Financial Analysis Summary

28 June 2017

Issuer

International Hotel Investments p.l.c.

CHARTS

WEALTH MANAGEMENT ▪ CORPORATE BROKING

The Directors
International Hotel Investments p.l.c.
22, Europa Centre
Floriana FRN 1400
Malta

28 June 2017

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 International Hotel Investments p.l.c. (the "**Issuer**", "**Company**" 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 2014 to 31 December 2016 has been extracted from audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the year ending 31 December 2017 has been provided by management.

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

(d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 5 of the Analysis.

(e) Relevant financial data in respect of the companies included in Part 4 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.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the 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 and should not be interpreted as a recommendation to invest in any of the Issuer'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 securities.

Yours faithfully,

Wilfred Mallia
Director

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PART 1 – INFORMATION ABOUT THE ISSUER

1. KEY ACTIVITIES

International Hotel Investments p.l.c. (the "**Issuer**", "**Company**" or "**Group**") is a company listed on the Malta Stock Exchange, and is principally engaged in the ownership, development and operation of hotels and ancillary real estate in Europe and North Africa.

To date, the Issuer has acquired and/or developed hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russia), St Julian's (Malta) and Golden Sands (Malta). The Issuer also has a 50% shareholding in a 294 roomed luxury hotel and residential development in London (UK) (which it manages and controls), the latter property originally consisting of 12 residential apartments located within the same building as the hotel. In April 2014, 11 of the aforesaid apartments were sold to third parties with the holding company retaining ownership of the penthouse apartment.

Revenue and earnings are derived primarily from the operation of owned hotels. A secondary source of income and earnings is rental income of residential and commercial premises, particularly in St Petersburg and Tripoli. Additional revenue streams include fees earned by CHI Limited, a wholly owned subsidiary of the Company, from hotels owned by IHI itself or managed pursuant to management contracts with CPHCL and other third parties. Furthermore, revenue is also generated from a vacation ownership marketing business, a retail and event catering business, and the operation of Costa Coffee outlets in Malta and Spain.

On 10 August 2015, the Issuer acquired 100% of the issued share capital of Island Hotels Group Holdings p.l.c. ("**IHGH**"). The business of IHGH largely relates to: the ownership, management and operation of five-star hotels in Malta (namely, the Radisson Blu Resort St Julians and the Radisson Blu Resort & Spa, Golden Sands); the operation of a vacation ownership marketing business (Radisson Blu Resort & Spa, Golden Sands and Azure Resorts Limited). It also includes the operation of retail and event catering business (Island Caterers Limited); and the development and operation of Costa Coffee outlets in Malta, the East Coast of Spain, Canary Islands and the Balearic Islands. IHGH, through a wholly owned subsidiary, also owns a plot of land measuring 83,530m^2 located adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta. The property is earmarked for the development of a luxury tourist complex.

Following the above-mentioned IHGH acquisition in 2015, IHI initiated the design process to consolidate the three hotel properties situated in St George's Bay, St Julians, Malta (namely, the Radisson Blue Resort St Julians, the Corinthia Hotel St George's Bay and the Marina Hotel), and make way for a mixed-use development that will feature a luxury hotel, attracting high net leisure and corporate guests, as well as high-end residential, office, retail and commercial facilities targeting a six-star market. Subject to receiving the necessary regulatory planning approvals and having the required funding in place, this project will be spread out over a number of years to minimise interruption to hotel operations.

On 11 April 2016, NLI Holdings Ltd, the owner of the Corinthia Hotel and Residential Development in London, acquired the Grand Hotel Astoria in Brussels for £11 million and a deferred payment of €500,000 payable two years from opening of the reconstructed and refurbished hotel, free of interest, through the acquisition of the entire issued share capital of the Belgian hotel-owning company, Hotel Astoria S.A. IHI will undertake the redevelopment of the hotel on behalf of NLI Holdings Ltd, much as it had done on the London project. IHI has reorganised the ground floor flows and uses, as well as reconfigured the bedroom inventory, to ensure that all bedrooms are larger than 30m^2. The hotel will have around 126 bedrooms, of which, 25% will be junior suites or suites. The hotel has been awarded a building permit to carry out the planned redevelopment. IHI has prepared a capital concept cost estimate for the full refurbishment project, which cost is estimated at €65 million, inclusive of all costs, fees and contingencies. Work is underway to source and secure funding of the €65 million for the refurbishment project. The objective is to progress to construction by early 2018. IHI's aim is to complete the reconstruction and fit out of the hotel by early 2019. QPM are acting as project managers and work is underway to seek quotations from Belgian and international engineers, M&E designers, cost consultants and interior designers.

In May 2016, CHI signed a technical services and pre-opening services agreement with Meydan Group of Dubai, to assist Meydan's architects, engineers and consultants in the planning and development of a luxury hotel and residences to be operated under the Corinthia® brand on Jumeirah Beach in Dubai, UAE. CHI has also entered into a management agreement in respect of this hotel having a term of 20 years commencing as of the scheduled hotel opening date in early 2022. In addition, the Dubai entity has engaged CHI to provide consulting services to its two existing hotels in Dubai.

On 12 September 2016, IHI acquired from Corinthia Palace Hotel Company Limited the remaining 80% share in QPM Limited ("**QPM**") - a provider of architectural, engineering, management and technical construction services. The cash consideration of €4.6 million was paid partly from the net proceeds of the June 2016 bond issue. The share purchase agreement further includes additional condition payments that may be or may become due to QPM and which, had they been crystallised at the point in time of the acquisition date, would have enhanced the value of QPM, resulting in a higher purchase consideration.

The said additional conditional payments comprise the following: (i) QPM is due an amount for services provided on a third party project. Upon receipt of all or part of said amount by QPM, the purchaser will be bound to pay an additional amount to the seller calculated on a given percentage of settled amounts; (ii) in view of the political and economic situation in Libya, the business activities of QPM in the country have stalled. In the event that QPM were to recommence any projects in Libya and were to generate cash revenues in any of the financial years ending 31 December 2017, 2018 and 2019, the seller will be due an additional amount from the purchaser based on a percentage of such cash revenues; (iii) Although QPM is already engaged to provide its services on the Corinthia St George's Bay Development, this engagement has not been factored in the valuation. Accordingly the seller will be due an amount equivalent to a percentage of revenues generated by QPM from the project on an annual basis up to 31 December 2026.

None of the above events have been included in the determination of the consideration payable for the acquisition of QPM, and therefore the figure indicated above may vary accordingly as aforesaid.

In early 2017, CHI entered into an agreement with a strategic investor, to manage and operate a luxury hotel development in Doha, Qatar, under the Corinthia® brand. Construction of the proposed hotel & residences is expected to commence in the current financial year (2017).

2. DIRECTORS AND KEY EMPLOYEES

The Issuer is managed by a Board consisting of ten directors entrusted with its overall direction and management, including the establishment of strategies for future development.

The Board members of the Issuer as at the date of this report are as follows:

Board of Directors

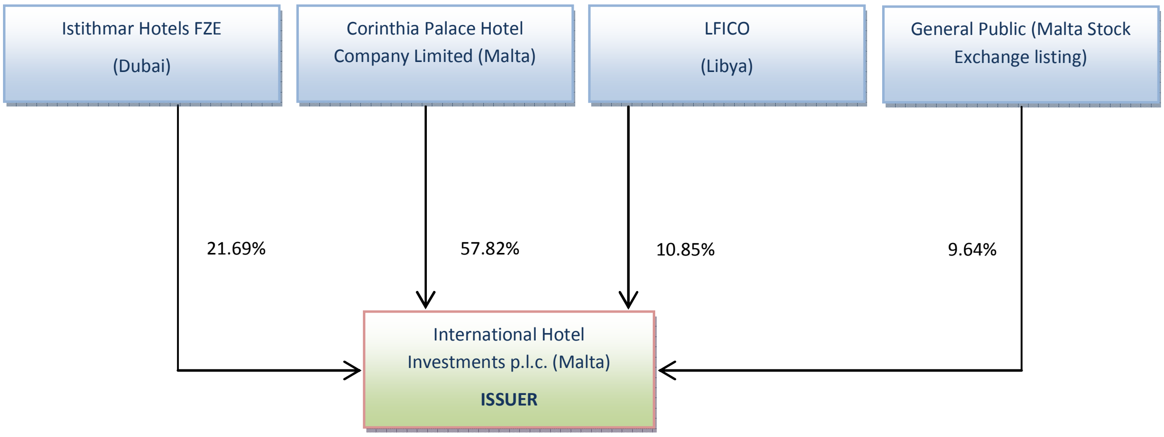
Alfred Pisani	Chairman
Abdulnaser M.B. Ahmida	Non-Executive Director
Douraid Zaghouani	Non-Executive Director
Hamad Mubarak Mohd Buamin	Non-Executive Director
Abuagila Almahdi	Non-Executive Director
Khaled Amr Algonsel	Non-Executive Director
Joseph Pisani	Non-Executive Director
Winston V. Zahra	Non-Executive Director
Frank Xerri de Caro	Senior Independent Non-Executive Director
Joseph J. Vella	Independent Non-Executive Director

The Chairman and the Joint Chief Executive Officers (Joseph Fenech and Simon Naudi) are responsible for the identification and execution of new investment opportunities. They are also responsible for managing the Company's assets, ensuring the establishment of appropriate management contracts of the hotel properties in the case of operational properties, and negotiating and awarding project contracts in respect of the development or refurbishment of new properties.

The weekly average number of employees engaged at the Issuer's corporate office and in its owned hotels during FY2016 amounted to 2,015 persons (FY2015: 2,014).

3. CORINTHIA GROUP ORGANISATIONAL STRUCTURE

The following diagram summaries, in simplified format, the structure of the Corinthia Group and the position within the said group of the Issuer. The complete list of companies forming part of the Group is included in the consolidated audited financial statements of the Issuer for the year ended 31 December 2016.



The following table provides a list of the principal assets and operations of the Issuer:

INTERNATIONAL HOTEL INVESTMENTS PLC
PRINCIPAL ASSETS AND OPERATIONS
AS AT 31 DECEMBER 2016

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel Budapest	Hungary	Property owner	100	440
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	250
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London*	United Kingdom	Property owner	50	294
Corinthia Grand Astoria Hotel Brussels*	Belgium	Property owner (under development)	50	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
CHI Limited	Malta	Hotel management	100	n/a
QPM Limited	Malta	Project management	100	n/a
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
Island Caterers	Malta	Event catering	100	n/a
Hal Ferh Complex	Malta	Vacant site (to be developed)	100	n/a
Costa Coffee	Malta/Spain	Retail catering	100	n/a
				3,509

** under control and management of IHI*

The following table illustrates the carrying values of the principal properties of the Issuer, accounted for in the balance sheet under the headings: “investment properties”, “property, plant & equipment” and “investments accounted for using the equity method”:

INTERNATIONAL HOTEL INVESTMENTS PLC
VALUATION OF PRINCIPAL PROPERTIES
AS AT 31 DECEMBER

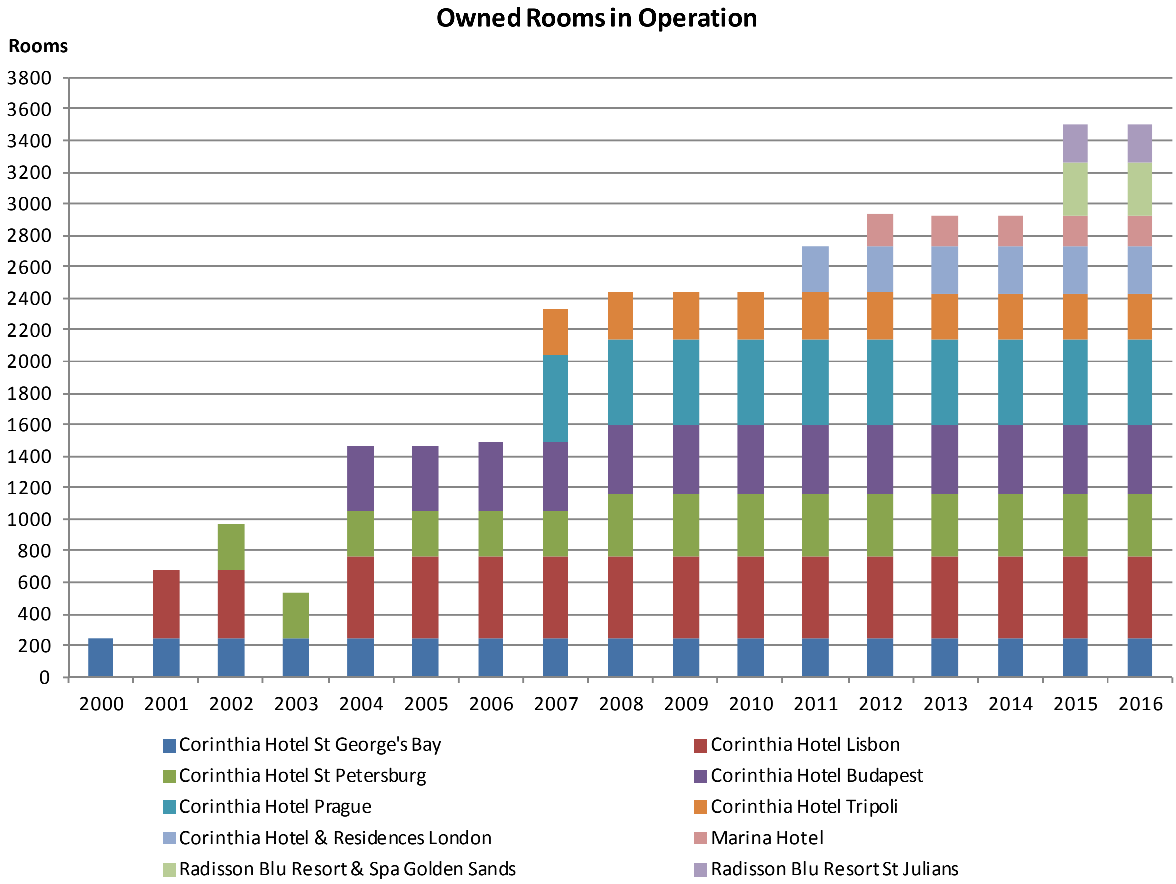
	FY2014	FY2015	FY2016
Investment Properties			
Commercial Centre St Petersburg	77,830	67,231	64,555
Commercial Centre Tripoli	68,243	68,243	68,243
Commercial Centre Lisbon	1,102	1,300	1,980
Site in Tripoli	29,500	29,500	29,500
	176,675	**166,274**	**164,278**
Hotel Properties			
Corinthia Hotel St George's Bay	27,557	37,711	40,477
Radisson Blu Resort, St Julians	-	37,711	40,291
Corinthia Hotel Lisbon	92,168	89,200	93,428
Corinthia Hotel Prague	74,039	82,901	83,006
Corinthia Hotel Tripoli	86,687	84,085	81,206
Corinthia Hotel Budapest	95,231	104,800	122,458
Corinthia Hotel St Petersburg	90,729	70,610	85,710
Marina Hotel	22,499	28,813	31,115
	488,910	**535,831**	**577,691**
Joint Ventures and Associates			
Corinthia Hotel & Residences London (50%)	296,167	315,680	271,850
Corinthia Grand Astoria Hotel Brussels (50%)	-	-	7,600
Radisson Blu Resort & Spa Golden Sands (50%)	-	32,672	31,509
Medina Towers J.S.C. (25%)	12,701	13,871	13,567
	308,868	**362,223**	**324,526**
Assets in the Course of Development			
The Heavenly Collection Ltd (Hal Ferh)	-	21,576	21,576
	-	**21,576**	**21,576**
Total	**974,453**	**1,085,904**	**1,088,071**

PART 2 – OPERATIONAL DEVELOPMENT

4. HOTEL PROPERTIES

4.1 ROOM INVENTORY

As at the date of this report, the Issuer fully owns 8 hotel properties and 50% of each of 2 other hotel properties (namely, Corinthia Hotel & Residences London and Radisson Blu Resort & Spa Golden Sands). The chart below sets out the growth in room inventory of the Issuer since incorporation, which increased from 250 to 3,509 rooms over a 16-year period.



