Financial Analysis Summary

27 June 2018

Issuer

Corinthia Finance p.l.c.

Guarantor

Corinthia Palace Hotel Company Limited

CHARTS

WEALTH MANAGEMENT • CORPORATE BROKING

The Directors
Corinthia Finance p.l.c.
22, Europa Centre
Floriana FRN 1400
Malta

27 June 2018

Dear Sirs

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Corinthia Finance p.l.c. (the "**Issuer**") and Corinthia Palace Hotel Company Limited (the "**Guarantor**" or "**Corinthia Group**" or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2015 to 31 December 2017 has been extracted from audited financial statements of the Issuer and Guarantor for the three years in question.

(b) The forecast data for the year ending 31 December 2018 has been provided by management.

(c) Our commentary on the results of the Guarantor and on its financial position is based on the explanations provided to us by management.

(d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 7.

(e) Relevant financial data in respect of the companies included in Part 6 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Corinthia Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer or Corinthia Group and should not be interpreted as a recommendation to invest in any of the Issuer's or Corinthia Group's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek independent professional financial advice before investing in the Issuer's or Corinthia Group's securities.

Yours faithfully,

Evan Mohnani
Head – Corporate Finance

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PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR

1. ISSUER'S KEY ACTIVITIES

The principal activity of Corinthia Finance p.l.c. (the "**Issuer**") is to finance the ownership, development, operation and financing of hotels, resorts and leisure facilities, forming part of the Corinthia Group, of which it is a member.

The Issuer is not engaged in any trading activities but is involved in raising debt and advancing same to members of the Corinthia Group as and when the demands of their business or the demands of a particular project so require. Accordingly, the Issuer is economically dependent on the operations, performance and prospects of the Corinthia Group.

2. DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising four directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Board of Directors

Joseph Fenech	Chairman and Executive Director
Mario P. Galea	Non-Executive Director
Frank Xerri de Caro	Non-Executive Director
Joseph J. Vella	Non-Executive Director

3. GUARANTOR'S KEY ACTIVITIES

Corinthia Palace Hotel Company Limited ("**CPHCL**" or the "**Guarantor**") is the parent company of the Corinthia Group and is principally engaged, directly or through subsidiaries and associated entities, in investments that are predominantly focused on the ownership, development and operation of mixed-use real estate developments that consist mainly of hotels, residences, offices, retail and commercial areas, as well as industrial and event catering, in various countries.

4. DIRECTORS OF THE GUARANTOR

The Guarantor is managed by a Board consisting of six directors entrusted with its overall direction and management, including the establishment of strategies for future development. In the execution of the strategic direction, investment and management oversight of the Corinthia Group, the Board is assisted by the Chief Executive Officers and Senior Management of the operating business entities within the Corinthia Group.

The Board members of the Guarantor as at the date of this report are included hereunder:

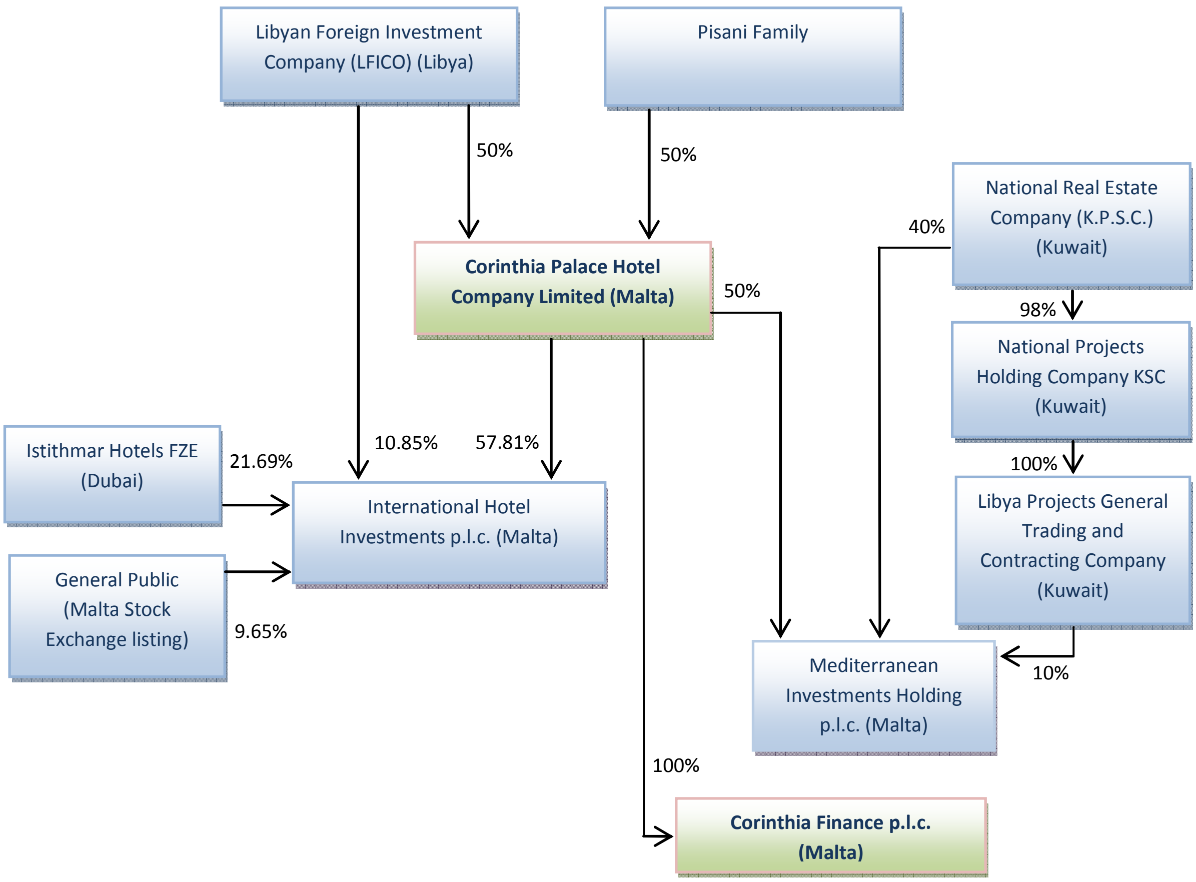
Board of Directors

Alfred Pisani	Chairman and Executive Director
Abuagila Almahdi	Vice-Chairman and Executive Director
Joseph Pisani	Executive Director
Victor Pisani	Executive Director
Mustafa Ali Ahmed Ghnedi	Non-Executive Director
Khalid S T Benrjoba	Non-Executive Director

The weekly average number of employees engaged with the companies forming part of the Corinthia Group during FY2017 amounted to 3,884 persons (FY2016: 2,897).

5. CORINTHIA GROUP ORGANISATIONAL STRUCTURE

The diagram below illustrates the principal subsidiaries and associates within the organisational structure of the Corinthia Group.



The following table provides a list of the principal assets and operations owned by the respective Corinthia Group companies:

PRINCIPAL ASSETS AND OPERATIONS

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Palace Hotel Company Limited				
Panorama Hotel Prague	Czech Republic	Property owner	100	440
Aquincum Hotel Budapest	Hungary	Property owner	100	310
Ramada Plaza Tunis Hotel	Tunisia	Property owner	100	309
Catermax	Malta	Event catering	100	n/a
Malta Fairs and Conventions Centre Limited	Malta	Conference & leisure conventions	100	n/a
Danish Bakery Limited	Malta	Bakery	100	n/a
Swan Laundry and Drycleaning Co. Limited	Malta	Laundry & dry cleaning	100	n/a
International Hotel Investments p.l.c.				
Corinthia Hotel Budapest	Hungary	Property owner	100	437
Corinthia Hotel St Petersburg	Russia	Property owner	100	388
Commercial property St Petersburg	Russia	Property owner	100	n/a
Corinthia Hotel Lisbon	Portugal	Property owner	100	518
Corinthia Hotel Prague	Czech Republic	Property owner	100	539
Corinthia Hotel Tripoli	Libya	Property owner	100	299
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George's Bay	Malta	Property owner	100	249
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London*	United Kingdom	Property owner	50	284
Corinthia Grand Astoria Hotel Brussels*	Belgium	Property owner (under development)	50	n/a
Corinthia Palace Hotel & Spa	Malta	Property owner	100	147
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	50	329
Corinthia Hotels Limited	Malta	Hotel management	100	n/a
QP Limited	Malta	Project management	100	n/a
CDI Limited	Malta	Project development	100	n/a
Island Caterers	Malta	Event catering	100	n/a
Oasis at Hal Ferh	Malta	Vacant site (to be developed)	100	n/a
Costa Coffee	Malta/Spain	Retail catering	100	n/a
Mediterranean Investments Holding p.l.c.				
Palm City Residences	Libya	Gated residence complex	100	n/a
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
				4,701

** under control and management of IHI*

A description and analysis of the operational activities of each of International Hotel Investments p.l.c. and Mediterranean Investments Holding p.l.c. is included in their respective financial analysis reports. The said reports have been published and are available on their respective websites: www.ihiplc.com; www.mihplc.com

PART 2 – HOTEL PROPERTIES DIRECTLY OWNED BY CORINTHIA PALACE HOTEL COMPANY LIMITED

6. HOTEL PROPERTIES

6.1 PANORAMA HOTEL PRAGUE

Introduction

Corinthia Panorama s.r.o. (a fully-owned subsidiary of CPHCL) owns the 440-room four-star Hotel located in Prague, Czech Republic ("**Panorama Hotel**"). The Panorama Hotel is situated in Prague's commercial district, just outside the city centre. It offers a range of rooms, including standard, superior, deluxe and business rooms, as well as a presidential suite. Guests at the Panorama Hotel benefit from access to the fitness and wellness centre, and the business centre. The carrying value of the Panorama Hotel as at 31 December 2017 is €40.5 million (2016: €31.9 million).

