



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## 22<sup>nd</sup> Annual General Meeting 2022

### Shareholders' Circular

Dated 19 May 2022

This circular is being issued by International Hotel Investments p.l.c., a public limited liability company registered in Malta with company registration number C 26136 and registered office at 22, Europa Centre, Floriana FRN1400, Malta (the "Company") in connection with: the increase in the aggregate emoluments of Directors, the amendments being proposed to the memorandum and articles of association of the Company; the authorisation being sought by the Company to issue new shares without first offering same to existing shareholders; and the consent of shareholders to provide access to a bona fide institutional investor to information about the Company.

This circular is being issued pursuant to the requirements of the provisions of Chapter 6 of the Capital Markets Rules.

#### IMPORTANT INFORMATION

This circular, which contains information about the resolutions that are being proposed for adoption at the forthcoming annual general meeting of shareholders scheduled for the 9 June 2022 (the "AGM"), is being dispatched to all persons appearing on the Company's register of members as at close of business on the 10 May 2022, to enable them to understand better the nature of the resolutions that are to be considered at the AGM and to provide them with such information about the resolutions as may be necessary to enable them to make a properly informed decision.

This circular is being dispatched in compliance with the Capital Markets Rules of the Malta Financial Services Authority, and particularly in compliance with the requirements for such a circular in terms of: Capital Markets Rule 6.1.7, for the purpose of explaining to shareholders of the Company the proposed changes to the memorandum and articles of association of the Company; and Capital Markets Rules 6.1.11 and 6.39, for the purpose of explaining the import of all resolutions being proposed at the AGM which do not fall within the parameters of ordinary business. In addition, this circular complies with the requirements of Capital Markets Rule 6.2 on the contents of all circulars.

Where any or all of the shares in the Company held by a recipient of this Circular have been sold or transferred by the date of receipt of this document, a copy of this Circular should be passed on to the person through whom the sale or transfer was effected for transmission of the Circular to the purchaser or transferee.

All the directors of the Company as at the date hereof, namely Alfred Pisani, Abdalnaser M.B. Ahmida, Moussa Atiq Ali, Hamad Mubarak Mohd Buamim, David Curmi, Joseph Fenech, Joseph Pisani, Frank Xerri de Caro and Douraid Zaghouni (together the "Directors") accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything which is likely to affect the import of such information.

**THIS IS AN IMPORTANT DOCUMENT AND SHAREHOLDERS WILL BE REQUESTED TO VOTE ON ALL OF THE ISSUES AND MATTERS DESCRIBED HEREIN AT THE AGM. IN THE EVENT THAT SHAREHOLDERS RECEIVING THIS DOCUMENT ARE IN ANY DOUBT AS TO THE IMPORT OF THIS DOCUMENT OR AS TO ANY ACTION REQUIRED OF THEM THEY ARE URGED TO CONSULT INDEPENDENT ADVISERS.**

#### THE TRANSACTIONS – INTRODUCTION

As announced in the Chairman's statement set out in the Company's annual report for the year ended 31 December 2020, for the Company to grow, it is essential to raise new capital and consequently to consider the timing for seeking a secondary listing on an international market. Over the course of 2021 the Company explored different avenues to identify institutional investors which would be interested in an equity investment in the Company, and that could fund a strategy of further growth through the acquisition and development of additional hotel properties worldwide.

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The Directors believe that a new equity injection should achieve the Company's objective of acquiring new hotel properties worldwide whilst retaining a prudent debt to equity ratio.

The Company has already announced<sup>1</sup> that it has entered into a preliminary term-sheet with United Development Company of Qatar ("UDC") to assess a possible subscription for shares in the Company. UDC has shown an interest in making a significant equity investment in the Company in the course of the current financial year, and heads of terms have been executed that would, subject to approval by shareholders of a number of resolutions that are being presented to them as special business in the forthcoming AGM, and subject to satisfactory completion of a due diligence process and satisfactory negotiation and completion of all requisite definitive agreements, result in UDC subscribing for 100,000,000 new shares in the Company at a subscription price of €1.22 per share, together with an option exercisable within 12 months to subscribe for a maximum of an additional 200,000,000 shares in the Company, at a price of €1.28 per share.

It is therefore in this context, and in preparation of this potential transaction, that shareholders are being called upon to understand the impact and implications of the resolutions on which they shall be required to vote at the forthcoming AGM.