Source: Management information.

4.2 CORINTHIA HOTEL BUDAPEST

Introduction

IHI Magyarország Zrt., a fully-owned subsidiary of the Company, owns the 440-room five-star Corinthia Hotel located in Budapest, Hungary ("**Corinthia Hotel Budapest**"). The hotel was acquired as a vacant building in 2000 for €27 million. The property was subsequently demolished except for the historic facade and ballroom and rebuilt at a cost of €90 million. It was officially opened in April 2003. In 2006, 26 self-catering apartments were added to its stock of rooms, which are included in the above room count, and a health spa was opened. The carrying value of the Corinthia Hotel Budapest as at 31 December 2015 is €122.5 million (FY2015: €104.8 million).

Market Overview

i. Economic update

The Hungarian economy shifted into a lower gear as growth slid in the final quarter of 2016. Comprehensive data released by the Central Statistics Office (KSH) show that the economy expanded 1.6% annually in Q4, marking the second consecutive quarterly deceleration and matching the preliminary estimate figure. 2016 GDP came in at a four-year low of 2.0% as the economy reeled from dwindling EU investment funds and weakening demand for Hungarian goods. On a seasonally-adjusted quarter-on-quarter basis, GDP remained broadly stable and expanded a soft 0.4% in Q4 (Q3: +0.3% q-o-q).

Abysmal readings in fixed investment and government consumption dented growth in the domestic economy and are largely behind the quarterly deceleration. Fixed investment declined at a double-digit rate in Q4 as EU-investment funds have dried up (Q3: -9.9% y-o-y; Q4: -19.6% y-o-y) and government consumption plunged to an over nine-year low (Q4: -5.0% y-o-y). The only bright spot was private consumption, which accelerated thanks to cheap credit, growth in real personal disposable income, low unemployment, and strong consumer confidence throughout the whole quarter. Overall, growth in domestic demand slowed from 1.8% in Q3 to 1.1% in Q4.

The contribution of the external sector to growth improved in the final quarter, even though the figure itself is misleading as exports actually slowed from a strong 5.1% expansion in Q3 to 3.1%, an over three-year low. However, imports decelerated even faster and expanded at an almost four-year low of 2.7% in Q4 (Q3: + 5.1% y-o-y) despite strong private consumption. As growth in imports slowed at a faster rate than exports, the contribution of the external sector improved from 0.1 percentage points in Q3 to 0.5 percentage points in Q4.

The slowdown experienced in the final quarter of 2016 is not expected to continue this year (2017). A list of measures announced by the government late last year such as wage hikes, increased spending and tax cuts will support stronger growth and offset domestic challenges such as rising prices. The resumption of EU inflows and the Central Bank's commitment to maintaining favourable monetary conditions will provide a further boost to the economy. The aforementioned factors should shield the economy from external headwinds such as weaker economic growth in Hungary's trading partners and its ripple effect on the country's external sector, as well as monetary policy normalisation in the United States and Euro Area, which could trigger capital flow volatility and drive up financing costs. The Central Bank sees GDP expanding 3.6% in 2017 and 3.7% in 2018.

ii. Tourism market

In 2016, accommodation establishments recorded 27.7 million tourism nights, 7.0% more than in 2015, with total gross revenues of accommodation establishments rising by 9.1% at current prices and amounting to more than HUF 402 billion. In the reviewed period, foreign guests spent 6.9% more nights in accommodation establishments as compared to the previous year to reach 13.9 million nights, while domestic guests spent 7.1% more nights totalling 13.8 million nights. Room occupancy in hotels in 2016 rose by an average of 2.5 percentage points to 56.4%.

Budapest attracts most of the foreign guests, and in 2016, 86% of foreign visitors stayed in the capital spending a total of 8.2 million guest nights, almost 6% more than in the previous year. Among the most significant feeder markets, Czech Republic (+20%) and Romania (+17%) showed the most significant increase. The number of guests from Germany increased for the first time in several years with 0.3%, while the number of Russian tourists continued to fall by 5.3%.

Operational Performance

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

Corinthia Hotel Budapest	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Turnover (€'000)	20,404	22,810	23,457	25,563
Gross operating profit before incentive fees (€'000)	6,500	8,364	8,577	9,448
Gross operating profit margin (%)	32	37	37	37
Occupancy level (%)	74	78	78	81
Average room rate (€)	114	127	129	140
Revenue per available room (RevPAR) (€)	85	99	101	113
Benchmark performance				
Occupancy level (%)	76	80	79	79
Average room rate (€)	103	115	124	129
Revenue per available room (RevPAR) (€)	78	92	98	102
Revenue Generating Index	1.09	1.08	1.03	1.11

Source: Management information.

Positive results were achieved in FY2014, in which, the Hotel registered a 15% increase in RevPAR and a growth in revenue of €1.9 million to €20.4 million. This increase resulted in a €0.9 million improvement in gross operating profit. FY2015 was another positive year in which average room rate increased by 11% from €114 in FY2014 to €127 in FY2015, and RevPAR by 16% to €99 in FY2015. In this regard, gross operating profit increased by €1.9 million from FY2014 to FY2015 (+29%). A substantial part of these improvements in performance is attributable to the diversification in market segmentation wherein lower rated business is being replaced by the more lucrative leisure market segment.

Revenue for FY2016 was higher than FY2015's revenue at €23.5 million (FY2015: €22.8 million) and gross operating profit was also higher when compared to the prior year at €8.6 million (FY2015: €8.4 million). As for FY2017, occupancy and RevPAR are expected to increase from 78% to 81% and €101 to €113 respectively, mainly due to one-off international events and exhibitions to be organised in 2017 at the HUNGEXPO – the largest multifunctional venue in Budapest. As a result, FY2017 revenue is projected to increase by €2.1 million (+9%) to €25.6 million and gross operating profit is set to increase from €8.6 million in FY2016 to €9.4 million (+10%). In subsequent years, management is expected to continue implementing a strategy of focusing more on increasing revenue from leisure, corporate and conference & event segments with progressive decrease in the volume of low rated sectors (such as groups and tour operator business).

During the historical period under review, the Hotel performed at a similar level to its competitive set as to occupancy, but achieved a marginally higher average room rate than its competitors. Overall, the Hotel performed much better than its competitive set in FY2014 (RGI: 1.09), FY2015 (RGI: 1.08) and FY2016 (RGI: 1.03). This over performance relative to the competitive set is anticipated to continue also in the projected year FY2017 (RGI of 1.11).

4.3 CORINTHIA HOTEL ST PETERSBURG

Introduction

IHI Benelux B.V. (a fully-owned subsidiary of the Company) owns the 388-room five-star Corinthia Hotel located in St Petersburg, Russia ("**Corinthia Hotel St Petersburg**"), which was acquired in 2002 for €35 million. The company also purchased properties adjacent to the hotel, which were subsequently demolished and rebuilt as a hotel extension and a commercial centre including retail and office space. This development project, which was completed in May 2009, also involved the refurbishment of the lobby and the public areas of the original hotel. A renovation programme, estimated at €23.5 million, is currently underway. This project comprises the refurbishment of the rooms of the original hotel and the development of an area measuring *circa* 1,500 square metres situated behind the Hotel and which will consist in the creation of a car park and further office space. The carrying amount of the Corinthia Hotel St Petersburg and the commercial centre as at 31 December 2016 is €85.7 million (FY2015: €70.6 million) and €64.6 million (FY2015: €67.2 million) respectively.

Market Overview

i. Economic update

The Russian economy has responded exceptionally well in the last two years to the dual shock of collapsing oil prices and the continuation of Western sanctions. GDP decreased just 0.2% in 2016, which followed an upwardly revised 2.8% contraction in 2015. Tighter fiscal and monetary policies and a flexible exchange rate ensured a much smaller GDP decline in over the two-year period 2015 and 2016 compared to 2009, when the economy plummeted nearly 8%, despite higher oil prices back then. Further indications that a nascent economic recovery remains in place at the beginning of 2017 were supported by PMI (Purchasing Managers' Index) data for March and a strong increase in exports in January, which resulted from a pickup in exports both of oil – due to higher prices – and of non-oil products, particularly machinery, reflecting stronger demand from other CIS countries.

ii. Tourism market

As of year-end 2016, the St Petersburg hotel market accounted for 149 hotels, with a supply of 20,600 rooms (excluding mini-hotels, departmental hotels, and hostels). The share of rooms managed by international hotel operators amounted to 43%.

Expecting such major events as FIFA Confederations Cup 2017 and FIFA World Cup 2018, both Russian and international hoteliers started to expand their room supply. American chains entered the St Petersburg market – such hotels as Hampton by Hilton Saint Petersburg ExpoForum and Best Western Plus Centre Hotel were opened. St Petersburg players – hotel chain Station, Hotel Group Eurasia and Nevsky Hotel Group – also made their moves to expand.

The amount of visitors to St Petersburg in 2016, according to official municipal administration data, reached 6.9 million people in comparison with the previous year's figure of 6.5 million visitors. The number of Russian citizens who visited St Petersburg in 2016 (domestic tourism) increased by 14% compared to 2015, mainly due to the depreciation of the rouble which led to the redirection of outbound tourism to the domestic market.

Operational Performance

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

Corinthia Hotel St Petersburg	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Turnover (€'000)	14,229	12,783	14,103	16,576
Gross operating profit before incentive fees (€'000)	3,007	4,210	5,871	7,255
Gross operating profit margin (%)	21	33	42	44
Occupancy level (%)	52	60	60	64
Average room rate (€)	139	112	122	139
Revenue per available room (RevPAR) (€)	72	67	74	89
Benchmark performance				
Occupancy level (%)	53	61	61	63
Average room rate (€)	193	153	186	194
Revenue per available room (RevPAR) (€)	85	93	113	122
Revenue Generating Index	0.85	0.72	0.65	0.73

Source: Management information.

In FY2014, revenue at the Corinthia Hotel St Petersburg declined by 25% to €14.2 million relative to FY2013 due to a decrease in demand (both leisure and conference business) as a result of the political situation between Russia and Ukraine (in relation to the annexation of Crimea to the Russian Federation). Management's strategy for the year was to maintain occupancy rate at above 50%, which was achieved at the expense of a reduction in average room rate (from €180 in FY2013 to €139 in FY2014), mainly in consequence of the tumbling Rouble, as there was a concerted shift from international to domestic clients.

During FY2015, the Hotel was able to capture a higher share of the domestic market, but the average room rate decreased in euro terms principally as a result of a weaker Rouble. As such, the Hotel increased occupancy levels from 52% to 60%, but average room rate decreased from €139 to €112. Overall, revenue in FY2015 declined by €1.4 million (year-on-year) to €12.8 million. On the other hand, gross operating profit improved by €1.2 million in consequence of cost-reduction measures.

In FY2016, turnover recovered from €12.8 million generated in FY2015 to €14.1 million (+10%) and gross operating profit improved by €1.7 million (+39%) from €4.2 million in FY2015 to €5.9 million. Although the occupancy level remained static at 60% in FY2016, the average room rate increased from €112 in FY2015 to €122 in FY2016, with the consequence of an increase in RevPAR of 10%.

The challenges set and acted upon by the Hotel's management team have been to source alternative markets, targeting in particular as much business as possible from within the Russian Federation itself, and to operate the Hotel with a wide range of room rates targeting upscale corporate to luxury travellers. A sales office has been opened in Moscow with Russian-language online marketing being given prominence. RevPAR will remain under pressure in the near term, because of competition in the market and the increasing supply of rooms in consequence of the opening of new hotels. Consequently, the strategy adopted by the Hotel will remain focused on securing a base demand and driving occupancy rather than building average room rate.

In FY2017, management is anticipating an economic recovery in Russia and a return of international tourists to the country. As such, the average room rate is projected to increase from €122 in FY2016 to €139 in FY2017, and RevPAR in FY2017 should increase by 20% when compared to the prior year.

Similar to the Hotel, its competitive set registered a decrease in RevPAR in FY2014 of 28% (Hotel: -26%), principally as a consequence of the conflict with Ukraine, and also because two major events which were organised in FY2013 increased average rates above normal levels. In FY2015 and FY2016, the Hotel performed at par with its competitive set in terms of occupancy but its average room rate was lower than the average rate of competitors by 27% and 34% respectively. In FY2017, the Hotel expects to improve occupancy level by 4 percentage points to 64% (similar to the benchmark level of 63%) and RevPAR is projected to increase from €74 in FY2016 to €89 (being 27% lower than the forecasted RevPAR of the competitive set).

Commercial Operations

The following table sets out the turnover of the commercial properties adjacent to the Corinthia Hotel St Petersburg for the years indicated therein:

Corinthia Hotel St Petersburg (commercial property)	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Turnover (€'000)	4,209	3,518	4,813	5,500

Source: Management information.

The commercial properties comprise a mix of commercial areas, shops and office space, with total rentable area in excess of 11,600 square metres. Occupancy in FY2014 was at 48% and remained constant in FY2015. As at the date of this report, the property is practically fully occupied. Projected growth in income is reflective of existing agreements with respective tenants and a recovery in the exchange rate of the Russian Rouble.

4.4 CORINTHIA HOTEL LISBON

Introduction

Alfa Investimentos Lda (a fully-owned subsidiary of the Company) owns the 518-room five-star Corinthia Hotel located in Lisbon, Portugal ("**Corinthia Hotel Lisbon**"), which was acquired in 2001 for €45 million. The Corinthia Hotel Lisbon required significant renovation and following an extensive refurbishment was re-opened in May 2004.

A renovation programme is underway at the Corinthia Hotel Lisbon, estimated at a cost of €10 million. The refurbishment started in November 2016 and will take 30 months to complete. The programme comprises the complete refurbishment of all room stock at the hotel to upgrade the product, including increasing the size and upgrading of the fit-out to the rooms. The refurbishment will be carried out in phases sealing off two to three floors at a time without causing any disturbance to the on-going operation of the hotel which continues to operate normally. Works on the first two floors have already been completed and the finished product has been received well by the market. The programme of works is on schedule.

The carrying amount of the Corinthia Hotel Lisbon as at 31 December 2016 is €93.4 million (FY2015: €89.2 million). Alfa Investimentos Lda also owns an apartment block in Lisbon for investment purposes, valued at €2.0 million as at 31 December 2016 (FY2015: €1.3 million).

