



# INTERNATIONAL HOTEL INVESTMENTS P.L.C.

## COMPANY ANNOUNCEMENT

### Approval of Financial Statements for 2014

The Board of Directors of International Hotel Investments p.l.c. has approved the Financial Statements for the year ended 31<sup>st</sup> December 2014.

A copy of the Preliminary Statement of Annual Results is attached and is available on the Company's website [www.ihiplc.com](http://www.ihiplc.com).

Alfred Fabri  
Company Secretary

1<sup>st</sup> April 2015

*Encl.*



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2014

### Condensed Income Statement

	2014 €'000	2013 €'000
Revenue	116,379	123,734
Direct costs	(61,147)	(64,152)
	55,232	59,582
Other operating costs	(26,382)	(24,601)
<b>EBITDA</b>	<b>28,850</b>	<b>34,981</b>
Depreciation and amortization	(18,390)	(23,763)
(Decrease) increase in fair value of investment property	(15,391)	571
Net impairment reversal on hotel properties	2,081	5,000
<b>Results from operating activities</b>	<b>(2,850)</b>	<b>16,789</b>
Share of loss from equity accounted investments	(14,537)	(5,788)
Finance income	1,789	1,276
Finance costs	(14,824)	(17,216)
Net fair value gain on interest rate swaps	1,466	1,789
Movement in reimbursement asset	(879)	(883)
<b>Loss before tax</b>	<b>(29,835)</b>	<b>(4,033)</b>
Tax income	13,549	4,299
<b>(Loss) profit for the year</b>	<b>(16,286)</b>	<b>266</b>
<b>Attributable to:</b>		
Owners	(16,266)	266
Non-controlling interest	(20)	-
	<b>(16,286)</b>	<b>266</b>
<b>Loss per share</b>	<b>(0.03)</b>	<b>(0.00)</b>

### Condensed Balance Sheet

	2014 €'000	2013 €'000
<b>ASSETS</b>		
Non-current	961,305	1,042,268
Current	50,735	50,404
<b>Total assets</b>	<b>1,012,040</b>	<b>1,092,672</b>
<b>EQUITY</b>		
<b>Total equity</b>	<b>594,814</b>	<b>626,491</b>
<b>LIABILITIES</b>		
Non-current	354,402	390,061
Current	62,824	76,120
<b>Total liabilities</b>	<b>417,226</b>	<b>466,181</b>
<b>Total equity and liabilities</b>	<b>1,012,040</b>	<b>1,092,672</b>

### Condensed Statement of Comprehensive Income

	2014 €'000	2013 €'000
<b>(Loss) profit for the year</b>	<b>(16,286)</b>	<b>266</b>
<b>Other comprehensive income:</b>		
Impairment of hotel properties	(28,953)	(8,200)
Translation difference	6,741	(1,580)
Share of other comprehensive income of equity accounted investments	18,380	41,616
Fair value movement on available-for-sale investments	632	-
Income tax relating to components of other comprehensive income	3,797	(5,867)
<b>Other comprehensive income for the year</b>	<b>597</b>	<b>25,969</b>
<b>Total comprehensive income (expense) for the year</b>	<b>(15,689)</b>	<b>26,235</b>
<b>Attributable to:</b>		
Owners	(15,669)	26,235
Non-controlling interest	(20)	-
	<b>(15,689)</b>	<b>26,235</b>

### Condensed Cash Flow Statement

	2014 €'000	2013 €'000
Net cash from operating activities	30,016	42,078
Net cash used in investing activities	(4,190)	(4,284)
Net cash used in financing activities	(13,467)	(43,666)
Net increase (decrease) in cash and cash equivalents	12,359	(5,872)
Cash and cash equivalents at beginning of year	5,491	11,363
<b>Cash and cash equivalents at end of year</b>	<b>17,850</b>	<b>5,491</b>

### Statement of Changes in Equity

	Share capital	Revaluation reserve	Translation reserve	Reporting currency conversion difference	Accumulated losses	Other equity components	Total attributable to owners	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2013	554,238	60,272	1,379	443	(17,824)	1,748	600,256	-	600,256
Loss for the year	-	-	-	-	266	-	266	-	266
Other comprehensive expense	-	25,506	(1,284)	-	-	1,747	25,969	-	25,969
Total comprehensive expense	-	25,506	(1,284)	-	266	1,747	26,235	-	26,235
Transfer to accumulated losses	-	(1,110)	-	-	1,110	-	-	-	-
Balance at 31 December 2013	554,238	84,668	95	443	(16,448)	3,495	626,491	-	626,491
<b>Balance at 1 January 2014</b>	<b>554,238</b>	<b>84,668</b>	<b>95</b>	<b>443</b>	<b>(16,448)</b>	<b>3,495</b>	<b>626,491</b>	<b>-</b>	<b>626,491</b>
Loss for the year	-	-	-	-	(16,266)	-	(16,266)	(20)	(16,286)
Other comprehensive expense	-	(5,694)	5,296	-	-	995	597	-	597
Total comprehensive expense	-	(5,694)	5,296	-	(16,266)	995	(15,669)	(20)	(15,689)
Transfer on acquisition of non-controlling interest	-	-	-	-	-	-	-	650	650
Dividend	-	-	-	-	(16,638)	-	(16,638)	-	(16,638)
Transfer to accumulated losses	-	(415)	-	-	415	-	-	-	-
<b>Balance at 31 December 2014</b>	<b>554,238</b>	<b>78,559</b>	<b>5,391</b>	<b>443</b>	<b>(48,937)</b>	<b>4,490</b>	<b>594,184</b>	<b>630</b>	<b>594,814</b>

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2014

### Selected Explanatory Notes

#### Basis of Preparation

This preliminary statement of annual results is being published in terms of Listing Rule 5.54 issued by the Malta Financial Services Authority – Listing Authority.

