



INTERNATIONAL HOTEL INVESTMENTS P.L.C.

COMPANY ANNOUNCEMENT

St George's Bay development

International Hotel Investments plc is issuing the enclosed statement by its Chairman Mr Alfred Pisani to its shareholders and bondholders in connection with media reports relating to its proposed development at St George's Bay.

Alfred Fabri
Company Secretary

23 December 2018



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Annex 1

Dear colleagues, shareholders and bondholders,

Our plans for the redevelopment of land to which we already hold title in St George's Bay are in the news. This is what we have to say:

Firstly, our over-riding plan is to deliver a luxury holistic six-star environment for our new Corinthia hotel, matching our brand's standards worldwide. This is a risk which we are prepared to take based on our strong confidence in the future of Malta, and the potential of our tourism product to attract higher-spending visitors. Real estate development will be complementary and supportive of that main focus, including in the overall landscaped setting of the development.

Secondly, several references have been made to the land valuation. On our side, our position on valuation is one grounded in a starting point where the company already enjoys long-term exclusive rights to the land, and any further payments to be made should be relative solely to the removal of restrictive conditions that currently focus the use of the land for tourism related developments.

Corinthia's parent company, IHI plc, is a public company, with some 20,000 Maltese shareholders and bondholders, and will be publishing, as it already does, regular statements on its financial position, including this project. We are confident that Corinthia's agreement to guarantee payments to Government of circa €52 million will ultimately show up to be an equitable and fair balance in relation to potential returns from the development of a maximum of 100,000m² of real estate, without even taking into account risks associated to the substantial investment Corinthia is contractually obliged to inject in two new luxury hotels. The proposed transaction is not about a sale of land, since this is already in Corinthia's possession for several decades to come and all financial considerations should thus be solely relative to the proposed extension of potential uses. Indeed plans will ultimately show that the significant portion of the peninsula will be allocated to hotel use including extensive gardens, leisure outdoor amenities and public landscaping.



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Thirdly, subject to Parliamentary approval, and signature of our revised title deeds, and subject to planning approvals, we will proceed to our first phase of the project which envisages the redevelopment of the luxury Corinthia Hotel and its extensive landscaped gardens and amenities, as well as the development of two luxury serviced residential blocks, the highest proposed to be 15 floors on land located between the current Corinthia and the Radisson Hotel. The serviced residential development will enjoy the same level of amenities and service as the new Corinthia Hotel.

The Marina and Radisson Hotels will remain in operation, until such time that more definitive plans are made in years ahead, always within the limits being set upon us by the Government in our revised deed, and always subject to planning rules and economic viability.

In conclusion, foremost in our considerations, remains also the continued welfare of our hundreds of colleagues in Malta and the creation of hundreds of new jobs given that improved service at luxury levels will naturally imply significantly increased staff to guest ratios. This is our commitment.

May I take this opportunity to wish you and your families our best wishes for the festive season.

Alfred Pisani
Chairman



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Gheżiež kollegi, azzjonisti u detenturi ta' bonds,

Il-pjani tagħna għall-iżvilupp mill-ġdid tal-art fil-bajja ta' San Ġorġ, li diġà għandna t-titlu fuqha, qegħdin fl-aħbarijiet. Dan hu li għandna x'ngħidu aħna:

L-ewwel, il-ħsieb dominanti tagħna hu li nirrendu ambjent għal-lukanda ġdida tal-Corinthia li jkun wieħed ta' lussu, holistiku u ta' sitt stilel, fuq il-livell tal-istandards li jiddistingwuna madwar id-dinja. Dan huwa riskju li aħna lesti nieħdu abbażi tal-fiduċja qawwija li għandna fil-futur ta' Malta, u abbażi tal-potenzjal li l-prodott turistiku tagħna għandu biex jiġbed viżitaturi li jonfqu iżjed. L-iżvilupp tal-proprjetà se jkun qiegħed jikkomplementa u jsostni dik il-mira ewlenija, inkluż fil-qafas ġenerali tax-xenarju tal-iżvilupp.

