escalating economic difficulties in Russia, however, pose great uncertainties as both are important feeder markets and drastic changes in arrival numbers could affect the performance.

In line with the country's economic improvements, the Group's five star hotel property achieved significant year-on-year growth both in revenue generation and in profitability. A substantial part of these improvements is in consequence of the diversification in market segmentation wherein lower rated business is being replaced by the more lucrative leisure market segment.

Czech Republic

The Czech Republic's economic performance was extraordinarily strong in 2015 and a third consecutive annual expansion above 4.0% was recorded (2015: 4.3%). The expansion mainly came on the back of the domestic economy, fuelled by rising investment, through strong absorption of EU funds, and public spending. Solid private consumption, which is benefiting from expansionary monetary policy and low oil prices, has also encouraged growth. The economy will likely decelerate in 2016 and expand at a more sustainable pace, partly because inflows of EU funds and government spending are projected to slow. As such, the Czech National Bank expects economic growth to slow to 2.7% in 2016.

In 2015, Czech hotels reported an increase in overnight stays of 10.2% y-o-y to 47.1 million and guest numbers (both resident and foreign guests) increased by 9.6% to 17.2 million. Of the foreign guests, the country experienced a decrease in guests from Russia (-37.4% or 260,000 guests) and from Ukraine (-10.7% or 12,000 arrivals), which was compensated by higher occupancy of guests from neighbouring as well as distant countries. German visitors increased by 12.6% y-o-y as well as Slovaks (+14.6%) and persons from USA (+14.9%). The number of guests from China and South Korea increased by 35.3% and 31.8% respectively. [4]

The Czech government is increasingly prioritising to move tourism beyond concentration in the capital, Prague, and increase the potential of undiscovered places in the country. Most significant source markets are Germany, Russia, Italy, UK, US, Slovakia and Poland, while demand is also increasing from other markets such as China and South Korea.

This positive trend was also witnessed at the Group's five star hotel property in Prague where over the past couple of years there has been significant year-on-year growth both in revenue streams and profitability.

[3] Hungarian Central Statistical Office (www.ksh.hu)
[4] Czech Statistical Office (www.czso.cz)

Portugal

Portugal's gross domestic product expanded in the three months through December 2015 from the prior quarter as a rise in exports helped offset a drop in investment. GDP rose 0.2% from the third quarter, when it was unchanged. The Portuguese economy expanded 1.2% in the fourth quarter from a year earlier, the slowest pace of annual growth since the fourth quarter of 2014. For the year of 2015, GDP increased 1.5% after expanding 0.9% in 2014.

In 2015, tourism accommodation establishments hosted 17.4 million guests (+8.6%) and registered 48.9 million overnight stays (+6.7%). Compared to the corresponding year, the internal market grew by 5.3% registering 14.5 million overnight stays. Overnight stays from non-residents in 2015 increased by 7.3% and represented 70.3% of the total. On a regional basis, growth was registered in all regions of mainland Portugal, with particular emphasis on the Alentejo region, Azores and the North (+11.8%, +19.6% and +13.6% respectively). As in prior periods, the inbound markets preferred to choose the Algarve, Lisbon and Madeira.[5] The coordination between tourism and aviation authorities to expand available routes turned out to be crucial for Portugal's success in the tourism industry.

With the introduction of low cost airline carriers to the country, Portugal is perceived as a 'value for money' destination and this has been one of the leading factors contributing to the growth in hospitality numbers detailed above. The Group's hotel property in Lisbon has likewise benefitted from this upsurge in business registering significant year-on-year growth both in revenue and profitability.

United Kingdom

The UK economy grew by 0.5% in Q4 2015, taking the annual rate of growth for 2015 to 2.2% (0.7% lower than the 2.9% growth registered in 2014). The disappointing figure was the result of a slowdown in industry due to feeble manufacturing figures as factories struggled with a strong pound and weak external demand. Moreover, the construction sector recorded the first contraction in nearly two years. This could prompt concerns that the UK economy's reliance on the services sector (which continued to expand in 2015) is increasing further. The country's macroeconomic fundamentals remain strong and a robust labour market will sustain growth going forward. However, uncertainty following the referendum result for UK to leave the European Union, weak overseas growth and financial market volatility are all creating an unsettling business environment and point to downside risks to the economy in 2016.

International visits to the UK by overseas residents rose by 5% to 8.5 million in the period October 2015 to December 2015 compared with the same period a year earlier. In the 12 months to December 2015, the number of visits to the UK was 4% higher (to 35.8 million visits) than a year earlier and earnings remained the same during this period (non-residents spent £21.8 billion in 2015). Visits from North America and Europe were up by 8% and 3% respectively and visits from 'Other Countries' grew by 6%. Business trips grew 6%, holiday visits increased by 1% and visits to friends or relatives was up 7%. [6]

Since its launch in 2011, the Corinthia Hotel & Residences London managed to increase both its revenue generation and operating profits annually. 2015 has been the best performing year for the hotel as it is now approaching its stabilised years of performance.

[5] Instituto Nacional de Estatistica (www.ine.pt)
[6] Office for National Statistics - UK (www.ons.gov.uk)

5.2 KEY FINANCIAL REVIEW

The financial information about the Issuer is included in the audited consolidated financial statements for each of the financial years ended 31 December 2013, 2014 and 2015. The said statements have been published and are available on the Issuer's website (www.ihiplc.com) and at its registered office. Set out below are highlights taken from the audited consolidated financial statements of the Issuer for the years ended 31 December 2013, 2014 and 2015.

International Hotel Investments p.l.c. **Consolidated Income Statement** **for the year ended 31 December**	**2013** **€'000**	**2014** **€'000**	**2015** **€'000**
Revenue	123,734	116,379	134,074
Direct costs	(64,152)	(61,147)	(70,326)
Gross profit	**59,582**	**55,232**	**63,748**
Other operating costs	(24,601)	(26,382)	(31,631)
EBITDA	**34,981**	**28,850**	**32,117**
Depreciation and amortisation	(23,763)	(18,390)	(20,093)
Movement in fair value of investment property	571	(15,391)	193
Net impairment of hotel properties	5,000	2,081	11,639
Results from operating activities	**16,789**	**(2,850)**	**23,856**
Share of loss : equity accounted investments	(5,788)	(14,537)	(2,557)
Net finance costs	(15,940)	(13,035)	(22,199)
Net fair value loss on interest rate swaps	1,789	1,466	-
Movement in fair value of indemnification assets	(883)	(879)	551
Loss before tax	**(4,033)**	**(29,835)**	**(349)**
Taxation	4,299	13,549	(3,398)
Loss for the year	**266**	**(16,286)**	**(3,747)**
Other comprehensive income			
Net impairment of hotel properties	(8,200)	(28,953)	21,105
Share of other comprehensive income of equity accounted investments	41,616	18,380	9,674
Other effects and tax	(7,447)	11,170	(15,883)
	25,969	**597**	**14,896**
Total comprehensive income (expense) for the year net of tax	**26,235**	**(15,689)**	**11,149**

International Hotel Investments p.l.c. **Consolidated Cash Flow Statement** **for the year ended 31 December**	**2013** **€'000**	**2014** **€'000**	**2015** **€'000**
Net cash from operating activities	42,078	29,986	29,502
Net cash from investing activities	(4,287)	(4,160)	(28,555)
Net cash from financing activities	(43,666)	(13,467)	(7,133)
Net movement in cash and cash equivalents	**(5,875)**	**12,359**	**(6,186)**
Cash and cash equivalents at beginning of year	11,363	5,491	17,850
Cash and cash equivalents at end of year	**5,488**	**17,850**	**11,664**

International Hotel Investments p.l.c. Consolidated Balance Sheet as at 31 December	2013 €'000	2014 €'000	2015 €'000
ASSETS			
Non-current assets			
Intangible assets	44,856	43,556	55,989
Indemnification assets	22,566	21,687	22,238
Investment property	191,964	176,675	166,274
Property, plant and equipment	534,558	494,971	572,103
Investments in associates	201,689	213,241	267,045
Loan receivable	44,332	3,208	3,728
Assets placed under trust management	2,303	7,967	3,870
	1,042,268	961,305	1,091,247
Current assets			
Inventories	5,454	5,307	6,280
Loan receivable	-	-	7,325
Trade and other receivables	31,819	23,309	33,032
Taxation	2,883	2,639	2,896
Cash and cash equivalents	10,248	19,480	18,863
	50,404	50,735	68,396
Total assets	**1,092,672**	**1,012,040**	**1,159,643**
EQUITY			
Capital and reserves			
Called up share capital	554,238	554,239	573,636
Reserves and other equity components	88,701	88,886	86,719
Retained earnings	(16,448)	(48,941)	(52,665)
Minority interest	-	630	598
	626,491	**594,814**	**608,288**
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	292,729	271,464	342,616
Other non-current liabilities	97,332	82,938	108,740
	390,061	354,402	451,356
Current liabilities			
Borrowings and bonds	27,725	27,787	25,784
Other current liabilities	48,395	35,037	74,215
	76,120	62,824	99,999
	466,181	**417,226**	**551,355**
Total equity and liabilities	**1,092,672**	**1,012,040**	**1,159,643**

IHI's revenue for **FY2013** amounted to €123.7 million, reflecting an improvement of €5.2 million (+4%) on turnover registered in FY2012. This increase in revenue was mainly due to better results at the Group's properties in Tripoli (+19% y-o-y), Lisbon (+10% y-o-y) and St Petersburg (+8% y-o-y). In contrast, Corinthia Hotel Prague experienced a decline of 14% in revenue as a result of a lower occupancy level (-10%) and achieved average room rate (-4%) primarily in consequence of a 33% contraction in the conference & events business. The drop in turnover at Corinthia Hotel Prague was however mitigated by substantial cost savings at operational level. The other hotels recorded modest gains compared to the prior year. Overall, in FY2013 there was a significant increase in EBITDA of €7.3 million (+26%) over the results achieved in FY2012.

In FY2013, the property valuation of the Corinthia Hotel Lisbon was revised upwards by €5 million in view of the improved outlook at the Hotel. In addition, a net uplift of €571,000 in the fair value of investment properties was recorded in the year under review (commercial property St Petersburg: +€400,000; commercial property Tripoli: +€200,000; apartments in Lisbon: -€29,000).

"Share of results from equity accounted investments" represents IHI's 50% equity shareholding in Corinthia Hotel & Residences London. Operating profit generated by the Hotel in its second year of operation improved significantly to £14.0 million (equivalent to €18 million) (FY2012: £7.8 million, equivalent to €10 million). However, after accounting for depreciation, property charges and finance costs the Hotel incurred a loss for the year, of which, IHI's 50% share of such loss amounted to €5.8 million.

Net finance costs for FY2013 were lower by €1.6 million when compared to prior year, primarily reflecting (i) the continued reduction of IHI Group indebtedness through regular repayments of borrowings; and (ii) the recognition of fair value gains on interest rate swaps. Overall, IHI registered a profit for the year ended 31 December 2013 of €0.3 million (FY2012: net loss of €10.4 million).

