



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2017

Condensed Income Statement

	1 January to 30 June 2017	1 January to 30 June 2016
	€'000	€'000
Revenue	115,284	70,758
Direct costs	(64,898)	(39,648)
	50,386	31,110
Other operating costs	(23,361)	(15,976)
EBITDA	27,025	15,134
Depreciation and amortisation	(16,887)	(10,943)
Net change in fair value of indemnification assets	(105)	(105)
Results from operating activities	10,033	4,086
Share of profit from equity accounted investments	957	97
Finance income	1,174	206
Finance costs	(11,577)	(7,851)
Net foreign exchange translation differences	(2,888)	5,318
(Loss)/profit before tax	(2,301)	1,856
Tax income	435	77
(Loss)/profit for the period	(1,866)	1,933
Attributable to:		
Owners of the parent	(464)	1,933
Non-controlling interest	(1,402)	-
Loss/profit for the period	(1,866)	1,933
(Loss)/profit per share	(0.001)	0.003

Condensed Balance Sheet

	At 30 June 2017 €'000	At 31 December 2016 €'000
ASSETS		
Non-current	1,440,307	1,119,397
Current	139,431	100,857
Total assets	1,579,738	1,220,254
EQUITY		
Total equity	849,379	646,822
LIABILITIES		
Non-current	633,158	487,851
Current	97,201	85,581
Total liabilities	730,359	573,432
Total equity and liabilities	1,579,738	1,220,254

Condensed Statement of Comprehensive Income

	1 January to 30 June 2017	1 January to 30 June 2016
	€'000	€'000
(Loss)/profit for the period	(1,866)	1,933
Other comprehensive income		
Translation reserve	(17,096)	(3,993)
Net change in fair value of available for sale investments	-	95
Income tax relating to components of other comprehensive income	23,024	-
Other comprehensive income for the period	5,928	(3,898)
Total comprehensive income/(expense) for the period	4,062	(1,965)

Condensed Cash Flow Statement

	1 January to 30 June 2017	1 January to 30 June 2016
	€'000	€'000
Net cash from operating activities	22,631	12,679
Net cash used in investing activities	5,156	(4,984)
Net cash used in financing activities	3,849	(13,173)
Net decrease in cash and cash equivalents	31,636	(5,478)
Cash and cash equivalents at beginning of period	20,832	11,664
Cash and cash equivalents at end of period	52,468	6,186

Statement of Changes in Equity

	Share capital	Revaluation reserve	Translation reserve	Reporting currency conversion difference	Other equity components	Accumulated losses	Total attributable to owners	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2016	573,636	85,012	(3,288)	443	4,552	(52,665)	607,690	598	608,288
Profit for the period	-	-	-	-	-	1,933	1,933	-	1,933
Other comprehensive income	-	-	(3,993)	-	95	-	(3,898)	-	(3,898)
Total income and expenses for the period	-	-	(3,993)	-	95	-	(1,965)	-	(1,965)
Balance at 30 June 2016	573,636	85,012	(7,281)	443	4,647	(50,732)	605,725	598	606,323
Loss for the period	-	-	-	-	-	(9,591)	(9,591)	-	(9,591)
Other comprehensive income	-	35,437	10,176	-	(1,151)	-	44,462	-	44,462
Total income and expenses for the period	-	35,437	10,176	-	(1,151)	(9,591)	34,871	-	34,871
Bonus share issue	17,211	(17,211)	-	-	-	-	-	-	-
Issue of ordinary shares related to business combination	6,903	(396)	-	-	(879)	-	5,628	-	5,628
Balance at 31 December 2016	597,750	102,842	2,895	443	2,617	(60,323)	646,224	598	646,822
Profit for the period	-	-	-	-	-	(464)	(464)	(1,402)	(1,866)
Other comprehensive income	-	23,997	(12,235)	-	-	-	11,762	(5,834)	5,928
Total income and expenses for the period	-	23,997	(12,235)	-	-	(464)	11,298	(7,236)	4,062
Non-controlling interest on consolidation of NLI	-	-	-	-	-	-	-	198,495	198,495
Balance at 30 June 2017	597,750	126,839	(9,340)	443	2,617	(60,787)	657,522	191,857	849,379