Market Overview

i. Economic update[1]

The Czech Republic is experiencing an economic upswing. Real GDP growth in 2017 likely exceeded potential growth by a significant margin, driven by private consumption and investment and in spite of a tightening labour market. Although growth is expected to moderate in 2018 and 2019, inflationary pressures will continue as a result of the positive output gap.

The Czech Republic's economy is forecast to have grown by 4.5% in 2017, considerably higher than in 2016, when the economy expanded by 2.6%. After surging in the first half of 2017, GDP growth softened a bit in the second half with estimated growth of 0.7% (q-o-q) in the last quarter of 2017, following 0.5% in the third quarter. Labour market constraints are rapidly pushing wages up, which in turn is fuelling household consumption. At the same time, investment has started to again contribute strongly to growth, with increasing support of EU funds.

GDP growth is expected to moderate in 2018 and 2019 but to remain strong at 3.2% and 2.9%, respectively, underpinned by domestic demand. While exports are expected to continue growing solidly thanks to robust global demand, their positive effect on GDP growth will tend to be neutralised by strong import growth.

Inflation accelerated to 2.4% in 2017, from 0.6% in 2016, largely due to higher food and services prices. The central bank's decision to remove its exchange rate peg in April 2017 and its subsequent interest rate hikes seem to have tempered inflationary pressures on imported goods and services. Headline inflation is expected to remain unchanged at 2.4% in 2018 and to stabilise at 2.0% in 2019. The main contributions in 2018 are once again expected to come from food and services, while energy prices are assumed to rise significantly in the first half of the year. Overall, annual core inflation is expected to decrease slightly in 2018 and 2019.

[1] European Economic Forecast Winter 2018 (Interim) – European Commission

ii. Tourism market[2]

According to the Czech Statistical Office (CZSO), over 20 million people registered at tourist accommodations in the Czech Republic in 2017. This figure, which includes both domestic and international tourists, represents an increase of 9.1% compared with the previous year. Of these 20.1 million tourists nationwide, roughly half (10.2 million) were visiting from abroad, mostly from Germany (1.95 million), Slovakia (688,000) and Poland (578,000). Increases were also registered in tourists from East Asian nations such as China, South Korea, and Taiwan. The total number of overnight stays reached 53.3 million, an increase of 3.6 million (+7.3%) when compared to 2016.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

Panorama Hotel Prague	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**
Turnover (€'000)	9,923	10,251	11,573	12,354
Gross operating profit before incentive fees (€'000)	2,536	2,781	3,719	4,193
Gross operating profit margin (%)	26	27	32	34
Occupancy level (%)	74	71	76	77
Average room rate (€)	50	56	60	64
Revenue per available room (RevPAR) (€)	37	39	45	49
Benchmark performance				
Occupancy level (%)	71	75	82	79
Average room rate (€)	41	41	48	51
Revenue per available room (RevPAR) (€)	29	31	39	40
Revenue Generating Index	1.27	1.27	1.17	1.22

Source: Management information.

Operational performance of the Panorama Hotel improved in FY2015 over FY2014 – revenue increased by €0.8 million (+9%) from €9.1 million in FY2014 to €9.9 million in FY2015, and gross operating profit increased by €0.5 million (+26%) from €2.0 million in FY2014 to €2.5 million in FY2015. In FY2015, the Panorama Hotel performed better than the previous year as occupancy increased from 70% to 74% and RevPAR increased from €34 to €37.

In FY2016, the Hotel generated €10.3 million in revenue, an increase of €0.3 million (+3%) over the prior year. Gross operating profit also improved by 10% (y-o-y) from €2.5 million in FY2015 to €2.8 million in FY2016. The occupancy level during the year was lower by 3 percentage points to 71%, but average room rate increased from €50 in FY2015 to €56 in FY2016.

The positive trend in tourism in the Czech Republic during FY2017 enabled the Hotel to register a higher revenue amount over the corresponding year and an improvement in gross operating profit margin. In the said year, revenue increased from €10.3 million in FY2016 to €11.6 million (+13%), whilst gross operating profit

[2] Czech Statistical Office (www.czso.cz)

margin improved by 5 percentage points to 32%. Gross operating profit before incentive fees increased in FY2017 by €0.9 million (+34%) to €3.7 million. In FY2017, the occupancy level increased from 71% (FY2016) to 76%, and the average room rate improved by €4 to €60. This resulted in a higher RevPAR from €39 in FY2016 to €45 in FY2017. It is management's intention to generally maintain the same operational strategy for the Panorama Hotel. As such, the forecast for FY2018 reflects a 7% growth in revenue and an improvement in gross operating profit margin of 2 percentage points to 34%. RevPAR is projected to increase from €45 in FY2017 to €49 in FY2018.

As for benchmark performance, the Hotel's RevPAR increased over the three historical years under review, from €37 in FY2015 to €39 and €45 in FY2016 and FY2017 respectively. In comparison, the Hotel's competitive set also registered a similar trajectory but at a lower level (from €29 in FY2015 to €39 in FY2017). During the forward year (FY2018), the Hotel is targeting an occupancy level of 77%, which compares well with the projected benchmark occupancy level of 79%. With regards to the average room rate, the Hotel is projecting to achieve a rate of €64 as compared to a forecast benchmark rate of €51. As such, management anticipates that in FY2018, the Hotel will continue to outperform its competitive set and register an RGI of 1.22.

6.2 THE AQUINCUM HOTEL BUDAPEST

Introduction

Thermal Hotel Aquincum Rt (a fully-owned subsidiary of CPHCL via CIL (UK)) owns the 310-room five-star Aquincum Hotel located in a prime area alongside the river Danube with panoramic views of the Buda Hills. The main feature of this business and leisure hotel is its 1,660m^2 Spa, which derives its therapeutic water directly from Margaret Island. The carrying amount of the Aquincum Hotel as at 31 December 2017 is €34.0 million (2016: €35.1 million).

Market Overview

i. Economic update[3]

Growth picked up in 2017 following a temporary lull in 2016. Hungary's real GDP is estimated to have increased by 3.8% in 2017 on the back of strong domestic demand. Consumer confidence remained high and private consumption was supported by rapid wage rises and continued employment growth. Gross fixed capital formation grew by more than 20% year-on-year in the first three quarters of 2017. The main driver of the acceleration was the resumption of EU fund absorption under the new multiannual financial framework. Business and household investment also increased dynamically as the global economic recovery improved the prospects for businesses and strong demand for new homes spurred residential construction. Fiscal policy measures and favourable financing conditions further supported domestic demand. Trade flows accelerated in 2017, when net exports contributed negatively to GDP growth. However, the current account remained in surplus.

Strong growth is set to continue over the forecast horizon. GDP is projected to increase by 3.7% in 2018 and 3.1% in 2019. Private consumption and investment are expected to grow strongly in 2018, boosted by government-initiated and market driven wage increases, and supported by a strong recovery in bank lending. Corporate and public investment are set to continue growing at double digit rates, as EU-funded projects are implemented. At the same time, strong domestic demand is expected to lead to rapid import growth. In 2019, economic growth is projected to slow down as a result of capacity constraints in particular on the labour

[3] European Economic Forecast Winter 2018 (Interim) – European Commission

market, decelerating growth of real disposable income and slower growth in export demand as the economic expansion matures in the EU.

Headline inflation increased sharply in 2017 to 2.4% from 0.4% in 2016, on the back of strong domestic demand. Inflation is forecast to rise further to 2.8% in 2018 and 2.9% in 2019, levels near to the central bank's target of 3.0%. Inflation is expected to be broad-based, as energy prices rise and service price increases pick up on the back of strong wage growth.

ii. Tourism market[4]

In 2017, accommodation establishments recorded 27.7 million tourism nights, 6.7% more than in 2016, with total gross revenues of accommodation establishments rising by 15.6% at current prices and amounting to more than HUF 466 billion (equivalent to €1.5 billion). During 2017, foreign guests spent 7.9% more nights in accommodation establishments as compared to the previous year to reach 14.9 million nights, while domestic guests spent 5.6% more nights totalling 14.6 million nights. Room occupancy in hotels in 2017 rose by an average of 3.4 percentage points to 59.6%.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

The Aquincum Hotel Budapest	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**
Turnover (€'000)	7,205	7,470	8,136	8,875
Gross operating profit before incentive fees (€'000)	1,625	1,854	2,087	2,401
Gross operating profit margin (%)	23	25	26	27
Occupancy level (%)	71	74	74	73
Average room rate (€)	56	58	65	67
Revenue per available room (RevPAR) (€)	40	43	48	49
Benchmark performance				
Occupancy level (%)	74	77	78	80
Average room rate (€)	58	62	71	71
Revenue per available room (RevPAR) (€)	43	48	55	57
Revenue Generating Index	0.93	0.90	0.87	0.86

Source: Management information.

Performance in FY2015 was broadly similar to the FY2014 results – revenue amounted to €7.2 million (FY2014: €7.2 million), gross operating profit amounted to €1.6 million (FY2014: €1.5 million). In FY2016, the Hotel registered an increase in revenue of €0.3 million (+4%, y-o-y) and gross operating profit of €0.2 million (14%, y-o-y) principally on account of an improvement in RevPAR from €40 in FY2015 to €43 in FY2016.