In view of the prolonged instability in Libya and the political issues between Russia and Ukraine, revenue generated at Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg in **FY2014** was lower than the prior year by *circa* €16.1 million. Such reduction was however partly compensated by increased revenues at the other IHI properties and therefore the overall decrease in income for the said financial year amounted to €7.4 million (a reduction of 6%). This reduction in income inevitably impacted IHI's EBITDA, which decreased by 18% from €35.0 million in 2013 to €28.9 million in 2014. The depreciation charge for 2014 reduced by more than €5.4 million (from €23.8 million in 2013 to €18.4 million in 2014) as no provision was made on assets that were fully depreciated.

In April 2014, 11 apartments in Whitehall Place London forming part of the Corinthia Hotel & Residences London, in which IHI holds a 50% stake, were sold to third parties. The penthouse apartment was retained and will be sold when the right opportunity arises. Except for one-off property costs resulting from the aforesaid sale of the apartments, the disposal had no effect on IHI's financial statements since the apartments were already valued at their market price in 2013. A loss was registered from equity accounted investments (London Hotel and Residences) for 2014 of €14.6 million, in consequence of building taxes, depreciation, interest and the one-time selling costs of the 11 apartments as the hotel performance registered a marginal improvement in performance in 2014 over 2013.

Finance costs in FY2014 were lower by approximately €2.9 million (from €15.9 million in 2013 to €13.0 million in 2014) as a result of reduced EURIBOR rates in 2014 coupled with the further reduction of IHI's debt in consequence of scheduled repayments of bank loans. After accounting for movements in fair value of properties described hereunder, IHI recorded a loss for the year ended 31 December 2014 of €16.3 million (2013: Profit of €0.3 million).

Analysis of Movements in Property Values for the year ended 31 December 2014

	Income Statement '€000	Other Comprehensive Income €000	Total €000
Corinthia Hotel Lisbon	1,240	13,728	**14,968**
Lisbon Apartments	(156)	-	**(156)**
Corinthia Hotel Budapest	10,357	-	**10,357**
Marina Hotel	1,766	-	**1,766**
Corinthia Hotel Tripoli	(8,038)	(26,814)	**(34,852)**
Tripoli Commercial Centre	(5,659)	-	**(5,659)**
Corinthia Hotel St Petersburg	(3,243)	(15,867)	**(19,110)**
St Petersburg Commercial Centre	(9,577)	-	**(9,577)**
Corinthia Hotel & Residences London	-	17,933	**17,933**
Net movement in property values	**(13,310)**	**(11,020)**	**(24,330)**
Classified in the financial statements as follows:			
Movement in fair value of investment property	(15,391)	-	**(15,391)**
Net impairment reversal (loss) on hotel properties	2,081	(28,953)	**(26,872)**
Revaluation of hotel property (equity accounted investments)	-	17,933	**17,933**
Net movement in property values	**(13,310)**	**(11,020)**	**(24,330)**

On a yearly basis, a value in use assessment is carried out on IHI's hotels and investment properties by independent advisors. This process involves the preparation of 10-year future cash flows prepared by an expert in the hospitality industry and financial modelling by an independent accountancy firm. In 2014, the aforesaid process was performed on all IHI properties other than the Corinthia Hotel Tripoli, due to the uncertain environment prevailing in Libya which presented significant difficulty for such advisors to determine a value in use of the property.

As such, a value in use on the Corinthia Hotel Tripoli was determined after the independent advisors presented several scenarios and parameters to the directors for their consideration. The directors resolved to adopt the more prudent basis of valuation by applying to the model higher country and other risk premia, and assumed a weaker outlook on future performance. In consequence, the value of the property was impaired by €34.9 million.

As denoted in the above table, IHI was negatively impacted in 2014 by a reduction of €69.2 million in the values of its properties in Tripoli and St Petersburg (hotels and commercial centres) in consequence of the force majeure situation prevailing in each of the said jurisdictions and the devaluation of the Russian Rouble. On the other hand, through the robust performance achieved by a number of IHI's European hotels, IHI registered an improvement of €44.9 million in the fair values of such properties, most notably of which is the uplift in London (limited to 50% share), in Lisbon and in Budapest.

Overall, during the year under review, IHI reported a net impairment charge (before tax) in the fair value of its properties of €24.3 million (2013: +€36.8 million) which is reported as to €13.3 million in the Income Statement and €11.0 million in the Comprehensive Income Statement.

FY2015 was mainly characterised by the acquisition of IHGH in August 2015. IHGH business relates to the ownership and operation of the Radisson Blu Resort St Julians, Island Caterers, Costa Coffee outlets in Malta and Spain, and the operation of a number of catering contracts. IHGH also owns an 83,530m^2 plot of land at Hal Ferh, Golden Sands. Furthermore, IHGH has a 50% shareholding in the Radisson Blu Resort & Spa Golden Sands which comprises the operation of a five-star hotel and a vacation ownership business. In view of the 50% ownership, the results of the Radisson Blu Resort & Spa Golden Sands are included in the income statement as share of profit from equity accounted investments (together with the Corinthia Hotel & Residences London).

IHI's revenue for FY2015 amounted to €134.1 million, an increase of €17.7 million from a year earlier. The increase in revenue is attributable to the increased revenues in IHI's European operations (€9.8 million) and the consolidation of the IHGH results for the second half of 2015 (€17.6 million). Against this, there was combined reduction of €9.7 million from the Group's hotels located in St Petersburg and Tripoli.

EBITDA for 2015, excluding the consolidation of the results of associate companies and in particular the London hotel results, amounted to €32.1 million compared to €28.8 million achieved in 2014. Here again, the increase in EBITDA is mainly attributable to the improved performance in all the Group's hotels excluding Tripoli and the consolidation of IHGH's results as from the second semester of 2015. This year's administrative costs include a one-time abortive cost of €1.3 million representing professional fees and expenses incurred in pursuing the launch of an international bond.

Share of results from equity accounted investments comprises the 50% ownership in the Corinthia Hotel & Residences London and the Radisson Blu Resort & Spa Golden Sands. The performance of the Corinthia Hotel & Residences London improved significantly in the year under review with record occupancies, rates and EBITDA earnings being achieved as this property moves towards its maturity. The hotel's EBITDA in 2015 amounted to €8.2 million compared to €4.5 million in 2014. The residential penthouse at 10 Whitehall Place has been leased for a term of two years commencing in early 2016. With respect to the Radisson Blu Resort & Spa Golden Sands (50% owned by IHGH), the hotel generated an EBITDA of €7.4 million in the period 1 July 2015 to 31 December 2015.

In 2015, the Group registered net property uplifts, before tax, of €42.6 million on account of the improved trading performance of the Group's hotels located in Europe. This contrasts sharply with the net impairment charge, before tax, of €24.4 million registered in 2014. As detailed below, these uplifts are reflected as to €11.8 million through the income statement (2014: impairment of €13.3 million) with the balance of €30.8 million being recognised through the comprehensive income statement (2014: impairment of €11.1 million).

Analysis of Movements in Property Values for the year ended 31 December 2015	**Income Statement €'000**	**Other Comprehensive Income €'000**	**Total €'000**
Corinthia Hotel Lisbon	-	(1,669)	**(1,669)**
Lisbon Apartments	193	-	**193**
Corinthia Hotel St George's Bay	2,281	8,700	**10,981**
Corinthia Hotel Prague	10,103	992	**11,095**
Corinthia Hotel Budapest	3,309	6,516	**9,825**
Marina Hotel	-	6,566	**6,566**
Corinthia Hotel St Petersburg	(4,054)	-	**(4,054)**
St Petersburg Commercial Centre	-	-	-
Corinthia Hotel & Residences London	-	9,674	**9,674**
Net movement in property values	**11,832**	**30,779**	**42,611**
Classified in the financial statements as follows:			
Movement in fair value of investment property	193	-	**193**
Net impairment reversal (loss) on hotel properties	11,639	21,105	**32,744**
Revaluation of hotel property (equity accounted investments)	-	9,674	**9,674**
Net movement in property values	**11,832**	**30,779**	**42,611**

Net finance costs in 2015 amounted to €22.2 million, an increase of €9.2 million when compared to 2014. A significant portion of this increase (€8.5 million) represents adverse exchange differences on bank borrowings in Euro on the property in St Petersburg in consequence of the adopting of the Rouble as the functional currency. After accounting for taxation and other items in the comprehensive income statement, IHI reported total comprehensive income for the year, net of tax, of €11.1 million (2014: comprehensive loss, net of tax, of €15.7 million).

The financial information about the Guarantor is included in the audited financial statements for each of the financial years ended 31 December 2013, 2014 and 2015. The said statements have been published and are available at its registered office. Set out below are highlights taken from the audited financial statements of the Guarantor for the years ended 31 December 2013, 2014 and 2015.

IHI Magyarország Zrt. Income Statement for the year ended 31 December	**2013 €'000**	**2014 €'000**	**2015 €'000**
Revenue	19,043	20,756	23,139
Direct costs	(9,603)	(9,866)	(10,413)
Gross profit	**9,440**	**10,890**	**12,726**
Other operating costs	(4,938)	(5,186)	(6,055)
EBITDA	**4,502**	**5,704**	**6,671**
Depreciation and amortisation	(1,846)	(1,910)	(1,882)
Results from operating activities	**2,656**	**3,794**	**4,789**
Net finance costs	(1,149)	(1,044)	(855)
Profit before tax	**1,507**	**2,750**	**3,934**
Taxation	(26)	95	(2,232)
Profit for the year	**1,481**	**2,845**	**1,702**
Other comprehensive income			
Net revaluation of hotel property	-	9,321	8,842
	-	**9,321**	**8,842**
Total comprehensive income for the year net of tax	**1,481**	**12,166**	**10,543**

IHI Magyarország Zrt. Balance Sheet as at year ended 31 December	**2013 €'000**	**2014 €'000**	**2015 €'000**
ASSETS			
Non-current assets	86,214	95,300	104,800
Current assets	6,720	7,203	6,919
Total assets	**92,934**	**102,503**	**111,719**
EQUITY	**15,176**	**27,342**	**37,885**
LIABILITIES			
Non-current liabilities	70,694	68,529	66,089
Current liabilities	7,064	6,632	7,745
	77,758	**75,161**	**73,833**
Total equity and liabilities	**92,934**	**102,503**	**111,719**

IHI Magyarország Zrt. Cash Flow Statement for the year ended 31 December	2013 €'000	2014 €'000	2015 €'000
Net cash from operating activities	3,679	5,489	7,077
Net cash from investing activities	(237)	(588)	(1,451)
Net cash from financing activities	(3,124)	(3,834)	(5,843)
Net movement in cash and cash equivalents	**318**	**1,067**	**(217)**
Cash and cash equivalents at beginning of year	3,391	3,709	4,776
Cash and cash equivalents at end of year	**3,709**	**4,776**	**4,559**

Total hotel revenue in FY2014 increased by 9% on FY2013. This improvement was achieved on account of increases in both occupancy and average room rates from 72% to 74% and from €103 to €114 respectively. The resultant revenue per available room ("**RevPar**") of €85 in FY2014 represents an increase of 15% on FY2013 levels. This improvement together with cost efficiencies resulted in an EBITDA of €5.7 million, an increase of 27% from €4.5 million in FY2013.

