



CORINTHIA GROUP

International Hotel Investments p.l.c.

21st Annual General Meeting

10 June 2021

Q&A

- 1. The company has about 46 million cash & cash equivalents. Are you considering redistributing a dividend from next year or will shareholders remain without dividends for many years?**

While it is premature to comment on future dividends, one needs to make a distinction between liquidity and profitability. Dividends can only be distributed if there are accumulated profits. It should be noted that the loss incurred in 2020 was substantial in consequence of the COVID-19 pandemic. However, since that the larger part of the losses incurred in 2020 did not have an impact on cash flow as these related to depreciation and differences on exchange, the liquidity position of the company remained strong which is positive in that IHI can face the future with confidence until there is a full recovery in the hospitality industry.

- 2. Is it intended to give shareholders more bonus shares if a dividend cannot be distributed to shareholders?**

As noted in the previous explanation, dividends whether they are cash or in the form of bonus shares, can only be distributed out of accumulated profits.

- 3. What are the plans for the Corinthia Hotel in Prague after negotiations for its sale failed due to the pandemic?**

IHI still considers the Corinthia Hotel in Prague as a non-core asset and it plans to sell this asset as and when the opportunity arises. Accordingly, once there is a recovery in the hospitality industry, IHI intends to again engage in approaching the market to find an appropriate buyer for this hotel who is prepared to pay a price which truly reflects the value of this property.

4. The percentage of free float shares is small. Is there a plan to increase this?

The Company is aware that the amount of shares considered as 'free float' is low and below 10%. It is next to impossible, given the company's equity base, to increase this percentage through a new issue on the local market because the amount of shares that would have to be issued are substantial. It is for this reason that the company has been looking for a secondary listing on an international market, where it would be easier to issue new shares and increase the free float to 25% of total shares in issue.

5. What are IHI's plans for secondary listing and what will be the benefits?

IHI, as it has done in the past, intends to go for a second listing, at the right moment, on an international market as this gives a long term solution to both the small shareholders and the institutional investors to trade in a more liquid market where hopefully the true value of its shares are reflected. The timing and the market that will be considered for this secondary listing is under constant review and will be timed towards the full recovery of the hospitality industry. Attempts to approach this earlier could be detrimental to the shareholders of IHI in not obtaining an adequate price for the new shares that will be issued which in themselves would then set the platform for future trading on all the listed shares in the company.

6. Is IHI considering starting to publish quarterly updates as are other companies listed on the Malta Stock Exchange? This way you will be keeping the shareholders more regularly updated.

Yes, IHI has been considering issuing quarterly updates. We will inform the market in due course, through a company announcement, as from when we will be able to do so.

7. In the €13 million acquisition of the 50% stake in Golden Sands, did this also include the company's timeshare operation (Azure) as well as Hal-Ferh and the Costa chain?

The €13 million acquisition cost solely included the 50% of the share capital of Golden Sands Resorts Ltd (GSRL), together with the assignment of certain receivables from GSRL by the seller. The timeshare operation (Azure), is not included in this acquisition as this company is in creditors' liquidation, which process started in 2019. Hal-Ferh site and the Costa chain are unrelated to this acquisition and therefore excluded as these were already acquired as part of IHI's acquisition of Island Hotel Group way back in August 2015.

- 8. Alfred Pisani writes in his report that IHI's partners at Golden Sands went into liquidation during 2020: can IHI please expand on this and as to the conditions that prompted liquidation? Was this down to the timeshare losses incurred by Azure?**

IHI's partners at GSRL were heavily involved in the timeshare business, not only at Golden Sands but even more so internationally. As these timeshare businesses individually went into liquidation, this also triggered the liquidation of the parent company belonging to our partners which, amongst its holding included the GSRL shares.

- 9. The company statement for the sale of the 50% stake states that this was done "pursuant to the acquisition of Bezemer Limited, a third-party foreign-owned company incorporated in the British Virgin Islands" - can IHI explain whether the ownership of the 50% stake it acquired, was held in the name of Bezemer Limited; and can it confirm that Bezemer was then held by a member of the Zahra family?**

To minimise the due diligence process and to limit the warranties demanded from the seller on their sale of shares in GSRL, prior to the completion of the transaction a newly formed BVI company was acquired by the name of Bezemer Limited. The 50% shares in GSRL belonging to IHI's partners were transferred to Bezemer Limited and then IHI through a wholly owned Maltese subsidiary acquired the entire shareholding of Bezemer Limited, which essentially consisted of the 50% share in GSRL. As stated above this was a newly formed BVI company and consequently no member of the Zahra family was an owner of Bezemer Limited.

- 10. When in 2019 Corinthia issued €20,000,000 4% Unsecured Bonds 2026 I, and I am sure other small shareholders like me, was very disappointed by the fact that in spite of being a shareholder and a bond holder for over 21 years I was not given the opportunity to invest in these Bonds directly by yourselves. All bonds were pre placed with financial intermediaries. Therefore, having held on to your shares for all this time, with little or no income or increase in the value of these shares, whatsoever, then when there was a chance to invest in something that left some tangible income, we the shareholders were left out. Not so with other companies such as GO plc which although pre-place their bond issues with financial intermediaries they always leave a chunk for shareholders and employees. I would like an explanation from the Chairman Why doesn't Corinthia act in a decent way with the long suffering shareholders?**

We have paid shareholders successive dividends over the 20 year period since IHI was incorporated. Some of these were in the form of additional shares whilst in a number of other dividend distributions these were in cash. It was also the board's policy to annually declare a 3% dividend in cash, but unfortunately this promise cannot be kept for the next couple of years because of the devastating effect that the Covid pandemic had on the hospitality industry. Our focus now is to reduce as

much as we can our cost base and in parallel work in maximising revenues, although the recovery will take some time to revert to the same levels of revenue and profit generation that we were achieving in the pre-pandemic year.

It has always been our policy that whenever there are any bond issues, either through IHI, MIH or Corinthia Finance, we try to limit the distribution of such bond offerings amongst the Corinthia family – shareholders and bondholders. There may have been an exception to this as was the case of the 2019 bond issue, but I can assure you that the general overriding principle is to share such instruments amongst the Corinthia family. More recently there has not been any new issue of bonds and all we had were rollover of maturing bonds. In such instances, to respect this Corinthia family principle, we give maturing bondholders the opportunity to fully roll over their maturing bond to the new bond. Finally, any IHI shareholder who wants to increase his bond holdings in IHI, one has the secondary option that since all our bonds are publicly traded instruments on the Malta Stock Exchange, one can always do so in the secondary market following the issuance of a new bond and can continue to do so until the maturing date of the said bond.