The Aquincum Hotel's turnover levels in FY2017 improved by 10% to €8.1 million (FY2016: €7.5 million) when compared to a year earlier, principally due to a €7 increase in average room rate whilst occupancy was

[4] Central Statistical Office (KSH); Budapest Business Journal (www.bbj.hu)

maintained at 74%. Consequently, gross operating profit before incentive fees increased from €1.9 million in FY2016 to €2.1 million in FY2017, and gross operating profit margin improved by 1 percentage point to 26%. The revenue forecast for FY2018 indicates a y-o-y increase of €0.7 million (+9%) to €8.9 million, and gross operating profit is expected to increase by €0.3 million (+15%) to €2.4 million.

As for benchmark performance, the RGI for FY2015 was below par, at 0.93, primarily due to a lower occupancy level (71% as compared to 74% for the competitive set) and average room rate (€56 as compared to €58 for the competitive set). In FY2016, achieved occupancy level was 3 percentage points below benchmark at 74% and RevPAR amounted to €43 as compared to €48 for the competitive set. As in prior years, the Hotel's RGI in FY2017 was below par at 0.87. Analysing the KPIs further, it is noted that the occupancy level of the Hotel was 74% in FY2017, four percentage points lower than competition, and its average room rate was also lower than its peers by €6 at €65. A similar performance is expected in FY2018, wherein the Hotel is projected to achieve an RGI of 0.86.

6.3 CORINTHIA PALACE HOTEL & SPA MALTA

Introduction

Until 10 April 2018, Corinthia Palace Hotel Company Limited directly owned the 147-room five-star Corinthia Palace Hotel & Spa located in Attard, Malta. The carrying amount of the Hotel as at 31 December 2017 is €26.0 million (2016: €25.5 million). On 10 April 2018, CPHCL sold this hotel to its main subsidiary company IHI, which now owns this property through its subsidiary company IHI Malta Hotel Ltd. The Hotel will continue to be operated by Corinthia Hotels Limited (CHL) which is the Group's hotel operating arm.

Market Overview

i. Economic update[5]

Real Gross Domestic Product ("GDP") grew strongly in the first three quarters of 2017 reaching 7.2%. The external sector, driven by growing services exports, remained the main driver of growth in 2017. Domestic demand was affected by a strong contraction in investment, linked to a high base effect from an extraordinary investment in transport equipment in 2016. Residential construction, by contrast, continued to increase robustly. Following a rebound in imports in the last quarter of the year, real GDP growth is expected to have reached 6.9% for 2017 as a whole, well above the rate recorded in 2016. The dynamics in the external sector are pushing up the current account surplus.

Economic growth is projected to slow in 2018 to 5.6%. Private consumption is expected to become the main driver of growth on the back of strong employment growth, improved consumer confidence and growing disposable income. Investment is forecast to recover, led by the residential construction sector, which is expected to continue growing strongly in 2018. Driven by domestic demand, imports of goods and services are gaining momentum, and exports are forecast to continue rising, in line with growing demand in Malta's main trading partners. Overall, the current account surplus is expected to stabilise.

In 2019, real GDP growth is projected to moderate further to 4.5%. Private consumption is projected to remain the main driver of growth, while investment is expected to increase mainly on the back of the construction sector. Net exports are expected to contribute only modestly to GDP growth, as domestic demand fuels imports.

[5] European Economic Forecast Winter 2018 (Interim) – European Commission

Headline annual harmonised index of consumer prices ("HICP") inflation averaged 1.3% in 2017, slightly lower than the euro zone average. Relatively moderate increases in regulated fuel prices have contained overall HICP inflation. Inflation is projected to increase to 1.5% in 2018 and 1.8% in 2019. Higher price growth is expected to come mainly from the services component, which is projected to rise in line with growing disposable incomes.

ii. Tourism market[6]

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2016 as well as in 2017. Inbound tourist arrivals between January to December 2016 amounted to 1.99 million, an increase of 10.2% when compared to a year earlier. Total nights spent by inbound tourists went up by 5.7%, reaching almost 15.0 million nights. During 2016, total guests in collective accommodation establishments surpassed 1.6 million, an increase of 2.1% over the same period in 2015. Within the collective accommodation establishments, the 5-star and 4-star hotels gained 10,878 guests (+2.8%) and 30,779 guests (+4.5%) respectively in 2016 when compared to a year earlier, while there was a decrease of 24,042 guests (-5.7%) in the 3-star category. Tourism expenditure was estimated at €1.71 billion in 2016, an increase of 4.3% over 2015.

Inbound tourism for 2017 amounted to 2.3 million, an increase of 15.7% when compared to the prior year. During the first six months of the year the country held the EU Presidency and this factor also contributed to this increase. Total nights spent by inbound tourists went up by 10.3%, surpassing 16.5 million nights. In 2017, total guests in collective accommodation establishments surpassed 1.8 million, an increase of 13.0% over the same period in 2016. Within the collective accommodation establishments, the 5-star, 4-star and 3-star hotels gained 26,348 guests (+6.7%), 81,383 guests (+11.5%) and 82,401 (+20.7%) respectively in 2017 when compared to a year earlier. Total tourism expenditure surpassed €1.9 billion, 13.9% higher than that recorded for 2016. Total expenditure per capita stood at €856, a decrease of 1.5% when compared to 2016.

Focus will be maintained on increasing arrivals during the winter months and attracting more visitors from new markets to Malta. This bodes well for the Maltese hospitality industry as the expectation is to continue to grow revenues and increase profitability.

Looking forward, Valletta serving as the European City of Culture in 2018 is expected to further increase demand for hotels and enhance Malta's image as a tourist destination. Malta International Airport has revealed its traffic forecast and expects to register further growth in the coming year to reach a total of 6.5 million passenger movements (2017: 6.0 million passenger movements). The summer schedule published by the airport operator for 2018 features no less than 16 new routes, bringing the airport's destination network up to a 100 routes. Meanwhile, the somewhat uncertain future of the national carrier Air Malta poses a concern to further growth whilst competition from other Mediterranean countries will likely remain strong.

[6] National Statistics Office Malta (www.nso.gov.mt)

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

Corinthia Palace Hotel & Spa Malta	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Forecast
Turnover (€'000)	7,223	8,117	8,575	8,357
Gross operating profit before incentive fees (€'000)	458	1,138	1,201	1,100
Gross operating profit margin (%)	6	14	14	13
Occupancy level (%)	67	73	72	67
Average room rate (€)	109	110	121	129
Revenue per available room (RevPAR) (€)	72	80	87	87
Benchmark performance				
Occupancy level (%)	76	71	70	80
Average room rate (€)	125	131	151	145
Revenue per available room (RevPAR) (€)	95	93	105	116
Revenue Generating Index	0.76	0.86	0.83	0.75

Source: Management information.

In FY2015, a significant improvement in operational performance was registered, whereby the Hotel generated revenues of €7.2 million (+22% on the previous year) and more importantly, achieved a gross operating profit of €0.5 million (as compared to an operating loss of €0.1 million in FY2014). In FY2015, the occupancy level improved from 59% in FY2014 to 67%, whilst RevPAR increased by 20% from €60 in FY2014 to €72.

During FY2016, a further increase in revenue and gross operating profit was achieved by the Hotel and amounted to €8.1 million (+12%, y-o-y) and €1.1 million (+148%, y-o-y) respectively. During the said year, the occupancy level improved from 67% in FY2015 to 73%, whilst RevPAR increased y-o-y by €8 to €80.

The Corinthia Palace Hotel & Spa generated revenue of €8.6 million in FY2017, an increase of €0.5 million (+6%) over FY2016, while gross operating profit before incentive fees was marginally higher by €0.1 million to €1.2 million.

In April 2018, CPHCL transferred the Hotel and its operations to IHI. As such, the financial data presented in the above table covering the full year (2018) is included for information purposes only.

In FY2018, the Group is implementing an extensive refurbishment program and a complete transformation of its spa and gym facilities at a total cost of €5.5 million. The disruption caused by the renovation works is expected to adversely impact operations, albeit marginally, as revenue is projected to decline by €0.2 million to €8.4 million. On the other hand, the improved ambience at the Hotel and its Spa facilities should enable management to achieve higher occupancy and room rates in the years ahead, thereby taking full advantage of the current strong tourism performance in Malta.

As for benchmark performance, the Hotel's current operating results are below the figures achieved by its competitive set. However, the Corinthia Palace Hotel & Spa has made significant progress throughout the years under review, which in fact resulted in an improvement in its RGI from 0.76 registered in FY2015 to 0.83 in FY2017. The Hotel is projected to generate a lower RGI in FY2018 when compared to the prior year, principally due to the renovation works explained herein above.

6.4 RAMADA PLAZA TUNIS HOTEL

Introduction

Societe de Promotion Hoteliere Khamsa s.a. (a fully-owned subsidiary of the Group) owns the 309-room five-star Ramada Plaza Tunis Hotel which is located on an unspoiled sandy beach on the Côte de Carthage Gammarth, 18Km from the capital Tunis. The Hotel has extensive health and leisure facilities. The carrying amount of the Ramada Plaza Tunis Hotel as at 31 December 2017 is €18.6 million (2016: €22.1 million). The year-on-year reduction in the property's carrying value is principally due to the weakening of the Tunisian Dinar (being the company's functional currency) against the Euro (being the reporting currency).