In 2015, the hotel registered revenues of €23.1 million - an improvement of 12% on FY2014 levels. This increase was underpinned by further increases in occupancy and average room rates from 74% to 78% and from €114 to €127 respectively. RevPar increased by 16% to €99 from FY2014 levels. EBITDA increased to €6.7 million from €5.7 million in FY2014.

Depreciation and amortisation for the three years under review remained stable at €1.9 million.

Net financial costs decreased from €1.2 million in FY2013 to €0.9 million in FY2015 on account of loan capital repayments and decreases in the EURIBOR rate and the applicable margin.

Profit before tax improved from €1.5 million in FY2013 to €3.9 million in FY2015. It is however important to note that there is a one-time deferred tax charge in FY2015 of €1.8 million relating to changes in the value of the hotel property between HUF and Euro.

Other comprehensive income reflects the improvement in property values in FY2014 and FY2015, in gross terms, of €10.3 million and €9.8 million respectively on account of the improved trading performance of the hotel.

6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

6.1 THE BOARD OF DIRECTORS AND MANAGEMENT OF THE ISSUER

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

The Chairman of the board of directors of the Company and the Chief Executive Officers, together with the Group's executive team, are responsible for acquisitions and development and are entrusted with the Issuer's day-to-day management. The business address of each Director is the registered office of the Issuer.

6.1.1 Executive

The Chairman of the board of directors of the Issuer and the Chief Executive Officers are mainly responsible for the identification and execution of new investment opportunities and the funding of the Issuer's acquisitions. They are also responsible for ensuring the establishment of appropriate management contracts of the hotel properties in the case of operational properties, and negotiating and awarding project contracts in the case of the development or refurbishment of new properties. Members of the board of directors of the Issuer and the Chief Executive Officers are also directors or officers of other subsidiary companies within the Group, bringing with them the necessary proficiency and experience in this industry sector, and providing their expertise throughout the entire Group. They are supported in this role by several third party consultants and other officers of the Issuer.

6.1.2 Non-Executive Directors

Of the non-executive Directors sitting on the Board of the Issuer, two are independent directors. The non-executive directors' main function is to monitor the operations and performance of the Chairman and the Chief Executive Officers, as well as to review any investment opportunities that are proposed by the executives. All proposed acquisitions of the Issuer are brought to the Board for approval.

6.1.3 Boards of Subsidiary Companies

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

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

6.1.4 Curriculum Vitae of Directors

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

Winston V. Zahra is the Chairman of the Island Hotels Group. He was Managing Director of the IHG Group until 2009 and prior to 1987, he was the co-founder of one of the leading tourism-oriented companies in Malta. Mr Zahra is CEO of The President's Trust and he has served on various boards and committees related to the tourism industry. He has also served as a board member of the Malta Council for Economic and Social Development. Mr Zahra is also a director of Caritas and was a member of the Council of the University of Malta and Chairman of Volksbank Malta Limited. In 2008 Mr Zahra was awarded the National Order of Merit for his contribution to the tourism industry.

Joseph J. Vella is a lawyer by profession. He was admitted to the bar in 1973 and has since then been in private practice. He is currently senior partner of the law firm GVZH Advocates. Dr Vella advises a number of leading commercial organisations both in the public and private sector and has been a legal advisor of the Corinthia Group for more than 20 years. Dr Vella is also a director on several companies in addition to being a director of the Issuer and a number of its Subsidiaries, and is also a director of Corinthia Finance p.l.c. another subsidiary company of the Corinthia Group.

Frank Xerri de Caro, senior Independent Director of the Issuer, joined the Board of the Issuer in 2004, having previously been General Manager of Bank of Valletta p.I.c., besides serving on the Boards of several major financial, banking and insurance institutions. Mr Xerri de Caro is currently the Chairman of the Issuer's Audit Committee.

Abdulnaser M.B. Ahmida is a director of the Risk Management Department at LFICO. He was previously head of the Financial Analysis Department at LFICO where he served from 1997 to 2007. He was previously a senior executive at Corporate and Investment Banking Group and at Pak Libya Holding Company. Mr Ahmida holds a degree in computer engineering from Naser University and a master's degree in financial accounting and management from Bradford University School of Management.

Abuagila Almahdi joined LFICO in 1999 and has served as Deputy Managing Director until he was appointed Vice Chairman of CPHCL in February 2014. He is also Chairman of Medelec Switchgear Limited. Mr Almahdi holds a Bachelor of Accounting degree from Tripoli University, a postgraduate diploma in accounting from the Academy of Graduate Economic Studies Tripoli and a master's degree in Finance, Accounting and Management from Bradford University School of Management.

Hamad Mubarak Mohd Buahim is President and CEO of the Dubai Chamber of Commerce and Industry and serves as the Deputy Chairman of the World Chambers Federation – ICC- in Paris. He is a member of the board of directors of the United Arab Emirates Central Bank, Chairman of National General Insurance and a board member of Union Properties. He previously served as Chairman of Emirates Financial Services, Chairman of Emirates NBD Capital and board member of Emirates NBD Bank and Network International. Mr Buahim holds a degree in electrical engineering *magna cum laude* from the University of Southern California, Los Angeles and an MBA with honours in finance from the University of Missouri, Kansas City.

Douraid Zaghouani is Chief Operating Officer of the Investment Corporation of Dubai (the "ICD"). In this role, he supports the CEO Office in corporate strategy development and is responsible for the efficient operational management of the organisation, with the aim of optimising business performance. He manages the areas of strategy, government relations, marketing, corporate communications, legal and compliance, finance and funding, risk and information technology. Prior to joining ICD Mr Zaghouani was with Xerox for more than 25 years during which he held a number of senior general management, sales and marketing roles in both Europe and North America. He has also been Chairman of the Board of several Xerox companies, his last appointment being Corporate Officer and President, Channel Partners Operations for Xerox based in New York. Mr Zaghouani has a degree in civil engineering from the Ecole Nationale des Travaux Publics de L'Etat and is also a graduate in business administration from the ESSEC business school in Paris.

Khaled Algonsel joined LFICO in 1993. He was Manager of the Treasury and Financial Planning Department and was appointed Managing Director in 2012. He is Chairman of Libya Investment Company, Egypt since 2013 and Vice Chairman of Arab Petroleum Investments Corporation, Saudi Arabia since 2012. He has a bachelor's degree in financial accounting from Gharian Accounting College, a master's degree in financial accounting from The Libyan Academy in Tripoli and a master's degree in banking and finance from The European University.

Joseph Pisani is a founder director and member of the main board of CPHCL as from 1962, and has served on a number of boards of subsidiary companies. He served as Chairman of the Monitoring Committee of CPHCL and IHI from 2000 to 2014. He was educated at St Edward's College and the University of Malta.

6.1.5 Curriculum Vitae of the Joint Chief Executive Officers

Joseph Fenech is a Fellow of the Chartered Association of Certified Accountants of the United Kingdom and a Fellow of the Malta Institute of Accountants. Mr Fenech joined the Corinthia Group in 1980 after having spent a few years as senior auditor with a local auditing firm. His first appointment was as Group Accountant responsible for all financial and accounting matters of the Corinthia Group operations and in 1990 he was appointed a member of the executive board. On 31 October 2014 Joseph Fenech was appointed joint Chief Executive Officer of the Issuer. He also served as board member of the Issuer from its inception in 2000 until 2014.

Simon Naudi joined the Board of the Issuer in 2005, having joined the Corinthia Group in a senior executive role in 1998. He has since been responsible for corporate strategy, including business development, particularly hotel and real estate acquisitions and project developments. On 31 October 2014 Simon Naudi was appointed joint Chief Executive Officer of the Issuer. He is also the CEO of CHI, the Issuer's hotel management company.

6.1.6 Curriculum Vitae of the Issuer's Senior Management

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

Alfred Fabri joined the Corinthia Group in 1989, and was appointed Company Secretary of IHI in 2000. Mr Fabri previously worked for 12 years with a United States multinational and for five years with a management consultancy company. He has also served as Chairman of the Malta Planning Authority, a member of the Public Service Reform Commission and director of the Malta Development Corporation. He studied economics at the University of Malta and business administration at Queen's University of Belfast.

Joseph M. Galea is a fellow of the Chartered Association of Certified Accountants of the United Kingdom and of the Malta Institute of Accountants. Mr Galea joined the Corinthia Group in 1999 after having occupied senior management positions with Coopers & Lybrand and with leading Maltese companies operating in different industrial sectors. He has also been an active member within the Malta Institute of Accountants and chaired its Indirect Taxation Committee for a number of years. He is mainly responsible for the IHI Group's financial reporting, the treasury function, and taxation issues, and is also a director on the board of the Guarantor.

Clinton Fenech joined the IHI Group in 2008. Dr Fenech holds a Doctorate in Law from the University of Malta and a Masters in Corporate and Finance Law from University College London. Dr Fenech was admitted to the Chamber of Advocates in Malta in 1997 and admitted as a solicitor of the Supreme Court of England and Wales in 2000. Dr Fenech articled at Ashurst, London where he was from 1998 to 2006. From 2006 to 2008, Dr Fenech was a member of Gide Loyrette Nouel's corporate finance team in London. Dr Fenech is responsible for legal matters relating to acquisitions, finance and related corporate matters of the IHI Group.

Neville Fenech is a fellow of the Chartered Association of Certified Accountants of the United Kingdom and of the Malta Institute of Accountants. Mr Fenech holds a bachelor's degree in Business Management and an MBA from the University of Malta. Mr Fenech joined the Corinthia Group in 2000 as finance manager responsible for all financial and accounting matters of a number of companies within the Corinthia Group. In 2014, he was promoted to the post of IHI Finance Director and is responsible for the IHI Group's financial reporting.

6.1.7 *Directors' Service Contracts*

Save for Mr Alfred Pisani, none of the Directors of the Issuer have a service contract with the Issuer. A copy of such service contract is available for inspection at the registered office of the Issuer in accordance with the requirements of the Listing Rules.

All Directors may be removed from their posts of Director by ordinary resolution of the shareholders in general meeting.

6.1.8 *Aggregate Emoluments of Directors*

For the financial year ended 31 December 2015, the Issuer paid an aggregate of €232,000 to its Directors (2014: €228,000).

For the financial year ended 31 December 2015, the Group paid an aggregate of €598,000 to its Directors (2014: €520,000).