Market Overview

i. Economic update

Although the Portuguese economy is gradually moving into a higher gear, a surge in imports due to higher energy prices and more dynamic domestic demand dragged on growth in Q4 2016. Portugal's GDP increased 0.6% in the fourth quarter of 2016 compared to the previous quarter, according to the National Statistics Institute (INE). This figure was down from the 0.9% growth recorded in the third quarter of 2016. On a year-on-year basis, growth reached 2.0% in Q4, up from 1.7% in Q3 and marking the fastest expansion since Q2 2010. Over last year as a whole, the economy expanded 1.4% (2015: +1.6%).

Cheap loans as a result of the European Central Bank's accommodative monetary policy, falling unemployment and rising consumer confidence caused private consumption growth to accelerate to 1.2% (Q3: +0.4% quarter-on-quarter). Gross fixed investment expanded at the fastest pace since Q4 2010 (Q3: +0.2% q-o-q; Q4: +4.6% q-o-q) mainly due to healthy construction activity, while government spending rebounded marginally in Q4 (Q3: -0.6% q-o-q; Q4: +0.3% q-o-q).

On the external side of the economy, improving domestic demand and higher energy prices led imports of goods and services to expand a robust 4.5% (Q3: -0.1% q-o-q), while growth in exports steadied at 2.5%. As a result, the contribution from the external sector to overall growth fell from plus 1.2 percentage points in Q3 to minus 1.0 percentage point in Q4. The Bank of Portugal expects the economy to expand 1.4% 2017, followed by 1.5% in 2018.

ii. Tourism market

A record number of foreign tourists stayed in Portuguese hotels in 2016, boosting the economy after a punishing international bailout. Tourist arrivals and all travel-related revenues, which account for around 10% of Portugal's gross domestic product, have been growing since 2011, as security fears lure visitors away from rival Mediterranean sunshine destinations. The number of foreign tourists reached 11.4 million in 2016, a

12.7% rise over the previous year when the number of arrivals hit a record 10.1 million. The number of local travellers rose by 4.8% to 7.6 million as the Portuguese economy expanded by 1.4% in 2016.

Hotel revenues rose by more than 15.1% to 2.9 billion euro (USD3.1 billion), outpacing the growth in tourist arrivals as hotels were able to increase prices thanks to strong demand. Britons again topped the list of foreign visitors to the country, followed by Germans, Spaniards and French. The official statistics do not include the number of foreign visitors who stayed in private homes rented through home-sharing sites like Airbnb, which has soared in popularity in Portugal in recent years.

The rise in tourist arrivals has helped the Atlantic coastal country overcome its economic and debt crisis and helped slash the country's jobless rate. Portugal's unemployment rate fell to 11.1% last year after hitting a record high of 17.5% in the first quarter of 2013 as the country grappled with recession under the weight of austerity imposed by a 78-billion-euro EU/IMF bailout deal that ended in 2014.

Total hotel room supply, in the city of Lisbon, stands slightly below 20,000 rooms. In the Greater Lisbon area, the room total increases by, approximately, 10,000 rooms. Total room supply has been increasing steadily, with 25% of total supply built or renovated after 2010. In addition, over the last 15 years, room supply in Lisbon has doubled, growing at a 4.5% yearly pace.

Such room supply growth, in Lisbon, is not expected to slow down in the near term, as approx. 3,000 new rooms are projected in the next 3 years (mainly in 4 and 5 star hotels). Hence, although the positive trend in tourism hints at an optimistic outlook, the increase in room supply may induce a reduction in future occupancy rates and possibly also limit growth in average room rates.

Operational Performance

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

Corinthia Hotel Lisbon	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Turnover (€'000)	19,597	20,699	21,907	22,394
Gross operating profit before incentive fees (€'000)	5,674	6,019	6,740	6,930
Gross operating profit margin (%)	29	29	31	31
Occupancy level (%)	71	74	72	72
Average room rate (€)	99	105	109	113
Revenue per available room (RevPAR) (€)	70	78	79	81
Benchmark performance				
Occupancy level (%)	68	71	72	72
Average room rate (€)	98	107	113	116
Revenue per available room (RevPAR) (€)	67	76	81	84
Revenue Generating Index	1.04	1.03	0.98	0.96

Source: Management information.

Overall results continued to improve in FY2014 as the Corinthia Hotel Lisbon registered a year-on-year increase in revenue of €1.8 million (+10%) mainly as a consequence of an increase in RevPAR from €62 to €70. This positive movement resulted in an increase in gross operating profit of €1.4 million to €5.7 million. A further improvement of 6% and 11% in revenue (to €20.8 million) and RevPAR (to €78) respectively was registered in FY2015 over FY2014 results. In FY2016, the Hotel increased y-o-y revenue by €1.2 million (+6%) and gross operating profit improved further from €6.0 million in FY2015 to €6.7 million in FY2016.

With the introduction of low cost airline carriers to the country, Portugal is perceived as a 'value for money' destination and this has been one of the leading factors contributing to the growth in the hospitality figures outlined above. The Hotel has likewise benefitted from this upsurge in business registering significant year-on-year growth both in revenue and gross operating profit. Management plans to continue focusing on higher yielding segments (leisure and conference & events) and believes that due to the size of the Hotel, there should not be any displacement of leisure guests when signing larger conference & events business. It is estimated that in FY2017 revenue will increase y-o-y by 2% to €22.4 million and gross operating profit is expected to grow y-o-y by 3% to €6.9 million.

The Hotel has performed broadly in line with its competitive set in FY2014 to FY2016, although a marginally weaker performance was recorded in FY2016 as the benchmark average rate improved by 6% compared to the Hotel's incremental increase of 4%. A similar trend is being projected for FY2017 as management expects to maintain the current occupancy rate at 72%, and increase average room rate by 4%. Projected RevPAR for the Hotel is set at €81, which is €3 lower than the expected benchmark performance, but this is understandable considering the refurbishment works that are ongoing.

4.5 CORINTHIA HOTEL PRAGUE

Introduction

IHI Towers s.r.o. (a fully-owned subsidiary of the Company) owns the 539-room five-star Corinthia Hotel located in Prague, Czech Republic ("**Corinthia Hotel Prague**"), which was acquired in 2007 for €105 million. The carrying amount of the Corinthia Hotel Prague as at 31 December 2016 is €83.0 million (FY2015: €82.9 million).

Market Overview

i. Economic update

The Czech economy gained some steam in the final quarter of 2016, following a disappointing Q3. Growth in Q4 was supported by strong private consumption and a more favourable external sector. A sharp fall in fixed investment, however, still weighed on the economy. GDP growth strengthened from Q3's 1.8% to 1.9% in Q4. Q4's result overshot market expectations of 1.8% growth and brought full-year 2016 GDP growth to 2.3%, half the 4.6% rate seen in 2015, when the country benefited from an unusually high level of public investment associated with the end of the EU funding cycle.

Growth in the Czech Republic continues to be supported by robust private consumption, which contributed 1.4 percentage points to growth. This, together with the positive contribution from the external sector, offset a sharp deterioration in fixed investment. The enduring expansion in private consumption - which grew 2.9% in Q4, marginally down from Q3's 3.1% increase - has been supported by rising wages, a strong labour market and still low inflation. On the downside, the impact on investment of the diminished absorption of aid from the European Structural and Investment Fund continued to bite and drove fixed investment to fall 6.1% in Q4, worsening from the already considerable 5.0% drop recorded in the previous quarter. Moreover, government consumption flattened in Q4 after the 1.0% growth recorded in Q3.

Meanwhile, the external sector added 0.9 percentage points to growth. Imports of goods and services decelerated from a 1.7% increase in Q3 to a 0.5% rise in Q4, reflecting weaker demand of foreign goods for domestic investment. Export growth also moderated, but to a lesser extent, decelerating from Q3's 2.4% to Q4's 1.9%. The Czech National Bank expects the economy to expand 2.8% in both 2017 and 2018.

ii. Tourism market

Tourism was up in 2016 for both Prague and the Czech Republic as a whole, as measured by both the number of visitors and by overnight stays. Visitor numbers from China increased sharply. Figures for Russians are still down but are starting to recover. Some 7.07 million people visited Prague in 2016, with 6.05 million of them being foreigners, based on statistics from the Czech Statistical Office (ČSÚ). The number of nights that visitors stayed also increased. Compared to the previous year, the number of tourists visiting Prague was up 7.0%, with foreigners rising 5.9% and residents up 14.3%. Tourists in Prague stayed for a collective 16.67 million nights, with 14.89 million overnight stays attributable to foreigners.

During the whole of 2016, the number of guests visiting the Czech Republic increased by 6.9% and the number of overnight stays by 5.4%. Some 18.37 million people used overnight accommodations (9.09 million Czech residents and 9.29 million foreigners). The number of residents was up 7.0% and non-residents up 6.7%. The number of overnight stays was higher for both groups than in 2015. In total, there were 49.64 million overnight stays, split almost evenly between residents and foreigners. This represented an increase of 5.4% over the previous year.

In all regions of the Czech Republic, the number of guests as well as the number of overnight stays went up. The Hradec Králové region saw the highest increase in guests, up 13.2%, and the number of overnight stays increased mostly in the Ústí nad Labem region, up 10.6%.

A year-on-year decrease in guests from Russia and Japan was compensated by higher occupancy by guests from other countries, including Germans (+6.4%), Slovaks (+11.7%) and Polish (+12.1%). Demand from Asia was also higher, particularly from China, South Korea and Taiwan, as well as from the Middle East including Israel.

Operational Performance

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

Corinthia Hotel Prague	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Turnover (€'000)	15,740	16,518	16,819	17,977
Gross operating profit before incentive fees (€'000)	4,064	4,750	5,153	5,834
Gross operating profit margin (%)	26	29	31	32
Occupancy level (%)	65	68	66	70
Average room rate (€)	71	74	78	80
Revenue per available room (RevPAR) (€)	46	50	51	56
Benchmark performance				
Occupancy level (%)	71	77	78	77
Average room rate (€)	102	106	109	113
Revenue per available room (RevPAR) (€)	73	82	85	87
Revenue Generating Index	0.63	0.61	0.60	0.64

Source: Management information.

In FY2014, the Corinthia Hotel Prague registered a satisfactory performance as it managed to improve occupancy by 5 percentage points over the previous year (from 60% to 65%) whilst broadly maintaining an average room rate above €70. Results for FY2015 show that the Hotel continued to build on this positive trend and thereby achieved a RevPAR of €50 (from €46 in FY2014) and a gross operating profit of €4.8 million (from €4.1 million in FY2014). Revenue in FY2016 was similar to that achieved in the prior year and amounted to €16.8 million. Gross operating profit increased by 8% from €4.8 million in FY2015 to €5.2 million in FY2016. Turnover for FY2017 is projected at €18.0 million, an increase of 7% from a year earlier, mainly due to an increase in projected occupancy from 66% to 70% and an increase in average room rate from €78 in FY2016 to €80 in FY2017. In the near term, management will continue to work towards displacing tour operator bookings with the more profitable conference & events and leisure business in an effort to improve RevPAR.

The Hotel has, in recent years, consistently underperformed its competitive set principally in terms of room rates (being *circa* 30% lower than benchmark rates). This gap in room rates is largely linked to the Hotel's location just outside the City centre in Prague and its large room inventory, making it more challenging to compete at the same rates offered by the competitive set hotels, which are centrally located and smaller in size. Consistent with current performance, management expects to continue to match its competitive set in terms of occupancy and recover part of the gap in room rates. The Hotel is forecasting room rates to increase through, *inter alia*, the generation of more room nights from higher-rated segments, improved segmentation and the expected increase in conference & events business organised at the (neighbouring) Prague Congress Centre. As such, the Hotel is aiming to improve the RGI from 0.60 in FY2016 to 0.64 in FY2017.

4.6 CORINTHIA HOTEL TRIPOLI

Introduction

Corinthia Towers Tripoli Limited (a fully-owned subsidiary of the Company) owns the 299-room five-star Corinthia Hotel located in Tripoli, Libya ("**Corinthia Hotel Tripoli**"), and a commercial centre measuring *circa* 10,000 square metres and a tract of undeveloped land, both of which are adjacent to the hotel. The said properties were acquired in 2007 for a total consideration of €207 million split as follows: Corinthia Hotel Tripoli (€139 million); the commercial centre (€62 million); and an undeveloped parcel of land (€6 million). The carrying amounts of the Corinthia Hotel Tripoli, commercial centre and the adjacent plot as at 31 December 2016 are €81.2 million, €68.2 million and €29.5 million respectively (FY2015: €84.1 million, €68.2 million, €29.5 million), or a combined total of €178.9 million.

Market Overview

The instability and state of uncertainty prevailing since the 2011 uprising continues to have a negative effect on Libya's economy. Ongoing conflict between rival militias has left Libya deeply divided, with vast regions split under the rule of various Islamist and nationalist groups and armed gangs taking control on a smaller scale. Since 2014, Libya experienced severe political instability due to the collapse of the central government during the same year and the country has been going through difficult times ever since. A United Nations-brokered ceasefire deal was reached in December 2015 and the Libyan Political Agreement to form a Government of National Accord was signed. On 31 March 2016, the leaders of the new UN-supported unity government arrived in Tripoli. It is not yet clear whether the new arrangement will succeed, as the unity government has not yet received the approval of the House of Representatives. As such, it is difficult to ascertain as to when the political situation in Libya will return to normality and thereafter, how rapidly the economy and state of affairs will re-establish a sustainable pace of growth and a recovery in business investment.

Operational Performance

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

Corinthia Hotel Tripoli	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Forecast
Turnover (€'000)	8,345	893	799	2,264
Gross operating profit/(loss) before incentive fees (€'000)	-1,211	-2,791	-3,104	-3,137
Gross operating profit/(loss) margin (%)	-15	-313	-388	-139
Occupancy level (%)	22	2	0	5
Average room rate (€)	212	218	185	194
Revenue per available room (RevPAR) (€)	47	4	0	10

Source: Management information.

The results for FY2014 reflect the prevailing difficult political environment in the country due to the persistent conflicts, unstable political situation and the closure of the international airport. In FY2014, revenue declined by 58%, relative to the year before, to €8.3 million and a gross operating loss of €1.2 million was registered.

On 27 January 2015, the Hotel was the scene of an armed attack and has since remained closed for business. In FY2015 and the first half of FY2016, repair works were commissioned and completed for the Hotel to resume operations as and when the current unrest in Libya subsides. During FY2016, the Hotel incurred a gross operating loss of €3.1 million. As for FY2017, management's objective r is to try to match increased payroll and increased operating costs to operating income, if the opportunity arises for the Hotel to re-open for business, and thereby contribute in some manner towards general overheads such as utilities, security and maintenance costs. It is projected that revenue in FY2017 will amount to €2.3 million (FY2016: €0.8 million) and is expected to incur an operating loss of €3.1 million (FY2016: operating loss of €3.1 million).

There are currently no statistics published in terms of hotel performance in Tripoli. As such, no comparison can be made between the Corinthia Hotel Tripoli and other hotels situated in Tripoli.

Commercial Operations

The following table sets out the turnover of the Commercial Centre adjacent to the Corinthia Hotel Tripoli for the years indicated therein:

Corinthia Hotel Tripoli (commercial property)	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Forecast
Turnover (€'000)	5,863	5,593	5,290	5,000

Source: Management information.

