

Island Hotels Group Holdings p.l.c. Summary Note

Dated 6 May 2014

€35,000,000
6% Bonds 2024



ISLAND HOTELS

GROUP HOLDINGS PLC

LEGAL COUNSEL

CAMILLERI PREZIOSI
ADVOCATES

LEAD SPONSOR



SPONSOR



MANAGER & REGISTRAR



JOINT MANAGER



Summary Note

Dated 6 May 2014

This Summary Note 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 and Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014.

The Bonds are being issued by



ISLAND HOTELS

GROUP HOLDINGS PLC

(a public limited liability company registered under the laws of Malta with registration number C44855)

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT. THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

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

LEGAL COUNSEL

CAMILLERI PREZIOSI
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MANAGER & REGISTRAR



JOINT MANAGER



Important Information

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

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS 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 ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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

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

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

A COPY OF THIS DOCUMENT HAS BEEN REGISTERED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT. APPLICATION HAS ALSO BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

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 DOCUMENT. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY FINANCIAL INSTRUMENTS AND SECURITIES ISSUED BY THE ISSUER.

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

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

ALL THE ADVISORS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY 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 DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

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

This Summary Note is prepared in accordance with the requirements of the Regulation, as amended by Commission Delegated Regulation (EU) No. 486/2012 of the 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014.

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A - E (A.1- E.7). This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

In this Summary Note the following words and expressions shall bear the following meaning except where the context otherwise requires:

Act	the Companies Act, Cap. 386 of the laws of Malta;
Application Form	the form of application for subscription for Bonds, a specimen of which is contained in Annex II of the Securities Notes;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex III of the Securities Note;
Affiliates	each of:- (a) Golden Sands Resort Limited, a limited liability company registered under the laws of Malta with company registration number C30569 and with registered office at The Radisson SAS Golden Sands Resort & Spa, Golden Bay, Limits of Mellieħa, MLH 5510, Malta (" GSR "); (b) Azure Services Limited, a limited liability company registered under the laws of Malta with company registration number C31224 and with registered office at Level 1, LM Complex, Brewery Street, Mriehel, Birkirkara, BKR 3000, Malta (" Azure Services "); (c) Vacation Financial Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 535715 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI (" Vacation Financial "); (d) Brookfield Overseas Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 536243 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI (" Brookfield "); (e) Heathfield Overseas Ltd, a BVI business registered under the BVI Business Companies Act, 2004 with company number 536242 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI (" Heathfield "); (f) Azure Resorts Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 535716 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI (" Azure "); (g) Medi International Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 1677242 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI (" Medi International Limited "); (h) Buttigieg Holdings Limited, a limited liability company registered under the laws of Malta with company registration number C4443 and with registered office at The Penthouse, Papillon Court A, Birbal Street, Balzan, BZN 9019, Malta (" Buttigieg Holdings "); (i) R. J. C. Caterers Limited, a limited liability company registered under the laws of Malta with company registration number C10552 and registered office at The Penthouse, Papillon Court A, Birbal Street, Balzan, BZN 9019, Malta (" RJC Caterers "); (j) Quality Catering & Retail Services Limited, a limited liability company registered under the laws of Malta with company registration number C41365 and with registered office at Miller House, Airport Way, Tarxien Road, Luqa, LQA 1814, Malta (" QCRS "); (k) Travel Stores Company Limited, a limited liability company registered under the laws of Malta with company registration number C43549 and with registered office at Miller House, Airport Way, Tarxien Road, Luqa, LQA 1814, Malta (" Travel Stores "); (l) The Coffee Company Malta Limited, a limited liability company registered under the laws of Malta with company registration number C55973 and with registered office at The Penthouse, Papillon Court A, Birbal Street, Balzan, BZN 9019, Malta (" Coffee Company Malta "); (m) CLL Limited, a limited liability company registered under the laws of Malta with company registration number C58906 and with registered office at 5, Birbal Street, Balzan, BZN9019, Malta (" CLL "); (n) The Coffee Company Spain S.L. a company registered under the laws of Spain with fiscal number (NIF): B66240581 and with registered office at Calle Floridablanca 98, Planta Ent, Puerta 2, 08015, Barcelona, Spain (" Coffee Company Spain ");