Market Overview

i. Economic update[7]

Until 2010, Tunisia had an average annual growth of around 5%, but the economy stalled following the political, economic and geopolitical upheaval which has affected the country since 2011. In 2017, the Tunisian economy grew by 2.3% (according to IMF estimates), a faster rate than in 2016 but below initial estimations (at around 3%). Growth should be higher both in 2018 and 2019, hovering over 3%, according to IMF and World Bank estimates.

The Tunisian economy remains fragile in the aftermath of the revolution and the global financial crisis, however the country's security, which became an issue in recent years due to the terrorist attacks that hit the country, improved considerably in 2017. During the year the economy was marked by two opposing trends: Improvements in security that led to a recovery both in GDP growth and tourism figures (23% y-o-y increase at the end of the year), against the increase in public debt and the current account deficit that rose to record high levels at the same time. Public debt amounted to 69.5% of GDP at the end of 2017 (as opposed to 61.4% in 2016) while the current account deficit exceeded 10% of GDP for the first time (TND 10.1 billion, 10.3% of GDP).

Furthermore, as the Tunisian dinar lost value against US dollar (17.3% y-o-y decrease in December 2017) and euro (16.1%), Tunisian foreign exchange reserves dropped below USD 5 billion, a first since 2006. Finally, inflation remains high (6.4% at the end of 2017, 7.1% in early 2018) and exceeded initial forecasts (4.5% according to the IMF) and puts pressure on private consumption as basic commodities such as food and clothing are among the most hit by the price increases. Tunisia is yet to receive new financing arrangements under the Extended Fund Facility of the IMF, which is contingent on Tunisian public authorities' ability to tackle issues related to growth as well as fiscal and external deficits. The 2018 Budget Law aims at reducing the fiscal deficit to below 5% of GDP through a stricter fiscal policy and a decrease in energy subsidies.

ii. Tourism market[8]

The number of foreign tourists in Tunisia rose by 23% to 7 million in 2017 when compared to the previous year, official data showed, indicating that a vital industry crippled two years ago by Islamist attacks is recovering. Tourism accounts for about 8% of Tunisia's gross domestic product, provides thousands of jobs and is a key source of foreign currency.

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[7] https://en.portal.santandertrade.com/analyse-markets/tunisia/economic-political-outline

[8] https://www.reuters.com/article/us-tunisia-tourism/foreign-tourist-numbers-up-23-percent-in-tunisia-in-2017-idUSKBN1EL0LT; https://www.reuters.com/article/tunisia-economy-tourism/tunisia-sees-record-tourist-numbers-in-2018-as-attack-effect-fades-idUSL8N1QB1TX

In 2017, the number of European tourists rose by 19.5% to 1.7 million and in particular, the number of French and German visitors rose by 45.5% and 40.8% respectively in the same period. The number of Algerians visiting rose by 40.5% to 2.3 million. Tunisia's tourism revenues rose by 22% in 2017 to 2.8 billion dinars ($1.2 billion).

Tourist numbers to Tunisia are projected to hit a record high in 2018, fully reversing the damage inflicted on the sector by attacks on holidaymakers in 2015. After three years of shunning Tunisia in the wake of a gun attack on a beach in Sousse that killed 39 tourists and one at the Bardo National Museum in Tunis that killed 21, major European tour operators have started to return. The 8 million forecast brings tourist numbers above the pre-terrorist attack level of 7.1 million in 2014. Tourism revenue is expected to increase by 25% on the 2017 levels and reach 3.5 billion dinars.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

Ramada Plaza Tunis Hotel	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**
Turnover (€'000)	4,632	4,561	5,439	5,172
Gross operating profit before incentive fees (€'000)	896	969	1,442	1,513
Gross operating profit margin (%)	19	21	27	29
Occupancy level (%)	38	40	55	54
Average room rate (€)	62	58	51	51
Revenue per available room (RevPAR) (€)	23	23	28	27

Source: Management information.

The acts of terrorism that hit the country in FY2015 inevitably affected the Hotel's operations during the said year and, in consequence, revenue and gross operating profit decreased by 19% (FY2014: €5.7 million) and 51% (FY2014: €1.9 million) respectively. The Hotel's performance in FY2016 was generally on the same lines of the previous year, in which revenue remained static at the €4.6 million level and gross operating profit increased marginally from €0.9 million in FY2015 to €1.0 million.

The security situation in Tunisia improved considerably in FY2017, which encouraged more tourists to visit the country. This enabled the Hotel to significantly increase its occupancy from 40% to 55%, although average room rate decreased from €58 in FY2016 to €51. During the year, revenue increased by 19% from €4.6 million in FY2016 to €5.4 million, while gross operating profit before incentive fees increased by 49% from €1.0 million in FY2016 to €1.4 million. In FY2018, the Hotel is forecasting a slight decrease in revenue y-o-y of €0.3 million to €5.2 million, but expects gross operating profit before incentive fees to increase marginally from €1.4 million in FY2017 to €1.5 million notwithstanding the continued weakening of the Tunisian Dinar.

7. BUSINESS DEVELOPMENT STRATEGY

The Corinthia Group's business strategy focuses on achieving positive and sustainable financial results, and appreciation in the value of its properties and investments. In the execution of the Corinthia Group's strategy, management aims to provide a high-quality service at each hotel and treat customers to a unique hospitality experience. Through the provision of better quality offerings the brand value is further enhanced and leads management to achieve its objective of improving occupancy levels and average room rates. Moreover, it enables the Group to target higher-yielding customers, in particular those from the leisure and conference & event segments.

Electronic booking portals have in recent times gained global importance in generating room reservations. In this respect, the Corinthia Group is continuously optimising its website 'Corinthia.com', developing further its online reservation system and investing in online marketing.

From a cost perspective, better results are being achieved through the implementation of cost-control and energy-efficient measures at Group hotels.

The Corinthia Group's strategy focuses on the operation of hotels that are principally in the five-star category. In this respect, the Group has identified a number of assets, including four and three star hotels, which are either earmarked for redevelopment or no longer fit its long-term strategy. Such non-core assets will be disposed of at the opportune moment in the short to medium term. As to core assets, ongoing investment in their upkeep is given due importance to preserve their attractiveness and incremental value.

In addition to the afore-mentioned strategy for internal growth, the Corinthia Group aims to grow its business externally by further expanding the portfolio of hotels and mixed-use properties and venturing into other businesses through:

Acquisitions, joint ventures and developments

Management remains active in growing the Corinthia Group's hotel portfolio and mixed-use properties by acquisition, particularly if these entail a potential for capital appreciation. In 2015, the Group acquired IHGH which, *inter alia*, will enable the Group to redevelop the three hotels located near St George's Bay, St Julians, Malta into a mixed-use luxury development. Furthermore, other mixed-use properties are earmarked for development in the coming years and which are expected to generate positive returns for the Corinthia Group.

On 11 April 2016, IHI acquired a 50% participation interest, along with one of its major shareholders LFICO holding the other 50%, of the entire issued share capital of the Belgian company, Hotel Astoria S.A., resulting in the acquisition of the Grand Hotel Astoria in Brussels that was built in 1910 by a Belgian aristocratic family. When it was acquired by its last owners in 2007 it was operated as a 145-room hotel and it was eventually closed with a view to carrying out an intensive refurbishment programme. However, such refurbishment failed to get underway and the asset has laid desolate for the past ten years. The hotel, once redeveloped, will be renamed the Corinthia Hotel Brussels. The redevelopment of this property will add another key destination to the Corinthia brand's growing portfolio.

In 2016, IHI launched Corinthia Developments International Limited ("**CDI**"), a development company with a remit to plan and execute acquisitions and developments in the hotel and real estate sector, whether for IHI or third parties. CDI has been highly active in 2017, wherein it has originated various off-market projects, in cities and resorts such as New York, Miami, Moscow, Rome and Cannes. Even though some of the projects might not be fully realised, the ability of CDI to tap on originate real estate projects and raise external funding from renowned institutional investors worldwide augurs well for the future of this company.

Hotel management contracts

Where attractive opportunities arise, the Group will seek to expand its portfolio of hotels by entering into agreements to manage hotels for third party owners. The strength of the Corinthia brand, its reservation system and online presence, the quality of its existing properties and the quality of service, have all contributed to introduce third party owned hotels into the Corinthia brand offering and this has placed it in a good position to establish such relationships, as is evident from the new agreements signed in Dubai, Doha and Bucharest.