The Commercial Centre which is fully occupied, save for an area of 1,888 square metres, includes rentable office space having a gross area of 7,249 square metres. It also comprises 306 square metres of storage space and 235 of internal and external car spaces. To date, the performance of the Commercial Centre remains largely unaffected by the political conflicts that the country is witnessing.

4.7 CORINTHIA HOTEL ST GEORGE'S BAY

Introduction

Five Star Hotels Limited (a fully-owned subsidiary of the Company) owns the 250-room five-star Corinthia Hotel located in St Julians, Malta ("**Corinthia Hotel St George's Bay**"), which was acquired in 2000 for €32 million. The carrying amount of the Corinthia Hotel St George's Bay as at 31 December 2016 is €40.5 million (FY2015: €37.7 million).

Market Overview

i. Economic update

Economic activity in Malta is expected to remain relatively strong in the near term, supported by both demand and supply factors. In particular, the energy reforms that have taken place in recent years, new investment projects, increased labour market participation and robust services exports are the primary drivers supporting the economic expansion. Real GDP growth in 2016 was at 5.0%, and thereafter is projected to decelerate to 4.1% in 2017, 3.7% in 2018 and 3.3% in 2019.

During 2016, Gross Value Added (GVA) increased by €536.8 million when compared to the prior year (2015), to €8,693.0 million. GVA is the net result of output, valued at basic prices less intermediate consumption valued at purchasers' prices. The increase in GVA was mainly generated by professional, scientific & technical activities and administrative & support services activities which increased by €116.6 million or 11.9%; arts, entertainment & recreation, repair of household goods & other services which increased by €100.8 million or 9.3%; and public administration & defence, education, human health & social work activities which increased by €90.2 million or 6.2%. A decrease of €21.0 million or -6.0% was registered in construction.

Economic growth was primarily driven by net exports of goods and services, which increased (in real terms) by €359.3 million or 63.7% from €563.8 million in 2015 to €923.1 million in 2016. Household consumption expenditure also increased on a y-o-y basis by €164.3 million or 3.9% to €4,397.1 million. On the other hand, declines in investment and government consumption were registered in 2016 when compared to a year earlier.

Inflation rose to 1.06% in December 2016, up from 0.68% in November 2016. The main upward impacts on annual inflation were recorded in the food index, the beverages and tobacco index, and the household equipment and house maintenance costs. This increase was mitigated by a reduction in the prices of fuel, clothing and transport.

ii. Tourism market

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2015 as well as in 2016. Inbound tourism from January to December 2015 amounted to 1.8 million guests, an increase of 6.0% over the same period in 2014. Although tourists residing in collective accommodation (hotels, guesthouses, hostels, B&Bs, etc) made up 71.7% of the market in 2015, preference for private accommodation has been growing in the last years at a faster pace, and actually increased by 18.2% from 2014. Tourism expenditure was estimated at €1.6 billion, 7.5% higher than that recorded for the comparable period in 2014.

Inbound tourist trips from 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 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.

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, Malta's EU Presidency in the current year (2017) together with Valletta serving as the European City of Culture in 2018 are widely expected to generate increased demand for hotels and enhance Malta's image as a tourist destination, which would in turn generate further growth in the hospitality sector. 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.

Operational Performance

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

Corinthia Hotel St George's Bay	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Turnover (€'000)	13,339	15,225	15,765	15,920
Gross operating profit before incentive fees (€'000)	3,049	4,145	4,399	4,362
Gross operating profit margin (%)	23	27	28	27
Occupancy level (%)	72	79	81	80
Average room rate (€)	127	139	137	140
Revenue per available room (RevPAR) (€)	92	110	111	112
Benchmark performance				
Occupancy level (%)	74	78	74	75
Average room rate (€)	130	143	151	156
Revenue per available room (RevPAR) (€)	96	112	112	117
Revenue Generating Index	0.96	0.98	0.99	0.96

Source: Management information.

In FY2014, the Corinthia Hotel St George's Bay registered a 14% increase in revenue over FY2013 to €13.3 million. This positive performance had a significant contribution to gross operating profit of +103% from €1.5 million recorded in FY2013 to over €3.0 million in FY2014, also on account of substantial savings in operating and administrative costs. As for FY2015, the Hotel continued to perform well, both in terms of revenue generation and profitability. In fact, revenue and gross operating profit increased by €1.9 million (+14%) and €1.1 million (+36%) respectively.

Performance improved further in FY2016 as the Hotel increased revenue by 4% to €15.8 million and gross operating profit increased from €4.1 million in FY2015 to €4.4 million. Occupancy during the said year improved by 2 percentage points to 81%, whilst average room rate decreased marginally by €2 to €137.

Management plans to continue to focus on its revenue management strategy of driving business through the Hotel's largest growing segment (leisure), principally by undertaking more web-based online and other marketing initiatives. As such, the Hotel is projected to increase average room rate from €137 in FY2016 to €140 in FY2017 whilst maintaining occupancy at the 80% level.

The Hotel's competitive set also recorded positive results in recent years, which is a reflection of the present buoyant tourism market in Malta. As such, the Hotel performed marginally below par with its competition in each of the historical years under review, which trend is also being projected for FY2017.

4.8 MARINA HOTEL

Introduction

Marina San Gorg Limited (a fully-owned subsidiary of the Company) owns the 200-room four-star Hotel located in St Julians, Malta ("**Marina Hotel**"), adjacent to the Corinthia Hotel St George's Bay. It was acquired in early 2012 for €23 million. A number of facilities at the Hotel are shared with the Corinthia Hotel St George's Bay, which provides guests with a larger product variety, especially with regards to food and beverage offering and swimming pool areas. Being a four-star hotel with access to five-star conference and meeting space at the Corinthia Hotel St George's Bay is another unique selling point of the property. The carrying amount of the Marina Hotel as at 31 December 2016 is €31.1 million (2015: €28.8 million).

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 4.7 above.

Operational Performance

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

Marina Hotel	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Turnover (€'000)	7,852	9,486	9,880	9,984
Gross operating profit before incentive fees (€'000)	1,822	2,931	3,048	3,021
Gross operating profit margin (%)	23	31	31	30
Occupancy level (%)	81	82	83	83
Average room rate (€)	87	110	117	118
Revenue per available room (RevPAR) (€)	71	90	97	98
Benchmark performance				
Occupancy level (%)	75	75	71	72
Average room rate (€)	90	116	123	127
Revenue per available room (RevPAR) (€)	68	87	87	91
Revenue Generating Index	1.04	1.03	1.11	1.08

Source: Management information.

The sales team has, in recent years, been focusing more on yield management with a drive towards achieving higher rates by increasing occupancy levels in the higher yielding segments, including leisure and corporate. Particularly in the leisure segment, last-minute business and online bookings have become more prevalent, and therefore management is being more restrictive in offering lower yielding tour operator allocations on package deals.

In consequence, average room rate has increased over the years from €87 in FY2014 to €117 in FY2016, and RevPAR grew by 37% from €71 to €97 in the same period (an annualised growth of *circa* 17%). FY2015 was a very positive year for the Hotel, in which revenue increased by 21% (from €7.9 million in FY2014 to €9.5 million) and gross operating profit increased significantly by 61% (from €1.8 million in FY2014 to €2.9 million). Growth in FY2016 was more modest as revenue increased y-o-y by 4% to €9.9 million and gross operating profit also increased by 4% from €2.9 million in FY2015 to €3.0 million. Performance in FY2017 is projected at the same level registered in FY2016 and as such, revenue is expected to reach €10.0 million and gross operating profit is estimated at €3.0 million.

As for benchmark performance, the Hotel outperformed its competitive set in FY2014 in terms of occupancy by 6 percentage points. On the other hand, average room rate was lower (-3%) than the benchmark rate at €90. In FY2015, the Hotel's occupancy level and RevPAR exceeded the market average by 7 percentage points and 3% respectively. The Hotel continued to outperform its benchmark in FY2016, particularly with respect to RevPAR which amounted to €97 compared to €87 achieved by the competitive set. As for FY2017, the Hotel is projected to surpass its competitive set both in terms of occupancy level (83% as compared to the benchmark of 72%) and RevPAR (€98 as compared to the reference rate of €91).

4.9 CORINTHIA HOTEL & RESIDENCES LONDON

Introduction

NLI Holdings Limited (equally owned by the Libyan Foreign Investment Company (LFICO) and IHI) owns the 294-room luxury Corinthia Hotel located in London, United Kingdom ("**Corinthia Hotel London**") together with a penthouse apartment (11 residential apartments in the same premises were sold in April 2014). The said penthouse has been leased in FY2016 for a maximum period of two years.

In 2008, NLI Holdings Limited acquired the former Metropole Building and its adjoining 10 Whitehall Place for £136 million (*circa* €160 million) and after raising a £135 million bank facility in April 2009, which was subsequently increased to £150 million, embarked on a two-year project to redevelop and reconstruct the said properties to the luxury Corinthia Hotel and Residences. The carrying amount of 50% of the Corinthia Hotel London (including the penthouse) as at 31 December 2016 is £232.0 million (equivalent to €271.9 million) (FY2015: £231.5 million [equivalent to €315.7 million]).

Market Overview

i. Economic update

In the final quarter of 2016, the United Kingdom's economy continued to defy expectations and remained fairly impervious to the political uncertainty stemming from Brexit. Revised figures showed that GDP expanded at a healthy rate of 0.7% in Q4 compared to the prior quarter, up from the preliminary estimate of 0.6% and coming in above the figure markets had predicted. On an annual basis, GDP over 2016 as a whole expanded by 1.8%, which was down from the initial estimate of 2.0% and below 2015's 2.2%.

Breaking GDP down by expenditure, Q4's growth was underpinned by an improvement in private consumption, which rose 0.7% compared to Q3. Healthy consumption growth was reflected in an increase in retail sales in the final quarter of the year. On a less positive note, fixed investment stagnated in Q4, capping off a year of meagre growth. Behind the disappointing result was a drop in business investment, mainly due to a reduction in investment in IT and transport equipment. As a result, business investment in 2016 registered the first annual decline since 2009. The external sector improved, with the external sector's contribution to growth swinging from minus 1.2 percentage points in Q3 to plus 1.3 percentage points in Q4, due to exports surging by 4.1% and imports contracting by 0.4%.

Looking at the sector-by-sector picture, services remained the engine of the economy, expanding 0.8% quarter-on-quarter and marking the 16th consecutive quarter of growth. The rise was driven by an expansion across the board, with the distribution, hotels and restaurants and transport, storage and communication sub-sectors performing particularly strongly. Industry rose 0.3% q-o-q, driven by a strong contribution from manufacturing, while construction showed a 0.2% rise thanks to a boost in public and private new housing work. Agriculture also performed well, expanding 1.0% q-o-q.

On an annual basis, GDP grew 2.0% in the fourth quarter, below the preliminary estimate of 2.2% and undershooting analysts' estimates of a 2.2% expansion (Q3: +2.0% year-on-year). The Central Bank expects the economy to expand 2.0% in 2017 and 1.6% in 2018.

ii. Tourism market

During the period October to December 2016, the number of overseas residents' visits to the UK increased by 6% to 9.2 million compared with the corresponding period a year earlier. The total amount spent on these visits remained the same at £5.3 billion when compared with the same period in 2015.

In the 12 months to December 2016, the number of visits to the UK totalled 37.3 million, 3% higher than a year earlier and the highest since records began in 1961, while the total amount spent remained unchanged at £22.2 billion. The UK proved particularly popular with North American and EU visitors, which were both up by 7% and 4% respectively, primarily due to the decline in the value of pound against the dollar and euro following the vote for Brexit in June 2016. In contrast, visits from other countries fell by 3%. The number of holidays remained unchanged, business visits and visiting friends and family increased by 2% and 10% respectively.

Operational Performance

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

Corinthia Hotel London	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Forecast**	**FY2017 Budget**
Turnover (£'000)	47,494	52,543	53,274	59,906
Gross operating profit before incentive fees (£'000)	14,374	16,271	16,716	19,563
Gross operating profit margin (%)	30	31	31	33
IHI's share of gross operating profit at 50%	**7,187**	**8,136**	**8,358**	**9,782**
Occupancy level (%)	72	73	72	68
Average room rate (£)	404	445	433	474
Revenue per available room (RevPAR) (£)	295	323	312	324
Benchmark performance				
Occupancy level (%)	76	80	79	79
Average room rate (£)	539	571	588	605
Revenue per available room (RevPAR) (£)	421	455	459	459
Revenue Generating Index	0.70	0.71	0.68	0.71

Source: Management information.

Note: IHI owns 50% of the Corinthia Hotel London and as such its share of profits or losses is included in the consolidated financial statements of IHI under the heading 'Share of profit from equity accounted investments' of the income statement. As of FY2017, IHI has secured the right to nominate and appoint the majority of board members of NLI such that IHI can consolidate the performance of this business in the Group financial statements.

Revenue in FY2014 increased on a y-o-y basis by 2% to £47.5 million and gross operating profit increased by £0.4 million to £14.4 million. On the other hand, a more substantial increase of £5.0 million (+11%) and £2.2 million (+15%) was registered in revenue and gross operating profit respectively in FY2015 compared to the results achieved in FY2014, mainly in consequence of an increase in the average room rate from £404 to £445. The Hotel maintained a positive performance in FY2016 as revenue increased from £52.5 million in FY2015 to £53.3 million, whilst gross operating profit improved from £16.3 million in FY2015 to £16.7 million. Revenue for FY2017 is projected to increase by £6.6 million (+12%) principally on account of a higher average room rate of £474 compared to £433 in FY2016. In turn, gross operating profit is set to grow from £16.7 million in FY2016 to £19.6 million (+17%) in 2017.

In comparison to benchmark results, the Hotel managed an RGI of 0.70 in FY2014 mainly due to an adverse difference of £135 in its average room rate. Similar results for the Hotel as compared to its competitive set were registered in FY2015 (RGI of 0.71). The gap between the Hotel's performance and its benchmark was further augmented in FY2016 as the Hotel's occupancy was lower than its competitive set by 7 percentage points and the average room rate achieved was lower by £155. The Hotel is expected to improve its performance in FY2017 compared to the benchmark, and is therefore projected to register a better RGI of 0.71 compared to 0.68 a year earlier.

4.10 RADISSON BLU RESORT & SPA GOLDEN SANDS

Introduction

The Radisson Blu Resort & Spa Golden Sands commenced operations in October 2005 and is located on a cliff's edge overlooking Golden Bay beach on the Northern coast of Malta. IHGH holds a 50% shareholding in the Golden Sands resort (the other 50% being owned by an experienced international timeshare operator) and title to the site is in the form of temporary utile dominium which expires in 2114. The five-star resort comprises a total of 329 rooms, various F&B outlets and is equipped with a 1,000m^2 spa and leisure centre, 4 pools, a tennis court and a private sandy beach.

The carrying amount of 50% of the Radisson Blu Resort & Spa Golden Sands (being the share of IHGH) as at 31 December 2016 is €31.5 million (2015: €32.7 million).

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 4.7 above.