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GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2017

Selected Explanatory Notes

Basis of Preparation

The published figures have been extracted from the unaudited management consolidated financial statements of International Hotel Investments p.l.c. ("the Group") for the six months ended 30 June 2017 and the comparative period in 2016. Comparative balance sheet information as at 31 December 2016 has been extracted from the audited financial statements of the Group for the year ended on that date. This report is being published in terms of Listing Rule 5.74 issued by the Malta Financial Services Authority - Listing Authority, and has been prepared in accordance with the applicable Listing Rules and International Accounting Standard 34, 'Interim Financial Reporting'. In terms of Listing Rule 5.75.5 the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Group's independent auditors.

Accounting Policies

The accounting policies adopted in the preparation of the 2017 Group's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2016.

Principal Activities

International Hotel Investments p.l.c. carries on the business of an investment company in connection with the ownership, development and operation of hotels, leisure facilities, and other activities related to the tourism industry and commercial centres. The Company has a number of subsidiary companies and investments in associate companies through which it promotes the business of the Group.

Review of Performance

During the first six months of 2017 the Group registered an increase in revenue of €44.5 million over the corresponding period on account of improvements across all subsidiaries and the consolidation of results, as of 1 January this year, of the NLI Group, owner of the London and Brussels hotels. The Consolidation of the London property was made possible following a change in the composition of the owning company's board, effectively enabling IHI to exercise control over this asset.

The following table shows the evolution of EBITDA over the past three years. The columns for 2015 and 2016 account for IHI's 50% share in the London Hotel as a joint venture, whilst this hotel features as a subsidiary as from 1 January 2017. The 2017 joint venture line now refers solely to the Company's interests in the Golden Sands Resort in Malta.

Adjusted EBITDA - January to June

	2015	2016	2017
	€ 000	€ 000	€ 000
IHI – all subsidiaries excluding Tripoli & London	13,257	14,713	20,035
London Hotel	–	–	6,570
Tripoli – Hotel and commercial centre	991	419	420
EBITDA	14,248	15,134	27,025
Joint ventures – IHI's share	3,629	6,846	2,027
London Hotel – non-controlling interest (50%)	–	–	(3,285)
Adjusted EBITDA	17,877	21,980	25,767

The numbers for the first half of 2017 show a continued year on year increase in all of the Company's operations, with an increase of 17% in 2017 over 2016.

This increase was achieved despite the adverse effect of the weakening of sterling which materially impacted the results of the Corinthia Hotel London's in euros. In fact, whereas this Hotel registered a 16% increase in EBITDA over 2016 in sterling terms, it was only 4% when measured in euro terms. Similarly, the Company's results were negatively impacted in the case of the Corinthia Hotel St Petersburg by the effect of the devaluation of the rouble, despite an improvement in performance.

The above table also highlights the continued break-even situation at the Corinthia Hotel & Commercial Centre in Tripoli, an operation that generated an EBITDA of around €16 million per annum in its best years. Throughout the past years, the office space at the adjacent Commercial Centre remained practically fully leased thereby mitigating the hotel's operational loss, such that the property's EBITDA remains cash positive.

Given the consolidation of the Corinthia Hotel in London, the accounts for 2017 now also reflect the full borrowing costs of this hotel, and this is the main reason for the increase in interest costs when compared to the results of 2016.

The negative net foreign exchange translation differences represent unrealised currency movements registered mainly in connection with the Corinthia Hotel St Petersburg, where the rouble weakened by 5% against the euro relative to 31 December 2016.

The income of €5.9 million reported in the Statement of Comprehensive Income reflects the net of the positive reversal of deferred tax on the London investment upon its consolidation and negative currency translation differences on the Group's investments in London, the Golden Sands timeshare operation, and in St Petersburg which are all reported in functional currencies other than the euro.

