International Hotel Investments p.l.c.

FINANCIAL ANALYSIS SUMMARY

28 JUNE 2013

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CHARTS INVESTMENT MANAGEMENT SERVICE LTD
VALLETTA WATERFRONT ▪ VAULT 17
PINTO WHARF ▪ FLORIANA FRN 1913 ▪ MALTA

tel +356 2122 4106 ▪ 2124 1121 ▪ fax +356 2124 1101
www.charts.com.mt ▪ info@charts.com.mt

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

28 June 2013

Dear Sirs,

IHI p.l.c. 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 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 "**Group**", the "**Company**" or "**IHI**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the four years ended 31 December 2009, 31 December 2010, 31 December 2011 and 31 December 2012 has been extracted from audited consolidated financial statements of the Company for the four years in question.
(b) The forecast data for the year ending 31 December 2013 has been provided by management of the Company.
(c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by IHI.
(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 5 of the Analysis.
(e) The principal relevant market players listed in Part 4 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as web sites of the companies concerned, financial statements filed with the Registrar of Companies or web sites providing financial data.

The Analysis is meant to assist investors in IHI'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 Group and should not be interpreted as a recommendation to invest in any of the Group's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Group's securities.

Yours faithfully,

Wilfred Mallia
Director

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PART 1

1. COMPANY'S KEY ACTIVITIES

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

To date, IHI has acquired and developed hotels in Prague (Czech Republic), Tripoli (Libya), Lisbon (Portugal), Budapest (Hungary), St Petersburg (Russia) and St Julians (Malta), and has a 50% shareholding in two adjoining properties in London (UK) consisting of a hotel and 12 residential apartments.

Revenue and earnings are derived primarily from hotel operations, which include operation of owned hotels, and management and other fees earned from hotels managed pursuant to management contracts. At 31 December 2012 CHI Limited, a wholly owned subsidiary of IHI, managed eight hotels of which one is fifty per cent owned on behalf of the Group and another five hotels on behalf of third-party owners.

2. DIRECTORS AND KEY EMPLOYEES

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

Board of Directors

Alfred Pisani	Chairman and Chief Executive Officer
Joseph Fenech	Managing Director
Simon Naudi	Executive Director
Andrew Watson	Non-Executive Director
Hamza Mustafa	Non-Executive Director
Joseph J. Vella	Non-Executive Director
Frank Xerri de Caro	Non-Executive Director
Michael Beckett	Non-Executive Director
Nagmeddin H. Mokhtar	Non-Executive Director

The executive Directors, constituted by the Chief Executive Officer, Managing Director and Executive Director, are responsible for acquisitions and development and are entrusted with the Issuer's day-to-day management.

The weekly average number of employees engaged at IHI's corporate office and in its owned hotels during FY2012 amounted to 1,900 persons (FY2011: 1,712).

3. MAJOR ASSETS OWNED BY THE ISSUER & OPERATIONAL DEVELOPMENT

3.1 HOTEL PROPERTIES

3.1.1 Introduction

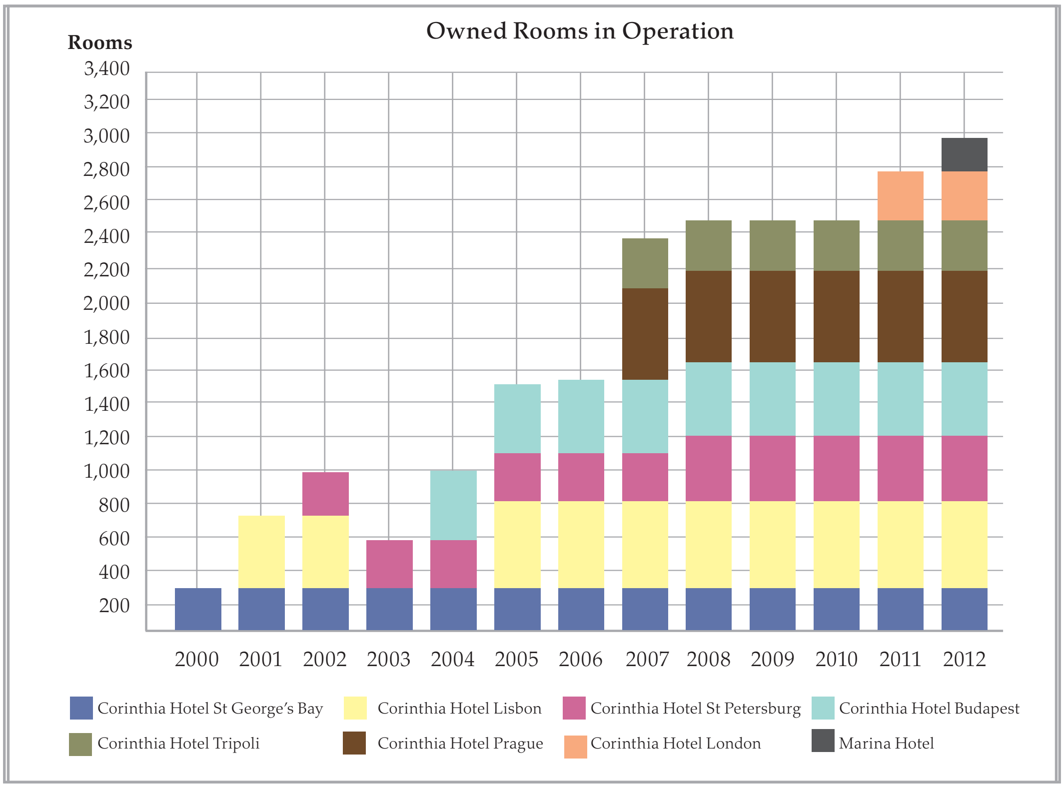
International Hotel Investments p.l.c. was set up in March 2000 and its ordinary shares were admitted to the Official List of the Malta Stock Exchange in June of the same year. Since incorporation to 31 December 2012, the Issuer completed a number of acquisitions of hotel properties, which are illustrated in the table below. Furthermore, the Issuer owns 50% of the Corinthia Hotel London & Apartments.

Valuation of Hotel Properties	**FY2012** **€'000**	**FY2011** **€'000**	**FY2010** **€'000**	**FY2009** **€'000**
Corinthia Hotel Budapest	87,700	92,400	98,005	98,600
Corinthia Hotel St Petersburg	126,400	141,426	158,841	163,019
Corinthia Hotel Lisbon	77,125	84,807	85,309	88,829
Corinthia Hotel Prague	79,420	77,813	76,418	79,400
Corinthia Hotel Tripoli	131,509	137,062	144,482	172,400
Corinthia Hotel St George's Bay	29,661	30,100	32,910	33,756
Corinthia Hotel London & Apartments*	295,723	255,903	210,425	114,071
Marina Hotel St George's Bay, Malta	21,000			
	848,538	**819,511**	**806,390**	**750,075**

* The amount is 50% of property valuation reflecting the 50% shareholding of IHI in the Corinthia Hotel London & Apartments.

Source: *Consolidated audited financial statements of IHI for the years ended 31 December 2009, 2010, 2011 and 2012;*
Audited financial statements of NLI Holdings Limited for the years ended 31 December 2009, 2010, 2011 and 2012.

The following chart sets out the growth in room stock of the Group since inception to the date of this report. During the period under review, this increased from 250 to 2,935 rooms.



Source: Management information

3.1.2 Corinthia Hotel Budapest

Introduction

IHI Hungary Zrt (a fully-owned subsidiary of the Company) owns the 414-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 and a health spa was opened. The carrying value of the Corinthia Hotel Budapest as at 31 December 2012 is €87.7 million (FY2011: €92.4 million).

Market Overview

Hungary is one of the most indebted markets globally, with its external debt in 2012 exceeding 140% of GDP. The political environment is also unstable, with various instances of defiance against the current administration, which government is likely to be re-elected in 2014. Despite the challenging economic and political environment, the hotel market in Hungary has remained comparatively stable in recent years.

In 2012, the hotel market continued to be resilient registering minimal increases in both occupancy and room rates. According to the Hungarian Office of Statistics, 2012 saw an increase of 6.9% in the total number of foreign day visitors in relation to the previous year.

The market in Budapest has been recovering gradually, after the decline in overall hotel performance in 2008/09, with the focus being on increasing occupancy levels albeit at the expense of discounted room rates. The increase in volume can be attributed mainly to tour groups and leisure individuals taking advantage of discounted prices and a favourable exchange rate. The spike in leisure business in recent years is however not sustainable in the longer term and the market will need to replace this demand from alternative sources.

