



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Date of Announcement:
Reference:

7 September 2011
24/2011

The following is a Company Announcement issued by Island Hotels Group Holdings p.l.c. (the Company) pursuant to the Malta Financial Services Authority Listing Rules.

Quote

Reference is made to the announcement issued by the Company on the 18 May 2011 in relation to the entry by the Company into a conditional framework agreement (the “**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 Framework Agreement was executed on the 18 May 2011 by and between the Company, the Target, Pierre Bartolo, Doris Bartolo, John Buttigieg, Kay Elizabeth Buttigieg, Mario Mifsud, Marie-Louise Mifsud, RJC Caterers Limited and RJC Operations Limited.

The objective behind the investment in 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.

The investment in the Target is expected to increase revenues and profitability of the Company, calculated to be in the region of 10% of current values, and to 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 niches which have to date not been the Company’s main focus, principally the retail catering and the contract catering markets.

The Target’s management team, led by John Buttigieg, Pierre Bartolo and Mario Mifsud, will remain involved in the business, ensuring stability and continuity while bringing new skills into our catering operations.

The investment in the Target was, in terms of the Framework Agreement, subject to and conditional upon certain regulatory and counter-party consents. Such conditions have been satisfied and accordingly the Framework Agreement has become unconditional. In fact 227,752 Ordinary B Shares in the Target (the “**Target Shares**”) representing 50% of that total issued share capital of the Target

Island Hotels Group Holdings p.l.c.

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

Company Registration No.: C44855



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were issued in favour of the Company earlier today. The Target Shares have a nominal value of €1 per share and are 100% paid up.

The consideration payable by the Company to the other shareholders of the Target (the “**Other Shareholders**”) for the 50% of the Target consists of the issue of 1,070,960 ordinary shares in the Company (the “**IHGH Shares**”). The IHGH Shares will be issued at €1 each and will be allotted by not later than 10 days from the date of this announcement as follows:

John Buttigieg – 642,576 IHGH Shares
Pierre Bartolo – 278,450 IHGH Shares
Mario Mifsud – 149,934 IHGH Shares

The issue of the IHGH Shares was authorised by the annual general meeting on the 19 May 2010. An application for the listing of the IHGH Shares on the official list of the Malta Stock Exchange has also been submitted.

The Framework Agreement also contemplates an additional allotment in favour of the Other Shareholders of a maximum of 243,500 IHGH Shares conditional upon the satisfaction of certain conditions (the “**Additional Conditions**”). The Additional Conditions have not as yet been satisfied. 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.

The book value of the gross assets, in accordance with the Target’s Management Accounts as at 31 August 2011, is of €2,581,917. The three year average annual profit of the Target, taken from the last two audited financial statements and the management accounts as at 30 June 2011, is € 301,949.

Unquote

Signed:

Kenneth Abela
Company Secretary

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