



## INTERNATIONAL HOTEL INVESTMENTS P.L.C.

### COMPANY ANNOUNCEMENT

#### **Acquisition of ownership of the remaining shares in Island Hotels Group Holdings p.l.c. ("IHGH") and settlement by International Hotel Investments p.l.c. ("IHI")**

IHI refers to the offer made to shareholders of IHGH in consequence of a voluntary public bid made in terms of Chapter 11 of the Listing Rules (the "Bid") for the acquisition of the entire issued share capital of IHGH.

In its company announcement of 10 August 2015, IHI announced its intention with respect to the remaining 0.32% of the entire issued share capital of IHGH not already held by IHI as a result of the Bid (the "Remaining IHGH Shares"), to carry out the process in terms of Listing Rule 11.42 by means of which IHI will exercise its right to require all the holders of such shares to sell and transfer these shares to IHI.

For the purposes of Listing Rule 11.43 IHI has obtained a report prepared by PricewaterhouseCoopers (the "Report"), as independent experts, in which it has been determined that the Fair Price (as defined in the Report) of €1.12,4 per Remaining IHGH Share is higher than the Equitable Price (also as defined in the Report) of €1.00 per share in IHGH. A copy of the Report is appended to this company announcement.

IHI will proceed to complete the transfer of all Remaining IHGH Shares and to process the applicable payments to the holders of such shares by no later than close of business on 4 September 2015.

As previously announced, following the completion of the foregoing process, IHI intends to apply for the delisting of the entire issued share capital of IHGH.

Alfred Fabri  
Company Secretary

24 August 2015

*Encl.*



The Directors  
International Hotel Investments p.l.c.  
22, Europa Centre,  
Floriana

24 August 2015

Dear Sirs,

**Independent expert report in connection with the acquisition by International Hotel Investments plc of the remaining shares in Island Hotels Group Holdings plc**

**Introduction**

This report is being prepared in accordance with the terms of our agreement with IHI plc ("IHI" or "the Offeror"), dated 11 August 2015.

On 1 July 2015, IHI issued a voluntary public take-over bid ("the Bid") in respect of the entire issued share capital of Island Hotels Group Holdings plc ("IHGH").

We understand that IHI has acquired a total of 38,457,860 shares, representing 99.7% of the issued share capital and voting rights of IHGH. We further understand that the Offeror intends to exercise its rights under Listing Rule 11.42 to require all the holders of the remaining 125,800 shares in IHGH to sell those Shares to IHI (the "Transaction"). In this respect, Section 10.1 of the Offer Document, dated 1 July 2015 and prepared in connection with the Bid, stipulated that the Transaction will be carried out at a fair price payable in cash within a maximum period of ninety calendar days from the 31 July 2015, being the closing date of the Bid.

We are reporting on the price for the Transaction in accordance with the requirements of rule 11.43 of the Listing Rules as issued by the Malta Financial Service Authority. This provision requires the Offeror to appoint an independent expert to draw up a report setting out the price considered to be a fair and reasonable value of those shares (the "Fair Price"), which price must however be equivalent to or higher than the equitable price (the "Equitable Price").

The Listing Rules do not set out the criteria for determining the Fair Price. However, Listing Rule 11.1 provides that the objective of Chapter 11 is to implement the provisions of Directive 2004/25/EC on takeover bids (the "Directive") and that in the event that any of the Listing Rules are in conflict with the provisions of the Directive, the Directive shall prevail. Article 15(5) of the EU Directive 2004/25/EC provides that following a voluntary bid, the consideration offered in the bid shall be presumed to be fair where, through acceptance of the bid, the offeror has acquired securities representing not less than 90% of the capital carrying voting rights comprised in the bid.

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The firm is registered as a partnership of Certified Public Accountants in terms of the Accountancy Profession Act. A list of partners and directors of the firm is available at 78 Mill Street, Qormi, Malta.



Rule 11.39 of the Listing Rules lays out the basis for determining the Equitable Price and provides that this is the highest price determined by the following criteria:

- *11.39.1:* The price offered for the security should not be below the weighted average price of the security or the security transactions made on a Regulated Market during the previous six (6) months;
- *11.39.2:* The price offered for the security should not be below the highest price paid for the security by the Offeror or persons Acting In Concert with the Offeror during the previous six (6) months;
- *11.39.3:* The price offered for the security should not be below the weighted average price paid for the security by the Offeror or persons Acting In Concert with the Offeror during the previous six (6) months;
- *11.39.4:* The price of the security should not be lower than ten percent (10%) below the weighted average price of the security within the previous ten trading days.

### **Procedures performed**

We have performed the procedures agreed with you and enumerated in this report, which were performed solely in order to be able to provide the report required by Rule 11.43 of the Listing Rules. Our engagement was undertaken in accordance with the International Standard on Related Services 4400, *'Engagements to perform agreed-upon procedures regarding financial information'*.