As to conference & events business, the city has been gaining importance in the international convention market especially after holding the EU presidency in 2011, but continues to face stiff competition from other destinations such as Prague.

Operational Performance

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

	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	18,598	18,069	17,030	15,102	15,199
Rooms (hotel) (€'000)	11,354	10,751	9,988	8,467	8,452
Rooms (apartments) (€'000)	810	816	770	626	644
Food & Beverage, and other revenue (€'000)	6,434	6,502	6,272	6,009	6,103
Rooms (hotel)					
Occupancy level (%)	74	71	69	61	56
Average room rate (€)	102	100	96	91	99
Revenue per available room (RevPAR) (€)	75	71	66	56	55
Gross operating profit before incentive fees (€'000)	5,351	5,503	5,350	3,987	4,801
Gross operating profit margin (%)	29	30	31	27	32

Source: Management information

In FY2012, the Corinthia Hotel Budapest registered a marginal increase in occupancy (from 69% to 71%) and average room rate (from €96 to €100), which contributed to a 7.6% increase in RevPAR. Gross operating profit before incentive fees remained flat at *circa* €5.5 million. Demand from the conference & events segment was disappointing in FY2012 with approximately 3,400 fewer room nights than during FY2011. However, the Hotel was successful in compensating missing conference & events business with individual leisure business. Corporate demand in FY2012 was similar to that of FY2011, and important work has been done to secure major accounts for FY2013. The group leisure segment is expected to decrease in the coming years as part of the Hotel's strategy to lower the volume of low-rated segments. The individual leisure segment is forecasted to grow both in terms of volume and average rate. As to gross operating profit margin, this is projected to be maintained at *circa* 30% since the additional revenue will offset increases in overheads, reflecting expected changes in the administration set-up, new positions in sales and marketing and an increase in the promotion budget.

Market Positioning

Key Performance Indicators (KPIs)	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Corinthia Hotel Budapest					
Occupancy level (%)	74	71	69	61	56
Average room rate (€)	102	100	96	91	99
Revenue per available room (RevPAR) (€)	75	71	66	56	55
Performance of Competitive Set					
Occupancy level (%)	73	72	71	66	60
Average room rate (€)	105	101	99	98	101
Revenue per available room (RevPAR) (€)	77	73	70	65	61
Market Penetration Rate					
Occupancy	1.01	0.99	0.97	0.92	0.93
Rate	0.97	0.99	0.97	0.93	0.98
Revenue Generating Index	**0.97**	**0.97**	**0.94**	**0.86**	**0.90**

Source: Management information

The above table outlines the historical performance and current year's expectation for both the Hotel and its competitive set, which includes Kempinski, InterContinental, Marriott and Hilton Budapest.

The Revenue Generating Index (RGI), which measures a hotel's fair market share of its segment's revenue per available room, indicates that the Corinthia Hotel Budapest has been underperforming its competitive set (RGI below 1 means the hotel is underperforming its segment, whilst RGI above 1 denotes that the hotel is outperforming its market).

In terms of growth in occupancy level and average room rate, the Hotel outperformed its competitive set in FY2012 and as a result the RGI improved from 0.94 to 0.97. Management is currently implementing a strategy of increasing occupancy and average rate on account of the improvement in conference & events business in the city and in the Hotel specifically, and also due to new corporate accounts and the progressive decrease of low-rated segments such as group leisure. The short term target of the Hotel is to at least perform in line with its competitive set and thereby achieve and maintain an RGI of 1.

3.1.3 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 block including retail and office space. This project, which was completed in May 2009, also involved the refurbishment of the lobby and the public areas of the existing hotel. It is the intention of the Group to develop, in the near future, an area measuring *circa* 1,500 square metres situated behind the Hotel and which will consist of the creation of a car park and further office space. The carrying amount of the Corinthia Hotel St Petersburg and the commercial block as at 31 December 2012 is €126.4 million (FY2011: €141.4 million) and €87 million (FY2011: €82.8 million) respectively.

Market Overview

Demand for hotel accommodation in St Petersburg is predominantly leisure driven and concentrated during the summer months (May to August), in which hotels experience very high demand levels. This strong seasonality has typically restricted the annual occupancy for five-star hotels at 60 – 65%. Corporate demand represents approximately 40% of the total demand. The conference & events segment remains underdeveloped although a brand new convention facility at the Expo Forum is planned to be opened in 2013.

The hotel market in St Petersburg registered further growth in 2012, mainly driven by volume rather than by increased rate. Principally due to a rise in competition, average rate fell by 3% whilst occupancy increased by 8.2%, resulting in a RevPAR growth of 5.0% on the same period in 2011.

Significant new supply has entered the market during the past few years, with the addition of *circa* 3,300 rooms between 2009 and 2012, mostly in the five-star segment. In 2013, six hotels of various categories will be launched in the market totaling 1,174 rooms. Room rate growth in St Petersburg's hotels will continue to remain under pressure if demand does not increase to match existing and upcoming supply.

In June 2011, the government launched a new programme aimed at developing the city into a year-round tourist destination. The main challenges for the development of the destination remain the lack of direct flights, entry regulation and visa requirements and limited tourism promotion. However, progress is being made towards a €340 million renovation and expansion of Pulkovo Airport, which is targeted to be completed in 2013. Additionally, the direct high-speed train link that connects Moscow to St Petersburg has also improved transport links to the city from the capital.

A number of international events are expected to help the destination become more attractive to travelers and increase demand for hotels. These events include the Economic Forum and the G20 Summit, taking place in the city from June to September 2013; the 2014 Winter Olympic Games; and the Football World Cup in Russia in 2018.

Operational Performance

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

	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	19,394	17,645	15,459	13,033	9,093
Rooms (€'000)	13,582	12,056	10,454	8,378	5,907
Food & Beverage, and other revenue (€'000)	5,812	5,589	5,005	4,655	3,186
Occupancy level (%)	54	52	40	35	22
Average room rate (€)	179	162	181	168	203
Revenue per available room (RevPAR) (€)	97	84	72	59	45
Gross operating profit before incentive fees (€'000)	7,801	6,775	5,400	4,376	2,698
Gross operating profit margin (%)	40	38	35	33	30

Source: Management information

The Corinthia Hotel St Petersburg registered a gross operating profit of €6.8 million in FY2012, which represents an increase of €1.4 million (26%) on FY2011. Occupancy levels reached 52% in the same year, mainly due to increases registered in conference & events segment (+7,000 rooms), groups (+5,000) and rooms sold to the airline business (+4,000). The Hotel's average room rates decreased by 10%, from €181 in FY2011 to €162 in FY2012, reflecting the increased competition in the hotel market and changes in the business mix (particularly the significant increase in low yielding groups business). RevPAR increased by 17% to €84, driven by significant increases in occupancy achieved however to the detriment of room rates.

It is expected that the Hotel will continue to grow its occupancy, given the increased focus on the corporate market, the recent set up of a sales office in Moscow and the signings with new airline companies. However, average room rate should remain under pressure, owing to the competition in the market and the increasing supply, particularly the new hotels in the four-star segment which can compete with the five-star hotels in the city because of their newer product. As a result, large corporations have the power to bargain with hotels in corporate rates, putting further pressure on the Hotel and its competitive market. Consequently, the Hotel will remain focused on securing a base demand and driving occupancy rather than building average room rate.

FY2013 is expected to be a good year for the Hotel, owing to two major citywide events (the Economic Forum and the G20 Summit) which have enabled the Hotel to already secure €800,000 of revenue from a Chinese delegation.

Market Positioning

Key Performance Indicators (KPIs)	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Corinthia Hotel St Petersburg					
Occupancy level (%)	54	52	40	35	22
Average room rate (€)	179	162	181	168	203
Revenue per available room (RevPAR) (€)	97	84	72	59	45
Performance of Competitive Set					
Occupancy level (%)	51	52	48	43	40
Average room rate (€)	227	213	218	228	220
Revenue per available room (RevPAR) (€)	117	111	105	98	88
Market Penetration Rate					
Occupancy	1.06	1.00	0.83	0.81	0.55
Rate	0.79	0.76	0.83	0.74	0.92
Revenue Generating Index	**0.83**	**0.76**	**0.69**	**0.60**	**0.51**

Source: Management information

The above table outlines the historical performance and current year's expectation for both the Hotel and its competitive set, which includes Kempinski Moika Hotel, Hotel Astoria, Grand Hotel Europe, Radisson SAS Royal and Hotel Angleterre.

