



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Genuine People, Genuine Passion, Genuine Prospects.

Date of Announcement:

18 May 2011

Reference:

20/2011

The following is a Company Announcement issued by Island Hotels Group Holdings p.l.c. (the Company) pursuant to Listing Rules 5.160 and 5.162.

Quote

Over the past few months the Company has been seeking to form strategic alliances aimed at fuelling growth and improving overall performance.

Today, the Company signed a conditional framework agreement for the acquisition by the Company for a maximum of €1,314,460 (by way of subscription) of 50% of the share capital of Buttigieg Holdings Limited (the “**Target**”), the parent company of the 100% owned subsidiary R.J.C. Caterers Limited, a company operating mainly in the retail and contract catering sector. The objective behind the acquisition of 50% of the Target is to strengthen the operations currently carried out by a subsidiary of the Company, Island Caterers Limited with a view to increasing overall turnover levels, more effectively exploiting market opportunities both locally and overseas and to enhance the efficiency of the business due to the synergies that would arise in all other areas of operation as a result of the combined resources.

This acquisition, which is subject to certain regulatory and counter-party consents, is expected to increase revenues and operating profits of the Company by around 10% of 2010 figures. It will further add a central production unit to the Company’s current production facilities aimed at streamlining the food production process and bringing about increased efficiency within the Group.

The Company also expects the transaction to enable it to access new market segments which have to date not been the Company’s main focus, principally the retail catering segment and the contract catering segment.

The value of the gross assets subject of the transaction is equivalent to the consideration being paid for the subscription of shares in the Target.

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Tele: +356 2157 3781/4

Company Registration No.: C44855

Island Hotels Group Holdings p.l.c. is a public limited company registered in terms of the Companies Act (Cap.386 of the Laws of Malta)



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Genuine People, Genuine Passion, Genuine Prospects.

The transaction will entail the subscription by the Company to 50 % of the issued share capital of the Target, equivalent to 227,752 ordinary shares of a nominal value of €5 per share which shares are 20% paid up. The purchase consideration of the transaction shall be settled through the issue of ordinary shares in the Company, which share issue was authorised by the annual general meeting of the Company on the 19 May 2010. The consideration is fixed at a maximum of 1,314,460 ordinary shares of a nominal value of € 1 being issued for a price of €1 per share. The said consideration shall become payable, and the shares in the Company issued, as to a maximum of 1,070,960 shares on closing and the balance, equivalent to 243,500 shares in the Company, shall be issued upon the satisfaction of certain conditions.

The transaction also contemplates an option on the part of the Company to purchase the remaining 50% of the Target's issued share capital within a specified period under certain terms and conditions set out in the agreement.

Unquote

Signed:

Kenneth Abela
Company Secretary

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Tele: +356 2157 3781/4

Company Registration No.: C44855

Island Hotels Group Holdings p.l.c. is a public limited company registered in terms of the Companies Act (Cap.386 of the Laws of Malta)