It-tieni, saru diversi kummenti għar-rigward tal-valutazzjoni tal-art. Min-naħa tagħna, il-pożizzjoni dwar il-valutazzjoni hija msejsa f'punt tat-tluq fejn il-kumpanija diġà tgawdi drittijiet esklussivi fuq l-art, u kwalunkwe ħlasijiet ulterjuri li jridu jsiru għandu jkollhom x'jaqsmu biss mat-tneħħija tal-kundizzjonijiet attwali li jirrestringu l-użu tal-art għal proġetti turistiċi biss.

Il-kumpanija omm tal-Corinthia, l-IHI plc, hija kumpanija pubblika, fejn dawk il-Maltin li għandhom ishma jew bonds fiha jlahħqu madwar 20,000. Il-kumpanija se tkun qed tippubblika, kif diġà tagħmel, rapporti regolari tal-pożizzjoni finanzjarja tagħha li jkunu jinkludu dan il-proġett. Aħna fiduċjużi li 'l quddiem se jkun jidher biċ-ċar li l-ftehim li għamlet il-Corinthia biex tiggarrantixxi ħlasijiet ta' madwar €52 miljun lill-Gvern huwa wieħed ekwu u bbilancjat meta mqabbel mar-ritorn potenzjali mill-iżvilupp ta' massimu ta' 100,000m² ta' art, mingħajr ma lanqas inkunu għadna qisna r-riskji assoċjati mas-somom konsiderevoli li l-Corinthia hija obligat bil-kuntratt li tinvesti f'żewġ lukandi godda ta' lussu. It-transazzjoni li hemm proposta mhijiex dwar xi bejgħ ta' art, peress li din



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diġà tinsab f'idejn il-Corinthia għal bosta għexieren ta' snin fil-futur, u għalhekk kull deliberazzjoni finanzjarja għandha tkun marbuta biss mal-estensjoni tal-użu potenzjali, kif propost. U l-pjani finali għad juru li l-parti l-kbira tal-peniżola se tkun allokata għal-lukandi, inklużi għonna estensivi, faċilitajiet ta' rikreazzjoni fl-apert u disinn ta' pajsagġ pubbliku.

It-tielet, ladarba jkun hemm l-approvazzjoni mill-Parlament, u jiġu ffirmati l-kuntratti riveduti tat-titlu, u joħorġu l-permessi tal-ippjanar, aħna nipproċedu għall-ewwel fażi tal-proġett li tikkonsisti fl-iżvilupp mill-ġdid tal-lukanda ta' lussu tal-Corinthia, inklużi l-għonna, il-pajsagġ u l-faċilitajiet estensivi tagħha, kif ukoll fl-iżvilupp ta' żewġ blokki residenzjali ta' lussu bis-servizzi, li l-oġġla fosthom huwa propost li jinbena bi ħmistax-il sular fuq art li tinstab bejn il-lukandi attwali tal-Corinthia u tar-Radisson. L-iżvilupp residenzjali bis-servizzi se jkun igawdi l-istess livell ta' faċilitajiet u servizz bħal-lukanda l-ġdida tal-Corinthia.

Il-lukandi Marina u Radisson se jibqgħu joperaw sakemm isiru pjani aktar definittivi għalihom fis-snin li ġejjin, dejjem fil-limiti magħmula mill-Gvern fil-kuntratt rivedut, u dejjem skont ir-regoli tal-ippjanar u l-vijabilità ekonomika.

Biex nagħlaq, irrid ngħid li quddiem nett fil-ħsieb tagħna hemm ukoll il-ġid sostnut tal-mijiet ta' kollegi tagħna f'Malta u l-holqien ta' mijiet ta' postijiet godda ta' xogħol, ladarba servizz li jkun elevat għal-livell ta' lussu naturalment jirrikjedi hafna aktar haddiema bħala proporzjon mal-klijenti tal-lukandi. Dan huwa l-impenn tagħna.

Nieħu din l-opportunità biex nawgura lilkom u l-familji tagħkom il-festi t-tajba.

Alfred Pisani
Chairman



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Annex 2: Visuals