The increased occupancy in FY2012 has allowed the Hotel to match its competitive set (at 52%), but it has lost further ground in terms of average room rate with its rate penetration declining from 0.83 to 0.76. The Hotel now operates at 76% of the RevPAR achieved by its competitive set of hotels.

The Hotel's competitive set is expected to register further growth in FY2013. As set out in the table above, it is expected that overall RevPAR should increase from €111 to €117 (+5%) principally due to an increase of 7% in average room rate. The Hotel is projected to increase occupancy to 54% from the current 52%, which effectively means that the Hotel would surpass the occupancy levels achieved by its competitive set. The Hotel is also expected to outperform the market in terms of room rate improvement in FY2013, with a forecasted increase of 10% as opposed to the 7% increase expected for the market – resulting in an increase in the rate penetration from 0.76 to 0.79. If FY2013 forecast is achieved, the market positioning of the Hotel would improve, with a 15% increase in RevPAR from €84 to €97. This would result in the Hotel improving its revenue generating index from 0.76 to 0.83 and thus further reducing the gap on its competitive set of hotels.

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:

	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	4,444	2,459	892	200	205

Source: Management information

The commercial properties comprise a mix of shops and office space, and total rentable area is in excess of 11,600 square metres. In FY2011, approximately 3,770 square metres were rented to third parties at a total aggregate amount of €892,000. Rental income has more than doubled in FY2012 due to the charging of one full year of rent to tenants who took up occupancy during FY2011, and as a result of further rental agreements signed by the company during the year. Management is projecting occupancy to rise from 28% in FY2012 to 57% in FY2013.

3.1.4 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 was re-opened in May 2004 after undergoing a major refurbishment programme. The carrying amount of the Corinthia Hotel Lisbon as at 31 December 2012 is €77.1 million (FY2011: €84.8 million). Alfa Investimentos Lda also owns a block of 5 apartments in Lisbon for rental purposes, valued at €1.2 million as at 31 December 2012 (FY2011: €1.2 million).

Market Overview

In recent years, the overall Lisbon market has shifted from a leisure-oriented market to a business destination. The continuing popularity of cruise tourism and golf tourism and an increased awareness of Lisbon in the conference & events sector have aided demand growth. Following the improvements registered in 2011, 2012 witnessed a significant downturn in the overall performance of the hotel market in Lisbon. Contributing factors included the adverse economic situation in several of the feeder markets, a strong decline in spending capability of the locals together with increased competition, either as a result of price cutting or opening of new hotels. Moreover, Lisbon is experiencing enhanced competition from conference & events accommodation on a European level, as many destinations are decreasing their rates drastically. Athens has been particularly aggressive with its low-rate offers, and Madrid and Barcelona, which once recorded much higher prices, came closer to Lisbon pricing levels.

According to an HVS Market Intelligence Report about Lisbon's 4 and 5 star hotels, it is predicted that this segment will see the completion of new hotels over the next three years that should provide an additional 1,076 rooms. The majority of these hotels were scheduled to be opened by the end of 2012 or early 2013, but progress on these projects has been very slow due to the economic crisis. Existing hotels are therefore benefiting from the delay in the delivery of the additional supply of hotel rooms through better occupancy levels and average room rates.

It is expected that the Portuguese economy will contract by a further 1.1% in the current year (2013), which will continue to weigh on the hotel industry. Opportunities that could bring new visitors to Lisbon in 2013 include: (i) the Rotary convention (+30,000 participants); (ii) the possibility of two new routes to Valencia and Bilbao operated by Easyjet; and (iii) Veuling may start a new route to Paris.

Operational Performance

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

	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	17,858	16,187	18,727	15,813	12,197
Rooms (€'000)	11,746	10,764	12,240	10,212	7,684
Food & Beverage, and other revenue (€'000)	6,112	5,423	6,487	5,601	4,513
Occupancy level (%)	66	63	67	63	41
Average room rate (€)	94	89	96	86	99
Revenue per available room (RevPAR) (€)	62	56	64	54	41
Gross operating profit before incentive fees (€'000)	4,145	3,565	5,158	3,887	2,140
Gross operating profit margin (%)	23	22	28	25	28

Source: Management information

The performance of the Hotel in FY2012 declined to FY2010 level with a decrease of *circa* 4,500 rooms sold. The principal reason for the slowdown was mostly due to *circa* 14,000 fewer rooms sold in the conference & events segment, which made up 23% of total rooms sold in FY2012 (FY2011: 33%). This loss in volume was partly compensated by increases in rooms sold to leisure (+11,000 rooms) and to tour operators (+2,000 rooms). These latter segments however attract room rates that are significantly lower (*circa* 40%) than those achieved by the conference & events sector. As a result, in FY2012 the Hotel registered a decline in gross operating profit of €1.6 million, from €5.2 million (FY2011) to €3.6 million (FY2012).

The forecast for FY2013 targets a partial recovery in conference & events - management is expecting an increase in both volume (+30%) and room rates (+7%). This should also have a positive effect on food & beverage revenue and gross operating profit. Management plans to continue to target both leisure and conference & events guests and considers that due to the size of the Hotel, there should not be any displacement of leisure guests when signing larger conference & events business.

Market Positioning

Key Performance Indicators (KPIs)	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Corinthia Hotel Lisbon					
Occupancy level (%)	66	63	67	63	41
Average room rate (€)	94	89	96	86	99
Revenue per available room (RevPAR) (€)	62	56	64	54	41
Performance of Competitive Set					
Occupancy level (%)	64	64	68	65	57
Average room rate (€)	100	96	104	94	94
Revenue per available room (RevPAR) (€)64	64	61	71	61	54
Market Penetration Rate					
Occupancy	1.03	0.98	0.99	0.97	0.72
Rate	0.94	0.93	0.92	0.91	1.05
Revenue Generating Index	**0.97**	**0.92**	**0.90**	**0.88**	**0.76**

Source: Management information

The above table outlines the historical performance and current year's expectation for both the Hotel and its competitive set, which includes Marriott, Sheraton, Tiara Park Atlantic and Tivoli.

Compared to its competitive set, the Hotel managed to do well in terms of occupancy, with a FY2012 penetration rate of 0.98. Still, it is evident that FY2012 was generally a weaker year for the Hotel (in line with the market), as the Hotel's occupancy decreased from 67% in FY2011 to 63% in FY2012.

The Hotel's average rate showed a similar pattern, decreasing from €96 in FY2011 to €89 in FY2012 reflecting the shift in the mix of rooms sold from conference & events to lower yielding segments. The Hotel underperformed the market with an average rate penetration of 0.93 in FY2012 and as a result, its revenue generating index was 0.92, 8% below the target of 1.00.

As for FY2013, management is confident that the Hotel can exceed its competitive set in terms of occupancy, as business outlook for conference & events is expected to be positive. It is projected that the Hotel's average room rate will increase to €94 in FY2013 and overall, the Hotel should improve its RevPAR by 11% from €56 in FY2012 to €62 in FY2013.

3.1.5 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 2012 is €79.4 million (FY2011: €77.8 million).

Market Overview
Prague has seen a number of hotels enter the market over recent years, leading to a large growth in hotel room stock. As a result of this oversupply, hotels in Prague have been suffering declines in performance both in terms of occupancies and rates, which was further impacted by the economic crisis. There was a reversal in this recent trend in 2011 and was sustained in 2012, as the overall hotel market in Prague registered increases in both occupancy levels and average room rates (overall market RevPAR increased by 8% in 2011 and a further increase of 11% in 2012).

Prague is a popular short break tourism destination. In the first three quarters of 2012, a total of 4.1 million tourists visited Prague, a 7.8% increase compared to the same period in 2011. Room nights improved with a 5.6% increase on the 2011 average. Prague is also an important meeting and convention destination, and in the first nine months of 2012 the number of conferences increased by 10%.

Hotel performance in Prague is generally expected to continue to improve in the coming years as the market gradually absorbs the current oversupply of hotel rooms, leveraging on its image as an attractive and corporate destination.

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

	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	16,831	16,611	16,445	13,996	13,643
Rooms (€'000)	10,017	9,805	9,319	7,762	7,643
Food & Beverage, and other revenue (€'000)	6,814	6,806	7,126	6,234	6,000
Occupancy level (%)	66	67	65	60	57
Average room rate (€)	77	75	73	65	69
Revenue per available room (RevPAR) (€)	51	50	47	39	39
Gross operating profit before incentive fees (€'000)	3,678	3,066	3,036	1,482	1,815
Gross operating profit margin (%)	22	18	18	11	13

Source: Management information

The Corinthia Hotel Prague recorded a gross operating profit before incentive fees of €3.07 million, similar to the previous year. In FY2012, the Hotel managed to increase both occupancy (from 65% to 67%) and room rate (from €73 to €75) principally due to strong conference & events business throughout the year and large repeat events in low season. The effect of the increased RevPAR has been offset by a decrease in food & beverages revenue (-8%) and increases in the Hotel's operating costs, thereby leading to a lower than expected gross operating profit.