The procedures that we performed are summarised below:

1. We reviewed the Offer Document issued in connection with the Bid in order to confirm the terms of the consideration included in the Bid;
2. We obtained direct confirmation from Offeror in relation to the acceptance of the offer;
3. We computed the Fair Price in terms of the criteria set out in Article 15(5) of the EU Directive 2004/25/EC;
4. We computed the Equitable Price in terms of the criteria set out in Rule 11.39 of the Listing Rules. In connection with this procedure we also carried out the following additional procedures;
  - a. We reviewed documentation relating to the transactions in shares of IHGH on the Malta Stock Exchange during the six months from 1 January 2015 to 1 July 2015; and
  - b. We requested confirmation from the Offeror that neither the Offeror nor persons Acting in Concert with the Offeror have acquired any shares in IHGH during the six months from 1 January 2015 to 1 July 2015;
5. We compared the Fair Price to the Equitable Price in order to determine whether, in terms of the requirements of Rule 11.43, the Fair Price is equivalent to or higher than the Equitable Price.



## Results of procedures performed

Our findings on the procedures set out above are:

1. Our review of the Offer Document indicated that the Bid offered shareholders two alternative forms of consideration as follows:
  - a. *The Combined Consideration*: this included:
    - i. a cash offer of €1.00 per IHGH share of which €0.55 per share will be settled upon transfer of the shares and €0.45 per share will be settled twelve months after the date of the transfer of shares; and
    - ii. the issue of 0.246 ordinary shares in IHI for each IHGH share;
  - b. *The Alternative Consideration*: this includes a cash payment of €1.13,7 per IHGH share of which €0.68,7 per share will be settled upon transfer of the shares and €0.45 per share will be settled twelve months after the date of the transfer of shares.
2. The Offeror confirmed that IHI has acquired a total of 38,457,860 shares, equivalent to 99.7% of the share capital of IHGH. Of these, the holders of 37,378,546 shares (equivalent to 96.9% of IHGH's shares) opted for the Combined Consideration and the holders of 1,079,314 shares (equivalent to 2.8% of IHGH's shares) opted for the Alternative Consideration.
3. In terms of the provisions of Article 15(5) of the EU Directive 2004/25/EC, the Fair Price for the Transaction should reflect the terms of the Combined Consideration as this was accepted by holders of 96.9% of IHGH's issued share capital. However, consistent with the undertaking included in Section 10.1 of the Offer Document, the terms of the Combined Consideration need to be converted into an upfront cash payment.

In this respect, the directors of IHI are computing the Fair Price for the Transaction at €1.12,4 per share as follows:

- i. The upfront payment of €0.55 per IHGH share included in the Combined Consideration;
- ii. An additional payment of €0.43,7 per share based on the deferred payment of €0.45 per share included in the Combined Consideration discounted to present value using a discount rate of 3.0% per annum; and
- iii. An additional payment of €0.13,7 per share in lieu of the share component included in the Combined Consideration. This payment was computed using the parameter of 0.246 IHI shares for each IHGH share and a price of €0.55,8 per IHI share. The share price per IHI share reflects that disclosed in the Offer Document and used as a basis for setting the terms of the Alternative Consideration. This is based on the weighted average price of IHI shares during the three months immediately preceding the date of the conditional agreement for the acquisition of the IHGH shares, dated 16 January 2015.



4. The Equitable Price for the Transaction is set at €1.0 per share, based on the maximum price resulting from the following criteria set out in Rule 11.39 of the Listing Rules:
  - a. The weighted average price of the IHGH shares on Malta Stock Exchange during the six months from 1 January 2015 to 1 July 2015, which is of €1.0 per share;
  - b. Ten percent (10%) below the weighted average price of the IHGH shares on the Malta Stock Exchange on the previous ten trading days from 17 June 2015 to 1 July 2015, which amounts to €0.91,8 per share;

We have obtained confirmation from the Offeror that neither the Offeror nor persons Acting In Concert with the Offeror have acquired any IHGH shares during the six months from 1 January 2015 to 1 July 2015. To the extent practicable, we corroborated this confirmation by reviewing available documents relating to transactions in IHGH shares during this period.

5. In terms of Rule 11.43 of the Listing Rules we confirmed that the Fair Price of €1.12,4 per share (computed on the basis of procedure 3 above) is higher than the Equitable Price of €1.0 per share (computed on the basis of procedure 4 above).

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing, we do not express any assurance on the Fair Price and Equitable Price determined through the procedures outlined above. Had we performed additional procedures or had we performed a review in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Our report is solely for use in connection with the confirmation required in terms of Rule 11.43 of the Listing Rules and is not to be used for any other purpose.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'R Sciberras', with a large, sweeping flourish underneath.

Ryan Sciberras  
Partner