Affiliates (Continued)	(o) The Heavenly Collection Limited, a limited liability company registered under the laws of Malta with company registration number C48380 and with registered office at The Radisson SAS Golden Sands Resort & Spa Golden Bay, Limits of Mellieħa, MLH 5510, Malta (“ Heavenly Collection ”); and (p) MKIC Limited, a limited liability company registered under the laws of Malta with company registration number C56106 and with registered office at Montekristo Estates, Ħal Farruġ Road, Luqa, Malta (“ MKIC ”);
Bond(s)	the €35,000,000 6% Bonds due 2024 of a face value of €100 per bond, redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 6% per annum issued pursuant to this Prospectus;
Bondholder(s)	the persons registered in the Issuer’s register as being the holders the Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
BVI	British Virgin Islands;
CSD	the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye-Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Valletta;
Current Bonds in Issue	the €14,000,000 6.5% Bonds 2017-2019 issued by the Issuer pursuant to a prospectus dated 28 August 2009;
Directors or Board	the directors of the Company whose names and addresses are set out in Section 3.1 under the heading “ <i>Directors</i> ” of the Registration Document;
Euro or €	the lawful currency of the Republic of Malta;
Group or IHG Group	the Issuer, the Subsidiaries and the Affiliates;
Interest Payment Date	annually on 15 May of each year between and including each of the years 2015 and 2024, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issuer or Company	Island Hotels Group Holdings p.l.c. a public limited liability company registered under the laws of Malta with company registration number C44855 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George’s Bay, St. Julians, STJ 3391, Malta;
Issue Period	26 May 2014 to 30 May 2014, both days included, during which the Bonds are on offer;
Listing Authority	the Malta Financial Services Authority, as appointed in terms of the Financial Markets Act (Cap. 345 of the laws of Malta);
Listing Rules	the listing rules issued by the Listing Authority from time to time;
Malta Stock Exchange or MSE	the Malta Stock Exchange p.l.c. as originally constituted by the Financial Markets Act (Cap. 345 of the laws of Malta) having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and bearing company registration number C42525;
Mayfair	Mayfair Overseas Holdings Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 283978 and with registered office at 325, Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickhams Cay, Road Town, Tortola, BVI;
Memorandum and Articles of Association or M&As	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
MFSA	the Malta Financial Services Authority, incorporated in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Private Placement Agreement	the agreement between the Sponsors and the Issuer to subscribe to Bonds in accordance with Section 7.20 of the Securities Note for the purpose of distributing to or placing with their underlying customers any portion of the Bonds;
Prospectus	collectively the Summary Note, the Registration Document and the Securities Note, as such documents may be amended, updated, replaced and supplemented from time to time;
Redemption Date	15 May 2024;
Redemption Value	the nominal value of each Bond;
Registration Document	the registration document issued by the Issuer dated 6 May 2014, forming part of the Prospectus;
Regulation	Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 supplementing Directive 2003/171/EC of the European Parliament and of the Council with regard to regulatory technical standards for the publication of the supplements to the prospectus Text with EEA relevance;

Regulation (continued)	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus Text with EEA relevance;
Securities Note	the securities note issued by the Issuer dated 6 May 2014, forming part of the Prospectus;
Sponsors	means the sponsors referred to in Section 4.1 of the Securities Note;
Subsidiaries	each of:- (a) Island Hotels Group Limited, a limited liability company registered under the laws of Malta with company registration number C19442 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta (" IHG "); (b) Bay Point Hotel Limited, a limited liability company registered under the laws of Malta with company registration number C13170 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta (" BPH "); (c) Island Resorts International Limited, a BVI business registered under the BVI Business Companies Act, 2004 with company number 294368 and with registered office at Akara Building 24, De Castro Street, Wickhams Cay I, Tortola, BVI (" IRIL "); (d) Island Caterers Limited, a limited liability company registered under the laws of Malta with company registration number C9377 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta (" ICL "); (e) Bay Point Properties Limited ¹ , a limited liability company registered under the laws of Malta with company registration number C47131 and with registered office at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians, STJ 3391, Malta (" BPPL "); and (f) Bay Point Collection Limited, a company registered under the laws of the British Virgin Islands with company registration number 1743963 and with registered office at Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, BVI (" Bay Point Collection ");
Summary Note	the summary note issued by the Issuer dated 6 May 2014, forming part of the Prospectus; and
Terms and Conditions	the terms and conditions relating to the Bonds as contained in this Prospectus, in particular Section 7 of the Securities Note.