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 is projecting a gross operating profit improvement of €0.6 million for FY2013 based on a 3% increase in room rate which will be mitigated by a 1% decline in occupancy rate.

Market Positioning

Key Performance Indicators (KPIs)	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Corinthia Hotel Prague					
Occupancy level (%)	66	67	65	60	57
Average room rate (€)	77	75	73	65	69
Revenue per available room (RevPAR) (€)	51	50	47	39	39
Performance of Competitive Set					
Occupancy level (%)	66	68	67	64	59
Average room rate (€)	105	106	103	101	107
Revenue per available room (RevPAR) (€)	70	72	69	65	63
Market Penetration Rate					
Occupancy	1.00	0.99	0.94	0.94	0.97
Rate	0.73	0.71	0.71	0.64	0.64
Revenue Generating Index	**0.73**	**0.69**	**0.68**	**0.60**	**0.62**

Source: Management information

The above table outlines the historical performance and current year's expectation for both the Hotel and its competitive set, which includes InterContinental, Hilton Prague, Marriott Prague and Crowne Plaza.

In recent years, the Hotel has consistently underperformed its competitive set, principally in terms of room rates. This gap in room rates is largely linked to the Hotel's location just outside the City centre in Prague making it more challenging to compete for market share. Consistent with recent 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.

In FY2012, the market registered stable occupancy and a marginal increase in average room rate (+3%). The result was a RevPAR of €72, which is 4% higher than the previous year. The Hotel maintained its position in the market when compared to its competitive set, with a revenue generating index of 0.69 (FY2011: 0.68). The current gap in relation to the hotel's peers is largely arising from the variance in room rates. The Hotel's average room rate in FY2012 was *circa* 30% below that of its competitive set. For FY2013, management is aiming to match its competitive set in terms of occupancy at 66%, and to achieve an improvement in the Hotel's average room rates (+3%), thereby increasing its revenue generating index to 0.73 (FY2012: 0.69).

3.1.6 Corinthia Hotel Tripoli

Introduction
Corinthia Towers Tripoli Limited (a fully-owned subsidiary of the Company) owns the 300-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 analysed as follows: Corinthia Hotel Tripoli (€139 million); the commercial centre (€62 million); and the undeveloped land (€6 million). The carrying amounts of the Corinthia Hotel Tripoli, commercial centre and the adjacent plot as at 31 December 2012 are €131.5 million (FY2011: €137.1 million), €73.4 million and €28.8 million respectively (FY2011: €73.4 million, €28.8 million), or a combined total of €233.7 million.

Market Overview
Prior to the civil unrest, the hotel market was starting to develop with a number of internationally branded hotel chains planning to open hotels in Tripoli in view of the continued increase in business and leisure travelers. The civil unrest in 2011 halted hotel development in Tripoli and only two internationally branded hotels remained open during the period – Corinthia Tripoli and Radisson Blu Al Mahary. At present, these hotels together with the Rixos Al Nasr Tripoli are the only international hotel brands operating in Libya.

Occupancy in the Hotel and Radisson Blu increased progressively in 2012, mainly in the form of corporate business travel, namely ambassadors and diplomats on embassy-related business. Leisure demand is currently non-existent. Occupancy figures started at around 30% in January and increased to between 40% and 50% during the year, albeit slowing down slightly in view of the incidents in the latter part of the year. According to HVS, the hotel market in Tripoli is expected to grow in 2013, although it will take a long time for hotel performance to reach pre-civil unrest levels.

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

	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	18,165	16,526	13,372	23,873	32,399
Rooms (€'000)	12,428	11,137	8,968	15,042	22,402
Food & Beverage, and other revenue (€'000)	5,737	5,389	4,404	8,831	9,997
Occupancy level (%)	54	48	35	56	69
Average room rate (€)	210	212	229	245	299
Revenue per available room (RevPAR) (€)	113	102	80	137	206
Gross operating profit before incentive fees (€'000)	5,687	4,917	4,667	11,032	17,559
Gross operating profit margin (%)	31	30	35	46	54

Source: Management information

The Corinthia Hotel Tripoli registered a gross operating profit before incentive fees of €5.0 million in FY2012 which is €6.1 million (-55%) less than FY2010. However, the results have to be assessed in the light of what took place in Libya in 2011. It is indeed a major credit for the Hotel to have remained open achieving positive results and going through this period of turmoil largely unscathed. Overall occupancy of the Hotel increased to 48%, bringing occupancy closer to the 56% achieved in FY2010. The demand remained predominantly corporate, with this segment accounting for 90% of the total rooms sold in FY2012. The results also indicate a 7% decrease in average room rates, with the achieved rate in FY2012 of €212. Although the supply of branded hotels is still limited, the Hotel is facing stiff competition for available corporate business from the Radisson Blu.

It is expected that demand for hotel rooms in Tripoli to build up gradually, as the oil companies return to re-establish themselves in the country. Furthermore, in the short to medium term, there is likely to be additional demand from infrastructure companies and government bodies (amongst other industries) that will be key for the redevelopment of the city and the country as a whole.

For FY2013, management is assuming a gradual recovery in the Hotel's performance with gross operating profit increasing to €5.7 million. The projected increase reflects expected growth of 13% in occupancy and average room rate remaining stable at €210. The achievement of the projected improvement will depend largely on how the political situation in Libya evolves.

Market Positioning

There are currently no statistics published in terms of hotel performance in Tripoli. The lack of quality supply in the market, however, results in high business demand for upper end hotels as visitors, especially international visitors, tend to look for the comfort of a recognised international hotel brand in the area.

The hotel supply in Tripoli is limited to only a few branded hotels and some government-run properties. The branded hotels include the Radisson Blu Al Mahary (351 rooms), Rixos Al Nasr (120 rooms) and the Corinthia Hotel Tripoli (300 rooms). Industry sources have highlighted a number of hotel projects for the city of Tripoli in the next few years, although based on what happened in 2011 and the current situation in the country, some projects may be delayed further or shelved.

Although new supply is planned for the market, it is expected that the Hotel will continue to outperform its competitors since its rooms were recently upgraded and the property is well established in the market.

Commercial Operations

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

	FY2013 Forecast	**FY2012 Actual**	**FY2011 Actual**	**FY2010 Actual**	**FY2009 Actual**
Turnover (€'000)	6,263	6,263	5,969	6,118	6,100

Source: Management information

The Commercial Centre, which is fully occupied, includes rentable office space having a gross area of 7,249 square metres. It also comprises 306 square metres of storage space and 235 square metres of internal and external car spaces.

3.1.7 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. In 2006 a major refurbishment programme was carried out which included the upgrade of the entire room stock, the lobby and the technological equipment. The refurbishment was completed in the first quarter of 2007 at a total cost of *circa* €4 million. The carrying amount of the Corinthia Hotel St George's Bay as at 31 December 2012 is €29.7 million (FY2011: €30.1 million).

Market Overview

Tourism in Malta has been performing at record levels and in 2012 tourist arrivals reached an all-time high of 1.44 million guests. On a y-o-y basis, tourist arrivals in 2012 increased by 2.1% over 2011, and by 7.8% over 2010. Notwithstanding the improved industry statistics, hotel results have been negatively impacted by a slower pace of growth, increased pressure on rates and a continually increasing cost base.

The majority of tourists were holiday makers, predominantly from Europe. The principal source markets remain the UK, Germany, Italy and France which in 2012 accounted for 61% (2011: 62%) of total arrivals. On a y-o-y basis, Russia (+7,466), France (+4,199) and Scandinavia (+3,304) reported the highest absolute increase in arrivals. Spain (-2,493) and Benelux (-3,775) were the only markets which registered a decline in 2012.

Market data for 2012 indicates that the 5-star hotel sector in Malta registered a strong performance in 2012, with increases in both occupancy levels and average room rates. Occupancy rates for the sector averaged 68.2%, a marginal increase of 2.2% over 2011, and average room rates increased from €101.60 in 2011 to €105.30 in 2012 (+3.6%). Based on these improvements, the 5-star hotel RevPAR increased by 7.2% to €121.40 (2011: €113.20). Gross operating profit margin for this segment averaged at 25.1%, a minimal improvement on the margin achieved in 2011 (23.7%).