State of Affairs and Outlook

The general business outlook for IHI's hotels and the catering business remains positive with year-on-year growth forecasted in both turnover and operating profits. It is encouraging to note that the Group's Net Asset Value (excluding Minority Interests) per share has increased from €1.08 at the end of 2016 to €1.10 at the end of June 2017.

In 2017 the Company issued a Bonus Share Issue of 3% to its shareholders.

The owning company of Corinthia Grand Hotel Astoria in Brussels where IHI owns 50% of the equity, is moving ahead with its plans to extend and refurbish the hotel which was acquired in 2016. It is progressing well with the planning application which has reached final vetting and the Company is aiming to start construction by the end of 2017. The new Corinthia Hotel Brussels, as the property will be known, is expected to open for business late in 2019. Funding for the project has been secured through (i) the refinancing of

the loan on the Corinthia Hotel in London, with Bank of China, which has released £20 million in fresh funds partly to be injected into this project and (ii) a €45 million loan from ARES Bank secured exclusively by this same project.

The Company's operating subsidiary Corinthia Hotels Limited (CHL - previously known as CHI), remains very active in its pursuit for global growth. Two Corinthia Hotels are currently under construction in Dubai and Qatar, where CHL has been engaged as the Operator by the investors owning these developments. CHL expects to conclude other similar agreements in 2017, including the United States and Germany.

At the beginning of 2017 IHI appointed Numis Securities to help it explore financing options, including potential capital raising to enable IHI to take advantage of its growing pipeline of potential development project opportunities.

Segmental Reporting – Information about reportable segments

	2017	2016	2017	2016	2017	2016	2017	2016
	European countries	European countries	Eastern European countries	Eastern European countries	North Africa	North Africa	Total	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Hotels								
Segment revenue	63,990	27,061	29,393	25,440	748	311	94,131	52,812
EBITDA	14,057	6,211	8,427	6,933	(1,802)	(1,872)	20,682	11,272
Depreciation and amortisation	(9,382)	(2,816)	(4,897)	(4,639)	(1,282)	(1,611)	(15,561)	(9,066)
Segment profit (loss)	4,675	3,395	3,530	2,294	(3,084)	(3,483)	5,121	2,206

Entity wide disclosure

	Total	Total
	€'000	€'000
Segment revenue	94,131	52,812
Rental income from investment property	5,344	4,901
Hotel management company revenue	7,980	6,557
Catering business	11,524	9,262
Holding company revenue and other revenue	4,963	1,751
Elimination of intra group revenue	(8,658)	(4,525)
Group revenue	115,284	70,758
Segment profit or loss	5,121	2,206
Net rental income from investment property	4,566	4,240
Catering business – operating results	378	(1,373)
Unallocated items	1,399	452
Depreciation and amortisation	(1,326)	(1,334)
Movement in indemnification assets	(105)	(105)
	10,033	4,086
Share of loss from equity accounted investments	957	97
Finance income	1,174	206
Finance costs	(11,577)	(7,851)
Net foreign exchange translation differences	(2,888)	5,318
(Loss) / profit before tax	(2,301)	1,856

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to € 5.8 million.

Related Party Transactions

The Company has a related party relationship with its parent company, Corinthia Palace Hotel Company Limited, and other entities forming part of the Corinthia Group of Companies, of which IHI is a subsidiary. Transactions with these companies are subject to review by the Audit Committee which provides comfort to the Board of Directors that such transactions are carried out on an arm's length basis and are for the benefit of the IHI Group. All transactions with companies forming part of the IHI Group have been eliminated in the preparation of this consolidated Half-Yearly Report.

Summary of Related Party Transactions	€'000
Parent and Associated company – Management fee income	550
Associated companies – Hotel management fee income	1,339

Statement in terms of Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- this condensed set of consolidated financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of IHI; and
- includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84

Alfred Pisani
Chairman

Frank Xerri de Caro
Senior Independent Director

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