1 Section A Introduction and Warnings

- A.1 Prospective investors are hereby warned that:
- i. This summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this document. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
 - ii. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before legal proceedings are initiated; and
 - iii. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus is misleading, inaccurate, inconsistent or does not provide key information in order to aid investors when considering whether to invest in such securities.
- A.2 Consent required for use of the Prospectus during the Issue Period: prospective investors are hereby informed that:
- i. For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries during the Issue Period and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Regulation, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of Bonds, provided this

¹ As at the date of this Prospectus, BPPL is a dormant company and does not carry on any trading activities nor does it own any property.

is limited only:

(a) in respect of Bonds subscribed for through the Authorised Financial Intermediaries listed in Annex III of the Securities Note during the Issue Period;

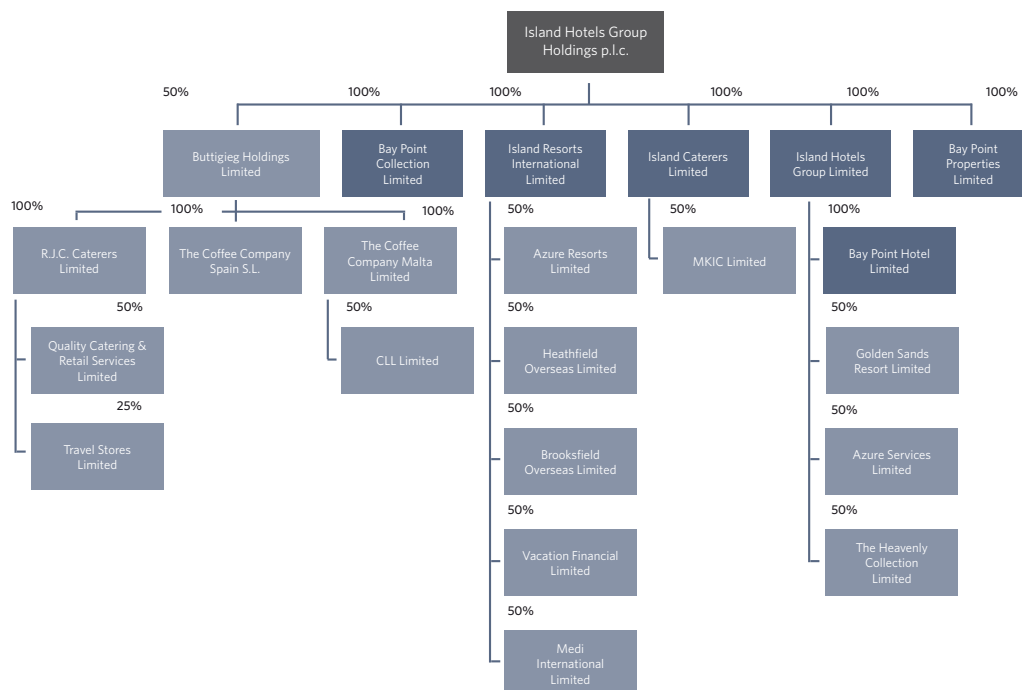
(b) to any resale or placement of Bonds subscribed for as aforesaid taking place in Malta; and

(c) to any resale or placement of Bonds subscribed for as aforesaid taking place within the period of 60 days from the date of the Prospectus.

- ii. **In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**
- iii. Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Prospectus will be made available through a company announcement which will also be made available on the Issuer's website: www.islandhotels.com.