PART 3 – GROUP PERFORMANCE REVIEW

8. FINANCIAL INFORMATION RELATING TO CORINTHIA FINANCE PLC

The following financial information is extracted from the audited financial statements of the Issuer for each of the years ended 31 December 2015 to 31 December 2017 while the forecasted financial information for the year ending 31 December 2018 has been provided by management of the Company. **The projected financial statements relate to events in the future and are based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results can be material.**

Corinthia Finance p.l.c. Income Statement (€)	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**
Finance income	3,023,621	2,918,723	2,232,846	2,266,354
Finance costs	(2,945,475)	(2,849,022)	(2,150,000)	(2,150,000)
Administrative expenses	(41,597)	(47,076)	(42,986)	(38,925)
Realised gains on disposal of investments	-	436,145	4,689	-
Profit before tax	**36,549**	**458,770**	**44,549**	**77,429**
Taxation	(8,579)	(7,183)	90	(22,853)
Profit for the year	**27,970**	**451,587**	**44,639**	**54,576**
Other comprehensive income				
Fair value gains - financial assets	119,906	171,369	(6,795)	-
Reclassification on disposal of investments	-	(436,145)	(4,689)	-
	119,906	(264,776)	(11,484)	-
Total comprehensive income for the year	**147,876**	**186,811**	**33,155**	**54,576**

Corinthia Finance p.l.c. Balance Sheet (€)	**31 Dec'15 Actual**	**31 Dec'16 Actual**	**31 Dec'17 Actual**	**31 Dec'18 Forecast**
Assets				
Non-current				
Loans owed by parent company	45,170,000	46,880,000	46,460,000	45,935,000
Other long-term financial assets	2,606,620	637,874	1,061,717	1,604,766
Deferred tax asset	-	-	1,967	1,967
	47,776,620	47,517,874	47,523,684	47,541,733
Current				
Receivables	1,948,945	2,573,951	2,250,490	2,040,872
Other assets	-	78,765	36,900	18,450
Cash and cash equivalents	8,924	6,495	10,650	17,142
	1,957,869	2,659,211	2,298,040	2,076,464
Total assets	**49,734,489**	**50,177,085**	**49,821,724**	**49,618,197**
Equity and liabilities				
Equity				
Called up share capital	250,000	250,000	250,000	250,000
Investment revaluation reserve	276,260	11,484	-	-
Retained earnings	33,623	85,210	129,849	184,426
	559,883	**346,694**	**379,849**	**434,426**
Liabilities				
Non-current				
Bonds in issue	47,427,600	47,500,000	47,500,000	47,500,000
Deferred tax liability	3,941	-	-	-
	47,431,541	47,500,000	47,500,000	47,500,000
Current				
Payables	1,743,065	2,330,391	1,941,875	1,683,771
	1,743,065	2,330,391	1,941,875	1,683,771
	49,174,606	**49,830,391**	**49,441,875**	**49,183,771**
Total equity and liabilities	**49,734,489**	**50,177,085**	**49,821,724**	**49,618,197**

Corinthia Finance p.l.c. Cash Flow Statement (€)	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Forecast
Net cash from operating activities	(61,023)	(590,615)	(65,540)	(88,628)
Net cash from investing activities	3,000,210	2,821,076	2,219,695	2,245,120
Net cash from financing activities	(2,945,475)	(2,232,890)	(2,150,000)	(2,150,000)
Net movement in cash and cash equivalents	**(6,288)**	**(2,429)**	**4,155**	**6,492**
Cash and cash equivalents at beginning of year	15,212	8,924	6,495	10,650
Cash and cash equivalents at end of year	**8,924**	**6,495**	**10,650**	**17,142**

The Issuer is a fully owned subsidiary of CPHCL, the parent company of the Corinthia Group, and is principally engaged to act as a finance company. During the years under review, the Issuer maintained *circa* €47.5 million in value of bonds, the proceeds of which were on-lent to CPHCL on issuance. As a result of this, finance income principally represents interest receivable from loans advanced to CPHCL while finance costs comprise interest payable to bondholders.

9. FINANCIAL INFORMATION RELATING TO CORINTHIA PALACE HOTEL COMPANY LIMITED (CONSOLIDATED FINANCIAL STATEMENTS)

The financial information provided hereunder is extracted from the audited consolidated financial statements of CPHCL for each of the years ended 31 December 2015 to 31 December 2017 while the forecasted financial information for the year ending 31 December 2018 has been provided by management of the Company.

The projected financial statements relate to events in the future and are based on assumptions which CPHCL believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results can be material. With specific reference to CPHCL's operations in Libya, the assessment of future performance is more difficult to make due to the ongoing economic instability and lack of clarity about the political situation in the country. In view of this state of affairs, the actual results from the operations in Libya may vary significantly from projections.

On the same lines of recent years, the audit report in the Group's consolidated financial statements for the year ended 31 December 2017 includes an emphasis of matter relating to the significant political and economic uncertainties prevailing in Libya and their impact on the Group's results for 2017.

Note 5 to the 2017 financial statements further explains the significant uncertainties and judgments surrounding the valuation of the Group's assets in Libya that have been based on the projected cash flows from the relative operations, and which are in turn influenced by the timing of a recovery in the country. Different plausible scenarios may impact the financial performance of the Libya operations and the valuation of related assets in a significant matter. This matter is considered to be of fundamental importance to the users' understanding of the financial statements because of the potential impact that this uncertainty may have on the valuation of the Group's assets in Libya, which at 31 December 2017 were carried at €338.5 million.

In 2017 IHI secured the right to nominate and appoint the majority of the board of directors of NLI (the owning company of Corinthia Hotel London & Penthouse and the newly-acquired Grand Hotel Astoria in Brussels under development). In view of this development the results of NLI were also consolidated in FY2017's financial statements of both IHI and CPHCL. Up to and including FY2016, 50% of the net result of NLI was being reflected in the consolidated income statement of IHI and CPHCL under the reporting line ‘share of net profit of associates accounted for using the equity method’.

Towards the end of FY2017, the Board of Directors took the decision to transfer the 150-room Corinthia Palace Hotel located in Attard, Malta to its main subsidiary – IHI. Eventually, the deed of sale was signed on 10 April 2018. Since this sale constitutes a related party transaction, the sale consideration was assessed through the applicable corporate governance procedures.

Corinthia Palace Hotel Company Limited Consolidated Income Statement (€’000)	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**
Revenue	178,373	207,923	291,183	311,321
Net operating expenses	(146,603)	(165,549)	(223,039)	(235,826)
EBITDA	**31,770**	**42,374**	**68,144**	**75,495**
Depreciation and amortisation	(26,906)	(32,475)	(38,372)	(40,698)
Other income (expenses)	2,087	(520)	4,035	-
Gain (loss) on exchange	(1,103)	1,981	(2,137)	(2,824)
Net impairment - hotel & other properties, intangibles	(4,261)	(16,678)	(1,452)	(1,000)
Results from operating activities	**1,587**	**(5,318)**	**30,218**	**30,973**
Net finance costs	(19,887)	(22,789)	(26,356)	(25,132)
Investment income	-	1,487	-	-
Share of results of associate companies	(3,893)	(1,273)	2,232	4,408
Other	(8,305)	8,647	(6,033)	6,400
Profit (loss) before tax	**(30,498)**	**(19,246)**	**61**	**16,649**
Taxation	(579)	(3,029)	5,691	(5,305)
Profit (loss) for the year	**(31,077)**	**(22,275)**	**5,752**	**11,344**
Other comprehensive income				
Net revaluation (impairment) - hotel properties & other assets	44,777	41,194	25,724	-
Share of other comprehensive income of equity accounted investments	9,676	6,598	6,726	-
Other effects and tax	(18,838)	(4,978)	(249)	1,225
	35,615	**42,814**	**32,201**	**1,225**
Total comprehensive income (expense) for the year net of tax	**4,538**	**20,539**	**37,953**	**12,569**

Corinthia Palace Hotel Company Limited				
Balance Sheet	**31 Dec'15**	**31 Dec'16**	**31 Dec'17**	**31 Dec'18**
(€'000)	**Actual**	**Actual**	**Actual**	**Forecast**
ASSETS				
Non-current assets				
Intangible assets	18,343	18,090	13,496	9,546
Investment properties	200,287	196,684	234,668	223,224
Property, plant and equipment	700,981	747,611	1,238,824	1,214,976
Investments in associates & joint ventures	340,309	320,959	128,682	143,356
Trade and other receivables	-	-	484	-
Deferred tax assets	3,190	2,689	12,985	13,760
Assets placed under trust arrangement	6,482	1,752	3,258	5,202
	1,269,592	1,287,785	1,632,397	1,610,064
Current assets				
Inventories	8,477	9,406	13,100	13,849
Trade and other receivables	47,068	42,726	43,131	57,057
Taxation	3,542	4,710	3,335	574
Available-for-sale investments & other assets	-	-	10,293	-
Assets placed under trust arrangement	-	4,961	122	8,707
Cash and cash equivalents	27,544	40,039	62,694	70,624
	86,631	101,842	132,675	150,811
Total assets	**1,356,223**	**1,389,627**	**1,765,072**	**1,760,875**
EQUITY				
Called up share capital	20,000	20,000	20,000	20,000
Other reserves	241,926	266,304	158,619	159,612
Retained earnings	125,506	108,624	236,632	242,044
Non-controlling interest	253,599	270,429	486,344	486,898
	641,031	**665,357**	**901,595**	**908,554**
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	445,886	478,362	627,465	615,097
Other non-current liabilities	127,100	127,017	109,292	108,594
	572,986	605,379	736,757	723,691
Current liabilities				
Borrowings and bonds	42,198	46,967	47,253	49,347
Other current liabilities	100,008	71,924	79,467	79,283
	142,206	118,891	126,720	128,630
	715,192	**724,270**	**863,477**	**852,321**
Total equity and liabilities	**1,356,223**	**1,389,627**	**1,765,072**	**1,760,875**

Corinthia Palace Hotel Company Limited Cash Flow Statement (€'000)	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**
Net cash from operating activities	36,900	4,199	36,404	67,812
Net cash from investing activities	(28,855)	(28,175)	(10,074)	(24,291)
Net cash from financing activities	(7,322)	32,440	(6,787)	(21,932)
Net movement in cash and cash equivalents	**723**	**8,464**	**19,543**	**21,589**
Cash and cash equivalents at beginning of year	16,091	16,814	25,278	44,821
Cash and cash equivalents at end of year	**16,814**	**25,278**	**44,821**	**66,410**

Key Accounting Ratios	**FY2015**	**FY2016**	**FY2017**	**FY2018**
Operating profit margin *(EBITDA/revenue)*	18%	20%	23%	24%
Interest cover (times) *(EBITDA/net finance cost)*	1.60	1.86	2.59	3.00
Net profit margin *(Profit after tax/revenue)*	-17%	-11%	2%	4%
Earnings per share (€) *(Profit after tax/number of shares)*	-1.55	-1.11	0.29	0.57
Return on equity *(Profit after tax/shareholders' equity)*	-5%	-3%	1%	1%
Return on capital employed *(EBITDA/total assets less current liabilities)*	3%	3%	4%	5%
Return on assets *(Profit after tax/total assets)*	-2%	-2%	0%	1%

Source: Charts Investment Management Service Limited

Revenue for **FY2015** amounted to €178.4 million, an increase of €19.2 million (+12%) when compared to the prior year (FY2014: €159.2 million). The principal reason for the said increase is IHI's acquisition of IHGH on 10 August 2015. The major operations of IHGH that are consolidated on a line-by-line basis include the Radisson Blu Resort St Julians, Island Caterers and Costa Coffee (operations in Malta and Spain). IHGH also operates the Radisson Blu Resort & Spa Golden Sands (vacation ownership and hotel operation), but due to IHGH's 50% ownership in this hotel, its yearly results are included in 'Share of results of associate companies'.