For 2013, Malta International Airport plc is forecasting passenger numbers at around 1.5% more than the record achieved in 2012. This projection is based on various considerations including flight schedules committed as well as the impact of the European economic crisis on demand for travel, particularly in Malta's core markets.

Operational Performance

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

	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	11,656	11,196	10,647	9,885	9,413
Rooms (€'000)	6,683	6,267	6,003	5,505	4,610
Food & Beverage, and other revenue (€'000)	4,973	4,929	4,644	4,380	4,803
Occupancy level (%)	69	68	70	66	53
Average room rate (€)	106	100	93	91	95
Revenue per available room (RevPAR) (€)	73	68	65	60	50
Gross operating profit before incentive fees (€'000)	1,640	1,518	1,413	1,381	1,487
Gross operating profit margin (%)	14	14	13	14	16

Source: Management information

The Corinthia Hotel St George's Bay registered a gross operating profit before incentive fees of €1.5 million in FY2012, which is €105,000 more than FY2011 (+7%). The Hotel recorded lower occupancy levels (-2%) at better average room rates (+7.5%), which resulted in a 4.6% increase in RevPAR. The FY2012 results reflect the revenue management strategy being implemented by the Hotel, which is aimed at increasing rates and driving business through its largest growing segment (leisure) during peak months. There has been a marked shift in the Hotel's source of business towards the higher yield segments. Business from tour operators contracted by *circa* 5,700 rooms and this business was to a large extent replaced by *circa* 4,800 additional rooms originating from the conference & events and leisure segments. In FY2013 the Hotel is expected to continue with the revenue management strategy and a further shift of business should occur from tour operator to leisure business. RevPAR is projected to increase from €68 in FY2012 to €73 in FY2013 (+7%), resulting in an estimated improvement in gross operating profit of €122,000 in FY2013 (+8%).

Market Positioning

Key Performance Indicators (KPIs)	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Corinthia Hotel St George's Bay					
Occupancy level (%)	69	68	70	66	53
Average room rate (€)	106	100	93	91	95
Revenue per available room (RevPAR) (€)	73	68	65	60	50
Performance of Competitive Set					
Occupancy level (%)	70	72	69	65	62
Average room rate (€)	123	116	111	108	104
Revenue per available room (RevPAR) (€)	87	84	77	70	64
Market Penetration Rate					
Occupancy	0.99	0.94	1.01	1.02	0.85
Rate	0.86	0.86	0.84	0.84	0.91
Revenue Generating Index	**0.84**	**0.81**	**0.84**	**0.86**	**0.78**

Source: Management information

The above table outlines the historical performance and current year's expectation for both the Hotel and its competitive set, which includes Hilton Malta, Westin Dragonara, InterContinental and Radisson Blu.

The Hotel's competitive set has registered strong performances in recent years, with RevPAR growth of 10% in FY2011 and 9% in FY2012. The growth in revenue principally reflects volume growth in this period as these hotels managed to attract their fair share of the increase in the number of tourists, with the average occupancy stepping up from 65% in FY2010 to 72% in FY2012. RevPAR is projected to grow by 4% in FY2013, reflecting expected room rate increase of 6% to €123.

In terms of occupancy, the Hotel has in the last two years been performing reasonably well against its competitive set, and is projected to broadly match its competitive set in FY2013 at 69%. As to average room rate, the Hotel is still more reliant on the lower yielding tour operator segment than other hotels in its market, and therefore its average room rate and consequently its RevPAR are below the figures registered by the competitive set. In the near term, the Hotel is implementing measures to attract more higher-yielding revenue, in particular, from conference & events and leisure segments to significantly increase its RevPAR and improve its competitiveness in the market. However, the Hotel's room product is in need of refurbishment and this much needed upgrade is preventing the Hotel from competing effectively with other five-star hotels in the market.

3.1.8 Marina Hotel

Introduction

Marina San Gorg Limited 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 exposes the guests to 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 2012 is €21.0 million.

Market Overview

The market overview relating to tourism in Malta is included in section 3.1.7 above.

Operational Performance

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

	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€’000)	6,821	6,655	6,254	5,740	5,074
Rooms (€’000)	4,185	4,016	3,886	3,520	3,000
Food & Beverage, and other revenue (€’000)	2,636	2,639	2,368	2,220	2,074
Occupancy level (%)	73	76	76	72	68
Average room rate (€)	78	72	68	68	61
Revenue per available room (RevPAR) (€)	57	55	53	48	41
Gross operating profit before incentive fees (€’000)	1,434	1,446	1,386	1,310	1,058
Gross operating profit margin (%)	21	22	22	23	21

Note: The Marina Hotel was acquired by IHI with effect from 1 January 2012 and therefore the financial information for the years 2009 – 2011 have been included in the table above for analysis purposes only.

Source: Management information

The Hotel registered a gross operating profit of €1.45 million in FY2012, an increase of 4% on the results of FY2011. Occupancy level was stable at 76% at better average room rates (+6%), which resulted in a 4% increase in RevPAR. During the year there was a decrease in rooms sold to groups and tour operators, with a corresponding increase in rooms sold in the higher-yielding leisure segment. The tour operator sector remains the principal business segment of the Hotel (39% of rooms sold in FY 2012). The focus in FY2013 will be more on yield management, with a drive towards achieving higher rates by increasing business levels in the higher yielding segments including leisure and corporate. It is projected that the average room rate will increase to €78 in FY2013 (+8%) and RevPAR will improve by 3.6% to €57.

Market Positioning

Key Performance Indicators (KPIs)	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Marina Hotel					
Occupancy level (%)	73	76	76	72	68
Average room rate (€)	78	72	68	68	61
Revenue per available room (RevPAR) (€)	57	55	53	48	41
Performance of Competitive Set					
Occupancy level (%)	72	75	77	72	68
Average room rate (€)	83	80	77	78	71
Revenue per available room (RevPAR) (€)	60	60	59	56	48
Market Penetration Rate					
Occupancy	1.01	1.01	0.99	1.00	1.00
Rate	0.94	0.90	0.88	0.87	0.86
Revenue Generating Index	**0.95**	**0.92**	**0.90**	**0.86**	**0.85**

Source: Management information

The above table outlines the historical performance and current year's expectation for both the Hotel and its competitive set, which includes Hotel Phoenicia, Radisson SAS Bay Point Resort, Maritim Antonine Hotel & Spa and Le Meridien.

The Hotel outperformed its competitive set in terms of occupancy in FY2012, reaching an occupancy penetration of 1.01. In the same year, the Hotel managed to grow its average rate from €68 to €72 (+6%), resulting in a RevPAR increase of 4%. In terms of revenue penetration, the target of 1.00 has not yet been achieved, but there was an improvement from 0.90 in FY2011 to 0.92 in FY2012. The focus in FY2013 will be on the leisure segment as last-minute business and online bookings are becoming more important. The Hotel's strategy is to increase rates by shifting to individual leisure as much as possible, whilst being selective with tour operators and increasing package deals. It is expected that the Hotel will perform almost in line with the market average in FY2013 in terms of occupancy, and will continue to improve average room rate to achieve a revenue penetration rate of 0.95.

3.1.9 Corinthia Hotel London

Introduction

NLI Holdings Limited (equally owned by the Libyan Foreign Investment Company (LFICO) and IHI) owns the 294-room five-star Corinthia Hotel located in London, United Kingdom ("**Corinthia Hotel London**") together with 12 residential apartments. 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 €150 million bank facility in April 2009, embarked on a two-year project to redevelop and reconstruct the said properties to the luxury Corinthia Hotel and Residences. The carrying amount of the Corinthia Hotel London and Residences as at 31 December 2012 is €591.4 million (FY2011: €511.8 million).

Market Overview

Despite the weak global economic climate, the London hotel market has demonstrated remarkable resilience. After the recessionary downturn in 2008/2009, London tourism has made a strong recovery with international arrivals now edging closer to the highs registered during the years 2005 to 2007. RevPAR had dipped to £92 in 2009 but has since rebounded to reach a record high of £115 in 2012 (equivalent to a compound annual growth rate of 8%). In 2012, the city of London hosted numerous international events (including the Olympic Games, the Farnborough International Air show and the Queen's Diamond Jubilee) which brought about a year of highs and lows. The highs came from the huge boost in the achieved average room rate during the Olympic weeks; and the lows came from the run up to the games as travelers were put off visiting which resulted in a difficult June and July for hotels. Overall, RevPAR increased in 2012 by 3% despite a drop in occupancy of 2%.