2 Section B Issuer

- B.1 The legal and commercial name of the Issuer is Island Hotels Group Holdings p.l.c. (registration number C44855)
- B.2 The Issuer was registered in Malta in terms of the Act on 5 August 2008 as a private limited liability company. On 21 August 2009, the Issuer was converted to a public limited liability company. The Issuer's ordinary shares and the Current Bonds in Issue were first admitted to the Official List of the MSE on 7 October 2009, and trading commenced on 8 October 2009. The Issuer is domiciled in Malta.
- B.4b The Issuer is a holding company having investments in a number of Subsidiaries and Affiliates which operate the business of the Group. The business of the Group largely relates to; the ownership, management and operation of five-star hotels in Malta, the operation of a vacation ownership marketing business; the operation of retail and event catering business; and the development and operation of COSTA® Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands. The Group also owns a plot of land measuring 83,000m² located next to the Golden Bay, Mellieħa with permits to develop this land into a luxury tourist complex (the "**Oasis Project**"). IHG recently sold its entire shareholding in the Coastline Hotel Limited, a company registered in Malta with registration number C14107 and with its registered office at the Coastline Hotel, Salina Bay, Salina, Naxxar, NXR 9030, Malta ("**CHL**").
- An overview of the trends expected in the key areas of operation of the Group in the foreseeable future follows:
- i. **Five-Star Hotels** - The Group's immediate focus is the repositioning of the Radisson® Blu Resort, St. Julians to achieve above average returns which are closer to the top performers within the five-star segment in the Sliema/St. Julians area. The Group is also planning a total investment of €16 million into this property whilst at the same time maintaining high standards at the Radisson® Blu Resort & Spa, Golden Sands. In 2013, the Group obtained development permits for the Oasis Project.
 - ii. **Vacation Ownership** - As the travel agent and tour operating arm for Radisson® Blu Golden Sands Resort & Spa, Azure is expected to retain focus on its main target market, the U.K. whilst expanding the sales and marketing operation to other jurisdictions, particularly in the European continent in the event that opportunities arise in those jurisdictions. The Group is also selling vacation ownership units at the Radisson® Blu Resort St. Julians under a newly incorporated company, the Bay Point Collection. With the onset of the Oasis Project it is also anticipated that a vacation ownership product, albeit structured differently to that being sold in the two Radisson® properties pertaining to the Group, will also be sold.
 - iii. **Event Catering Business** - ICL will continue to seek additional unique venues within which to expand its business model and will maintain its high quality in terms of service, people and food. The Group will also continue to build on the work done to date to bring the Montekristo Estate up to a quality level where it will become one of the most sought after event and exhibition centres on the island.
 - iv. **Retail Catering Business** - The Group intends to develop The COSTA® Coffee brand both in the local and Spanish market.
- B.5 The Issuer is a holding company having investments in a number of Subsidiaries and Affiliates which operate the business of the Group. The organisational structure of the Group is illustrated in the diagram overleaf:



B.9 The following is an extract from the profit forecasts of the Issuer for the financial years ending 31 October 2014 and 31 October 2015:

Consolidated Income Statement for the years ended 31 October	2014	2015
	(€'000)	(€'000)
Revenue	34,872	36,129
Net operating Costs	(27,872)	(28,763)
EBITDA	7,000	7,366
Depreciation and amortisation	(3,352)	(3,290)
Investment Income	20	136
Finance costs	(2,564)	(3,494)
Profit/(Loss) before tax	1,104	718
Taxation	(292)	(150)
Profit/(Loss) for the year	812	568
Loss for the year from discontinued operations	(421)	-
Profit for the year	391	568

The Issuer's forecast statements of financial position as at 31 October 2014 and 31 October 2015 are summarised below:

Consolidated Balance Sheet as at 31 October	2014	2015
	(€'000)	(€'000)
ASSETS		
Non-current assets	117,482	124,753
Current assets	24,499	12,065
Total Assets	141,981	136,818
EQUITY AND LIABILITIES		
Equity		
Capital and reserves	36,594	37,162
Total equity	36,594	37,162
Liabilities		
Non-current liabilities	83,999	77,847
Current liabilities	21,388	21,809
Total liabilities	105,387	99,656
Total equity and liabilities	141,981	136,818

The Issuer's forecast statement of cash flows for the financial years ending 31 October 2014 and 31 October 2015 are summarised below:

Consolidated Cash Flow Statement for the years ended 31 October	2014 (€'000)	2015 (€'000)
Net cash from operating activities	(2,585)	725
Net cash from investing activities	6,127	(10,398)
Net cash from financing activities	19,249	(3,369)
Net movement in cash and cash equivalents	22,791	(13,042)
Cash and cash equivalents at beginning of year	(10,403)	12,388
Cash and cash equivalents at end of year	12,388	(654)

B.10 Not Applicable: the audit reports on the audited financial statements for the years ended 31 October 2011, 2012 and 2013 do not contain any material qualifications.

B.12 The historical financial information for the Issuer and its Subsidiaries for the three financial years ended 31 October 2011, 2012 and 2013 as audited by Deloitte is set out in the financial statements of the Issuer. Such audited consolidated financial statements are available on the Issuer's website (www.islandhotels.com) and at its registered office.

The remaining components of Element B.12 are not applicable, given that there has been no material adverse change in the prospects of the Issuer since the date of their respective last published audited financial statements.