Operational Performance

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

Radisson Blu Resort & Spa Golden Sands	**FY2014 12 months Actual**	**FY2015 14 months Actual**	**FY2016 12 months Actual**	**FY2017 12 months Forecast**
Turnover (€'000)	34,229	42,843	40,197	30,394
Timeshare revenue	*21,960*	*27,426*	*25,614*	*16,761*
Hotel operations	*12,269*	*15,417*	*14,583*	*13,633*
EBITDA (€'000)	11,954	13,547	14,451	10,692
EBITDA margin (%)	35	32	36	35
IHGH's share of EBITDA at 50%	**5,977**	**6,774**	**7,226**	**5,346**

Source: Management information.

Note 1: The financial results of the Radisson Blu Resort & Spa Golden Sands are consolidated with the results of IHI, as a line item under 'share of profits/(losses) of equity accounted investments', with effect from 1 July 2015. As such, financial information in the table above relating to the period prior to 1 July 2015 has been included for comparison purposes only.

Note 2: In FY2015, IHGH changed its financial year end from 31 October 2015 to 31 December 2015. In this regard, the financial information for FY2015 covers the 14-month period 1 November 2014 to 31 December 2015.

A significant portion of the property's inventory is being operated on an upscale vacation ownership accommodation model (timeshare) through a 50% holding by IHGH in the Azure Group. To date, pursuant to a room allocation agreement with Azure Resorts Limited (a wholly owned subsidiary of the Azure Group), a total of 295 rooms have been released for sale on a timeshare basis. The remaining rooms together with any unsold weeks on the aforesaid 295 rooms are available for use by the resort in its hotel operations.

All timeshare units are being sold for a fixed time period that expires in 2045. Timeshare units are sold in weeks with the calendar year split into four seasons: Bronze, Silver, Gold and Platinum. As expected, most of the unsold timeshare weeks to date relate to the (low-season) Bronze and Silver packages (*circa* 59%). The current hotel configuration, which has been allocated to the timeshare operation, also includes a total of 13 superior rooms (marketed as the Heavenly Suites and the Heavenly Collection) that are sold at double the price of the other rooms. The majority of the timeshare weeks related to these rooms have already been sold.

Timeshare revenue is generated from the sale of timeshare weeks and resale of repossessed timeshare weeks to targeted vacation ownership guests. 'Hotel operations' revenue principally comprises the generation of yearly maintenance fees receivable from timeshare owners, allocation charges in terms of the aforesaid agreement with Azure Resorts Limited, fly-buy sales (being discounted rooms offered for promotional purposes), accommodation revenue (from rooms not utilised by timeshare operations) and revenue from F&B outlets and other ancillary services. The operating profit is the resultant surplus after deducting operating expenses, selling and marketing costs, and all administrative and other operating costs.

The table above summarises the results from the operation of the Radisson Blu Resort & Spa and shows that the principal source of revenue is the sale of timeshare units, which accounted for *circa* 65% of revenue between FY2014 to FY2016. The recovery in the UK economy (being Azure's principal market) and the strengthening of the UK Pound against the Euro were the main drivers for the robust increase in timeshare sales in FY2014 (+40%). A similar trend was observed in FY2015, whereby revenue increased by 25% from €22.0 million in FY2014 to €27.4 million. On an annual basis (since FY2015 reflects a 14-month period), average growth in timeshare sales was of 7% when compared to FY2014.

Revenue for FY2016 was lower by €2.6 million (-6%) when compared to the previous 14-month period of€40.2 million (but on an annualised basis y-o-y revenue was €3.5 million higher (+9.5%)). During the reviewed year, the vacation ownership operation was adversely impacted on translation of financial results from the Pound Sterling to the euro currency. The projected revenue for FY2017 has been prudently set at €16.8 million, a decline of €8.9 million (-34%) when compared to a year earlier.

As for 'Hotel operations', revenue generated in FY2015 amounted to €15.4 million, an increase of €3.1 million from FY2014. Revenue decreased by €0.8 million (-5%) to €14.6 million in FY2016 in comparison to the prior year. Revenue in FY2017 is projected to decline by 6% (y-o-y) from €14.6 million in FY2016 to €13.6 million.

The resort achieved an EBITDA of €12.0 million in FY2014, a significant increase of €4.8 million (+67%) when compared to the prior year. This result is a reflection of the sharp increase in timeshare weeks sold during the said year. A further 13% growth was registered in FY2015 (+€1.6 million), which actually represents a marginal decline from FY2014 given that FY2015 comprised a 14 month period. FY2016 was a very positive year for the resort as it generated an EBITDA of €14.5 million, surpassing FY2015's EBITDA by €0.9 million (notwithstanding that FY2015 included 14 months of operations). Projected lower timeshare revenue in FY2017, referred to in the preceding paragraph, is expected to adversely impact EBITDA by €3.8 million (-26%, y-o-y), from €14.5 million in FY2016 to €10.7 million.

4.11 RADISSON BLU RESORT ST JULIANS

Introduction

The Radisson Blu Resort St Julians is a 252 room 5-star hotel located in St George's Bay, St Julians. The Hotel commenced operations in May 1997 and provides accommodation and other services to a range of guests, from leisure to conference and incentive travel groups. The Hotel's amenities include conference facilities, a ballroom, an outdoor and a heated indoor pool, a fully equipped gymnasium as well as two tennis courts. The carrying amount of the Radisson Blu Resort St Julians as at 31 December 2016 is €40.3 million (2015: €37.7 million).

Market Overview

The market overview relating to the economy and tourism in Malta is included in section 4.7 above.

Operational Performance

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

Radisson Blu Resort St Julians	**FY2014 12 months Actual**	**FY2015 14 months Actual**	**FY2016 12 months Actual**	**FY2017 12 months Forecast**
Turnover (€'000)	10,554	10,156	12,811	13,450
Gross operating profit before incentive fees (€'000)	2,214	2,642	4,492	4,509
Gross operating profit margin (%)	21	26	35	34
Occupancy level (%)	68	77	76	80
Average room rate (€)	108	135	123	127
Revenue per available room (RevPAR) (€)	73	104	93	103
Benchmark performance				
Occupancy level (%)	76	79	77	77
Average room rate (€)	132	144	146	152
Revenue per available room (RevPAR) (€)	100	113	113	118
Revenue Generating Index	0.73	0.92	0.82	0.87

Source: Management information.

Note 1: The financial results of the Radisson Blu Resort St Julians are consolidated with the results of IHI with effect from 1 July 2015. As such, financial information in the table above relating to the period prior to 1 July 2015 has been included for comparison purposes only.

Note 2: In FY2015, IHGH changed its financial year end from 31 October 2015 to 31 December 2015. In this regard, the financial information for FY2015 covers the 14-month period 1 November 2014 to 31 December 2015.

The Radisson Blu Resort St Julians generated revenue of €10.6 million in FY2014, which was marginally higher than that generated in FY2013. In FY2015, the Hotel was closed for refurbishment between 1 November 2014 and 30 March 2015, and re-opened as of 31 March 2015. The renovation, estimated at *circa* €2 million, enabled the Hotel to better compete in the market and command higher room rates. KPIs outlined in the table above reflect performance results during the period between April and December 2015 (and exclude the low season which typically dilutes the better performing spring/summer months). In this respect, although revenue was marginally lower when compared to FY2014 by €0.4 million due to the period of closure, the hotel achieved a higher gross operating profit in FY2015 of €0.4 million, from €2.2 million in FY2014 to €2.6 million.

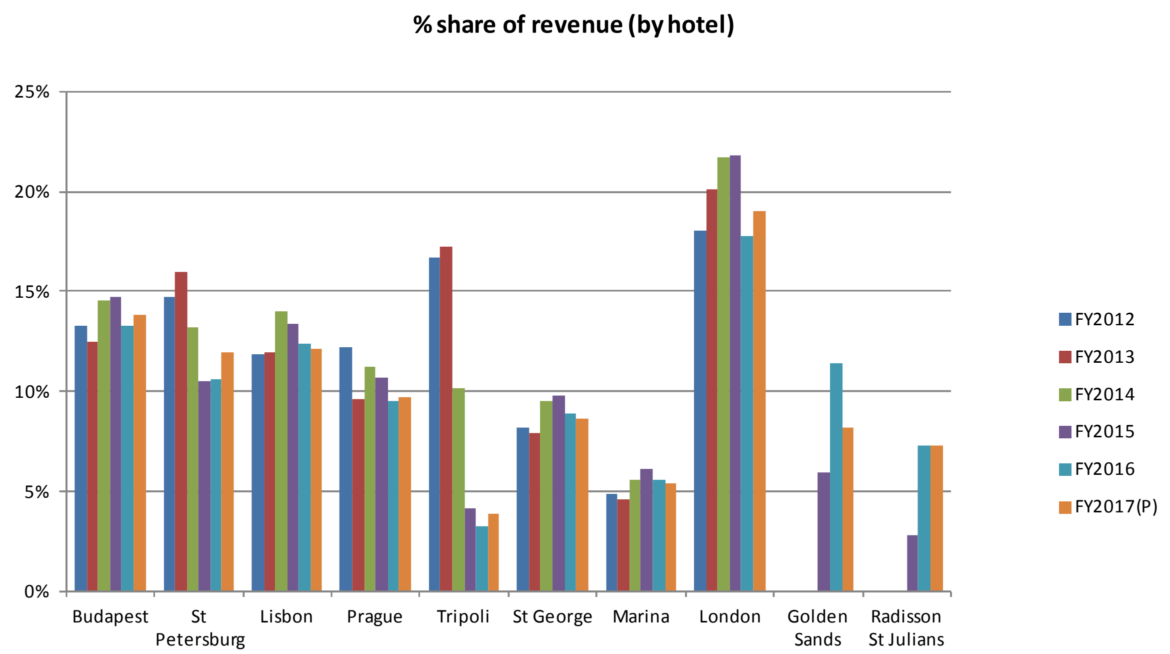
Revenue generated at the Hotel increased in FY2016 by €2.7 million (+26, y-o-y) and gross operating profit also increased from €2.6 million in FY2015 to €4.5 million in FY2016. Occupancy rate in FY2016 was broadly maintained at FY2015 level, but RevPAR was lower by 8% from €104 in FY2015 to €93 (it is to be noted that RevPAR in FY2015 excludes the dilution effect of the winter months).

In consequence of a robust local tourism market and management's focus to shift its principal revenue sectors from tour operator business to direct/online sales, the Hotel is projected to increase both average room rate (from €123 in FY2016 to €127 in FY2017) and occupancy rate (from 76% in FY2016 to 80% in FY2017). Projected revenue is thus forecasted to increase by €0.6 million to €13.5 million in FY2017, but no movement is expected in gross operating profit which should match FY2016's figure of €4.5 million, in view of an allocation of common costs incurred by the Company to this Hotel.

4.12 IHI'S AGGREGATE HOTEL REVENUE AND OPERATING PROFIT

Revenue Geographic Distribution

The chart below depicts total revenue generated by each hotel as a percentage of aggregate hotel revenue generated by the Group's hotels. In the case of the Corinthia Hotel London and the Radisson Blu Resort & Spa Golden Sands, the amounts included for each year is 50% of actual revenue, reflecting the 50% shareholding (directly or indirectly) of IHI in the respective hotels.

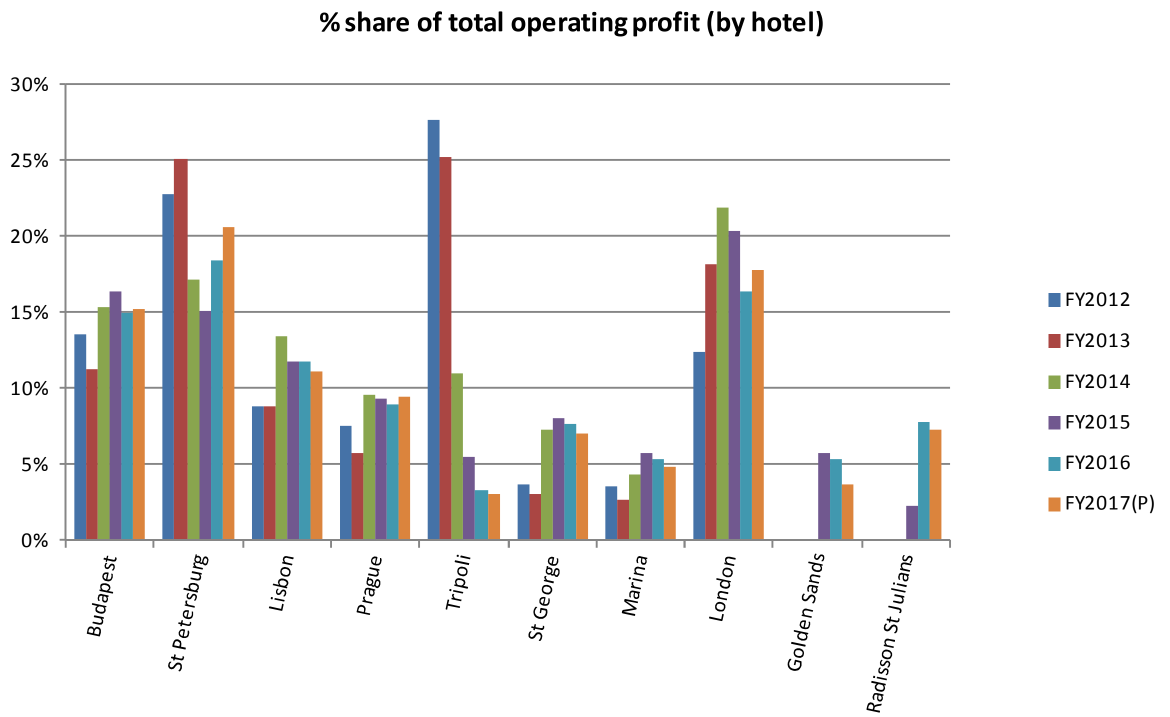


Source: Management information.

The above chart shows that the Corinthia Hotel & Residences London generates over 20% of total hotel revenue. This percentage share peaked in FY2015 to 22% as the Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg underperformed in view of political and economic issues in their respective jurisdictions. Pursuant to the acquisition of IHGH, and the consolidation of its results as from 1 July 2015, two properties (namely, Radisson Blu Resort & Spa Golden Sands and Radisson Blu Resort St Julians) have been included in the portfolio of hotels. Apart from the positive effect on revenue contribution towards IHI, the increase in properties will further dilute the reliance on the performance on any particular hotel property. As a consequence of the introduction of these two properties, coupled with a gradual increase in operating performance at the Corinthia Hotel St Petersburg and the adverse effect of the Euro/Sterling exchange rate on earnings of the London property, income generated in FY2016 by Corinthia Hotel & Residences London constituted *circa* 18% of revenue derived from all hotels. Likewise, the revenue generation from the other hotels, although increasing in real terms (year-on-year), has reduced in percentage terms in FY2016. In the projected year (FY2017), revenue generated by the Corinthia Hotel London is expected to represent 19% of total Group revenue, followed by Corinthia Hotel Budapest at 14%.

Operating Profit Geographic Distribution

The chart below shows operating profit generated by each hotel as a percentage of IHI's hotel operating profit (directly or indirectly). The amounts relating to the Corinthia Hotel London and the Radisson Blu Resort & Spa Golden Sands are only 50% of each hotel's actual results, reflecting the 50% shareholding (directly or indirectly) of IHI in the respective hotels.



Source: Management information.