6.1.9 *Loans to Directors*

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

6.1.10 *Removal of Directors*

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

6.1.11 *Powers of Directors*

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

6.2 THE BOARD OF DIRECTORS OF THE GUARANTOR

The board of directors of the Guarantor is to consist of a minimum of 3 and a maximum of 11 directors. Presently there are 3 directors. The board is set to meet regularly to establish and review the policies and strategies of the Guarantor and to monitor the implementation thereof and the overall performance of the Guarantor. The board of directors of the Guarantor is assisted by the supervisory board, which is responsible for the supervision of the management of the Guarantor. The supervisory board is to consist of a minimum of three and a maximum of fifteen members.

6.2.1 *Curriculum Vitae of Directors*

The curriculum vitae of Frank Xerri de Caro and Joseph Pisani are found in section 6.1.4 above. Joseph M. Galea's *curriculum vitae* is found in section 6.1.6 above. The business address of the directors of the Guarantor is at 1073 Budapest, Erzsébet krt 43-49, Hungary.

6.2.2 *Directors' Service Contracts*

None of the Directors of the Guarantor have a service contract with the Guarantor.

6.2.3 *Aggregate Emoluments of Directors*

For the financial year ended 31 December 2015 remuneration amounted to €31,425, of which, €20,000 is included in the remuneration paid to the Issuer's Directors in cases of the directors sitting on the board of both the Issuer and Guarantor.

6.2.4 *Loans to Directors*

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

6.2.5 *Removal of Directors*

All directors may be removed from their posts of director by ordinary resolution of the shareholders in general meeting.

6.2.6 *Powers of Directors*

By virtue of the Articles of Association of the Guarantor the directors are empowered to transact all business which is not by the Articles expressly reserved for the founder under the deed of foundation or other company organ.

7. MANAGEMENT STRUCTURE

7.1 GENERAL

The Directors have appointed Joseph Fenech and Simon Naudi as the joint Chief Executive Officers of the Issuer and, together with the Chairman of the Board of Directors of the Issuer, they are the only executive officers of the Issuer. The Issuer has recruited a number of executives that were previously employed by CPHCL and recruited new executives in line with the requirements of the management structure. The executives support the joint Chief Executive Officers of the Issuer in fulfilling their role as officers of the Issuer.

7.2 HOTEL OPERATIONS

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

7.3 PROPERTY AUDIT

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

7.4 HOLDINGS IN EXCESS OF 5% OF SHARE CAPITAL

On the basis of information available to the Issuer as at the date of this document, CPHCL holds 335,551,314 shares equivalent to 58.49%, Istithmar holds 125,893,835 shares equivalent to 21.95% and LFICO holds 62,946,915 shares equivalent to 10.97% of the Issuer's total issued share capital (half of this 10.97% is subject to a call option in favour of CPHCL). As far as the Issuer is aware, no persons hold an indirect shareholding in excess of 5% of its total issued share capital.

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

7.5 CONFLICT OF INTEREST

Alfred Pisani, in addition to sitting on the board of directors of the Issuer, also acts as director of CPHCL. Joseph Fenech and Simon Naudi, in addition to occupying the post of joint Chief Executive Officers of the Issuer, provide management services to CPHCL pursuant to a management support services agreement between IHI and CPHCL. Accordingly, conflicts of interest could potentially arise in relation to transactions involving both the Issuer and CPHCL. Frank Xerri de Caro, Joseph Pisani and Joseph J. Vella, as well as the said Joint Chief Executive Officers of the Issuer, sit on the board of directors of others companies forming part of the Group, and conflicts of interest could potentially arise in relation to transactions involving the Issuer, the Guarantor and any of such other Group companies.

The Audit Committee has the task of ensuring that any such potential conflicts of interest are handled in the best interests of the Issuer. To the extent known or potentially known to the Issuer as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the directors of the Issuer and/or of the Guarantor, as the case may be, and of executive officers of the Issuer and their private interests and/or their other duties, which require disclosure in terms of the Regulation.

7.6 EMPLOYEES

As at 31 December 2015, the Issuer employed 2,014 members of staff, 1,593 of whom work in operations and the remaining 421 in management and administration.

8. BOARD PRACTICES OF THE ISSUER

8.1 AUDIT COMMITTEE

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

The terms of reference of the Audit Committee include support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of: risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Briefly, the Committee is expected to deal with and advise the Board on:

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

In addition, the Audit Committee also has the role and function of evaluating any proposed transaction to be entered into by the Company and a related party, to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Company.

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

8.2 INTERNAL AUDIT

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

The internal auditor reports directly to the Audit Committee.

8.3 NOMINATIONS AND REMUNERATION COMMITTEE

The nominations and remuneration committee is charged with enhancing the quality of nominees to the board and ensuring the integrity of the nominating process, and with proposing the remuneration package of directors and senior executives of the Issuer and its subsidiaries. The Committee's responsibilities include making recommendations to the Board annually with respect to the composition, size and needs of the Board, recommend criteria for Board membership, including the minimum qualifications for a nominee and the qualities and skills that the committee believes are necessary or desirable for a Board member to possess, and propose adequate remuneration packages. The Committee is made up of Joseph J. Vella (who acts as chairman of the committee) and Frank Xerri de Caro. The Issuer's Secretary, Alfred Fabri, acts as secretary to the Committee.

9. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

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

The Board considers that during the financial year ended 31 December 2015, the Company was in compliance with the Code save as set out hereunder.

As at 26 April 2016, being the date of approval of the latest Annual Report, the Company was not fully in compliance with the said Principles of Good Corporate Governance specifically by virtue of the following:

- *Principle 7 "Evaluation of the Board's Performance"*: under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

- *Principle 9 "Conflicts between Shareholders"*: currently there is no established mechanism disclosed in the Memorandum and Articles of Association of the Issuer to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. In any such cases should a conflict arise, the matter is dealt with in the Board meetings and through the open channel of communication between the Issuer and the minority shareholders via the Office of the Company Secretary.

The Guarantor is a private company and accordingly is not bound by the Listing Rules and the provisions of the Code. Although the Guarantor does not have an audit committee, it has tasked the Audit Committee of the Issuer with keeping a watching brief over its operations.

10. HISTORICAL INFORMATION

The historical financial information relating to the Issues for the two financial years ended 31 December 2013 and 2014 as audited by Grant Thornton and the financial year ended 31 December 2015 as audited by PricewaterhouseCoopers are set out in the consolidated financial statements of the Issuer. Such audited consolidated financial statements are available on the Issuer's website www.ihiplc.com. The audit report contained in the audited consolidated financial statements for the year ended 31 December 2015 includes an emphasis of matter relating to the significant political and economic uncertainties prevailing in Libya and their impact on the Group for 2015.

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

The historical financial information relating to the Guarantor for the three financial years ended 31 December 2013, 2014 and 2015 as audited by PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság are set out in the audited financial statements of the Guarantor. Such audited financial statements are available on the Issuer's website www.ihiplc.com.

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

11. LITIGATION

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

12. ADDITIONAL INFORMATION

12.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of the Issuer is €1,000,000,000. The issued share capital is €573,636,129 divided into 573,636,129 ordinary shares of a nominal value of €1 each, fully paid up.

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

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

There is no capital of the Issuer which is currently under option, save for half of the 10.97% of the issued share capital of the Issuer (62,946,915 ordinary shares) that LFICO bought from Istithmar on 22 April 2010, which is currently subject to a call option in favour of CPHCL.

12.2 SHARE CAPITAL OF THE GUARANTOR

The registered share capital of the Guarantor is 1,000,000,000 Hungarian Forints (approximately €3.2 million). The issued share capital is 1,000,000,000 Hungarian Forints divided into 100,000 ordinary shares of a nominal value of 10,000 Hungarian Forints each, fully paid up and fully subscribed to by the Issuer.

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

12.3 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

12.3.1 Objects

The Memorandum and Articles of Association of the Issuer are registered with the Register of Companies. The main object of the Issuer is to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of hotels, resorts, leisure facilities, tourism related activities and such other activities as may from time to time be ancillary or complimentary to the foregoing whether in Malta or overseas. Clause 3 of the Memorandum of Association contains the full list of objects of the Issuer. A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and at the Registry of Companies.

12.3.2 Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of not less than four and not more than ten directors.

The Directors themselves or a committee appointed by the Directors (the "Designated Committee"), may make recommendations and nominations to the members for the appointment of Directors at a general meeting. Such recommendations may be made either pursuant to recommendations received from any member holding not less than 2% of the issued share capital having voting rights or by the Directors' or Designated Committee's own recommendations, of a fit and proper person for appointment as a Director, which the Directors or the Designated Committee may then recommend to the members for appointment as Director at the annual general meeting.

12.3.3 Powers of Directors

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

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

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

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

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

12.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

12.4.1 Objects

The main object of the Guarantor is to carry on the business of a hotel owning and operating company. Clause 3 of the Memorandum of Association of the Guarantor contains the full list of objects of the Guarantor. A copy of the Memorandum and Articles of Association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer.

12.4.2 Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of not less than three and not more than eleven directors. The directors of the Guarantor are appointed by the founder (the Issuer). Directors have a mandate of one year after which they may be recalled or reelected. The board of directors of the Guarantor is to appoint a Chairman from among its members.

12.4.3 Powers of Directors

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

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

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

13. MATERIAL CONTRACTS

Neither the Issuer nor the Guarantor have entered into any material contracts which are not in the ordinary course of its business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet its obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

14. PROPERTY VALUATION REPORT

The Issuer commissioned László Szabó, MSc Mech. Engineer of Mareking LLC (Company Registration Code: 07-09-022086) and László Márkus, MSc Real Estate of Markus and Partners LLC. (Company Registration Code: 01-09-684545), limited liability companies based in Hungary, to issue a property valuation report in relation to the Corinthia Hotel Budapest owned by the Guarantor. The following are the details of the said valuers:

Name:	Mareking LLC
Business address:	6. Panorama Street, Southern District, Ercsi, Pest County, Hungary, ZIP CODE: H-2451

Name:	Markus and Partners LLC
Business address:	19. Balvany Street, District XXI, Budapest, Pest County, Hungary, ZIP CODE: H-1222

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 report is dated 17 June 2016.

A copy of the report compiled by Mareking LLC and Markus and Partners LLC in respect of the Corinthia Hotel Budapest is annexed to this Registration Document as Annex I and is available for inspection as set out in Section 16 below.

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

Save for the valuation report prepared in relation to the Corinthia Hotel Budapest and contained in Annex I to the Registration Document and the financial analysis report set out as Annex III to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The valuation report and financial analysis summary have been included in the form and context in which they appear with the authorisation of Mareking LLC (of 6. Panorama Street, Southern District, Ercsi, Pest County, Hungary), Markus and Partners LLC (of 19. Balvany Street, District XXI, Budapest, Pest County, Hungary) and Charts Investment Management Service Limited (of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta) respectively, that have given and have not withdrawn their consent to the inclusion of their respective reports herein. Mareking LLC, Markus and Partners LLC and Charts Investment Management Service Limited do not have any material interest in the Issuer. The Issuer confirms that the valuation report and the financial analysis report have been accurately reproduced in the Prospectus 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.