The majority of the Group's hotels registered an increase in revenue and operating gross profit, broadly in line with their respective competitive set. Declines in performance were registered at the Corinthia Hotel Tripoli, which was closed for most of 2015, and to a much lesser extent at the Corinthia Hotel St Petersburg and the Ramada Plaza Tunis Hotel.

At the operating level (EBITDA), the Group improved its performance from €28.1 million in FY2014 to €31.8 million in FY2015 (+13%), in line with the improvement in revenues and the synergies brought about by the rationalisation of its operations particularly in Malta.

The year's results were again characterised by significant fluctuations, both positive and negative, in the fair value of the Group's properties. These are reflected in the income statement and other comprehensive income. In the income statement, the Group recognised a net impairment on properties of €4.3 million (FY2014: impairment of €21.6 million) mainly due to the Corinthia Hotel St Petersburg.

In FY2015, net finance costs increased by €2.3 million (from €17.6 million in 2014 to €19.9 million in 2015) of which €1.9 million was due to the consolidation of the then newly acquired IHGH Group, and, an exchange loss of €8.3 million was recorded as a result of the devaluation of the Rouble. This negative effect was partly mitigated by reduced EURIBOR rates, a further reduction of the Group's indebtedness due to continued repayments of bank loans, and lower bond interest costs on the refinancing of bonds.

The Group registered a loss of €3.9 million in FY2015 on its share of results of associate companies (FY2014: loss of €29.1 million). Share of results from equity accounted investments comprises IHI's 50% ownership of the Corinthia Hotel & Residences London and the Radisson Blu Resort & Spa Golden Sands. Furthermore, CPHCL owns 50% of MIH which in turn owns the Palm City Residences. The performance of the Corinthia Hotel & Residences London improved significantly in the year under review with record occupancies, rates and EBITDA earnings being achieved as this property moves towards its maturity. IHI's 50% share of the hotel's EBITDA in 2015 amounted to €8.2 million as compared to €4.5 million in 2014. The residential penthouse at 10 Whitehall Place has been leased for a term of two years as from 5 February 2016. The results of the Corinthia Hotel & Residences London represent an improvement in 2015 over 2014 (50% share of the 2015 loss of €8.1 million compared to a loss of €29.1 million in 2014).

With respect to the Radisson Blu Resort & Spa Golden Sands, the hotel generated an EBITDA of €7.4 million in the period 1 July 2015 to 31 December 2015, out of which IHI's 50% share amounted to €3.7 million. The results of the 50% share in the Golden Sands Resorts during the last six months of the year represented a profit of €2.0 million. Occupancy at the Palm City Residences in Libya remained low for most of 2015 and as such, MIH registered a marginal loss for the year (50% share of the loss of €0.4 million in 2015 compared to a loss of €28.1 million in 2014).

In consequence of the foregoing, in 2015 the Group registered a loss after tax of €31.1 million compared to a loss of €48.9 million in 2014 when an impairment of €40.1 million net of tax had been recognised on the asset value.

The other comprehensive income of €35.6 million (2014: €13.4 million) mainly reflects the net effect of the Group's share of property revaluation uplifts of €42.3 million net of tax (2014: net uplifts of €0.3 million), a favourable translation adjustment of €5.9 million on the investment in the Corinthia Hotel & Residences London, and €15.3 million in adverse currency effects caused by the change of functional currency of the Russian operation. The property revaluation uplifts resulted from improved performances combined with positive outlooks registered in the Group's hotels located in Malta, Hungary, London and the Czech Republic.

As a result of the positive effects described above, the Group's total comprehensive income for the year amounted to €4.5 million, against a total comprehensive expense of €35.4 million registered in 2014.

In **2016**, the Group registered total comprehensive income of €20.5 million against a corresponding figure of €4.5 million in 2015. This is made up of a loss after tax of €22.3 million in the income statement (2015: loss of €31.1 million) and net other comprehensive income of €42.8 million (2015: €35.6 million).

Despite the prolonged period of political instability in Libya, the Group registered a better overall performance for the year when compared to 2015. This was generally the result of a combination of sustained improvement in the Group's hotel operations and some significant uplifts in the value of these properties. These positive results were adversely affected by the weakening of the Pound Sterling and the impairment in value of the Group's commercial centre in St Petersburg. On the other hand, the effect of the sustained recovery in the value of the Russian Rouble mitigated the effect of the impairment on the investment property in St Petersburg.

As afore-mentioned, IHI acquired IHGH in FY2015. Through this acquisition, IHI has not only enhanced its development opportunities on the adjoining sites in St Julian's Malta, but is also benefiting from synergies in its operations in Malta. The results of IHGH were consolidated in the Corinthia Group's results as from 1 July 2015.

During 2016 the Group's revenue amounted to €207.9 million, reflecting an increase of €29.5 million on the turnover of 2015 (€178.4 million). This improvement was mainly driven by strong Hotel performances in Russia, Portugal & Hungary, and IHGH (principally due to the recognition of a full period of twelve months' results).

Reflecting the positive movement in revenue, EBITDA in 2016 increased by €10.6 million from €31.8 million in 2015 to €42.4 million. Depreciation charge for 2016 also increased from €26.9 million in 2015 to €32.5 million in 2016, mainly in consequence of the inclusion of the IHGH's results in the Group's consolidated results for the whole year, as opposed to six months the year before.

Net finance costs increased by €2.9 million as a result of increased bond interest costs, primarily due to the new €55 million secured bond issued by IHI in July 2016 and the fact that IHGH's finance costs for 2015 only represent the charges for six months (post acquisition), whilst those for 2016 cover a full year. On the other hand, in exchange differences on borrowings, there has been a year-on year improvement of €18.2 million when considering the exceptional loss of €8.3 million incurred in 2015 and this year's exceptional gain of €9.9 million, both effects underpinned by the movements of the Rouble against the Euro.

The loss of €1.3 million registered on the Group's share of results of associate companies (2015 - loss of €3.9 million), principally reflects the results of the Corinthia Hotel London and Residences (50% share of the 2016 loss of €4.8 million compared to a loss of €8.1 million in 2015) and MIH through its principal subsidiary company Palm City Ltd (50% share of the loss of €6.4 million in 2016 compared to a loss of €0.4 million in 2015). These losses were mitigated by the 50% share of the profit registered by the Radisson Blu Resort & Spa Golden Sands of €8.4 million compared to a profit of €2.0 million for the last six months of 2015.

With regards to Palm City, the prolonged political unrest in Libya resulted in foreign companies downsizing their presence in the country thereby decreasing the number of their personnel on the ground. This situation continued to affect the occupancy levels and the financial performance of Palm City Residences. Notwithstanding the low physical occupancy, Palm City remained open and operational, with a reduced staff complement working around the clock to ensure that the complex remains well maintained and secure at all times. Such measures limited the operational loss to €0.8 million against a profit of €6.5 million in 2015. However, due to the predominantly fixed financing costs incurred on bank loans and corporate bonds, the loss after tax increased from €0.4 million in 2015 to €6.4 million in 2016.

A net revaluation uplift of €3.0 million (2015: Impairment of €4.5 million) was recognised in the income statement on the Corinthia Hotel St Petersburg mainly due to its improved results. On the other hand, an impairment of €19.8 million was taken on the commercial centre in St Petersburg due to lower leasing rates achieved relative to those previously anticipated.

In consequence of the foregoing, in 2016 the Group registered a loss after tax of €22.3 million which is lower than the loss of €31.1 million sustained in 2015.

The positive result in the other comprehensive income of €42.8 million (2015: €35.6 million) reflects the effect of the property revaluation uplifts amounting to €38.7 million, net of tax, plus a favourable currency translation adjustment of €1.5 million, being mainly the net favourable effect of the appreciation of the Rouble and the weakening of the Pound Sterling.

The property revaluation uplifts were the result of the improved operating performances and positive outlooks registered by the Group's hotels located in Malta, Hungary, Portugal, London, Russia (the latter recognised in the income statement) and the Czech Republic. Overall, the Group achieve a total comprehensive income for the year of €20.5 million, as compared to €4.5 million registered in 2015.