Extracts of the historical financial information referred to above are set out below:

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

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

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

- B.13 Not Applicable: The Issuer is not aware of any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency.
- B.14 As at the date of this Prospectus, the Issuer is a holding company having investments in a number of Subsidiaries and Affiliates which operate the business of the Group. The business of the Group largely relates to the ownership, management and operation of five-star hotels in Malta (namely, the Radisson® Blu Resort St. Julians and the Radisson® Blu Golden Sands Resort & Spa), the operation of a vacation ownership marketing business for the Radisson® Blu Resort St. Julians and the Radisson® Blu Golden Sands Resort & Spa, the operation of retail and event catering business (Island Caterers, Montekristo Estates and Papillion Caterers) and the development and operation of COSTA® Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands. The Group also owns a plot of land measuring 83,000m² located next to the Golden Bay, Mellieħa with permits to develop the Oasis Project. IHG recently sold its entire shareholding in CHL. The Issuer does not itself carry on any trading activities. The future performance of the Issuer is intimately related to that of the Group.
- B.15 As at the date of the Prospectus, the Issuer is a holding company having investments in a number of Subsidiaries and Affiliates which operate the business of the Group. In terms of its Memorandum and Articles of Association, the principal object of the Issuer is to subscribe for, acquire, hold, manage, administer, dispose of or otherwise deal with, solely for and on behalf of the Company, directly or indirectly, any shares, stock, debentures, debenture stock, bonds, notes, options, interests in or securities of all kinds of any company, corporation, entity, partnership or other body of persons.
- B.16 The Issuer's current authorised share capital is €40,000,000 divided into 40,000,000 ordinary shares of a nominal value of €1 each share. The issued share capital of the Company is €36,583,660 divided into 36,583,660 ordinary shares of €1 each share. The shares are held by the public and are listed on the Malta Stock Exchange, with the majority of which being held by T.M.C. Limited (C6720), Double You Limited (C25234) and T Limited (C25235). As at the date of this Prospectus, the shares in T.M.C Limited are held by Winston V. Zahra, Doris Zahra, Double You Limited (beneficially owned by Winston J. Zahra) and T Limited (beneficially owned by Trevor Zahra).
- B.17 Not Applicable: The Issuer has not sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.

3 Section C Securities

- C.1 The Issuer shall issue an aggregate of €35,000,000 in Bonds having a face value of €100 per bond, subject to a minimum subscription of €2,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading the Bonds will have the following ISIN number MT0000481227. The Bonds shall bear interest at the rate of 6% per annum and shall be repayable in full upon maturity unless they are previously re-purchased, cancelled or redeemed.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 Investors wishing to participate in the Bonds will be able to do so by duly executing the appropriate Application Form in relation to the Bonds. Execution of the Application Form will entitle such investor to:
- (i) the payment of capital;
 - (ii) the payment of interest;
 - (iii) ranking with respect to other indebtedness of the Issuer in accordance with the status of the Bonds, as follows: "The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank equally and rateably without any priority or preference among themselves and with other unsubordinated or unsecured debt";
 - (iv) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond; and
 - (v) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

- C.9 Interest is expected to accrue on the Bonds as from 16 June 2014 at the rate of 6% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 15 May 2015. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is six per cent (6%). The Bonds will mature on 15 May 2024.
- The remaining component of Element C.9 is not applicable, given that no representative of debt security holders has been appointed.
- C.10 Not Applicable: there is no derivative component in the interest payments on the Bonds.
- C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 5 May 2014. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 16 June 2014 and trading is expected to commence on 17 June 2014.

4 Section D Risks

Holding of a Bond involves certain risks. 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 deciding to acquire Bonds. Prospective Investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment.

The Prospectus contains statements that are, or may be deemed to be, "forward looking statements", which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its' Directors. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.

Below is a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary. Investors are therefore urged to consult their own financial or other professional advisors with respect to the suitability of investing the Bonds. The following is a summary of the principal risk factors:

D.2 (a) Risks relating to the Industries in which the Group operates

The Group is subject to certain risks common to the industries in which it operates, certain of which are beyond its control. Changes in the general condition of the economies in which the Group operates or which it is exposed may have an adverse impact upon the Group's operating and financial performance. The Group currently owns operates and manages two hotels in Malta, one of which, jointly owned by Mayfair, is also operated as a vacation ownership resort. In addition, the Group owns, operates and manages an event catering operation and a retail catering operation. As such, the Group's operations and the results of its operations are subject to a number of factors that could adversely affect the Group's business, income and financial condition, many of which are common to the industries in which the Group operates, including the following:

- a downturn in international market conditions or the national, regional and/or local political, economic and market conditions;
- any increases in interest rates and a reduction in the availability of financing and/or refinancing on favourable terms;
- any fluctuations in the exchange rates between the Euro and Pound Sterling could have an impact on that part of the Group's profitability generated from the sale of vacation ownership;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures) or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- the increased competition of services and products offered by the Group;
- future growth depends in part on the Group's international expansion efforts in Spain through the COSTA® Coffee brand. The Spanish market is new to the Group, and accordingly there is a risk that the Group may not be as successful in penetrating the Spanish market;
- periodic local oversupply of guest accommodation in Malta;
- changes in travel patterns, any increase in, or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes;
- increases in operating expenses that may not be offset by increased room rates;

- changes in governmental laws and regulations and the related costs of compliance;
- the reduction in availability of financing to buyers at acceptable costs with respect to the acquisition of vacation ownership;
- the termination, non-renewal and/or the renewal on less favourable terms of the material contracts, including those described in Section 15 under the heading “Material Contracts” of the Registration Document.

(b) Risks Relating To Real Estate

i. The value of the Group’s property portfolio may fluctuate (among other things) as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices, as well as a result of other factors outside the Group’s control, such as changes in regulatory requirements and applicable laws, political conditions and the condition of financial markets. The Group’s operating performance could be adversely affected by a downturn in the property market in terms of capital values.

ii. The valuation of property and property-related assets is inherently subjective. Moreover, all property valuations are made on the basis of assumptions which may not prove to reflect the true position. There is no assurance that the valuations of the properties and property-related assets will reflect actual market prices.

iii. Properties such as those in which the Group invests are relatively illiquid and planning regulations may further reduce the numbers and types of potential purchasers. Such illiquidity may affect the Group’s ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices. This could have an adverse effect on the Group’s financial condition and results of operations.

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

v. The Directors believe that the Group is in compliance in all material respects with European Union, national and local laws and regulations concerning environmental and/or health and safety (“EHS”) laws and regulations currently applicable to it, however there can be no assurance that the Group will not be found to be in breach thereof EHS. This could result in regulatory action, the imposition of fines or third party claims which could in turn have a material adverse effect on the Group’s results of operation, its financial condition and/or its reputation. In addition, compliance with new EHS laws and regulations could require the Group to incur significant expenditure.

vi. The Group is planning a total investment of €16 million into the Radisson® Blu Resort St. Julians as described in Section 6 of the Registration Document. The Malta Environment & Planning Authority has issued a new planning policy, in terms of which, under certain circumstances, hotels may be allowed to construct up to a maximum of two additional storeys above current height limitations. However this does not mean that there cannot be delays in obtaining the necessary planning permissions or not obtaining the planning permits at all. Furthermore the completion of the refurbishment programme as well as the construction of the conference centre at the Radisson® BLU Resort St Julians is dependent on various external parties completing the project within the timeframe and costs anticipated.

(c) Risks Associated With The Issuer’s Financial Strategy

i. The Issuer’s inability to react quickly to changes in its revenue by reducing its operating expenses could have a material adverse effect on its business, financial condition and results of operations. Furthermore for hotel properties to remain attractive and competitive the Group must periodically spend a percentage of its cash flow. This creates an ongoing need for cash. To the extent that the Group cannot fund capital expenditure from cash flows generated by operations, then the funds must come from additional financing.

ii. The Company’s ability to implement its business strategies is dependent upon, among other things, its ability to generate sufficient funds internally and to access continued bank financing at acceptable costs. The Group’s current debt to equity ratio may hinder the Group’s ability to procure additional bank financing for any new investments. Furthermore, members of the Group are a party to a number of bank credit facility agreements that contain certain covenants and restrictions which might limit the Issuer’s ability to, among other things obtain future financing and withstand future downturns in general business or economic conditions. The Issuer is also the issuer of the Current Bonds in Issue which are due for redemption in 2017-2019. A substantial portion of the cash flow generated from the Issuer’s operations in the coming years must be dedicated to debt service and debt repayment. This will limit the amount of cash that would otherwise be available for funding the Issuer’s capital expenditure, and other general corporate costs.

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

iv. The Group may be exposed to a variety of financial risks associated to the unpredictability of financial markets, including market risk, foreign exchange rate risk and credit risk.