The sourced information contained in section 5.1 has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. DOCUMENTS AVAILABLE FOR INSPECTION

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

(a) Memorandum and Articles of Association of the Issuer;
(b) An English translation of the Memorandum and Articles of Association of the Guarantor;
(c) Consolidated Audited Financial Statements of the Issuer for the years ended 31 December 2013, 2014 and 2015;
(d) Audited Financial Statements of the Guarantor for the years ended 31 December 2013, 2014 and 2015;
(e) Financial Analysis Summary prepared by Charts Investment Management Service Limited dated 24 June 2016;
(f) The letter of confirmation drawn up by Grant Thornton dated 28 June 2016;
(g) Independent Expert's property valuation report prepared at the Issuer's request in respect of the Corinthia Hotel Budapest;
(h) The Guarantee; and
(i) The Security Trust Deed.

Documents (a) to (e) are also available for inspection in electronic form on the Issuer's website www.ihiplc.com.

ANNEX I – PROPERTY VALUATION REPORT

International Hotel Investments p.l.c.
22 Europa Centre, Floriana
FRN 1400
Malta
(hereinafter referred to as the "**Client**")

Attn: **Joseph Fenech**
Chief Executive Officer
e-mail: joseph.fenech@corinthia.com

SUBJECT:

VALUATION REPORT –
-TROPHY ASSET IN THE HEART OF HUNGARIAN CAPITAL, CORINTHIA GRAND HOTEL-

- FIVE STAR HOTEL WITH 439 ROOMS, INCLUDING SITE AREA OF 11.463 sqm, GROSS FLOOR AREA OF 69.235 sqm, Address: 43-49. Teréz körút (Grand Boulevard) and 53. Hársfa Street, District VII, Budapest, Hungary, ZIP CODE:H-1073- (the **"Property"**).

Dear Sir,

In accordance with your instructions, the undersigned valuation of Corinthia Grand Hotel Royal (**Property**), located at the heart of Budapest as well as the site plan, floor plans, description of improvements, main financial facts and business plan of 2016 and the undersigned's opinion of the final reconciled estimated value of the Property, all of which form an integral part of this detailed valuation report, is herewith submitted, including 16 pages. The effective date of this valuation is the 15th of June, 2016.

INTRODUCTION

It is understood that the purpose of the valuation is for inclusion with the related Prospectus, to be published in connection with the proposed public bond issue by International Hotel Investments plc, in accordance with the Listing Rules of the Listing Authority. The valuation has been prepared in accordance with Chapter 7 of the Listing Rules published by the Malta Financial Services Authority (the "Listing Rules").

NATURE OF VALUATION

The Listing Rules of the Malta Financial Services Authority require that the valuation be made on the basis of an open market value (more frequently the term market value is applied, without the "open" adjective, regard being given to the latest publication of RICS and related internationally accepted Standards, IVSC, EVS and USPAP) for existing use. An (open) market value represents an opinion of the best price for which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the date of the valuation. An (open) market valuation assumes (i) that there is a willing seller; (ii) that the interest being valued would have been, prior to the transaction, properly marketed; (iii) that the state of the market, level of values and other circumstances are consistent over the period of the valuation; (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest; (v) and that both parties to the transaction act knowledgeably, prudently and without compulsion. An existing use value follows on the definition of the (open) market value, with the added assumptions that (I) the property can be used, for the foreseeable future, only for the existing use, and (II) that vacant possession is provided on completion of the sale of all parts occupied by the business.

THE VALUER

The undersigned declare that: appraisers have visited the site, and are fully familiar with the Property; and that all information as was considered necessary was obtained from the Client, or their advisors, including information about the facts and planned future profitability and SWOT analysis of appraised assets. The undersigned are qualified to act as appraisers and confirm their status as external independent valuer, without any particular, personal or financial interest in the Client.

Professional qualification of Valuer 1

Appraiser Qualifications : Mr. László Szabó, MSc Mech. Engineer

1	Education-1:	The Technical University of Cluj-Napoca, Romania
2	Education-2:	Buckinghamshire Chilterns University College, Diploma in Management Studies
3	Licenses-1	Certified Machinery and Equipment and Real Estate Appraiser
4	Membership-1:	Hungarian Chamber of Commerce and Industry, from 1994

Professional qualification of Valuer 2

Appraiser Qualifications : Mr. László Márkus, MSc Real Estate, MRICS 1108539

1	Education-1:	The Technical University of Budapest, Graduated Architect
2	Education-2:	The Technical University of Budapest (BME) and Nottingham Trent University NTU), MSc Real Estate
3	Licenses-1	MRICS (RICS license)
4	Licenses-2	Certified General Appraiser, State of Hungary (Budapest)
3	Membership-1:	Hungarian Associates of Architects, from 1980
4	Membership-2:	Hungarian Associates of Realtors, from 1991

THE PROPERTY FORMING THE SUBJECT OF THIS VALUATION

Corinthia Grand Hotel Royal is a trophy 5-star luxury establishment located in the very heart of Budapest. Behind its distinguished façade the old Grand Hotel Royal (dated back to 1895-1896) has been transformed into the superb, modern luxury hotel after the acquisition in April 2000. This new hotel – opened in April 2003 - has become one of the finest hotels in Budapest and has set a new standard in luxury five-star city center hotels. The Property has a total land surface area of 11,463 (eleven thousand four hundred-sixty-three) square meters. It is located at north-east side of Teréz körűt (Grand Boulevard). The Property consists of two main buildings, namely Building-"A" (with main frontage of Grand Boulevard) and Building-"B" (with frontage of one way service street). The GFA ratio of Building-"A" has 76%, while the Building-"B" has the remaining 24%, of total of 69.235 sqm.

During the past 120 years, the exclusive hotel complex has been refurbished, renovated and extended. The latest and most interesting revitalization period was between the years 2002-2003. As a result of such renovation, the property has been re-classified as a five star hotel again, equipped with the latest architectural and technical innovation retaining the original feeling and design of Golden Area of Austro-Hungary Empire. The current usage of the Property has been stated and classified by appraiser as *Highest and Best Use,* because the existing use meets four criteria, including that the Property is: physically possible; legally permissible; financially feasible; and of maximally productive use. The hotel services and related facilities may be detailed as follows: (1) 24-hour front desk; (2) Airport Transportation; (3) Conference/Business/Exhibition Center; (4) Fitness/Jacuzzi/Spa/Swimming Pool; (5) Lounge/Bars; (6) Concierge; (7) Gift Shop; (8) Special Cafeteria; (9) Dry Cleaning Service; (10) Laundry; (11) Parking Facility.

The designated assets included in this valuation report area divided into (1) lands, (2) land improvements, (3) Buildings and (4) Furniture Fixtures and Equipment ("FF&E").

Summary of Hotel Accommodation Units:

Code	Designation of Assets	No of Unit(s)	Net Floor Area (sqm)	Remark
1	Superior Rooms:	147	28	
2	Deluxe Rooms:	142	32-34	
3	Executive Rooms:	93	32-34	
4	Junior Suites:	6	60	
5	Deluxe Suites:	8	70	
6	One Bedroom Executive Suite:	14	70	
7	Ambassador Suites:	2	140	
8	Royal Suite:	1	240	Unique in Budapest
9	Self-Control Apartment:	26	60 – 130	Unique in Budapest
	Total of Property:	**439**	**One of the biggest 5 star hotel in Budapest**	

RELEVANT PLANNING PERMISSIONS

The Copy of Relevant and the Latest Planning permission (copy of original as well as unofficial translation thereof below) was issued by Local/District Council Authority on the 2nd November 2015. This permission covered all related services for lodging usage.

3

Budapest Főváros VII. Kerület Erzsébetváros Önkormányzat Jegyzője

Iktatószám: KI/39978/1/2015/VI. Nyilvántartási szám: 9-b.

IGAZOLÁS
A SZÁLLÁSHELY-ÜZEMELTETÉSI ENGEDÉLYRŐL

A szálláshely szolgáltatási tevékenység folytatásának részletes feltételeiről és a szálláshely-üzemeltetési engedély kiadásának rendjéről szóló 239/2009. (X.20.) Korm. rendelet alapján **IHI Magyarország Zrt.** szálláshely-szolgáltató részére a **1073 Budapest, Erzsébet krt. 43-49.** alatt szálloda típusú szálláshely üzemeltetését **CORINTHIA HOTEL BUDAPEST** elnevezéssel engedélyeztem.

A szálláshely-szolgáltató székhelye / lakcíme:
1073 Budapest, Erzsébet krt. 43-49.
A szálláshely-szolgáltató adóazonosító száma: **12717875-2-42**
A szálláshely-szolgáltató statisztikai számjele: **12717875-5510-114-01**

Kelt: Budapest, 2015. november 2.

Dr. Gotthard Gábor
jegyző megbízásából

Csüllög Szilvia irodavezető

Unofficial translation of above Official Operating Permit:

OFFICIAL LETTER OF DISTRICT NOTARY OF DISTRICT VII
registration code: KI/3997B/1/2015/VI.
CERTIFICATE
Permission of Accommodation Operating Process

According to the Governmental Order [239/2009. (X.20.) Korm.], dealing with permit process and related regulation of Accommodation Operating Process, I, the undersigned Notary of District Council, have granted the operation of Lodging Facility, namely CORINTHIA HOTEL BUDAPEST, with the ownership of IHI Magyarország Zrt, address:1073, Budapest, Erzsébet krt 43-49.
The address of Lodging Facility: 1073 Budapest, Erzsébet körút 43-49.
Identification Code of Owner Company (Company Register Code): 12717875-2-42
Central Statistical Code of Owner Company: 12717875-5510-114-01

Publication and Date: Budapest, 2nd November 2015

Signature with Circle-Stamp:

Mrs. Szilvia Csüllög
(Deputy of District Notary, Dr Gábor Gotthard)

Since the restoration and extension of the Property in 2003 there have been no material contraventions of any statutory requirements relating to the Property.

TITLE

Title to the land underlying the buildings forming part of the Property is freehold, in the name of IHI Magyarország Szolgáltató zártkörűen működő részvénytársaság. The same applies to the buildings sitting on the said land.

The Property has two types of periodic tenancy: (1) Frontage Building/Wing as Hotel with daily basis tenancy and (2) Back-front Building as Apartment Section with weekly or monthly bases. That periodic tenancy is one of the major characteristics of hotel/lodging assets between owner and guest or visitors.

The ownership status of Property has been declared as Freehold (clear title). The Property currently serves as security by way of mortgage as indicated in the below detailed registry marked M1 to M15.

Set out below is a table highlighting the registered mortgages currently existing over the Property.