Until FY2013, the primary contributors to operating profit included Corinthia Hotel Tripoli, Corinthia Hotel St Petersburg, Corinthia Hotel Budapest and Corinthia Hotel & Residences London. Thereafter, and particularly in FY2014 and FY2015, operating profits generated by Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg declined substantially for country specific reasons mentioned elsewhere in this report. Such decreases had a material adverse effect on the consolidated operating profit of IHI, which was however mostly mitigated by the continued improvement in the operating results of IHI's European hotels.

The other hotels all registered improvements in their respective operating profit results relative to the previous year. The Radisson Blu Resort & Spa Golden Sands and the Radisson Blu Resort St Julians, being part of the IHGH acquisition in FY2015, have contributed in aggregate *circa* 13% of IHI's total operating profit from hotel operations in FY2016. No material changes in percentage contribution per hotel are being projected for FY2017, other than an improvement in Corinthia Hotel St Petersburg from 18% in FY2016 to 21% and Corinthia Hotel London from 16% in FY2016 to 18%.

4.13 MANAGEMENT COMPANY

CHI Limited (a fully-owned subsidiary of IHI) manages and operates a number of hotel properties, predominantly owned by IHI and CPHCL. IHI acquired the shares of CHI in three tranches: a 20% shareholding was purchased on IHI's formation in 2000 at a cost of *circa* €750,000, a further 50% was acquired in October 2006 at a cost of €20.15 million, and in May 2012 IHI acquired the remaining 30% from Wyndham for an aggregate consideration of €250,000 in terms of an agreement signed in 2006 (at the same time of acquisition of the 50% share purchase).

CHI is a full-service hotel management company with in-house skills and capabilities supporting the Corinthia brand and operations. It has a track record of driving performance improvements across the Corinthia Group's existing assets, those of CPHCL and of third parties. It ensures consistent service levels and performance across the properties. CHI is scaled to support future growth of Corinthia. CHI currently manages 19 hotels (10 owned by IHI and 7 owned by third parties and a further 2 under development). In 2016, it signed a technical and pre-opening services and management agreement for the development and eventual management of a Corinthia hotel for a third party owner in Dubai. In 2017, it signed a management agreement for two operational hotels owned by a third party in Dubai on a white label basis. CHI management contracts are entered into and structured for a 20-year term. Its key commercial terms include management fees, marketing and reservation fees based on turnover and incentive fees based on gross operating profit achieved. It is an efficient use of capital and resource with no capital outlay required for each new management contract and a cost-effective way to gain in-depth knowledge of various markets.

Further detail on the managed hotels is provided hereunder:

CHI LIMITED
Managed Hotel Portfolio as at 31 December 2016

Name	Location	% ownership	No. of hotel rooms
Owned and managed properties (operational)			
Corinthia Hotel Budapest	Hungary	100	440
Corinthia Hotel St Petersburg	Russia	100	388
Corinthia Hotel Lisbon	Portugal	100	518
Corinthia Hotel Prague	Czech Republic	100	539
Corinthia Hotel Tripoli	Libya	100	299
Corinthia Hotel St George's Bay	Malta	100	250
Marina Hotel St George's Bay	Malta	100	200
Radisson Blu Resort St Julians	Malta	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	50	329
Corinthia Hotel & Residences London	United Kingdom	50	294
Owned & managed properties (under development)			
Corinthia Grand Astoria Hotel Brussels	Belgium	50	124
Managed properties (operational)			
Panorama Hotel Prague	Czech Republic	-	440
Aquincum Hotel Budapest	Hungary	-	310
Corinthia Palace Hotel & Spa	Malta	-	150
Ramada Plaza	Tunisia	-	309
Corinthia Hotel Khartoum	Sudan	-	230
The Meydan Hotel	Dubai	-	284
Bab El Shams Hotel	Dubai	-	115
Managed properties (under development)			
Corinthia Hotel Meydan	Dubai	-	360
			5,831

Operational Performance

The following table sets out the turnover of CHI Limited for the years indicated therein:

CHI Limited (Management Fees)	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Turnover (€'000)	11,305	13,702	14,207	16,342
IHI Properties (owned and associate) (€'000)	9,463	11,717	11,596	12,587
Other Properties (€'000)	1,842	1,985	2,611	3,755

Source: Management information.

Revenue in FY2014 was adversely impacted by declines in the performance of Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg and amounted to €11.3 million. In FY2015, the position turned for the better and fees receivable increased by €2.4 million (+21%, y-o-y), mainly as a result of increases in revenue generated at the Corinthia Hotel & Residences London and the other IHI European hotels. A further improvement of €0.5 million (+4%) in revenue was registered in FY2016.

CHI Limited is targeting a turnover of €16.3 million in FY2017 (+15%, y-o-y), which assumes a continued subdued operating environment at the Corinthia Hotel Tripoli and a positive performance from all hotels, including a continued recovery in revenue generated at the Corinthia Hotel St Petersburg.

4.14 EVENT CATERING BUSINESS

Island Caterers Limited, a fully owned subsidiary of IHGH, was set up in 1992 and operates an event catering business. The company provides catering services for a variety of events including weddings, receptions, banquets, conference and incentive events and private parties.

Operational Performance

The following table sets out the turnover of Island Caterers Limited for the periods indicated therein:

Island Caterers Limited	**FY2014** **12 months** **Actual**	**FY2015** **14 months** **Actual**	**FY2016** **12 months** **Actual**	**FY2017** **12 months** **Forecast**
Turnover (€'000)	5,241	6,323	5,981	6,131
EBITDA (€'000)	309	380	371	380
EBITDA margin (%)	6	6	6	6

Source: Management information.

Note 1: The financial results of the Radisson Blu Resort & Spa Golden Sands are consolidated with the results of IHI with effect from 1 July 2015. As such, financial information in the table above relating to the period prior to 1 July 2015 has been included for for comparison purposes only.

Note 2: In FY2015, IHGH changed its financial year end from 31 October 2015 to 31 December 2015. In this regard, the financial information for FY2015 covers the 14-month period 1 November 2014 to 31 December 2015.

The table above summarises the financial performance of Island Caterers Limited for the period FY2014 to FY2017. The revenue for FY2014 was higher by €1.1 million (+26%) when compared to the prior year, principally due to a large one-off event which took place in September 2014 and revenue generated from the Coastline catering contract in the latter half of that financial year. In April 2014, Island Caterers Limited concluded an agreement with the new owners of the Coastline Hotel for the provision of F&B services to the hotel. The agreement is for the duration of 5 years. In terms of the agreement, the company will utilise the existing kitchen and equipment at the hotel to provide such services.

A further increase in revenue of €1.1 million was registered in FY2015 to €6.3 million, mainly reflecting income derived from the Coastline catering contract for a period of eight months (since the hotel was closed in the winter months for refurbishment undertaken by the new hotel owners). Revenue in FY2016 amounted to €6.0 million, which was €0.3 million lower than FY2015's figure of €6.3 million. However, when adjusting FY2015's results to a 12-month period rather than the reported 14-month period, a y-o-y increase was registered in FY2016. Revenue in FY2017 is projected to amount to €6.1 million, representing a y-o-y increase of 2.5%.

The company is expected to register an EBITDA margin of 6%, which is unchanged when compared to prior years. The sales mix is not expected to change in FY2017 and will continue to comprise weddings, corporate events, conference incentive travel (CIT) and the Coastline catering contract.

4.15 FOOD RETAIL AND CONTRACT CATERING BUSINESS (INCLUDING COSTA COFFEE)

In May 2011, IHGH acquired 50% of the share capital of Buttigieg Holdings Ltd ("**BHL**"), a company operating in the food retail and contract catering sector. The acquisition of the remaining 50% in BHL was completed in June 2015, prior to IHI's acquisition of IHGH. BHL, through subsidiary companies (both locally and overseas), operates the Costa Coffee franchise in Malta and in the East Coast territory of Spain, the Balearic Islands and the Canary Islands.

The Coffee Company Malta Limited ("**TCCM**"), a wholly owned subsidiary of BHL, entered into a 10-year franchise agreement with Costa Coffee International Limited in May 2012 for the development of Costa Coffee retail outlets in Malta. The first Costa Coffee outlet was opened in June 2012 at the check-in lounge of the Malta International Airport. Since then, another nine Costa Coffee outlets were opened (three outlets at the Malta International Airport [one in the arrivals area, another in the Schengen area and the third one in the non-Schengen area] and one outlet in each of The Point Shopping Complex Sliema, the premises formerly known as Papillon in Balzan, The Embassy Valletta, Bay Street Complex St Julians, Marsaxlokk [opened in February 2016] and Spinola Bay St Julians [opened in April 2016]). The company plans to open a further three outlets in Malta over the coming years.

In March 2014, The Coffee Company Spain S.L. ("**TCCS**"), a wholly owned subsidiary of BHL, entered into a 10-year franchise agreement with Costa Coffee International Limited for the development and operation of up to 75 Costa Coffee outlets in the East Coast of Spain, the Balearic and Canary Islands. The first outlet in Spain opened in the third quarter of 2014 and as at the date of this report, total openings has increased to 15 outlets. Nine of these outlets are located in Barcelona with the other six located in Valencia (2), Palma (2) and Benidorm (2). A sixteenth outlet will be opening in June 2017 bring the number of stores in Barcelona to a total of 10. The company is currently consolidating its position on the Spanish market and once results achieve the required levels of performance, further outlets will be opened across the region.

Operational Performance

The following table sets out the turnover of BHL for the years indicated therein:

Buttigieg Holdings Limited (including Costa Coffee)	FY2014 12 months Actual	FY2015 14 months Actual	FY2016 12 months Actual	FY2017 12 months Forecast
Turnover				
Costa Coffee (Malta) (€'000)	3,518	6,647	7,081	7,045
Costa Coffee (Spain) (€'000)		1,906	4,592	6,315
Other catering operations (€'000)	4,036	5,419	3,313	3,238
	7,554	13,972	14,986	16,598
EBITDA (€'000)	651	-413	-1,231	999
EBITDA margin (%)	9	-3	-8	6
Costa Malta				
No. of outlets (at end of financial year)	8	8	10	10
Costa Spain				
No. of outlets (at end of financial year)	1	10	15	16

Source: Management information.

Note 1: The financial results of the Buttigieg Holdings Limited are consolidated with the results of IHI with effect from 1 July 2015. As such, financial information in the table above relating to the period prior to 1 July 2015 has been included for comparison purposes only.

Note 2: In FY2015, IHGH changed its financial year end from 31 October 2015 to 31 December 2015. In this regard, the financial information for FY2015 covers the 14-month period 1 November 2014 to 31 December 2015.

In FY2014 BHL generated a turnover of €7.6 million, an increase of 17% on FY2013. During the year, eight Costa outlets were in operation in Malta with the Bay Street outlet only commencing operations in the latter quarter of FY2014. Revenue generated in FY2015 by TCCM amounted to €6.6 million, almost double the turnover figure of FY2014. This positive movement resulted from the fact that the eight outlets were operational for the full financial year, improved performance registered by all outlets, and the additional two months' revenue in the financial period due to a change in year end. A further two outlets were opened in FY2016, and revenue generated from the 10 outlets amounted to €7.1 million (+7%, y-o-y). The same outlets are expected to generate the same level of revenue in FY2017 as in the prior year.

The operation of Costa outlets in Spain commenced in FY2014 with one outlet opening in Barcelona. By end FY2015, TCCS opened a further nine outlets and generated €1.9 million in revenue. An additional five outlets initiated operations in FY2016 and aggregate revenue amounted to €4.6 million. Revenue in FY2017 is projected to increase by €1.7 million to €6.3 million from a total of 16 outlets.

Revenue derived from 'other catering operations' in FY2014 amounted to €4.0 million and increased to €5.4 million in FY2015. The increase was mainly due to the additional two months' revenue in the financial year. Revenue for FY2016 amounted to€3.3 million, which is comparably lower than normalised revenue generated in FY2015 of €4.6 million (being €5.4 million as adjusted to reflect a 12-month period). The lower revenue registered in FY2016 (€3.3 million as compared to €5.4 million in FY2015) is primarily the result of consolidation of certain catering operations with other companies forming part of the Corinthia Group. In FY2017, management is projecting revenue to amount to €3.2 million, which is broadly similar to the performance reported for FY2016.

4.16 OTHER ASSETS

In December 2010, IHI acquired the 'Corinthia' brand from Corinthia Palace Hotel Company Limited. The transaction provides for a two tier settlement whereby: (i) IHI initially paid the amount of €19.6 million for the existing room stock operated under the Corinthia brand; and (ii) IHI will also pay a pre-agreed price to Corinthia Palace Hotel Company Limited every time a Corinthia hotel opens for business until 2020. The amount of €19.6 million is recognised as an intangible asset in the balance sheet of IHI.

IHI has a 55% equity participation in Libya Hotel Development and Investment JSC, a company that acquired a derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya. Libya Hotel Development and Investment JSC will eventually develop a mixed-use project consisting of a 228-room five-star hotel, 2,000m^2 of retail space and 10,000m^2 of office space. Whilst the necessary planning permits for the project were issued by the Benghazi planning authorities and demolition works commenced in January 2014, in light of the prevailing situation in Libya all works on this development have been put on hold, and current plans are due for reconsideration depending on future developments in Libya. It is anticipated that the funding required for the project, once resumed, will be sourced from a combination of equity injected by the shareholders and appropriate bank financing.

IHI owns 25% of the share capital of Medina Tower Joint Stock Company, a company set up for the purpose of owning and developing the Medina Tower, in Tripoli. IHI has to date injected €13 million in the company as its equity participation. The parcel of land, over which the project will be developed, measures *circa* 11,000m^2 and is situated in Tripoli's main high street and business district. The architectural concept stems from a 4-storey podium that will include a mix of residential, retail, commercial and conference space. A curved tower rises from the 6th level and peaks at the 40th level, where a double height restaurant will complete the property. The development will comprise a total gross floor area of *circa* 199,000m^2.

The project designs of the Medina Tower are complete and all development approvals have been obtained from the relevant authorities. As to the financing of the project, the equity contribution for the first phase of this project is already fully paid up and will comprise 40% of the capital requirement for the said project. The remaining 60% of funding will be derived from a Libyan financial institution in terms of a sanction letter that has been approved and signed, but now needs to be reactivated. The project is on hold until Libya stabilises and its prospects improve.

IHI owns 100% of QPM Limited, a company which specialises in construction and project management services, both locally and overseas. QPM Limited operates independently of, and at arm's length to, IHI and offers a range of project, construction and cost management services and design and architectural services to a number of international clients in various countries. In August 2012 the offices of David Xuereb and Associates and QPM Limited merged to provide a more comprehensive list of professional services within the construction industry, including project and construction management and architectural services. Whilst continuing to provide services to the Corinthia Group, QPM Limited is increasing its third party client base. In FY2015, the majority of QPM Limited's income was derived from third party clients' engagements.

As part of the IHGH acquisition, IHI took ownership of a plot of land at Hal Ferh measuring 83,530m^2, situated adjacent to the Radisson Blu Resort & Spa, Golden Sands, Malta. The property is valued in the balance sheet as at 31 December 2016 of IHGH at €21.6 million (2015: €21.6 million). The Group is currently in the process of assessing the project designs and concept and funding requirements, prior to embarking on the execution of this project

5. BUSINESS DEVELOPMENT STRATEGY

The Group's business strategy focuses on achieving positive and sustainable financial results, and appreciation in the value of the Group's properties and investments. In the execution of the 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 from the leisure and conference & event segments.