London has, in 2012, experienced the largest room supply increase from new developments with the Olympics being the main catalyst for development. This has brought about the concern of a post Olympic supply overhang with another 5,000 rooms expected in 2013 in addition to those opened ahead of the event (the long term historical average is 1,500 rooms per year). Many travel operators are positive about London's prospects after the Olympic Games, encouraged by the global awareness of the capital as a destination and the ongoing improvements in infrastructure. On the other hand, the supply spike is a concern in the short term and may result in a weaker hotel market performance in 2013.

Operational Performance

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

	FY2013 Forecast	FY2012 Actual	FY2011 Actual
Turnover (£'000)	45,730	38,424	14,013
Rooms (£'000)	31,243	25,695	8,159
Food & Beverage, and other revenue (£'000)	14,487	12,729	5,854
Occupancy level (%)	73	63	21
Average room rate (£)	398	380	353
Revenue per available room (RevPAR) (£)	291	239	744
Gross operating profit before incentive fees (£'000)	14,190	7,820	(4,652)
Gross operating profit margin (%)	31%	20%	-33%

Note: IHI owns 50% of the Corinthia Hotel London and as such 50% of the above stated turnover and gross operating profit before incentive fees is included in the consolidated financial statements of IHI under the heading 'Share of profit from equity accounted investments' of the income statement.

Source: Management information

The Corinthia Hotel London commenced operations in April 2011 with a phased opening. Final works on a number of rooms was ongoing and the full complement of rooms was made available during the last quarter of 2011. The non-availability of bedrooms and suites in FY2011 had a material adverse effect on occupancy levels and average room rates, and as a result the Hotel incurred a gross operating loss of £4.7 million.

The Hotel registered a gross operating profit of £7.8 million in FY2012, which was its first full year of operation. Occupancy levels reached an average of 63% as management focused on achieving volume penetration in order to establish market presence. The additional business came at the expense of rates, which averaged £380 in FY2012.

Management is targeting an 81% increase in gross operating profit in FY2013 at £14.1 million. This result is principally expected through significant increases in both occupancy and room rates. In FY2013 occupancy and average room rate are projected to increase to 73% and £398 respectively. The Hotel is aiming to reach an average occupancy level of between 75% and 80% within three years as more visitors utilise the Hotel and the Corinthia brand becomes more known in London and the UK, thus moving closer to its stabilised level of operation.

Market Positioning

Key Performance Indicators (KPIs)	FY2013 Forecast	FY2012 Actual	FY2011 Actual
Corinthia Hotel London			
Occupancy level (%)	73	63	21
Average room rate (£)	398	380	353
Revenue per available room (RevPAR) (£)	291	239	74
Performance of Competitive Set			
Occupancy level (%)	81	79	60
Average room rate (£)	538	562	534
Revenue per available room (RevPAR) (£)	436	444	320
Market Penetration Rate			
Occupancy	0.90	0.80	0.35
Rate	0.74	0.68	0.66
Revenue Generating Index	**0.67**	**0.54**	**0.23**

Source: Management information

The above table outlines the historical performance and current year's expectation for both the Hotel and its competitive set, which includes Four Seasons Park Lane, Mandarin Oriental Hyde Park, The Berkeley, The Savoy, Claridge's, The Connaught and The Dorchester.

London continues to be a global leisure and business destination. Although London's overall trading performance has been affected by the global economic slowdown, it has been one of the most resilient hotel markets in Europe over the past few years. The City is a well-established hotel market, which constantly offers new leisure attractions and events are organised on an ongoing basis. Moreover, London is both a leisure and a business destination and therefore is less impacted by the seasonality generally created by the sector, as leisure demand compensates for periods when business demand is quiet and *vice versa*. On the supply side, London continues to be one of the most desirable cities for hotel development and is a key city for hotel operators looking to expand their network internationally. As a result, the Corinthia Hotel London is in a highly competitive market, which must compete not only with well-established hotels but also with new hotel brands regularly coming onto the market.

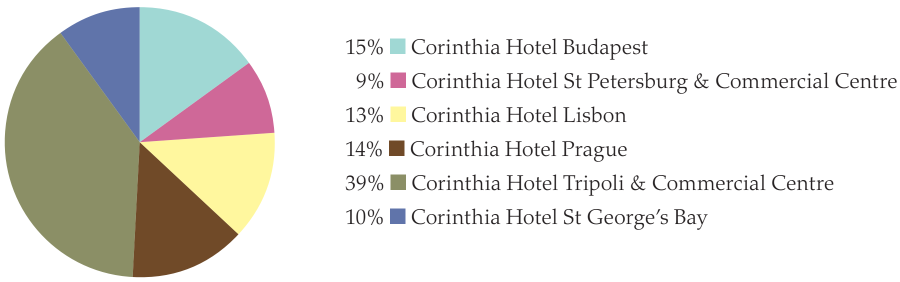
In its first full year of operations (FY2012), the Hotel achieved an occupancy level of 63% as compared to 79% for its competitive set and derived an average room rate of £380 (competitive set: £562). The Hotel is expected to significantly improve its occupancy penetration and average room rate in the coming years, thereby narrowing the gap in relation to its competitive set of hotels.

3.1.10 Aggregate Hotel Revenue and Operating Profit

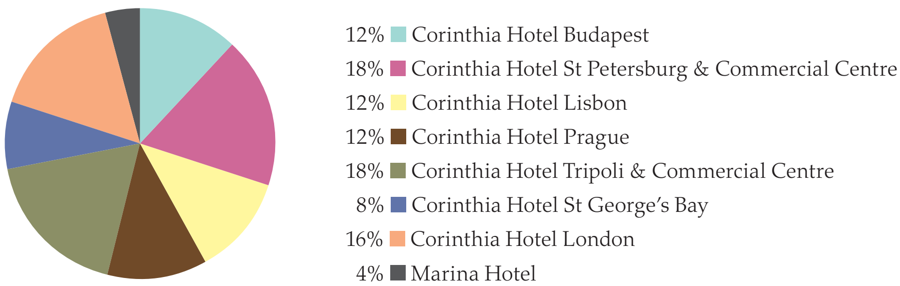
Revenue geographic distribution

The charts below depict total revenue generated by each hotel as a percentage of aggregate hotel revenue generated by the Group's hotels. In the case of Corinthia Hotel London the amount included for each year is 50% of actual revenue, reflecting the 50% shareholding of IHI in the Hotel.

% of total revenue by hotel – FY2009



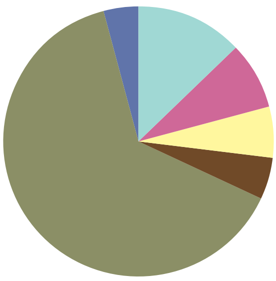
% of total revenue by hotel – FY2013



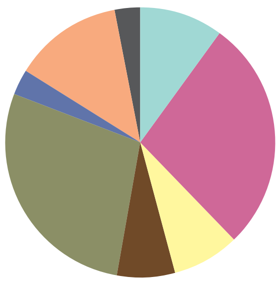
As illustrated above, the Corinthia Hotel Tripoli was, in FY2009, a major contributor to total hotel revenue (39%). However, in subsequent years, events in Libya caused a material decrease in the Hotel's operating activity which resulted in a decline in its share of Group revenue. IHI's reliance on the Corinthia Hotel Tripoli decreased further in FY2011 and FY2012 with the launch of the Corinthia Hotel London and the acquisition Marina Hotel respectively. After taking into account both factors, it is anticipated that in FY2013 revenue achieved at the Corinthia Hotel Tripoli will make up 18.5% of aggregate hotel revenue. Corinthia Hotel St Petersburg and Corinthia Hotel London are expected to register 18% and 16% respectively of total hotel revenue, and three Corinthia Hotels (Budapest, Lisbon and Prague) should each achieve 12% of aggregate Group revenue.

Operating profit geographic distribution

% of total operating profit by hotel – FY2009



% of total operating profit by hotel – FY2013



The above charts show operating profit generated by each hotel as a percentage of the Group's hotel operating profit. The amounts relating to the Corinthia Hotel London are only 50% of the actual performance, reflecting the 50% shareholding of IHI in the Hotel.

FY2009 Group operating profit was influenced by the excellent performance and high profit margins achieved at the Corinthia Hotel Tripoli and its commercial centre, which accounted for 64% of the Group's operating profit. By FY2011, this Hotel's share of Group operating profit decreased to 33% due to the same reasons highlighted in the above narrative analysing "**% of total hotel revenue by hotel**". The Corinthia Hotel Tripoli is expected to remain a key contributor to operating profit, although to a lesser extent, as it is projected to generate 25% of aggregate operating profit in FY2013. Other main contributors in FY2013 are projected to be Corinthia Hotel St Petersburg (26%) and Corinthia Hotel London (15%), the latter being limited to 50% of projected figure which corresponds to the Group's ownership in this property.