	Official Site Code	Mortgage Amount and Date on the Title	**Mortgage Owner/ Mortgage Provider**
M.1.	**34051/1/A/1**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.2.	**34051/1/A/2**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.3	**34051/1/A/2**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.4	**34051/1/A/4**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.5	**34051/1/A/4**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.6	**34051/1/A/64**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.7	**34051/1/A/64**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.8	**34051/1/A/65**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.9	**34051/1/A/65**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.10	**34051/1/A/66**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.11	**34051/1/A/66**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.12	**34051/1/A/11**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.13	**34051/1/A/11**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)
M.14	**34053**	**€46.700.500 (11.04.2004)**	**OTP BANK** (Hungarian Name)
M.15	**34053**	**€ 1.650.000 (08.03.2006)**	**K&H BANK** (Hungarian Name)

All of the 15 entries set out above (from M1 to M15) relate to the same two mortgages, namely in time order (1) €46.700.500 (OTP Bank, 11 April, 2004) and (2) €1.650.000 (K&H Bank, 08 March 2006), repeated in respect of all related ownership-cards, as per common Hungarian practice of banks and Land Registry Authority.

Practically the owner of the Property is not subject to any special limitations or conditions. It must be noted again that the ownership of the Property is not divided between freehold and leasehold (save for the lease of Szamos Marzipan Royal Café referred to in the next section).

Emphytetutical concession and grants are not applicable in the Hungarian Real Estate Sector – the institute of emphyteusis referred to in the Listing Rules is unknown in Hungarian Law and not applied in practice.

LEASES

In ownership terms, the Property is owner-occupied and operated, however in practice on a day-to-day basis or hour-by hour basis (parking facility) the Property is used by guests, visitors or others. Owner-occupied properties are such assets that are held by the entity for use in production or provision of services in the ordinary course of business. There is no intra-group lease on the Property (that is lease of Property between the Guarantor and the group of companies of which it forms part) that is relevant for the purposes of this valuation.

Szamos Marzipan Royal Café ("Szamos Marcipan" types of plated dessert, French like or typical of the Austrian-Hungarian Monarchy) was leased by IHI Magyarország Zrt (as landlord) to Fahéj Cukrászda és Kereskedelmi Kft. (Hungarian company number 01-09-675545) (as lessee) on 25 November 2005 until 31 December 2016 (subject to renegotiation as indicated in the previous section).

The main features of this lease may be summarized as follows:

Code	DESIGNATION	INFO/DATE	UNIT	REMARKS/COMMENT
1	Main Function:	Café/Coffee Shop/Patisserie		
2	Net Floor Area:	266	sqm	
3	Percentage of GFA:	1,0%		of 69.235 sqm
4	Lessor/Landlord:	IHI Magyarország Zrt		
5	Lessee/Tenant:	Fahéj Cukrászda és Kereskedelmi Kft.		
6	Starting Date of Lease:	25. Nov. 2005		
7	Expire Date of Lease:	31.Dec. 2016		
8	Initial Rental Fee-1:	HUF 650.000	/month	
9	Initial Rental Fee-2:	EUR 2.050	/month	HUF/EUR= 317,15
10	Initial Rental Fee-3:	EUR 7,71	/month/sqm	
11	Rent Revision Pattern:	Annual Adjustment of CPI of Central Hungarian Statistical Office		

VALUATION

The EU region – similar to other regions - is becoming extremely favorable for developing luxury hotels nowadays. Within this economical frame, the trophy hotels – like the Property – are experiencing ideal interest rates, including lower capitalization rates and higher room rates and occupancy ratio. The Property has been valued on the basis highlighted below, including the following methods:
(I) DRC (Depreciated Replacement Cost / Cost Approach) has been applied for the purpose of assessing cost of acquisition, reconstruction and extension of this historic landmark property;
(II) Market Sales Comparison has been utilized for a EU region comparison in so far as the 5 star hotel segment is concerned; and
(III) Income Approach with two time-horizon:
(III.A) single stabilized direct capitalization of recent years performance (2014 and 2015) and projected for 2016; and
(III.B) expectations for the next five (5) years by applying the Discounted Cash Flow technique, with input data based on the business plan provided by the Property owner published in early 2016.

Accordingly, this valuation takes into account the above four (4) value indicators method, namely: (I) result of DRC provides comparison with financials of the Property owner; (II) result of Market Sales Comparison reflects the viewpoint of leading market investors and current buyers; (III.A) Single Stabilized Direct Capitalization of recent years has been used as analysis of the Property's actual profit-making capacity; and (III.B) Discounted Cash Flow technique has been used for measuring the Property's profit-making capacity on a long-term basis.

The land assets include 3 designated sites which have been valued on the basis of the above mentioned appraisal premise, including (First method) market sales comparison method and (Second Principal Method) the ground-rent capitalization technique, with the reconciled final land value estimated at **€ 16.500.000** (**sixteen million five hundred thousand euros**).

Summary of Cost Approach may be detailed as follows:
(1) Market Value of Land= € 16.500.000; (2) Replacement Cost of All Improvements= €196.715.000; (3) Total CRN (Cost

of Replacement New) = €213.215.000; (4) All forms of Depreciation and Obsolescence= negative value as € 44.515.000; (5) Market Value of Cost Approach has been estimated as **€168.700.000** (**one hundred sixty-eight million seven hundred thousand euros**). Market/Sales Approach has been estimated as **€158.700.000** (**one hundred fifty-eight million seven hundred thousand euros**).

Summary of ARY (All Risk Yield or Direct Capitalization Approach) based on single year may be detailed as follows: (1) NOI=Net Operating Income of 2015= € 9.606.651; (2) All Risk Yield=Market Derived Capitalization Rate=6,5%. After that, Direct Capitalization Approach has been estimated as **€147.794.625** (**one hundred forty-seven million seven hundred ninety-four thousand six hundred twenty-five euros**).

Premise and Main Assumption of DCF Approach may be detailed as follows: (1) Start Date/Year: 2016; (2) Type of DCF model: middle year cash-flow; (3) Time Horizon: 10 years; (4) Annual Growth Rate of Income: 2,0%; (5) Perpetual Growth Rate: 3,0%; (6) CPI Rate During the Time Horizon: less than 3,0%; (7) WACC: 7,5%;(8) Terminal Yield Rate: 4,5%; Cost of Terminal Sale: 5,0%. After that, NPV (Net Present Value of 10 Years Cash-Flow Balance) as the result of Yield Capitalization has been estimated as **€133.800.000** (**one hundred thirty-three million eight hundred thousand euros**).

In summary, on the basis and premise of the above, the results of applied value indicators may be detailed as follows:

(1) DRC (Depreciated Replacement Cost or Cost Approach) = €168.700.000;
(2) Market/Sales Approach = €158.700.000;
(3) ARY(All Risk Yield Method or Direct Capitalization Approach) = €147.020.000; and
(4) DCF (Discounted Cash Flow Model or Yield Capitalization Method) = € 133.800.000.

According to the premise of current appraisal report and required RICS regulation, including obligatory and non-obligatory recommendation, the following final weight ratio have been given and dedicated to the applied value-estimation techniques: (1) Cost Approach=0% only for inner valuation control; (2) Market/Sales Approach=50% as a first principal method; (3) ARY capitalization=0% only for inner valuation control; (4) Yield Capitalization=50% as a second principal method.

The reconciled final value of the Property may be detailed as follows:

(i)	Land:	€	16.500.000 (sixteen million five hundred thousand euros);
(ii)	Land Improvements:	€	1.100.000 (one million one hundred thousand euros);
(iii)	Buildings:	€	114.950.000 (one hundred fourteen million nine hundred fifty thousand euros);
(iv)	FF&E:	€	4.800.000 (four million eight hundred thousand euros);
(v)	Others:	€	8.900.000 (eight million nine hundred thousand euros);
(vi)	**Market Value of Property: € 146.250.000 (one hundred forty-six million two-hundred fifty thousand euros).**		

The final reconciled **Market Value of subject Property has been estimated as**
€ 146.250.000 (one hundred forty-six million two-hundred fifty thousand euros)

The Property has been valued at existing use value, including for the lodging and conference purposes of the business. Any alternative use value is significantly lower than the existing use value as stated, when as indicated earlier the current usage meets the requirements of physical possibility, legal conformity, financially feasible and generating the highest level of profit. The market value and existing use value are very closely linked in the case of this type of property, a 5 star hotel in the capital of Hungary continuously operating with a market average profit ratio level. In this respect it must be noted that the 2016 Business Plan, provided by the Property owner, features as a principal aim the significant growth in profit ratio level relative to that achieved in 2015.

Further to the above, the present capital value has been stated as the equivalent amount of market value of the Property manifested in its existing state, including newest physical condition and professionally managed Trophy hotel, with several international awards in quality of service and VIP Ceremony and Annual Events.

The valuation has been carried out by the undersigned, as independent valuers, in terms of, and with regard being given to, the applied UK Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The undersigned experts have confirmed that there is no conflict of interest in advising and preparing the above described valuation process and opinion of the value of the Property since, other than the valuation fee, the undersigned or their associated partners will not obtain any benefit from the valuation instruction.

Our opinion of the value of the Property is based upon the facts and evidence available at the date of the valuation, part of which information was made available by the Client and its respective advisors. No detailed area measurements have been undertaken, although our knowledge of the project allows us to confirm that the areas quoted in this valuation report are broadly correct. No geological investigations have been carried out in order to determine the suitability of ground conditions and services, nor were environmental, archaeological or geo-technical surveys undertaken.

It has also been assumed that all development will take place in strict conformity with the related urban zoning requirements and former permits, and other statutory/central governmental/local authority obligations, and constructed/reconstructed and regularly maintenance by reputable construction enterprises or firms, according to the requested globalized and EU Union hotel classification quality and management standards and related workmanship.

ASSUMPTIONS

This valuation was performed on the basis of the following general assumptions and limiting conditions:

1. This report is to be used in whole and not in part, including APPENDIX, with (Maps/Photos/Spreadsheets) 7 pages;
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities, mortgage rights against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report. The value or values presented in this report are based upon the premises outlined herein;
3. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would render the property more or less valuable. No responsibility is assumed for these conditions or for any engineering that may be required to discover them;
4. We have not considered the presence of potentially hazardous materials such as asbestos, urea formaldehyde foam insulation, any form of toxic waste, polychlorinated biphenyls (PCB), pesticides, mold, or lead-based paints. The appraisers are not qualified to detect hazardous substances, and we urge the client to retain an expert in this field if desired;
5. We have made no survey of the property, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate is within the boundaries of the property described, and that there is no encroachment or trespass unless noted;
6. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the Property;
7. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including a liquor license where appropriate), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser;
8. Any partial ownership interest, liens, encumbrances, leases, and servitudes have been disregarded;
9. We take no responsibility for any events or circumstances that take place subsequent to either the date of value or the date of our field inspection, whichever occurs first;
10. The quality of a lodging facility's on-site management has a direct effect on a property's economic viability and value. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results and the value estimate;
11. The financial analysis presented in this report is based upon assumptions, Client provided business-plan, estimates, and evaluations of the market conditions in the local and national and EU region economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed on the basis of information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel buyer as of the stated date (15^{th} June, 2016) of valuation;
12. Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report;
13. Any distribution of the total value between the land and improvements or between partial ownership interests applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis;
14. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value;
15. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use;
16. Areas, dimensions, and descriptions of property, if any, used in this valuation of Property analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plans, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size;
17. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity or organization, either have been, or can be obtained or renewed for any use that is relevant to this analysis. Nonetheless, a defect that requires further inspection will be indicated in the report;
18. Our report was prepared in accordance with, and is subject to, the requirements of RICS RED BOOK (2012/2014 and incorporated of IVSC (International Valuation Standard Committee).