Electronic booking portals have in recent times gained importance in generating room reservations. In this respect, the 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 Group's strategy focuses on the operation of hotels that are principally in the five star category and ongoing investment in their upkeep is given due importance in order to preserve their attractiveness and incremental value.

In addition to the aforementioned strategy for internal growth, the 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 Group's portfolio of hotels 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 Julian's, Malta into a mixed-use luxury development. This recent acquisition will also allow the Group to diversify its revenue streams through the expansion of Costa Coffee outlets principally in Spain. Furthermore, other mixed-use properties described elsewhere in this report are earmarked for development in the coming years, which are expected to generate positive returns for the Group. It is projected that further acquisition opportunities will arise as a result of the extensive network of contacts of the Directors and Chief Executives of the Corinthia Group. If available at attractive prices and subject to funding, the Group is principally interested to acquire hotels in its target markets, including certain European cities.

On 11 April 2016, NLI Holdings Ltd (in which IHI owns a 50% shareholding) acquired the entire issued share capital of the Belgian hotel-owning company, Hotel Astoria S.A., resulting in the acquisition of the Grand Hotel Astoria in Brussels. The Grand Hotel Astoria was built in 1910 by a Belgian aristocratic family and at the time it was acquired by its last owners in 2007 it was operated as a 145 room hotel. After it was bought by the hotel's former owners in 2007, it closed down for business with a view to carrying out an intensive refurbishment. However, such refurbishment failed to get underway and the asset has laid desolate for the last ten years. The hotel, once redeveloped, will be renamed the Corinthia Grand Astoria Hotel. The refurbishment of the Grand Hotel Astoria will add another key destination to the Corinthia brand's growing portfolio.

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, and the quality of its existing operations has already translated into tangible results through the introduction of third party owned hotels into the Corinthia brand offering and has placed it in a good position to establish such relationships, as is evident with the new relationships in Dubai and Doha.

PART 3 – PERFORMANCE REVIEW

The financial information provided hereunder is extracted from the audited consolidated financial statements of IHI for each of the years ended 31 December 2014 to 31 December 2016.

The audit report contained in the audited consolidated financial statements for the year ended 31 December 2015 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 2015. An overview of operations situated in Libya and related financial performance is provided in this report in sections 4.6 "Corinthia Hotel Tripoli" and 4.16 "Other Assets".

Note 5 to the 2016 financial statements explains the significant uncertainties and judgments surrounding the valuation of the Group's assets in Libya that have a bearing 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 stakeholders because of the potential impact that this uncertainty may have on the valuation of the Group's assets in Libya and the recoverability of certain debtors, which as at 31 December 2016 were carried at €192.5 million and €6.1 million respectively.

The forecasted financial information for the year ending 31 December 2017 has been provided by management of the Company. In the said financial year, IHI secured the right to nominate and appoint the majority of the board of directors of NLI such that IHI can consolidate the performance of the Corinthia Hotel London in its financial statements.

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

IHI Group Income Statement (€'000)	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Revenue	116,379	134,074	157,901	235,508
Direct costs	(61,147)	(70,326)	(87,519)	(96,019)
Gross profit	**55,232**	**63,748**	**70,382**	**139,489**
Other operating costs	(26,382)	(31,631)	(33,641)	(77,073)
EBITDA[1]	**28,850**	**32,117**	**36,741**	**62,416**
Depreciation and amortisation	(18,390)	(20,093)	(23,307)	(35,188)
Movement in fair value of investment property	(15,391)	193	(19,712)	-
Net impairment of hotel properties	2,081	11,639	2,960	-
Results from operating activities	**(2,850)**	**23,856**	**(3,318)**	**27,228**
Share of (loss) profit: equity accounted investments	(14,537)	(2,557)	1,661	3,013
Net finance costs	(13,629)	(13,984)	(16,036)	(23,313)
Other	2,060	(8,215)	11,140	-
Movement in fair value of indemnification assets	(879)	551	(210)	(210)
Profit (loss) before tax	**(29,835)**	**(349)**	**(6,763)**	**6,718**
Taxation	13,549	(3,398)	(895)	(1,399)
Profit (loss) for the year	**(16,286)**	**(3,747)**	**(7,658)**	**5,319**
Other comprehensive income				
Net impairment of hotel properties	(28,953)	21,105	37,131	-
Share of other comprehensive income of equity accounted investments	18,380	9,674	6,598	-
Other effects and tax	11,170	(15,883)	(3,165)	-
	597	**14,896**	**40,564**	**-**
Total comprehensive income (expense) for the year net of tax	**(15,689)**	**11,149**	**32,906**	**5,319**

[1] *EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.*

IHI Group Cash Flow Statement (€'000)	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Forecast**
Net cash from operating activities	29,986	29,502	27,635	59,895
Net cash from investing activities	(4,160)	(28,555)	(29,099)	158
Net cash from financing activities	(13,467)	(7,133)	10,632	(4,155)
Net movement in cash and cash equivalents	**12,359**	**(6,186)**	**9,168**	**55,898**
Cash and cash equivalents at beginning of year	5,491	17,850	11,664	20,832
Cash and cash equivalents at end of year	**17,850**	**11,664**	**20,832**	**76,730**

IHI Group Balance Sheet (€'000)	31 Dec'14 Actual	31 Dec'15 Actual	31 Dec'16 Actual	31 Dec'17 Forecast
ASSETS				
Non-current assets				
Intangible assets	43,556	55,989	56,769	56,172
Indemnification assets	21,687	22,238	24,025	22,028
Investment property	176,675	166,274	164,278	211,155
Property, plant and equipment	494,971	572,103	617,765	1,108,061
Investments in associates	213,241	267,045	250,913	52,926
Loan receivable	3,208	3,728	4,570	4,494
Assets placed under trust management	7,967	3,870	1,077	2,145
	961,305	1,091,247	1,119,397	1,456,981
Current assets				
Inventories	5,307	6,280	6,727	10,430
Loan receivable	-	7,325	12,982	-
Trade and other receivables	23,309	33,032	42,151	49,432
Taxation	2,639	2,896	4,654	4,633
Cash and cash equivalents	19,480	18,863	29,382	81,458
Assets placed under trust management	-	-	4,961	-
	50,735	68,396	100,857	145,953
Total assets	**1,012,040**	**1,159,643**	**1,220,254**	**1,602,934**
EQUITY				
Capital and reserves				
Called up share capital	554,239	573,636	597,750	597,750
Reserves and other equity components	88,886	86,719	108,797	130,797
Retained earnings	(48,941)	(52,665)	(60,323)	(54,730)
Minority interest	630	598	598	199,028
	594,814	**608,288**	**646,822**	**872,845**
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	271,464	342,616	370,486	524,626
Other non-current liabilities	82,938	108,740	117,365	98,411
	354,402	451,356	487,851	623,037
Current liabilities				
Borrowings and bonds	27,787	25,784	34,906	39,262
Other current liabilities	35,037	74,215	50,675	67,790
	62,824	99,999	85,581	107,052
	417,226	**551,355**	**573,432**	**730,089**
Total equity and liabilities	**1,012,040**	**1,159,643**	**1,220,254**	**1,602,934**

Key Accounting Ratios	FY2014	FY2015	FY2016	FY2017
Gross profit margin *(Gross profit/revenue)*	47%	48%	45%	59%
Operating profit margin *(EBITDA/revenue)*	25%	24%	23%	27%
Interest cover (times) *(EBITDA/net finance cost)*	2.12	2.30	1.39	2.68
Net profit margin *(Profit after tax/revenue)*	-14%	-3%	-5%	2%
Earnings per share (€) *(Profit after tax/number of shares)*	-0.03	-0.01	-0.01	0.01
Return on equity *(Profit after tax/shareholders' equity)*	-3%	-1%	-1%	1%
Return on capital employed *(EBITDA/total assets less current liabilities)*	3%	3%	3%	4%
Return on assets *(Profit after tax/total assets)*	-2%	0%	-1%	0%

Source: Charts Investment Management Service Limited

In view of the prolonged instability in Libya and the political issues between Russia and Ukraine, revenue generated at Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg in **FY2014** was lower than the prior year by *circa* €16.1 million. Such reduction was however partly compensated by increased revenues at the other IHI properties and therefore the overall decrease in income for the said financial year was limited to €7.4 million (a reduction of 6%). This reduction in income inevitably impacted IHI's EBITDA, which decreased by 18% from €35.0 million in 2013 to €28.9 million in 2014. The depreciation charge for 2014 reduced by more than €5.4 million (from €23.8 million in 2013 to €18.4 million in 2014) as no provision was required on assets that were fully depreciated.

In April 2014, 11 apartments in Whitehall Place London forming part of the Corinthia Hotel & Residences London, of 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 the aforesaid sale of the apartments, the disposal had no effect on IHI's financial statements since the apartments were already valued at their market price in 2013. A loss was registered from equity accounted investments (London Hotel and Residences) for 2014 of €14.6 million, 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.

Finance costs in FY2014 were lower by approximately €2.3 million (from €15.9 million in 2013 to €13.6 million in 2014) as a result of reduced EURIBOR[1] rates in 2014 coupled with the further reduction of IHI's debt in consequence of scheduled repayments of bank loans. After accounting for movements in fair value of properties described hereunder, IHI recorded a loss for the year ended 31 December 2014 of €16.3 million (2013: Profit of €0.3 million).

Analysis of Movements in Property Values for the year ended 31 December 2014 (€'000)	**Income Statement**	**Other Comprehensive Income**	**Total**
Corinthia Hotel Lisbon	1,240	13,728	**14,968**
Lisbon Apartments	(156)	-	**(156)**
Corinthia Hotel Budapest	10,357	-	**10,357**
Marina Hotel	1,766	-	**1,766**
Corinthia Hotel Tripoli	(8,038)	(26,814)	**(34,852)**
Tripoli Commercial Centre	(5,659)	-	**(5,659)**
Corinthia Hotel St Petersburg	(3,243)	(15,867)	**(19,110)**
St Petersburg Commercial Centre	(9,577)	-	**(9,577)**
Corinthia Hotel & Residences London	-	17,933	**17,933**
Net movement in property values	**(13,310)**	**(11,020)**	**(24,330)**
Classified in the financial statements as follows:			
Movement in fair value of investment property	(15,391)	-	**(15,391)**
Net impairment reversal (loss) on hotel properties	2,081	(28,953)	**(26,872)**
Revaluation of hotel property (equity accounted investments)	-	17,933	**17,933**
Net movement in property values	**(13,310)**	**(11,020)**	**(24,330)**

On a yearly basis, a value in use assessment is carried out on IHI's hotels and investment properties by independent advisors. This process involves the preparation of 10-year future cash flows prepared by an expert in the hospitality industry and financial modeling by an independent accountancy firm. In 2014, the aforesaid process was performed on all IHI properties other than the Corinthia Hotel Tripoli, due to the then current uncertain environment prevailing in Libya which presented significant difficulty for such advisors to determine a value in use of the property.

As such, a value in use on the Corinthia Hotel Tripoli was determined after the independent advisors presented several scenarios and parameters to the directors for their consideration. The directors resolved to adopt the more prudent basis of valuation by applying the model with higher country and other risk premia, and assumed a weaker outlook on future performance. In consequence, the value of the property was impaired by €34.9 million.

As denoted in the above table, IHI was negatively impacted in 2014 by a reduction of €69.2 million in the values of its properties in Tripoli and St Petersburg (hotels and commercial centres) in consequence of the force majeure situation prevailing in each of the said jurisdictions and the devaluation of the Russian Rouble. On the other hand, through the robust performance achieved by a number of IHI's European hotels, IHI registered an

[1] The Euro Interbank Offered Rate (EURIBOR) is a daily reference rate, published by the European Money Markets Institute, based on the average interest rates at which Eurozone banks offer to lend unsecured funds to other banks in the euro wholesale money market (or interbank market).

improvement of €44.9 million in the fair values of such properties, most notably of which is the uplift in the hotels situated in London (limited to 50% share), Lisbon and Budapest.

Overall, during the year under review, IHI reported a net impairment charge (before tax) in the fair value of its properties of €24.3 million (2013: +€36.8 million) which is reported as to €13.3 million in the Income Statement and €11.0 million in the Comprehensive Income Statement.

FY2015 was mainly characterised by the acquisition of IHGH in August 2015. IHGH business relates to the ownership and operation of the Radisson Blu Resort St Julians, Island Caterers, Costa Coffee outlets in Malta and Spain, and the operation of a number of catering contracts. IHGH also owns an 83,530m^2 plot of land at Hal Ferh, Golden Sands. Furthermore, IHGH has a 50% shareholding in the Radisson Blu Resort & Spa Golden Sands which comprises the operation of a five-star hotel and a vacation ownership business. In view of the 50% ownership, the results of the Radisson Blu Resort & Spa Golden Sands are included in the income statement as share of profit from equity accounted investments (together with the Corinthia Hotel & Residences London).

IHI's revenue for FY2015 amounted to €134.1 million, an increase of €17.7 million from a year earlier. The increase in revenue is attributable to the increased revenues in IHI's European operations (€9.8 million) and the consolidation of the IHGH results for the second half of 2015 (€17.6 million). Against this, there was a combined reduction of €9.7 million from the Group's hotels located in St Petersburg and Tripoli.

EBITDA for 2015, excluding the consolidation of results of associate companies and in particular the London hotel results, amounted to €32.1 million compared to €28.8 million achieved in 2014. Here again, the increase in EBITDA is mainly attributable to the improved performance in all the Group's hotels excluding Tripoli and the consolidation of IHGH's results as from the second semester of 2015. Administrative costs for the year under review include a one-time abortive cost of €1.3 million, representing professional fees and expenses incurred in pursuing the launch of an international bond.

Share of results from equity accounted investments comprises the 50% ownership in the Corinthia Hotel & Residences London and the Radisson Blu Resort & Spa Golden Sands. 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 closer towards its maturity. IHI's 50% share of the hotel's EBITDA in 2015 amounted to €8.2 million compared to €4.5 million in 2014. The residential penthouse at 10 Whitehall Place was leased for a term of two years commencing in early 2016. 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 the Group's 50% share amounted to €3.7 million.

In 2015, the Group registered net property uplifts, before tax, of €42.6 million on account of the improved trading performance of the Group's hotels located in Europe. This contrasts sharply with the net impairment charge, before tax, of €24.4 million registered in 2014. As detailed below, these uplifts are reflected as to €11.8 million through the income statement (2014: impairment of €13.3 million) with the balance of €30.8 million being recognised through the comprehensive income statement (2014: impairment of €11.1 million).