As of the beginning of **FY2017**, IHI secured the right to nominate and appoint the majority of the board of directors of NLI (owner of the Corinthia Hotel London) such that IHI and CPHCL started to consolidate the performance of this property in their respective financial statements. As such, this y-o-y increase in revenue of €83.3 million (from €207.9 million in FY2016 to €291.2 million in FY2017) is primarily a reflection of the afore-mentioned change in accounting for Corinthia Hotel London. Apart from the increase due to the consolidation of the Corinthia Hotel London's revenue, practically all the other Group hotels and related operations also contributed to the y-o-y growth in revenue, except for the Group's hotel operations in Libya which were still impacted by the political instability in the country.

At the operational level (EBITDA), the Group improved its performance from €42.3 million in 2016 to €68.1 million in 2017. Out of this improvement of €25.8 million, €15.5 million is attributable to the consolidation of the Corinthia Hotel London. The main drivers of the effective improvement in EBITDA included the positive hotel performances in Russia (€2.6 million), Portugal and Hungary (€2.3 million), CHL Limited (hotel management), and QP Limited (project management).

With regards to revaluation uplifts and impairments of property, plant and equipment, the main highlights in 2017 were the reversal of €4.0 million impairment in the carrying value of the hotel in St Petersburg and the impairment of €2.5 million recognised on assets held by MFCC. Furthermore, an impairment charge of €3.0 million in relation to the brand values of 'Island Caterers' (€0.5 million) and 'Costa Coffee Spain' (€2.5 million) was deemed necessary and recognised in the income statement. The relatively small, albeit positive, net adjustment of €1.5 million represents however a major improvement over the net impairment charge of €16.7 million recognised on the Russian properties in 2016.

Net finance costs increased by €3.6 million in FY2017 from €22.8 million in FY2016 to €26.4 million. Other items of Income and Expense amounted to a net expense of €6.0 million. This comprised an exceptional loss of €4.4 million in currency movements on borrowings underpinned by the movements of the Russian Rouble and the Pound Sterling against the Euro, and the reclassification of the Group's share of NLI's currency translation reserve amounting to a negative €1.8 million (2016: Net Income of €8.6 million).

The profit of €2.2 million registered on the Group's share of results of associate companies (2016: loss of €1.3 million) mainly reflects the fact that the results of Corinthia Hotel London (50% share of the loss of €4.8 million incurred in 2016 is now being consolidated, and therefore no longer included in this line, and the positive turnaround in MIH (50% share of a €0.2 million profit in 2017 compared to a loss of €6.4 million in 2016) which, through its principal subsidiary Palm City Ltd, resulted in an improved contribution of €5.7 million over the prior year. Against this improvement there was a reduction in the Group's 50% share of profit of the Golden Sands Resort in Malta from €8.4 million in 2016 to €4.2 million in 2017.

In 2017, Palm City experienced a change in business sentiment with numerous enquiries for accommodation. The sign-up of new tenants pushed up the occupancy rate of this property from 9% at the end of 2016 to 25% by the end of 2017.

A deferred tax asset of €9.7 million on prior year losses has been recognised by the NLI group (owner of the Corinthia Hotel London) upon the expectation of future profits by one of its subsidiary companies. This turned a Group tax charge of €3.0 million into a tax income of €5.7 million for the year under review.

The positive result in the other comprehensive income of €32.2 million (2016: €42.8 million) reflects mainly the effect of property revaluation uplifts amounting to €35.6 million, recognised on various hotel properties, including the Panorama Hotel in Prague (€9.4 million), the Corinthia Hotel London (€12.2 million), the Corinthia Hotel St Petersburg (€3.7 million) and 50% on the Radisson Golden Sands Resort Malta (€10.2 million), less the deferred tax incidence thereon of €6.2 million.

Negative currency translation effects of €22.0 million on the Group's investments in the United Kingdom and Russia attributable to the weakening of the Pound Sterling and the Russian Rouble were compensated by favourable impacts on tax movements totalling €24.0 million. The bulk of these tax movements is represented by the release of a €22 million deferred tax liability recognised by IHI in previous years on the uplift in value of the properties owned by NLI in the UK. This liability had been provided for until 31 December 2016 on the basis that until then IHI could not exercise control over the timing of the distribution of profits to its shareholders.

After adding the net comprehensive income of €32.2 million to the profit after tax of €5.8 million, the Corinthia Group's total comprehensive income for 2017 amounted to €38.0 million against a total comprehensive income of €20.5 million registered in 2016.

In **FY2018**, revenue is projected to amount to €311.3 million, an increase of €20.1 million (+7%) when compared to the prior year (FY2017: €291.2 million). This y-o-y increase is expected to result from aggregate growth in revenue across the majority of the Group's properties. As a consequence, EBITDA is projected to increase by €7.4 million (+11%) from €68.1 million in FY2017 to €75.5 million. Results from operating activities are expected to amount to €31.0 million, as compared to €30.2 million in FY2017. The movement between EBITDA and Results from Operating Activities comprises: depreciation and amortisation estimated at €40.7 million, loss on exchange fluctuations amounting to €2.8 million and a €1 million impairment of intangible assets. It is worth noting that in 2017 the Group registered a one-off gain of €4 million in Other Operating Income.

Net finance costs are expected to amount to €25.1 million, being marginally lower when compared to a year earlier (FY2017: €26.4 million) while the share of profits of associate companies is projected to amount to €4.4 million as compared to €2.2 million in FY2017, mainly on account of the recovery in business activities at Palm City Residences, Libya. Furthermore, the Group is anticipating that by the end of 2018, it will successfully sell non-core assets for a net total consideration of €43.8 million, which in turn are expected to yield a profit on disposal of €6.4 million.

Profit before tax is projected to amount to €16.6 million in FY2018, as compared to €61,000 a year earlier. After accounting for a tax charge of €5.3 million, profit for the year is projected at €11.3 million (FY2017: €5.8 million). Overall, total comprehensive income for FY2018 is estimated to amount to €12.6 million. (FY2017: €38.0 million). The movement in comprehensive income of €1.2 million mainly relates to translation differences and tax on components in other comprehensive income.

The estimates for the forecasted year as presented in this document assume that the carrying values of hotel and investment properties will not be revalued upwards or impaired, and therefore no adjustment has been made as to possible uplifts or impairments in value of assets which can materially affect the consolidated income statement and the balance sheet values.

Other than equity, the Group is financed through bank loans, corporate bonds and other borrowings from related parties, analysed as follows:

Corinthia Palace Hotel Company Limited Group Borrowings (€'000)	**31 Dec'15 Actual**	**31 Dec'16 Actual**	**31 Dec'17 Actual**	**31 Dec'18 Forecast**
Bank borrowings				
Bank loans	255,370	224,603	380,430	384,311
Bank overdrafts	10,730	14,761	17,873	4,214
	266,100	**239,364**	**398,303**	**388,525**
Bonds				
€7.5 million 6% Bonds 2019 - 2022	7,513	7,500	7,500	7,500
6.25% Corinthia Finance plc 2016 - 2019	39,994			
4.25% Corinthia Finance plc 2026		40,000	40,000	40,000
6.25% IHI Bonds 2017 - 2020	24,695	6,572		
5.8% IHI Bonds 2021	19,676	19,722	19,770	19,818
5.8% IHI Bonds 2023	9,887	9,899	9,912	9,925
5.75% IHI Bonds 2025	44,060	44,138	44,220	44,302
6.5% IHGH Bonds 2017 - 2019	14,000	3,134		
6% IHI Bonds 2024	34,384	34,457	34,530	34,603
4% IHI Secured Bonds 2026		54,230	54,297	54,364
4% IHI Unsecured Bonds 2026		39,450	39,427	39,494
	194,209	**259,102**	**249,656**	**250,006**
Other interest bearing borrowings				
Shareholders' loans	22,356	21,953	22,095	20,608
Other loans	5,419	4,910	4,664	5,305
	27,775	**26,863**	**26,759**	**25,913**
Total borrowings and bonds	**488,084**	**525,329**	**674,718**	**664,444**

Key Accounting Ratios	31 Dec'15	31 Dec'16	31 Dec'17	31 Dec'18
Net assets per share (€) *(Net asset value/number of shares)*	19.37	19.75	20.76	21.08
Liquidity ratio (times) *(Current assets/current liabilities)*	0.61	0.86	1.05	1.17
Gearing ratio *(Net debt/Net debt and shareholders' equity)*	42%	42%	40%	40%
Debt service cover ratio (times) *(EBITDA/net finance cost and loan capital repayment)*	0.76	0.78	1.20	1.47

Source: Charts Investment Management Service Limited

Sinking Fund

In terms of the Prospectuses of each of the bonds detailed hereunder, the respective companies are required to build a sinking fund for each of the said bonds, the value of which will by the respective redemption date of each bond be equivalent to 50% of the outstanding value of the bonds. Below is a table outlining the balances held in the respective sinking fund.