#### Accounting Policies

The accounting policies have been consistently applied by all the companies within the Group and are consistent with those used in previous years.

#### Principal Activities

International Hotel Investments p.l.c. (IHI) 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 wholly-owned subsidiary companies and investments in associate companies through which it promotes the business of the Group.

#### Review of Performance

In view of the prolonged instability in Libya and economic conditions in the Russian Federation, revenue generated by Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg for the year ended 31 December 2014 was lower than the prior year by *circa* €16.1 million. However, such a reduction was principally compensated by increased revenues by the Group's other properties in Europe and therefore the overall decrease in income for the financial year amounted to €7.4 million (a reduction of 6%). This reduction in income inevitably impacted the Group's EBITDA, which decreased by 18%, from €35.0 million in 2013 to €28.9 million in 2014. It must be pointed out however that the above revenue and EBITDA figures do not include the Group's 50% share in the London hotel which is not consolidated in the Group's results.

The depreciation charge for 2014 went down by €5.4 million (from €23.8 million in 2013 to €18.4 million in 2014) as no provision was required on assets that were already fully depreciated.

In 2014 there was also a reduction of approximately €2.9 million in net finance costs (from €15.9 million in 2013 to €13.0 million in 2014) in consequence of reduced EURIBOR rates coupled with the further reduction of the Group's debt due to scheduled repayments of bank loans.

The earnings on ordinary activities after depreciation and finance costs during the year under review were a loss of €2.6 million compared to a corresponding loss of €4.7 million in 2013, representing a year-on-year improvement of nearly 100%.

In April 2014, 11 apartments in Whitehall Place adjacent to the Corinthia Hotel London, in which IHI holds a 50% stake, were sold to third parties. The penthouse apartment was retained and will be sold when the right opportunity arises. Except for one-off property costs resulting from this sale of the apartments, the disposal had no effect on the Group financial statements since in 2013 the apartments had already been valued at their market price. In 2014 a loss of €14.6 million was registered from equity accounted investments (mainly London Hotel and Residences), in consequence of building taxes, depreciation, interest and the one-time selling costs of the 11 apartments as the hotel performance registered a marginal improvement in performance in 2014 over 2013.

After accounting for movements in fair value of properties, the Group recorded a loss after tax for the year ended 31 December 2014 of €16.3 million (2013: Profit of €0.3 million).

In 2014 the Group was negatively impacted by a reduction of €69.2 million in the value of its hotels and commercial centres in Tripoli and St Petersburg due to the *force majeure* situation in these two jurisdictions and the devaluation of the Russian rouble. On the other hand, through the robust performance achieved by a number of the Group's European hotels, IHI registered an improvement of €44.9 million in the fair values of such properties, most notably of which were the uplifts in the hotel properties located in London (limited to its 50% share), in Lisbon and in Budapest.

Overall, the Group reported a net impairment (before tax) in the fair value of its properties of €24.3 million (2013: uplift of €36.8 million) which is reported as to €13.3 million in the Income Statement and €11.0 million in the Comprehensive Income Statement.

In 2014, despite the *force majeure* situation prevailing in Libya and the Russian Federation the Group achieved an interest cover ratio of 2.21 times (2013: 2.19), which is marginally better than that registered the year before.

#### State of Affairs

On 27 January 2015, the Corinthia Hotel Tripoli was the scene of an armed attack. The hotel's management has carried out an assessment of the affected parts of the hotel and this has revealed that damages were contained. The estimated cost of repairs, which are currently underway, is in the region of €1 million.

Whilst management is committed to resume the operation of this hotel within the shortest time possible, it is likely that the situation of low occupancy at the Corinthia Hotel Tripoli will persist in 2015. It is the hotel management's objective to minimise losses on the operation of the hotel, and to ensure that payroll and other operating costs are matched to operating income and contribute in some manner towards general overheads such as utilities, security and maintenance. In the meantime, the commercial centre adjoining the hotel remains in operation and generating around €6 million in rental income.

IHI has already announced that it has executed a preliminary conditional agreement with the majority shareholders in the Island Hotels Group Holdings p.l.c. with a view to consider making a voluntary offer for the purchase of 100% of the issued share capital of this Group. Such an eventual acquisition would be financed through additional funding.

#### Outlook

IHI's business as a developer and operator of hotels and real estate has evolved and its dependence on any single hotel is now marginal. The outlook for 2015 in all the Company's hotels excluding Libya remains better than that of 2014.

#### Bond sinking funds

As provided for in the prospectus of two of its bonds, the Company has set up sinking funds as security for the repayment of these bonds on maturity. To date the Company has accumulated €9.6 million in these funds which are held with an independent Trustee, Bank of Valletta plc. As at the date of this report the Company is in line with its commitments made in this regard.

#### Statement pursuant to Listing Rule 5.54.6 issued by the Listing Authority

We confirm that this Preliminary Statement of the Group's Annual Results has been agreed with the Group's auditors.

Alfred Pisani  
Chairman

Frank Xerri de Caro  
Director

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