(d) Other Risks

- i. The Group is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business and is exposed to the risk of failures in such systems.
- ii. The industries in which the Group operates are affected by changes in consumer demands, national, regional and local economic conditions and demographic trends which could have a material adverse effect on the Company's business and operating results.
- iii. The Group's 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 member 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.
- iv. Since the Issuer is a holding company, the possibility that the Issuer may satisfy the demands of its creditors ultimately depends on its ability to participate in its Subsidiaries' and Affiliates' asset distribution upon liquidation. The rights of Issuer's creditors to participate in the said asset distribution, is effectively subordinated to the Subsidiary's and Affiliate's payment claims.
- v. The Group is subject to the risk of industrial disputes and adverse employee relations which could disrupt the Group's business operations and materially adversely affect the Group's business, financial condition or results of operations.
- vi. Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in the light of the cost of cover and the risk profiles of the business of the Group. However, the Group may not be able to obtain insurance that covers losses that are due to external risks and the scope of coverage the Group can obtain may be limited as may the Group's ability to obtain coverage at reasonable rates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer.
- vii. Since the Group operates in an industry which involves the continuous provision of services to guests, customers and consumers and such operation necessarily requires the continues interaction with suppliers, employees, franchisors and regulatory authorities it is exposed to the risk of litigation with such parties. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation.
- viii. Since 2010, European countries have been implementing austerity measures in an effort to reduce government deficits. This may have an effect on the tourism market resulting in a material adverse effect on the Group's performance.
- ix. The industries in which the Group operates are characterised by strong competition. Severe competition in certain countries and changes in economic and market conditions could adversely affect the Company business and operating results.

D.3 Risks Relating to the Bonds:

- i. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.
- ii. The value of investments can rise or fall, and past performance is not necessarily indicative of future performance. If in need of advice, you should consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta).

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- iii. The Bonds constitute general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Issuer.
- iv. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- v. In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders in accordance with the provisions of Section 7.13 of the Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- vi. The Terms and Conditions of the Bond Issue are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

5 Section E Offer

E.2b The proceeds from the Bond Issue, which net of expenses are expected to amount to approximately €34,350,000 will be used by the Issuer for the ensuing purposes, in the following order of priority:

- (a) approximately €20,000,000 of the proceeds from the Bond Issue will be used as follows:
- i. Approximately €16,000,000 of the proceeds from the Bond shall be advanced to BPH, a wholly owned indirect subsidiary of the Issuer, for the purpose of carrying out the following at the Radisson® Blu Resort St Julians, as described in Section 6 "Strategy and Trend Information - Radisson® Blu Resort St. Julians" of the Registration Document:
 - refurbishment works;
 - construction and finishing two additional storeys; and
 - construction and finishing works in relation to a conference centre;
 - ii. approximately €4,000,000 of the proceeds will be used for the development and operation of the COSTA® Coffee brand in the East Coast of Spain, the Balearic Islands and the Canary Islands;
- (b) The remaining balance of the net proceeds from the Bond Issue will be used for general corporate funding purposes, including the early repayment of some bank loans and in particular the reduction in the Group's overdraft balance.

The Sponsors have already agreed to subscribe to €10,000,000 of Bonds pursuant to the Private Placement Agreements as referred to in Section 7.20 of the Securities Note. Should Applications for at least another €20,000,000 of the remaining portion of the Bond Issue not be received, for a total of €30,000,000 subscription (the "**Minimum Amount**"), no allotment of the Bonds shall be made, the Applications shall be deemed not to have been accepted by the Issuer and all money received from Applicants shall be refunded accordingly.

In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed.

E.3 The Bonds are open for subscription by all categories of investors, including: Authorised Financial Intermediaries either for their own account or on behalf of clients; and the general public.

The Issuer entered into a Private Placement Agreement with the respective Sponsors in terms of which the Sponsors have agreed to subscribe to €10,000,000 in Bonds.

All other applicants may subscribe for Bonds by submitting an Application Form, subject to a minimum application of €2,000 and in multiples of €100 thereafter.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

1. Registration, Form, Denomination and Title

Certificates will not be delivered to Bondholders in respect of the Bonds given that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and Malta Stock Exchange account numbers of the Bondholders and particulars of the Bonds held by them respectively and a copy of such register will, at all reasonable times during business hours, be open to the inspection of the Bondholders at the registered office of the Issuer.

Upon request by the Bondholder, the CSD will issue a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.

The Bonds will be issued in fully registered form, without interest coupons, in minimum subscriptions of €2,000 and thereafter in integral multiples of €100.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "*Transferability of the Bonds*".