Sinking Fund Balances (€'000)	31 Dec'15 Actual	31 Dec'16 Actual	31 Dec'17 Actual	31 Dec'18 Forecast
Corinthia Finance plc				
€39.9 million 6.25% Bonds 2016 - 2019	2,575			
€7.5 million 6% Bonds 2019 - 2022	37	638	1,090	1,605
IHI				
€25 million 6.25% Bonds 2017 - 2020	3,363	3,425		
€20 million 5.8% Bonds 2021		1,077	2,168	3,597
€14 million 6.50% Bonds 2017 - 2019	507	1,573		
	6,482	**6,713**	**3,258**	**5,202**

Variance Analysis

CPHCL Income Statement (€'000)	**FY2017 Actual**	**FY2017 Forecast**	**Variance**
Revenue	291,183	292,752	(1,569)
Net operating expenses	(223,039)	(224,717)	1,678
EBITDA	**68,144**	**68,035**	**109**
Depreciation and amortisation	(38,372)	(43,107)	4,735
Other income (expenses)	4,035	1,172	2,863
Gain (loss) on exchange	(2,137)	-	(2,137)
Net impairment - hotel & other properties, intangibles	(1,452)	-	(1,452)
Results from operating activities	**30,218**	**26,100**	**4,118**
Net finance costs	(26,356)	(28,482)	2,126
Share of results of associate companies	2,232	1,630	602
Other	(6,033)	5,494	(11,527)
Profit before tax	**61**	**4,742**	**(4,681)**
Taxation	5,691	(1,518)	7,209
Profit for the year	**5,752**	**3,224**	**2,528**

As presented in the above table, in FY2017, the Group generated marginally lower revenue than projected by €1.6 million, but costs were also lower than projected by €1.7 million, thus resulting in minimal variance in EBITDA amounting to €109,000.

Depreciation & amortisation charges were lower than expected by €4.7 million in consequence of a revised allocation of values between Land and Buildings in some of the Group's properties, and was the principal reason for the €4.1 million positive variance in results from operating activities. Furthermore, net finance costs were lower than expected by €2.1 million, while share of results of associate companies was higher than projected by €0.6 million. In contrast, the Group's profit before tax was adversely impacted by other items comprising mainly the unpredictable exchange differences on borrowings and currency translation reserve (being movements of the Russian Rouble and Pound Sterling against the Euro). In this regard, the movement between actual and forecast figures amounted to an adverse variance of €11.5 million.

In FY2017, a deferred tax asset of €9.7 million on prior tax losses has been recognised by the owner of the Corinthia Hotel London, and this resulted in a tax income of €5.7 million as compared to a forecast tax charge of €1.5 million. Overall, the Group registered a profit for the year amounting to €5.8 million, which was higher than projected by €2.5 million (FY2017 forecast: €3.2 million).

Debt Securities issued by Associated Companies

MIH, a company principally involved in the operation of the Palm City Residences in Libya, has the following outstanding debt securities:

Security ISIN	Amount Listed	Security Name	Currency
MT0000371279	20,000,000	5.5% MIH 2020	EUR
MT0000371261	12,000,000	6.0% MIH 2021	EUR
MT0000371287	40,000,000	5.0% MIH 2022	EUR
n/a	11,000,000	6% Notes 2020 (unlisted)	EUR

Source: Malta Stock Exchange

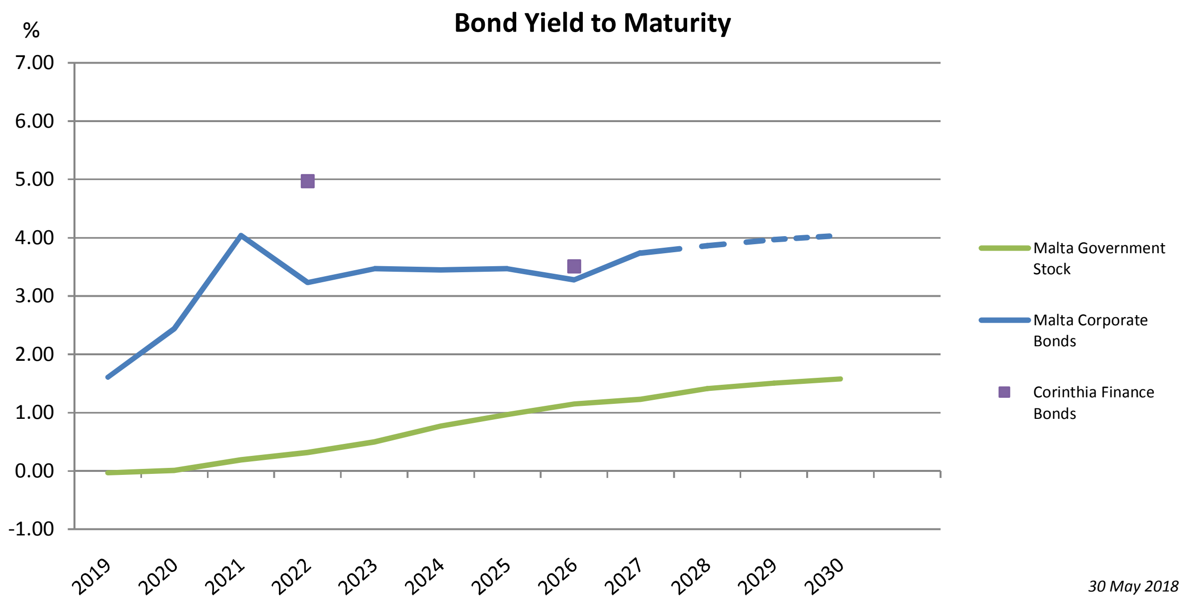
PART 4 - COMPARABLES

The table below compares the Corinthia Group and the bonds issued by Corinthia Finance p.l.c. to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.5% Pendergardens Dev. plc Secured € 2020 Series	15,000,000	2.44	6.29	68,589	14,418	66.04
6% Pendergardens Dev. plc Secured € 2022 Series I	27,000,000	3.23	6.29	68,589	14,418	66.04
6% Corinthia Finance plc € 2019-2022	**7,500,000**	**4.95**	**2.59**	**1,765,072**	**901,595**	**40.43**
4.25% Gap Group plc Secured € 2023	40,000,000	3.47	2.61	56,906	6,696	85.08
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.14	1.19	21,625	4,844	69.04
6% AX Investments Plc Unsecured € 2024	40,000,000	3.47	4.44	286,318	173,323	26.09
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.45	4.42	77,088	38,701	45.62
5% Hal Mann Vella Group plc Secured Bonds € 202	30,000,000	3.74	3.05	107,801	39,813	54.01
5.1% 1923 Investments plc Unsecured € 2024	36,000,000	4.38	1.69	118,490	33,711	56.83
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.47	1.26	135,879	39,974	68.23
4.25% Corinthia Finance plc Unsecured € 2026	**40,000,000**	**3.51**	**2.59**	**1,765,072**	**901,595**	**40.43**
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.43	3.03	1,602,317	884,632	36.36
4.0% MIDI plc Secured € 2026	50,000,000	3.28	- 0.98	235,302	86,621	39.27
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.12	7.90	161,128	47,607	57.32
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.63	39.11	17,088	5,835	30.63
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.74	5.46	217,599	65,698	47.74
4.0% Eden Finance plc Unsecured 2027	40,000,000	3.46	4.46	169,936	90,162	36.52
4% Stivala Group Finance plc Secured 2027	45,000,000	3.40	6.21	199,560	121,041	31.54

30 May '18

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts Investment Management Service Limited



To date, there are no corporate bonds which have a redemption date beyond 2027 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 5 - EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including room reservations, food & beverage, rental of commercial space, management of hotel properties and other hotel services.
Direct costs	Direct costs include cost of food, beverages, consumables, labour expenses and all other direct expenses.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting operating costs, depreciation & amortisation, finance costs, impairment provisions, share of profits from associate and affiliate companies and other operating costs.
Operating costs	Operating costs include all operating expenses other than direct costs and include selling & marketing and general & administration expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Fair value of investment property	Fair value of investment property is an accounting adjustment to change the book value of the Group's investment property to its estimated market value.
Impairment of hotel properties	Impairment of hotel properties is an accounting adjustment to change the book value of the Group's hotel properties to their estimated market value.
Share of profit from equity accounted investments	IHI owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of profit from equity accounted investments'.
Fair value on interest rate swaps	An interest rate swap is a derivative instrument in which the Group swaps with another counter party flexible interest rate cash flows with fixed interest rate cash flows or vice versa. The fair value is an accounting adjustment to change the book value of the derivative to its estimated market value.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

Key Performance Indicators	
Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average room rate	Average room rate is calculated by dividing hotel room revenue by rooms sold. Hotels use this measure to calculate the average price at which they are selling hotel rooms each night.
Revenue per available room (RevPAR)	RevPAR is calculated by multiplying a hotel's average room rate by its occupancy rate. A hotel uses this indicator as a performance measure with other hotels in the same category or market to determine how well the hotel property is yielding.
Revenue generating index	A revenue generating index measures a hotel's fair market share of its segment's (competitive set, market, etc) revenue per available room. If a hotel is capturing its fair market share, the index will be 1; if capturing less than its fair market share, a hotel's index will be less than 1; and if capturing more than its fair market share, a hotel's index will be greater than 1.
Profitability Ratios	
Gross profit margin	Gross profit margin is the difference between revenue and direct costs expressed as a percentage of total revenue.
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities (room revenue, food & beverage, rental income, hotel services, etc) of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include intangible assets (goodwill on acquisition, website development costs, etc), investment properties (commercial centres in St Petersburg and Tripoli, apartments in Lisbon, etc), property, plant & equipment (hotel properties), and investments accounted for using the equity method (investment in Corinthia Hotel London, Palm City, Medina Tower, etc).
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, etc), cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and long term lease obligations.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.

Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures a company’s resources to pay its debts over the next 12 months. It compares a company’s current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company’s operating profit of one period by the company’s interest expense of the same period.
Debt service cover ratio	The debt service cover ratio measures a company’s ability to service its current debts by comparing its net operating income with its total debt service obligations.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders’ equity and debt used to finance a company’s assets, and is calculated by dividing a company’s net debt by net debt plus shareholders’ equity.