SOURCES

Code	Designation of Information	Source or Publisher	Verification of Data or info	Confidentiality of Data
Financial indicator of existing use, including the facts of past business years and forecasted for coming years within 10 year time-frame expectations				
F.1.	www.ihiplc.com	Home Page of Owner	Reliable source	Publicly available
F.2.	IHI p.l.c. Annual Report -2013	Document from Home Page	Reliable source	Publicly available
F.3	IHI p.l.c. Prospectus – 21 October 2013	Document from Home Page	Reliable source	Publicly available
F.3.	Business Plan – 2016 of Property	Chief Executive Officer and his staff	Reliable source and extended by sensitivity/risk analysis by appraiser	Confidential

OTHER MATTERS WHICH MAY MATERIALLY AFFECT VALUE

Code	Designation of Value Related Affect	Value modification trend	Remarks
1	**European Migration Crisis**	Value Reduction	Currently unpredictable world-wide conflict
2	**Uncertainty of Business Plan of 2016 of Property**	Value Increasing or Reduction	Usual Risk
3	**Transparency Ratio of Hungarian Hotel/ Lodging Sector**	Value Increasing or Reduction	Continuous Country Risk

NON-APPLICABILITY OF CERTAIN LISTING RULES

Listing Rules 7.4.7. and 7.4.8. are not considered applicable for the purposes of this valuation.

DISCLAIMER

Valuations are not a prediction of applied principal or secondary method and estimated value range, nor a guarantee of final reconciled estimated value, and whilst our valuation is one which we consider both reasonable and defensible, however different valuers/appraisers might be properly arrived at different opinions of value. Moreover, the value of property development is susceptible to changes in economical and related conditions, and may therefore change over relatively short time-periods. This valuation and report is submitted without prejudice to the party to whom they are addressed.

The undersigned states that no responsibility is accepted or implied to third parties to whom this report may be disclosed, with or without our consent. In particular, the undersigned states that no liability is accepted in contract, tort (including negligence, or breach of statutory duty), restitution or otherwise, in respect of any direct loss of profit, any indirect, special or consequential loss whatsoever howsoever caused including, without limitation, loss of profit, loss of business, loss of goodwill, loss of use of money, and loss of opportunity.

In accordance with standard practice and related all leading valuation standards and legal aspects of related copyright international regulations, neither the whole nor any part of this valuation nor any reference thereto may be included in any published document without the prior and written approval/protocol of the undersigned for the context in which it may appear. ***For all intents and purposes we hereby confirm our consent for the Client to reproduce in full the contents of this valuation and appendices thereto as an integral part of the Prospectus which we understand is due to be published by International Hotel Investments p.l.c. in connection with an issue of bonds on the Official List of the Malta Stock Exchange in June 2016.***

Related Appendix (7 pages):

(1) APPENDIX-1/Site map (1 Page);
(2) APPENDIX-2/Major-Photos (1 Page);
(3) APPENDIX-3/Valuation spreadsheets (5 Pages).

Respectfully submitted by:

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Publication Date: Friday, 17TH June 2016.

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APPENDIX – (1) [Site Plan]

Location Plan – Street Maps of Property

Street Map of Property

Location Map (Map of Google Earth Satellite View) with indication of main boundaries of Property, including frontage building (BUILDING-“A”) and apartments wing (BUILDING-“B”).

APPENDIX-(2) [Major Photos]

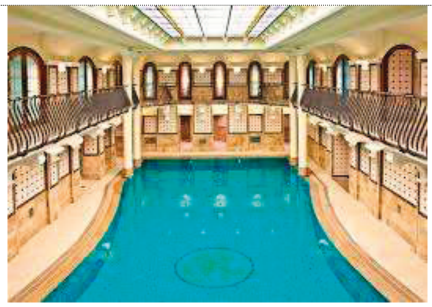
(1) Street View from 1890's

(2) Current Street View

(3) Great Ball Room with Frescos

(4) Apartments and Roof Garden

(5) Presidential Suite (240 sqm)



(6) Spa-Wellness-Jacuzzis-Gymnasium

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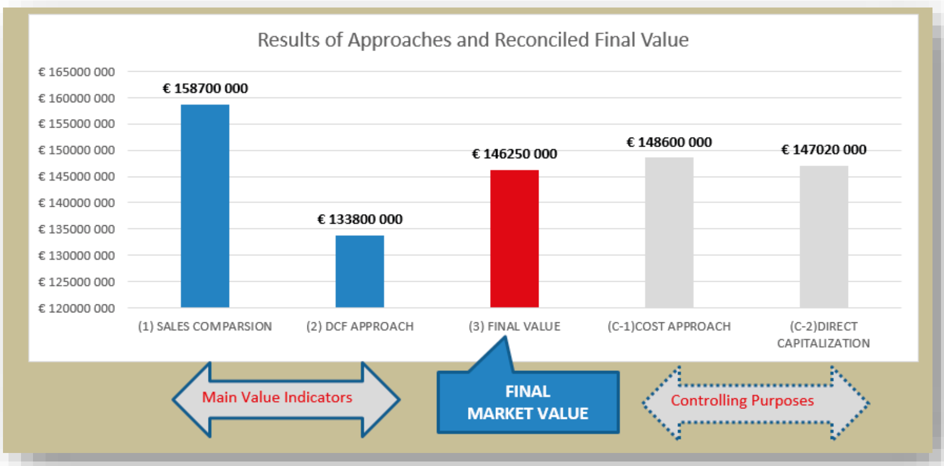
APPENDIX – (3) [Valuation Spreadsheets]

Main Input Data

Management:	332 of total, including 70 people of management and 262 operational stuff				
Operational Performance:	Source of Info: IHI website;				
Business Year	2015	2014	2013	2012	2011
	WND	Forecast	Forecast	Fact	Fact
Turnover (€'000)	WND	19 034	18 476	18 069	17 030
Occupancy Level/Ratio:	WND	72	72	71	69
Average Room Rate (€):	WND	€ 107	€ 104	€ 100	€ 96
Revenue per available room (RevPar) (€)	WND	€ 77	€ 75	€ 71	€ 66
Gross Operating Profit Margin (%)	WND	29	30	30	31
Source:	Management information				
Remarks of Appraisers:	*The latest Operational Performance might be obtainable from the Management*				
Market Positioning:	2015	2014	2013	2012	2011
Perfomance of Competitive Set	WND	Forecast	Forecast	Fact	Fact
Occupancy level of Competitors (%):	WND	70	71	72	71
RevPar of Competitors (€)	WND	€ 77	€ 76	€ 73	€ 70
Market Penetration Rate:					
Occupancy:	WND	1,03	1,01	0,99	0,97
Rate:	WND	0,98	0,98	0,99	0,97
Revenue Generating Index:	WND	1,00	0,99	0,97	0,94

Summary of Applied Methods and Reconciled Final Market Value (Graph)



Result of Market Approach

Code	Designation of Property Country Location/City	No. of Rooms	Whole Price Price/Room		ADJSTMNT ADJSTMNT ADJSTMNT	TOTAL ADJUST-MENT	ADJUSTED UNITARY ROOM VALUE	Seller Buyer
1	Sofitel Munich Byerpost Germany Munich	396	€ 180 000 000 € 454 545	1 2 3	-7,5% 0,0% -5,0%	-12,5%	€ 397 727	(Undisclosed) Deka Immobilien
2	Le Meridien Munich Germany Munich	381	€ 158 000 000 € 414 698	1 2 3	-7,5% 0,0% -5,0%	-12,5%	€ 362 861	Kildare Partners Deka Immobilien
3	Westin Excelsior Rome Italy Rome	316	€ 222 000 000 € 702 532	1 2 3	-5,0% -5,0% -10,0%	-20,0%	€ 562 025	Starwood Hotels & Resorts Katara Hospitality
4	Crowne Plaza Amsterdam Netherlands Amsterdam	270	€ 103 500 000 € 383 333	1 2 3	-10,0% -5,0% -15,0%	-30,0%	€ 268 333	Host Hotels & Rseorts' European Yc Amsterdam BV
5	Radisson Blue Airport Hotel Norway Oslo	500	€ 172 000 000 € 344 000	1 2 3	-15,0% -10,0% 5,0%	-20,0%	€ 275 200	Avinor As O.G. Ottersland
6	Hotel Ritz Madrid Spain Madrid	167	€ 130 000 000 € 778 443	1 2 3	-10,0% -5,0% -15,0%	-30,0%	€ 544 910	Belmond Spanish Holding Mandarion Oriental
7	Cambridge City Hotel UK Cambridge	198	€ 84 411 000 € 426 318	1 2 3	-10,0% -5,0% -15,0%	-30,0%	€ 298 423	London & Regional CDL Hospitality Trust
	STATISTICAL ANALYSIS A FINAL ESTIMATED SALES VALUE		WEIGHT RATIO				AS A WHOLE TROPY HOTEL	FINAL ROOM VALUE CALCULATION
1		MIN=	30%			MIN=	€ 268 333	€ 80 500
2		AVERAGE=	30%			AVERAGE=	€ 387 069	€ 116 121
3		MEDIAN=	30%			MEDIAN=	€ 362 861	€ 108 858
4		MAX=	10%			MAX=	€ 562 025	€ 56 203
5		TOTAL=	100%			*STANDARD DEVIATION=*	€ 122 946	€ 361 681
SUBJ.	CORINTHIA	439 ROOM					€ 158 778 117	€ 361 681
	ROUNDED TO						€ 158 700 000	

Result of Direct Capitalization Approach

Corinthia Hotel Budapest (Source: Business Plan:2016)