Analysis of Movements in Property Values for the year ended 31 December 2015 (€'000)	Income Statement	Other Comprehensive Income	Total
Corinthia Hotel Lisbon	-	(1,669)	**(1,669)**
Lisbon Apartments	193	-	**193**
Corinthia Hotel St George's Bay	2,281	8,700	**10,981**
Corinthia Hotel Prague	10,103	992	**11,095**
Corinthia Hotel Budapest	3,309	6,516	**9,825**
Marina Hotel	-	6,566	**6,566**
Corinthia Hotel St Petersburg	(4,054)	-	**(4,054)**
St Petersburg Commercial Centre	-	-	**-**
Corinthia Hotel & Residences London	-	9,674	**9,674**
Net movement in property values	**11,832**	**30,779**	**42,611**
Classified in the financial statements as follows:			
Movement in fair value of investment property	193	-	**193**
Net impairment reversal (loss) on hotel properties	11,639	21,105	**32,744**
Revaluation of hotel property (equity accounted investments)	-	9,674	**9,674**
Net movement in property values	**11,832**	**30,779**	**42,611**

Net finance costs in 2015 were marginally higher than in FY2014 by €0.4 million, from €13.6 million in FY2014 to €14.0 million. The financial results for FY2015 were impacted by a charge of €8.5 million, which represented adverse exchange differences on bank borrowings in Euro on the property in St Petersburg in consequence of the adopting of the Rouble as the functional currency. After accounting for taxation and other items in the comprehensive income statement, IHI reported total comprehensive income for the year, net of tax, of €11.1 million (2014: comprehensive loss, net of tax, of €15.7 million).

Revenue for **FY2016** increased by €23.8 million, from €134.1 million in FY2015 to €157.9 million, mainly due to the consolidation of a full year's results of IHGH (+€16.2 million y-o-y). QP Management Limited, which was acquired in July 2016, contributed €1.4 million. The remaining balance of €6.2 million is attributable to improved performance from the European operations of the Group. In consequence of the higher revenue, the Group reported an increase in EBITDA of €4.6 million (+14% y-o-y) to €36.7 million, which was to some extent adversely impacted by losses from the catering operations in Spain.

In FY2016, the Group generated €1.7 million from its equity accounted investments (being the 50% ownership in the Corinthia Hotel & Residences London and the Radisson Blu Resort & Spa Golden Sands) as compared to a loss of €2.6 million reported in the prior year. Both operations had a positive year when compared to FY2015, but given their exposure to the Pound Sterling, were negatively impacted on translation of their respective financial results to the euro currency.

During the year under review, the Group registered property uplifts before tax of €47.4 million on account of the improved trading performance of the Group's hotels located in Europe, which was partly mitigated by an impairment charge of €20.4 million on the value of the St Petersburg Commercial Centre (a net positive movement of €27.0 million). Further detail of the movement in property values is provided below:

Analysis of Movements in Property Values for the year ended 31 December 2016 (€'000)	Income Statement	Other Comprehensive Income	Total
Corinthia Hotel Lisbon	-	5,702	**5,702**
Lisbon Apartments	680	-	**680**
Corinthia Hotel St George's Bay	-	3,469	**3,469**
Corinthia Hotel Prague	-	2,423	**2,423**
Corinthia Hotel Budapest	-	18,613	**18,613**
Marina Hotel	-	2,640	**2,640**
Radisson Blu Resort, St Julians	-	4,284	**4,284**
Corinthia Hotel St Petersburg	2,960	-	**2,960**
St Petersburg Commercial Centre	(20,392)	-	**(20,392)**
Corinthia Hotel & Residences London	-	6,598	**6,598**
Net movement in property values	**(16,752)**	**43,729**	**26,977**
Classified in the financial statements as follows:			
Movement in fair value of investment property	(19,712)	-	**(19,712)**
Net impairment reversal (loss) on hotel properties	2,960	37,131	**40,091**
Revaluation of hotel property (equity accounted investments)	-	6,598	**6,598**
Net movement in property values	**(16,752)**	**43,729**	**26,977**

Net finance costs increased by €2.1 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. During the year under review, a positive amount of €11.1 million was recorded in other movements as compared to an adverse amount of €8.2 million in FY2015. Such movements mainly represented exchange differences on borrowings denominated in Rouble on conversion to the Euro.

Overall, the Group incurred a loss for the year of €7.7 million (FY2015: loss of €3.7 million), but reported a total comprehensive income for the year, net of tax, of €32.9 million (FY2015: €14.9 million).

As of **FY2017**, IHI has secured the right to nominate and appoint the majority of the board of directors of NLI such that IHI can consolidate the performance of the Corinthia Hotel London in its financial statements. As such, the projected y-o-y increase in revenue of €77.6 million is primarily a reflection of the afore-mentioned change in accounting for NLI. Excluding this movement, revenue is projected to increase by €11.6 million (+7%) as all hotels (including the Corinthia Hotel St Petersburg and Corinthia Hotel Tripoli) and the Costa Coffee operations are expected to register growth over the comparable period. EBITDA is expected to increase from €36.7 million in FY2016 to €62.4 million in FY2017, an increase of €25.7 million, on account of an increase of €7.8 million (+21%) on a comparable basis and the remaining balance due to the inclusion of results of NLI on a consolidated basis. Share of profits from equity accounted investments is projected to increase from €1.7 million in FY2016 to €3.0 million in FY2017.

After factoring in depreciation & amortisation (€35.2 million) and finance costs (€23.3 million), IHI is projecting a profit before tax of €6.7 million in FY2017 (FY2016: loss of €6.8 million). Total comprehensive income for FY2017 is projected to amount to €5.3 million (FY2016: €32.9 million).

The estimates for the forward year as presented in this document assume that the carrying values of hotel and investment properties will remain constant in FY2017, and therefore no adjustment has been made as to possible impairment or uplift of assets that may be booked and which may materially affect the consolidated income statement and balance sheet values.

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

IHI Group Borrowings (€'000)	**31 Dec'14 Actual**	**31 Dec'15 Actual**	**31 Dec'16 Actual**	**31 Dec'17 Forecast**
Bank borrowings				
Bank loans	203,383	205,990	180,330	350,465
Bank overdrafts	1,630	7,199	8,550	4,728
	205,013	**213,189**	**188,880**	**355,193**
Bonds				
6.25% IHI Bonds 2015 - 2019	34,762			
6.25% IHI Bonds 2017 - 2020	24,641	24,695	6,572	
5.8% IHI Bonds 2021	19,633	19,676	19,722	19,771
5.8% IHI Bonds 2023	9,876	9,887	9,899	9,911
5.75% IHI Bonds 2025		44,060	44,138	44,220
4% IHI Secured Bonds 2026			54,230	54,182
4% IHI Unsecured Bonds 2026			39,450	39,478
6.5% IHGH Bonds 2017 - 2019		14,000	3,134	
6% IHGH Bonds 2024		34,384	34,457	34,531
	88,912	**146,702**	**211,602**	**202,093**
Other interest bearing borrowings				
Parent company	5,092	3,091	-	-
Related companies	234	5,418	4,910	6,602
	5,326	**8,509**	**4,910**	**6,602**
Total borrowings and bonds	**299,251**	**368,400**	**405,392**	**563,888**

Key Accounting Ratios	31 Dec'14	31 Dec'15	31 Dec'16	31 Dec'17
Net assets per share (€) *(Net asset value/number of shares)*	1.07	1.06	1.08	1.46
Liquidity ratio (times) *(Current assets/current liabilities)*	0.81	0.68	1.18	1.36
Gearing ratio *(Total net debt/net debt and shareholders' equity)*	32%	36%	37%	36%
Debt service cover ratio (times) *(EBITDA/net finance cost and loan capital repayment)*	0.86	1.08	1.48	1.53

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 funds.

Contributions to Sinking Fund (€'000)	31 Dec'14 Actual	31 Dec'15 Actual	31 Dec'16 Actual	31 Dec'17 Forecast
€35 million 6.25% Bonds 2015 - 2019	4,632			
€25 million 6.25% Bonds 2017 - 2020	3,335	3,363		
€20 million 5.8% Bonds 2021			1,077	2,145
€14 million 6.50% IHGH Bonds 2017 - 2019		507		
	7,967	**3,870**	**1,077**	**2,145**

Variance Analysis

IHI Group Income Statement (€'000)	**FY2016 Actual**	**FY2016 Forecast**	**Variance**
Revenue	157,901	153,851	4,050
Direct costs	(87,519)	(75,083)	(12,436)
Gross profit	**70,382**	**78,768**	**(8,386)**
Other operating costs	(33,641)	(41,635)	7,994
EBITDA	**36,741**	**37,133**	**(392)**
Depreciation and amortisation	(23,307)	(21,670)	(1,637)
Movement in fair value of investment property	(19,712)	-	(19,712)
Net impairment of hotel properties	2,960	-	2,960
Results from operating activities	**(3,318)**	**15,463**	**(18,781)**
Share of (loss) profit: equity accounted investments	1,661	3,988	(2,327)
Net finance costs	(16,036)	(11,249)	(4,787)
Other	11,140	-	11,140
Movement in fair value of indemnification assets	(210)	(210)	-
Profit (loss) before tax	**(6,763)**	**7,992**	**(14,755)**
Taxation	(895)	(5,849)	4,954
Profit (loss) for the year	**(7,658)**	**2,143**	**(9,801)**

As presented in the above table, actual revenue and costs for FY2016 were higher than expected by €4.0 million and €4.4 million respectively. As a consequence, actual EBITDA was marginally lower than projected by €0.4 million. With respect to depreciation & amortisation, actual amount was higher than forecasted by €1.6 million. Furthermore, the actual results were impacted by a pre-tax net impairment in fair value of Group properties of €16.7 million.

Actual share of profit from equity accounted investments amounted to €1.7 million compared to the forecast of €4.0 million, thus adversely impacting the financial results by €2.3 million. The Corinthia Hotel & Residences London and the Radisson Blu Resort & Spa Golden Sands both had a positive year when compared to FY2015, but given their exposure to the Pound Sterling, were negatively impacted on translation of their respective financial results to the Euro currency, relative to the forecasted rates prevailing between the two currencies.

Net finance costs and other movements amounted to €4.8 million as compared to a forecast net charge of €11.2 million, which resulted in a net positive movement of €6.4 million. This was mainly due to an unrealised exchange gain (on the strengthening of the Russian Rouble against the Euro) on Euro denominated loans funding the Group's assets in St Petersburg.

After accounting for a lower than expected tax charge of €0.9 million (projected tax charge was of €5.8 million), the Group reported a loss for the year of €7.7 million, compared to a forecasted profit for the year of €2.1 million.

Related Party Listed Debt

Corinthia Palace Hotel Company Limited ("**CPHCL**") is the parent company and owns 57.82% of the issued share capital of IHI. CPHCL, through its wholly owned subsidiary Corinthia Finance p.l.c., has the following outstanding debt securities listed on the Malta Stock Exchange:

Security ISIN	Amount Listed	Security Name	Currency
MT0000101254	7,500,000	6% Corinthia Finance plc 2019-22	EUR
MT0000101262	40,000,000	4.25% Corinthia Finance plc 2026	EUR

Source: Malta Stock Exchange

CPHCL owns 50% of Mediterranean Investments Holding p.l.c. ("**MIH**"), a company principally involved in the Palm City Residences Project and the Medina Tower Project and which are both situated in Libya. MIH has the following outstanding debt securities listed on the Malta Stock Exchange:

Security ISIN	Amount Listed	Security Name	Currency
MT0000371238	28,519,400	7.15% MIH 2015-17	EUR
MT0000371246	4,351,100	7.15% MIH 2015-17	GBP
MT0000371253	7,120,300	7.15% MIH 2015-17	USD
MT0000371261	12,000,000	6% MIH 2021	EUR
MT0000371279	20,000,000	5.5% MIH 2020	EUR
n/a	11,000,000	6% Notes 2020 (unlisted)	EUR

Source: Malta Stock Exchange

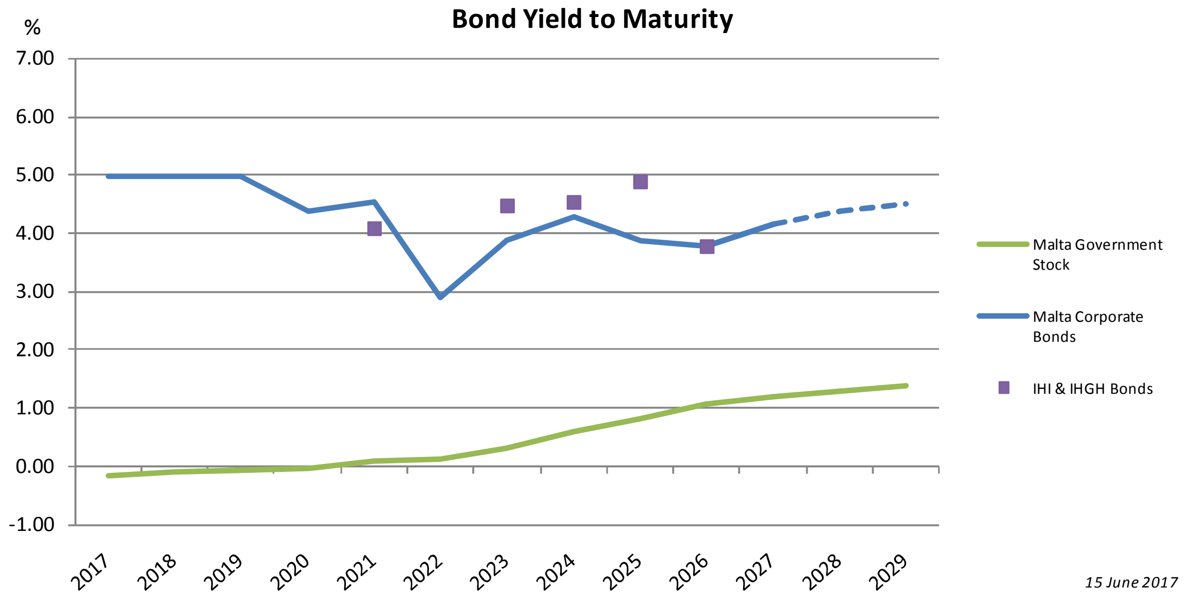
PART 4 - COMPARABLES

The table below compares the Group and its bonds 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 I	15,000,000	4.39	1.49	63,273	11,488	63.23
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	2.91	1.49	63,273	11,488	63.23
4.25% Gap Group plc Secured € 2023	40,000,000	3.79	2.48	57,086	6,004	86.39
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	3.86	2.05	18,153	3,796	73.85
6% AX Investments Plc € 2024	40,000,000	4.25	3.62	270,425	163,719	27.97
6% Island Hotels Group Holdings plc € 2024	35,000,000	4.54	0.91	144,003	52,994	53.41
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	4.28	4.25	72,117	30,380	52.06
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	4.31	- 0.02	82,096	32,298	54.54
5.1% PTL Holdings plc Unsecured € 2024	36,000,000	4.61	1.59	71,711	4,751	89.91
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.86	1.40	97,042	28,223	72.36
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.61	2.46	1,220,254	646,822	36.39
4.0% MIDI plc Secured € 2026	50,000,000	3.61	0.59	203,780	67,359	40.62
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.37	7.60	193,351	41,630	58.76
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	4.16	4.82	156,433	56,697	53.20
4.0% Eden Finance plc 2027	40,000,000	3.66	3.98	165,496	92,620	34.60

15 June'17

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 AND REFERENCES

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.
Gross operating profit before incentive fees	Gross operating profit before incentive fees is the difference revenue, direct costs and other operating costs pertaining to the operation. It refers to the profit made by the operation before deducting incentive fees and ownership related costs.
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 IHI'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	An interest rate swap is a derivative instrument in which IHI swaps with another counter party flexible interest rate cash flows with fixed interest

swaps	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, the Corinthia brand, 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, 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 whether or not a company has enough 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.

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