## THE RESOLUTIONS

The AGM shall be considering four resolutions as Special Business for approval. Briefly these are:

1. That consent is hereby given to the Company to make such disclosures of information, including price sensitive information, to such investors who are considered by the board to be *bona fide* offerors for the subscription of shares in the Company; under such terms and conditions as the directors may consider appropriate and to such other terms required by applicable regulation.
2. That the directors be and are hereby authorised to issue and allot up to 300,000,000 new shares to an investor or investors, without first offering the same shares to the existing shareholders, and that accordingly the rights of shareholders otherwise set out in article 4.1 of the company's articles of association are hereby waived;
3. That the memorandum and articles of association of the Company be amended in the manner specified hereunder; and
4. That the aggregate emoluments of directors be increased from €850,000 by a further €450,000 per annum in view of the increase of the maximum number of directors on the board.

**All the resolutions being proposed as special business at the forthcoming AGM are related to the facilitation of the transactions described above and to enable the Company to be in a position to address the pertinent issues expected to arise during the course of negotiations.**

### RESOLUTION 1.

Before a subscription agreement can be entered into, the term sheet with UDC contemplates a term during which UDC shall conduct a due diligence exercise about the Company for the purposes of confirming their understanding of the Company. For such an exercise to be conducted the Company shall be required to disclose certain information to UDC which may not be in the public domain, and which may include certain price sensitive information. In this context the Company is obliged to conduct itself in accordance with the requirements of Capital Markets Rule 5.174 in making available information to a *bona fide* offeror and to facilitate the conduct of such a due diligence exercise.

The Directors are therefore seeking the consent of the shareholders at the forthcoming annual general meeting to be able to furnish, in confidence, such information to UDC. This would include unpublished price sensitive information as may be necessary to facilitate the potential subscription of shares in the Company, under all of those conditions stipulated in the term sheet and such other terms and conditions as may be agreed in a final subscription agreement.

The term sheet contemplates, subject of course of due diligence and agreement on a binding subscription agreement, that:

- i. at an initial stage UDC will subscribe for 100,000,000 new shares in the Company, at a price of €1.22 per share, which will increase the issued share capital of the Company by an additional €122,000,000. The proceeds from such subscription will be deployed by the Company in funding new projects in line with the Company's growth strategy; and
- ii. UDC will also have an option to purchase an additional 200,000,000 shares in the Company at a pre-established price of €1.28 per share, which option would, if exercised, contribute an additional €256,000,000 to the issued share capital of the Company within 12 months.

The overall transactions would, if successfully concluded, provide the Company with significant additional capital that, complemented with additional debt capital, will continue to fuel its growth strategy.

<sup>1</sup>See Company announcement dated 28 April 2022 (IHI331)

## RESOLUTION 2

This resolution seeks the authorisation of the shareholders for the directors to be able to issue and allot new shares in the Company without first offering same to current shareholders in proportion to their existing shareholding. It is by virtue of this resolution that directors will be in a position to issue shares to UDC in the event that the transaction contemplated in the term sheet is successfully concluded. The terms of the memorandum and articles of association of the Company require shares that are to be issued in the Company to be offered first to shareholders proportionately to their holdings – except if the general meeting of shareholders approves otherwise. It is this approval that is being sought by virtue of this proposed resolution.

The limit of 300 million new shares is the aggregate of shares that the Company would be required to issue to meet both the initial subscription by UDC as well as the possible eventual exercise of the option that will be included in the subscription agreement.

This approval would therefore represent a waiver by the shareholders of their right to be offered the new shares on a pre-emptive basis, before they are offered to UDC. Such pre-emption right is intended to safeguard against current shareholders' rights in the Company being diluted by the issue of shares to a third-party investor. Accordingly, by waiving these pre-emptive rights, shareholders would be accepting the consequent dilution in their shareholding. If the transactions contemplated in the term sheet were to be successfully concluded, UDC would at the initial stage become a holder of 13.97% of the issued share capital of the Company, which would increase to 32.7% in the event that the option to purchase an additional 200,000,000 shares within 12 months is successfully exercised. This would give rise to a corresponding dilution in the shareholding of all current shareholders.

## RESOLUTION 3

This resolution contemplates a number of changes to the memorandum and articles of association of the Company as detailed in the notice convening the meeting. The following is a brief explanation of each of the proposed changes.

1. The first proposed change reads as follows:

a. The first paragraph of article 6 of the memorandum of association be abrogated and substituted by the following:

*"6. Directors*

*The Board of Directors of the Company shall consist of not less than four (4) and not more than twelve (12) Directors."*

The first change is really the main and most substantive change – which increases the maximum number of directors to twelve (12) directors. This change is self-explanatory and increases the maximum number of directors. This should make space for further directors to be appointed by a new substantial shareholder without affecting the balance and dynamics of the current board complement, and further enable the Company to have a board with the appropriate mix of skills required for a company of its size and growth strategy.