	DESIGNATION	Actual 2014		Actual 2015		Forecast 2016		Forecast 2017		Forecast 2018	
	Rooms Available	160 600		160 235		160 674		158 410		158 410	
	Rooms Occupied	119 377		124 645		126 819		126 401		126 766	
	% Rooms Occupied	74,3%		77,8%		78,9%		79,8%		80,0%	
	Average Room Rate	113,89		127,08		137,19		149,51		158,02	
	RevPAR	84,65		98,85		108,28		119,30		126,46	
	RevPOR	113,89		127,08		137,19		149,51		158,02	
	Turnover:										
	Rooms	€ 13 595 318	67%	15 839 568	69%	17 398 517	71%	18 897 866	70%	20 031 738	70%
	Food & Beverage	€ 5 439 168	27%	5 716 319	25%	5 837 860	24%	6 962 441	26%	7 519 436	26%
	Minor Operating Depts.	€ 1 115 221	6%	1 253 773	5%	1 258 669	5%	1 130 144	4%	1 165 079	4%
1	Total Turnover	€ 20 149 707	100%	22 809 659	100%	24 495 046	100%	26 990 451	100%	28 716 253	100%
	Contribution:										
	Rooms Contribution	€ 9 688 672	71%	11 525 040	73%	12 584 473	72%	13 969 978	74%	15 366 976	77%
	F&B Contribution	€ 2 159 404	40%	2 344 879	41%	2 202 358	38%	2 853 321	41%	3 138 653	42%
	MOD Contribution	€ 818 019	73%	993 461	79%	955 130	76%	839 752	74%	865 710	74%
2	Total Contribution	€ 12 666 096	63%	14 863 380	65%	15 741 961	64%	17 663 050	65%	19 371 339	67%
	Departmental Inomce	*€ 12 666 096*		*14 863 380*		*15 741 961*		*17 663 050*		*19 371 339*	
	Overheads:										
	Administration & General Costs	€ 2 457 474	12%	2 647 913	12%	2 802 385	11%	2 991 950	11%	3 081 709	11%
	Sales & Marketing Costs	€ 1 277 175	6%	1 490 521	7%	1 800 191	7%	1 978 026	7%	2 037 367	7%
	Repairs & Maintenance Costs	€ 731 416	4%	898 094	4%	847 105	3%	906 903	3%	934 110	3%
	Energy Cost	€ 1 402 322	7%	1 332 642	6%	1 299 797	5%	1 345 619	5%	1 379 260	5%
	Financial Charges	€ 281 462	1%	387 809	2%	292 109	1%	317 444	1%	326 968	1%
3	Total Overheads	€ 6 149 849	31%	6 756 979	30%	7 041 587	29%	7 539 944	28%	7 759 414	27%
4	Gross Operating Profit=4=2-3=NOI	€ 6 516 247	32%	8 106 401	36%	8 700 374	36%	10 123 106	38%	11 611 924	40%
	Payroll(% of Total Turnover	24,7%		23,4%		23,5%		23,2%		23,2%	
	F&B Cost (% F&B Sales)	60,3%		59,0%		62,3%		59,0%		58,3%	
	APPRAISER DEVELOPED PART	2014		2015		2016		2017		2018	
	MARKET DIRECT CAP RATE	*6,100%*		*6,100%*		*6,100%*		*6,100%*		*6,100%*	
	ESTIMATED VALUE OF NOI	*€ 106 823 726*		*€ 132 891 818*		*€ 142 629 082*		*€ 165 952 565*		*€ 190 359 417*	
	TIME HORIZON	*1*		*ZERO/BASE YEAR*		*1*		*2*		*2*	
	Annual Inflation/Interest Rate (CPI)	*3,50%*		*"PRESENT TIME"=20*		*3,50%*		*3,50%*		*3,50%*	
	Discount Factor of 2015	*1,035*		*1,000*		*0,9662*		*0,9335*		*0,9335*	
	ESTIMATED VALUES (ANNUAL)	*€ 110 562 557*		*€ 132 891 818*		*€ 142 629 082*		*€ 165 952 565*		*€ 190 359 417*	
	ASSUMPTION AND ADJUSTEMENT OF "STABILIZED YEAR"	*FORMER YEAR*		*UTILIZED YEAR-1*		*UTILIZED YEAR-2*		*UTILIZED YEAR-3*		*NON-UTILIZED YEAR*	
				34,00%		*33,00%*		*33,00%*			
						100,00%					
				€ 45 183 218		*€ 47 067 597*		*€ 54 764 346*			
						€ 147 015 161					

ESTIMATED VALUE *€ 147 015 161* *Based on Three Years NOI Results, from € 8.106.401 to € 10.123.106, with the same ARY=OAR Rate*

ROUNDED TO *€ 147 020 000*

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DCF method -1/2 (Base Scenario)

CLIENT PROVIDED DATA										
	2 016	2 017	2 018	2 019	2 020	2 021	2 022	2 023	2 024	2 025
OPERATING FCF	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680	€ 7 285 880	€ 7 430 840	€ 7 577 560	€ 7 729 880
APPLIED DATA FOR DCF MODEL										
OPERATING FCF	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680				
DATA/ESTIMATION AND RELATED CONCLUSION AND DEDUCTION HAVE BEEN DEVELOPED BY APPRAISERS DCF MODEL WITH SENSITIVITY ANALYSIS, INCLUDING TWO INDEPENDENT VARIABLE										
	2016	2017	2018	2019	2020	2021				
OPERATING FCF	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680				
	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680				
G. Rate of Perpetuity	3,00%	3,00%	3,00%	3,00%	3,00%					
WACC=DCF RATE:	7,50%	7,50%	7,50%	7,50%	7,50%					
Terminal value yield=or Direct Capitalization Rate at Terminal Year						4,50%				
						€ 158 704 000				
COMISSION						4,00%				
						€ 152 355 840				
	0,5	1,5	2,5	3,5	4,5	5,5				
FREE CASH FLOW										
OPERATING CAH FLOW	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 7 141 680				
TERMINAL SALES:	€ 0	€ 0	€ 0	€ 0	€ 0	€ 152 355 840				
AGGREGATED FCF:	€ 6 325 520	€ 6 890 720	€ 6 785 120	€ 6 865 320	€ 7 083 960	€ 159 497 520				
DCF DISC. RATE:	7,50%	7,50%	7,50%	7,50%	7,50%	7,50%				
DISCOUNT FACTOR:	0,9645	0,8972	0,8346	0,7764	0,7222	0,6718				
ANNUAL NPV:	€ 6 100 873	€ 6 182 326	€ 5 662 867	€ 5 330 049	€ 5 116 088	€ 107 153 752				
NPV:	€ 135 545 955									

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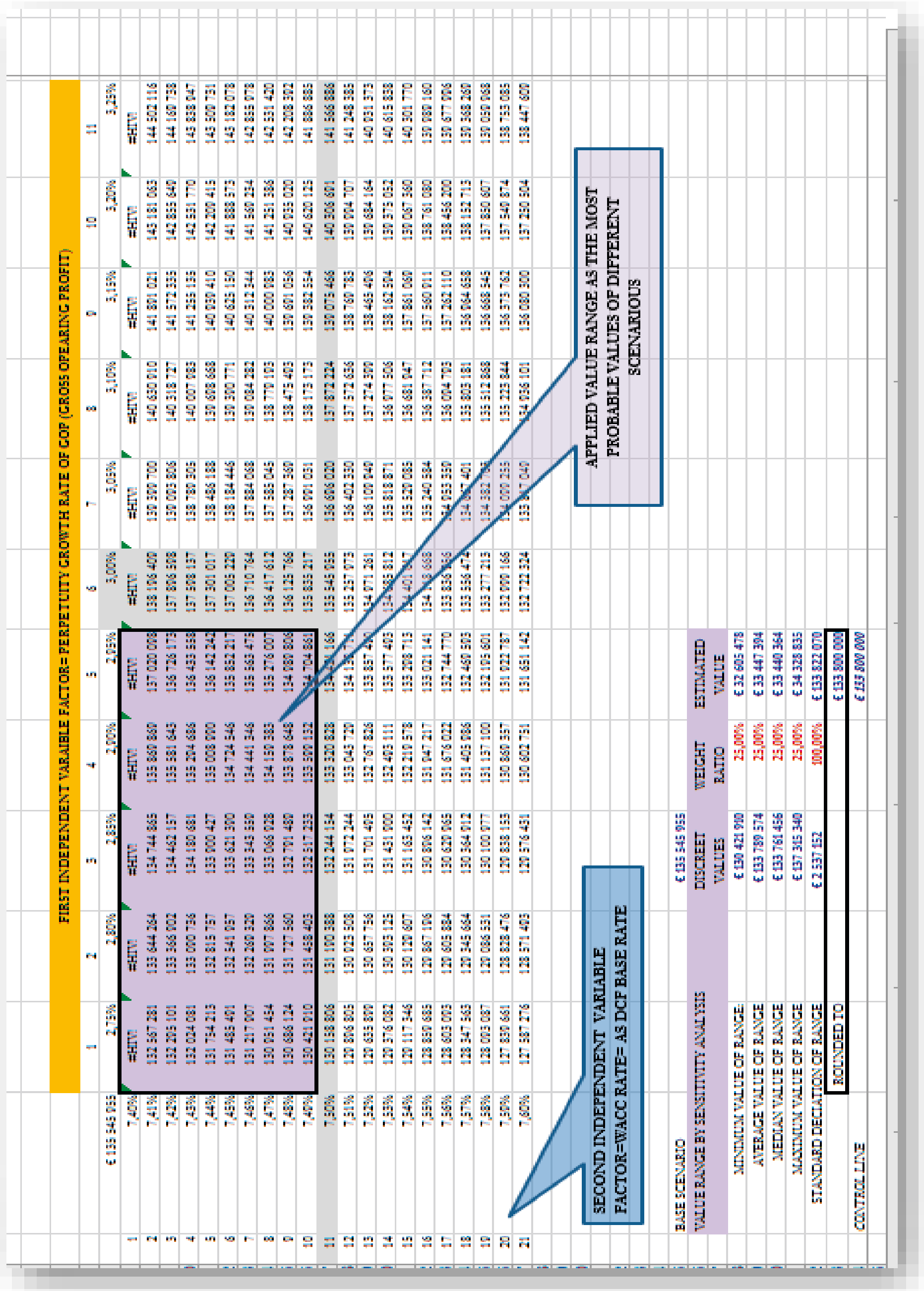
DCF Method -2/2 (Sensitivity Analysis)



	DISCREET VALUES	WEIGHT RATIO	ESTIMATED VALUE
BASE SCENARIO	€ 135 545 955		
VALUE RANGE BY SENSITIVITY ANALYSIS			
MINIMUM VALUE OF RANGE	€ 130 421 910	25,00%	€ 32 605 478
AVERAGE VALUE OF RANGE	€ 133 789 574	25,00%	€ 33 447 394
MEDIAN VALUE OF RANGE	€ 133 761 456	25,00%	€ 33 440 364
MAXIMUM VALUE OF RANGE	€ 137 315 340	25,00%	€ 34 328 835
STANDARD DECIATION OF RANGE	€ 2 537 152	100,00%	€ 133 822 070
ROUNDED TO			€ 133 800 000
CONTROL LINE			€ 133 800 000

END OF VALUATION REPORT/ 17th June 2016