Subject to the admission to listing of the Bonds to the Official List of the Malta Stock Exchange, the Bonds are expected to be assigned the following ISIN code: MT0000481227.

2. Status of the Bonds

The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank equally and rateably without any priority or preference among themselves and with other unsubordinated or unsecured debt. The obligations of the Issuer under the Bonds bind the Issuer to pay to Bondholders interest on each Interest Payment Date and the nominal value of the Bonds on the Redemption Date.

The indebtedness of the Issuer as at 31 October 2013 amounted to €41,472,625, and includes bank loans, corporate bonds and other borrowings from related companies. The bank borrowings as at 31 October 2013 amounting to €10,834,652 are secured by:

- (a) a first general hypothec for an aggregate of €11,141,811 over the Issuer's present and future assets; and
- (b) a pledge on two ordinary shares held by the Issuer in IRIL;

and therefore the indebtedness being created by the Bonds, together with that of the Current Bond in Issue, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which are privileged or otherwise secured.

3. Redemption and Purchase

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the Redemption Date. Subject to the provisions of this section, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold. Any purchase by tender shall be made available to all Bondholders alike.

4. Interest and Yield

The Bonds shall bear interest at the rate of 6% per annum payable annually on the 15 May of each year. Interest is expected to accrue as from 16 June 2014. The first Interest Payment Date following the issuance of this Prospectus shall be 15 May 2015. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

Each Bond will cease to bear interest from and including its due date of redemption unless upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or an Event of Default (as defined herein) occurs.

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and, in the case of an incomplete month, the number of days elapsed.

The gross yield calculated on the basis of the interest, the Bond Issue Price and the redemption value of the Bonds at Redemption Date is 6%.

5. Negative Pledge

The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds, is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

"Financial Indebtedness" means any indebtedness in respect of (A) monies borrowed; (B) any debenture, bond, note, loan stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

"Security Interest" means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer;

"Permitted Security Interest" means (A) any Security Interest arising by operation of law; (B) any Security Interest securing bank loans; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding eighty per cent (80%) of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than one hundred and six point five per cent (106.5%) of the aggregate principal amount of the Bonds still outstanding;

"Unencumbered assets" means assets which are not subject to a Security Interest.

6. Payments

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Redemption Date.

Payment of interest on a Bond will be made in Euro to the person in whose name such Bond is registered as at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven days of the Interest Payment Date.

7. Events of Default

The Securities Note sets out a list of events of default the occurrence of which would result in the Bonds becoming immediately due and repayable at their principal amount together with accrued interest.

8. Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

9. Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further bonds, notes, debentures or any other debt securities ranking *pari passu* in all respects with the Bonds.

10. Meetings of Participation Bondholders

The provisions of the Prospectus may be amended with the approval of the Bondholders at a meeting called for that purpose by the Issuer in accordance with the terms and procedure set out under Section 7.13 of the Securities Note.

11. Governing Law and Jurisdiction

The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Act. From their inception the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

- E.4 Save for the subscription for Bonds by the Authorised Financial Intermediaries (which includes respectively Curmi & Partners Ltd., Rizzo, Farrugia & Co (Stockbrokers) Ltd., the Manager & Registrar and the Joint Manager) and any fees payable to Curmi & Partners Ltd. and Rizzo, Farrugia & Co (Stockbrokers) Ltd. respectively as Lead Sponsor and Sponsor in connection with the Bond Issue, and to Bank of Valletta p.l.c. and HSBC Bank Malta p.l.c. respectively as Manager and Registrar and Joint Manager, so far as the Issuer is aware no person involved in the issue has an interest material to the Bond Issue.
- E.7 Professional fees, costs related to publicity, advertising, printing, listing and registration, a one percent selling commission, as well as sponsor, management, registrar fees and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €650,000 and shall be borne by the Issuer.

6 Time-Table

Availability of Application Forms	12 May 2014
Private Placement Date	23 May 2014
Opening of Subscription Lists	26 May 2014
Closing of Subscription Lists	30 May 2014
Announcement of basis of acceptance	6 June 2014
Expected dispatch of allotment advices and refunds of unallocated monies	13 June 2014
Expected date of admission of the Bond to the listing and Commencement of interest	16 June 2014
Expected date of commencement of trading in the Bonds	17 June 2014

The Issuer reserves the right to close the offer of Bonds before 30 May 2014 in the event of over-subscription, in which case, the events set out in steps 5 to 8 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.

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