2. The next amendments that are being proposed to the articles of association are the result of changes in applicable law since the most recent approval and registration of the memorandum and articles of association of the Company, as follows:

b. *All references to the term Listing Rules and Maltese Listing Rules in the memorandum and articles of association be replaced by the terms Capital Markets Rules and Maltese Capital Markets Rules respectively; and the definitions of Listing Rules and Maltese Listing Rules be abrogated and new definitions of "Capital Markets Rules" and "Maltese Capital Markets Rules" be introduced in article 2 of the articles of association, which definitions shall read as follows:*

*"Capital Markets Rules" means the Maltese Capital Markets Rules and the capital markets rules and regulations of any other jurisdiction that may be or may become applicable to the Company;*

*"Maltese Capital Markets Rules" means the Capital Markets Rules issued by the MFSA in accordance with the provisions of the Financial Markets Act (Cap.345 of the Laws of Malta) as may be amended and/or supplemented from time to time;*

c. *All references to the Listing Authority in the memorandum and articles of association of the Company be and are hereby deleted and substituted by a reference to the MFSA; and that in article 2 of the articles of association a new definition be introduced of MFSA to read as follows:*

*"MFSA" means the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta) or such other competent authority as may be established under Financial Markets Act (Cap. 345 of the laws of Malta).*

These are consequential amendments to changes that have been made to legislation and applicable regulations where what were previously known as the Listing Rules have now become known as Capital Markets Rules and the role of what was previously referred to as the Listing Authority is being assumed by the Malta Financial Services Authority. The proposed amendments are intended to conform the memorandum and articles of association to the language of applicable regulation.

3. The next amendment also refers to the definitions section and introduces a new definition of the term Electronic Means, and reads as follows:

- d. *That a new definition of the term Electronic Means be introduced in the definitions in article 2 of the articles of association, and that all references in the memorandum and articles of association to electronic means be changed to "Electronic Means" and refer to the new definition, which shall read as follows:*

*"Electronic Means" refers to means of electronic equipment for the processing (including digital compression), storage and transmission of data, employing wires, radio, optical technologies, or any other electromagnetic means;*

The proposed amendment refers to the introduction of the term Electronic Means and ensures its consistent understanding across the memorandum and articles of association.

4. The next amendment again refers to the definitions section and adjust the definition of the term Member, and reads as follows:

- e. *That the definition of Member in article 2 of the articles of association be deleted and replaced by the following:*

*"Member" means a person registered by the Company as the holder of Shares excluding preference shareholders.*

This amendment is intended to address an error in the original drafting of the definition, but does not have a substantive effect on the meaning of the term.

The resolution also authorises the directors to file updated memorandum and articles of association with the Malta Business Registry, and to incorporate in such updated version such other changes that may be effected in line with the requirements of article 79(2) of the Companies Act (Cap.386 of the Laws of Malta). This part of the resolution is intended to ensure that the copy of the memorandum and articles is updated with any changes in company secretary and directors that would have taken place since the last filing of the memorandum and articles.

#### **RESOLUTION 4**

This resolution proposes that the aggregate emoluments that may be paid to directors is increased from the current limit of €850,000 approved by the directors at the annual general meeting of the 13 June 2017, to the sum of €1,300,000.

This increase in the aggregate emoluments denotes an overall maximum amount that the directors may receive in terms of remuneration, whether directly or indirectly. It takes into account increased costs that may need to be paid to directors and makes room for emoluments to be paid in the event that 2 additional directors are appointed to the board, in line with the proposal made for the maximum number of directors to be increased from ten to 12.

#### **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or certified copies thereof will be available for inspection at the Company's registered office at 22, Europa Centre, Floriana FRN1400, Malta, for at least 14 days from the date of publication of this Circular:

- a) the Company's Memorandum and Articles of Association; and
- b) the last annual financial report published by the Company, in respect of the financial year ended 31 December 2021

#### **DIRECTORS' RECOMMENDATION**

The Directors, having made the necessary considerations, are of the view that the proposed resolutions, including those not set out in this Circular, are in the best interests of the Company and its shareholders as a whole. The Directors therefore recommend that the shareholders vote in favour of the said resolutions at the forthcoming AGM.

Date: 19 May 2022

*Approved and issued by*

**International Hotel Investments p.l.c.**  
with registered office at 22, Europa Centre, Floriana FRN1400, Malta.