3.2 MANAGEMENT COMPANY

CHI Limited (a fully-owned subsidiary of the Company) manages and operates a number of hotel properties, predominantly owned by IHI and Corinthia Palace Hotel Company Limited (the ultimate shareholder of the Corinthia Group). IHI acquired the shares of CHI in three tranches: a 20% shareholding was purchased 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 30% for an aggregate consideration of €250,000.

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

	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Turnover (€'000)	11,010	8,475	6,089	4,364	5,743
IHI Properties (€'000)	8,548	6,430	4,644	2,940	4,481
Other Properties (€'000)	2,462	2,045	1,445	1,424	1,262

Source: Management information

CHI's performance in FY2011 reflects the recovery in performance of most hotel operations following the deterioration in their operating results experienced during the global economic crisis in the past few years and civil unrest in Libya. Total fee revenue decreased by €1.4 million in FY2010 primarily due to the substantial decrease in occupancy and average room rates at the Corinthia Hotel Tripoli. In FY2011 most of the IHI properties registered improvements as compared to the previous year and as a result, total fee revenue received by CHI during the year increased to €6.1 million. Included in the turnover figure for FY2011 is revenue derived from Corinthia Hotel London which commenced operations in April 2011. On a like-for-like basis (that is, excluding Corinthia Hotel London which was still under construction in FY2010 and therefore was not operating during the year), turnover increased by 28% from €4.4 million in FY2010 to €5.6 million in FY2011.

In order to support CHI's sales and marketing team and improve its room reservation and distribution capabilities, in FY2010, IHI created its own global distribution system ('GDS') to enable direct bookings through the major GDS companies (Sabre, Apollo and Travelport) for all Corinthia branded hotels managed by CHI. To further optimise bookings through its GDS, IHI revamped its websites and implemented a new central reservation system. A main objective of management is to improve average room rates in its Hotels and its short term strategy is to replace low yielding bookings (primarily tour operator business) by higher yielding reservations channelled directly through its GDS. Bookings generated from Corinthia branded channels represented 9% of room revenue in FY2011 and increased to 19% in FY2012. CHI is projecting direct bookings as a percentage of total room revenue of 22% in FY2013.

In FY2012, total revenue increased by €2.4 million from €6.1 million in FY2011 to €8.5 million. This increase reflects the revenue from the first full year of operation of the Corinthia Hotel London, which contributed €2.2 million to income generated by CHI. Other factors included the positive performance of most of the properties managed by CHI, in particular, Corinthia Hotel St Petersburg (+€0.6 million) and Corinthia Hotel Tripoli (+€0.5 million).

CHI is expecting the hotel properties to continue to improve on their respective FY2012 performance in the current financial year and it is estimated that turnover will increase by 30% to €11.0 million. The main contributors to this positive trend are expected to be Corinthia Hotel London, Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg.

3.3 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 the Group.

IHI has a 75% equity participation in IHI Benghazi Limited, a company set up to acquire a derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya. IHI however plans to reduce its current shareholding to 55% prior to commencement of the project. IHI Benghazi Limited will eventually develop a mixed-use project consisting of a 250-room five-star hotel, 30 apartments and, retail and office space. The funding of the project will be sourced from a combination of an equity injection by the shareholders and appropriate bank financing.

IHI owns 25% of the share capital of Medina Tower Joint Stock Company and has to date injected an aggregate amount of €13 million in the company as its equity participation. Its principal activity is to develop the 40-storey high-rise Medina Tower on 11,000 square metres of land in Tripoli, Libya. The project will comprise 336 residential apartments, office and retail space, and will overlook the city centre and the seashore. Preliminary works relating to the Medina Tower are at an advanced stage and development is set to commence during the current financial year which should take *circa* 48 months thereafter to complete. IHI is committed to contribute a further €18.5 million over the coming years as part of its equity participation in the project.

IHI owns 20% of QPM Limited, which specialises in construction and the provision of project management services both locally and overseas. QPM Limited established an office in London in July 2011 and is responsible for the development of the Medina Tower and Benghazi project.

PART 2

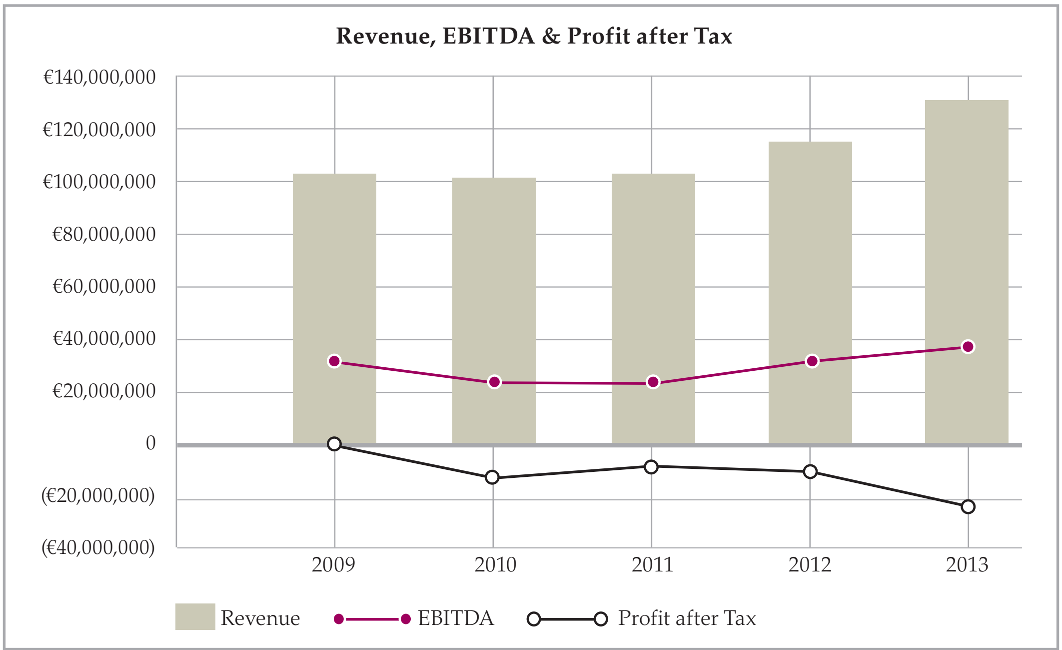
4. GROUP PERFORMANCE REVIEW

4.1 INCOME STATEMENT

The following financial information is extracted from the audited consolidated financial statements of IHI for the four years ended 31 December 2009, 31 December 2010, 31 December 2011 and 31 December 2012. The financial information for the year ending 31 December 2013 has been provided by management of the Company. **The projected financial statements relate to events in the future and are based on assumptions which the Company 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.**

IHI Group Income Statement (€'000)	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Revenue	126,469	118,567	104,223	101,843	103,320
Direct costs	(65,668)	(63,554)	(53,863)	(52,509)	(48,184)
Gross profit	**60,801**	**55,013**	**50,360**	**49,334**	**55,136**
Other operating costs	(26,605)	(27,288)	(27,982)	(26,473)	(23,511)
EBITDA [1]	**34,196**	**27,725**	**22,378**	**22,861**	**31,625**
Depreciation and amortisation	(23,773)	(24,208)	(24,429)	(24,730)	(24,779)
Increase in fair value of investment property	-	4,154	5,448	2,746	12,064
Net impairment of hotel properties	-	(7,796)	(2,497)	2,400	(22,334)
Results from operating activities	**10,423**	**(125)**	**900**	**3,277**	**(3,424)**
Share of profit from equity accounted investments	(21,612)	4,970	1,155	(546)	14,483
Net finance costs	(15,997)	(16,783)	(13,899)	(14,027)	(10,519)
Net fair value loss on interest rate swaps	1,866	1,009	432	216	(1,604)
Movement in reimbursement assets	-	(454)	(399)	(340)	(505)
Loss before tax	**(25,320)**	**(11,383)**	**(11,811)**	**(11,420)**	**(1,569)**
Taxation	4,144	950	1,079	(1,651)	(47)
Loss after tax	**(21,176)**	**(10,433)**	**(10,732)**	**(13,071)**	**(1,616)**

[1] EBITDA – Earnings before interest, tax, depreciation and amortisation



The key accounting ratios are set out below:

	FY2013	FY2012	FY2011	FY2010	FY2009
Gross profit margin *(Gross profit/revenue)*	48%	46%	48%	48%	53%
Operating profit margin *(EBITDA/revenue)*	27%	23%	21%	22%	31%
Interest cover (times) *(EBITDA/net finance cost)*	2.1	1.7	1.6	1.6	3.0
Net profit margin *(Profit after tax/revenue)*	-17%	-9%	-10%	-13%	-2%
Earnings per share (€) [1] *(Profit after tax/number of shares)*	-0.04	-0.02	-0.02	-0.02	-
Return on equity *(Profit after tax/shareholders' equity)*	-4%	-2%	-2%	-2%	-
Return on capital employed *(Operating profit/total assets less current liabilities)*	4%	3%	2%	2%	3%
Return on assets *(Profit after tax/total assets)*	-2%	-1%	-1%	-1%	-

[1] *Earnings per share calculation set out above has been based on the current number of shares in issue of the Company of 554,238,573 shares of €1 each.*

Source: Charts Investment Management Service Limited

IHI's revenue for FY2009 amounted to €103.3 million, reflecting a decrease of €24.6 million on the turnover level registered in FY2008. The 19.3% decrease in revenue was mainly due to lower occupancies and lower average room rates achieved in the hotel properties located in Central Europe, namely Corinthia Hotel Prague, Corinthia Hotel Budapest and Corinthia Hotel St Petersburg. According to a report published by STR Global, the average drop in occupancy and average room rate in 2009 in Central Europe was of 13.7% and 25.1% respectively, resulting in a reduction in revenue per available room of 35.4%. It is evident that the continued positive performance of the Corinthia Hotel Tripoli mitigated the impact of the European recession on IHI's Central European hotels, thereby limiting the overall reduction in turnover of the Group. As to EBITDA, a number of cost saving measures were implemented in FY2009 and by year end IHI managed to reduce operating costs by €12.91 million when compared to FY2008.

The valuations of some of the Group's hotel properties, mostly those in Central Europe, were negatively affected in FY2009 by the results achieved in that year. The impairments were however off-set by the uplifts in values of the Group's properties located in the United Kingdom, Russia and Libya. The final effect of these adjustments was a net revaluation uplift of €4.2 million (increase in fair value of investment property: +€12.1 million, net impairment of hotel properties: -€22.3 million, share of profit from equity accounted investments: +€14.4 million).

In FY2010, the Group's activities were hampered by the continued difficult business environment and the introduction of austerity measures in the Group's feeder markets. Revenue for the year remained substantially on the same level as that of the previous year, but was principally affected by increases registered at Corinthia Hotel Lisbon (€3.6 million) and Corinthia Hotel St Petersburg (€3.9 million), and a decrease at Corinthia Hotel Tripoli (€8.5 million). The performance of the Corinthia Hotel Tripoli was negatively impacted by visa restrictions enforced during the year, increased competition and a general slowdown in business. As a result, EBITDA decreased by €8.7 million from €31.6 million in FY2009 to €22.9 million in FY2010.

The increase of €2.7 million in the fair value of investment properties in FY2010 was mainly attributable to the commercial centre in St Petersburg. The improvement in the results and the business outlook of the Lisbon hotel also enabled IHI to recognise a reversal of an impairment charge of €2.4 million taken on this property in previous years.

During FY2011, the Corinthia Hotel Tripoli was affected by the conflict in Libya and revenues decreased by 35% (equivalent to €10.6 million). All the other Group hotel properties achieved increases in revenues amounting to €13.1 million, principally due to enhanced marketing by CHI, an increase in conference & events business in a number of Hotels and an increase in higher yielding room bookings registered through the Group's global distribution system which was launched in FY2010. For the second year, CHI continued to implement its strategy of replacing low yielding bookings generally derived through tour operators by higher yielding reservations through its GDS. Bookings generated from Corinthia branded channels represented 9% of room revenue in FY2011 (FY2010: 5.8%). The percentage increases in revenue over FY2010 were as follows: Corinthia Hotel St Petersburg (24%), Corinthia Hotel Lisbon and Corinthia Hotel Prague (18%), Corinthia Hotel Budapest (13%) and Corinthia Hotel St George's Bay (8%). In FY2011, expenses amounting to €1.8 million incurred during prior years in connection with the Company's possible listing on the London Stock Exchange were written off. Excluding these one-off costs, EBITDA for FY2011 would have totaled €24.2 million, a gain of 5.7% over FY2010.

The valuation of the Group's investment properties resulted in a net uplift of €5.5 million mainly through the increase in value of the commercial centre in St Petersburg. However, the valuation of the Group's hotel properties resulted in a net impairment of €2.5 million (Corinthia Hotel Prague: +€4.5 million, Corinthia Hotel Budapest: -€4.3 million, Corinthia Hotel St George's Bay: -€2.7 million). The share of profit of €1.2 million from equity accounted investments primarily related to IHI's 50% investment in Corinthia Hotel London and the adjoining apartments.

Results from the respective hotel operations in FY2012 have generally been positive. The Group financial statements for the year under review also reflect the acquisition of the Marina Hotel and the first full year of operation of the Corinthia Hotel London. Group revenue for FY2012 increased by €14.4 million (+14%) to €118.6 million when compared to FY2011 (€104.2 million). The main factors included the contribution from the Marina Hotel (+€6.6 million) and significant improvements at Corinthia Hotel St Petersburg (+23%) and Corinthia Hotel Tripoli (+18%). The remaining hotels registered broadly similar revenue as in FY2011, except for Corinthia Hotel Lisbon which showed a decrease in income of 13% from €18.7 million in FY2011 to €16.2 million in FY2012. Countries such as Portugal and Hungary have been severely affected by the adverse economic situation in several of the feeder markets, increased competition, and a decline in consumer spending.

In FY2012, gross operating profit improved at Corinthia Hotel St Petersburg (43%), Corinthia Hotel Tripoli (5%) and Corinthia Hotel St George's Bay (7%). At Corinthia Hotel Tripoli, operating costs increased proportionately more than the growth in revenue and therefore, gross operating profit was relatively disappointing. Overall, Group EBITDA for FY2012 increased by €5.35 million to €27.7 million, which also benefited from the initial year of the Marina Hotel within the Group (+€1.4 million).

During the year under review net property revaluation adjustments, through the income statement and comprehensive income statement, amounted to a positive balance of €3.9 million (FY2011: -€15.1 million). The fair value of the Commercial Centre in St Petersburg was increased by €4.2 million (FY2011: -€5.6 million) on account of growth in lease income streams. This uplift was offset by impairments totaling €18.7 million (FY2011: €15.2 million) in the valuation of the hotel properties, mainly, Corinthia Hotel Lisbon (€6.4 million), Corinthia Hotel Budapest (€3.0 million) and Corinthia Hotel St Petersburg (€10.9 million). The impairments resulted from an oversupply of hotel rooms in the respective markets and increased competition which has restricted improvements in both occupancy rate and average room rate, and in the case of the former two hotels the respective countries' economic situation and associated risks. On the other hand, there has been a positive uplift in the value of the 50% share in the Corinthia London hotel property of €18.5 million (FY2011: -€5.4 million).

The Corinthia Hotel London registered an operating profit of €9.59 million in FY2012, which is a significant improvement to the operating loss of €5.54 million incurred in FY2011. However, this positive performance was more than offset by substantial charges of depreciation and finance costs. Since the hotel is 50% owned by the Group, its results are included in the income statement as share of profit from equity accounted investments. In this line item the operating results have been netted with an uplift in the value of the 12 apartments amounting to €31.9 million (FY2011: €37.6 million).

The Group is projecting that during the financial year ending 31 December 2013 revenue should increase by 14% from €118.6 million in FY2012 to €126.5 million in FY2013. The principal contributors are expected to be Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg. As to the former Hotel, turnover is projected to increase by 10% to €18.2 million in FY2013. Although positive, the forecast for FY2013 is still 44% short of revenue achieved by the Hotel in FY2009. The Corinthia Hotel St Petersburg is expected to continue its progression as occupancy increases from the current 52% level to 54% and RevPAR improves by 15% from €84 achieved in FY2012 to €97 in FY2013. Furthermore, revenue at the Commercial Centre is projected to increase from €2.5 million in FY2012 to €4.4 million in FY2013. The forecasted increase in rental income relates mainly to signed tenants that will commence their respective activity at the Centre during the current financial year.

Group EBITDA is projected to increase by 23% in FY2013 (FY2009 – FY2012: -12%). Over the forecasted period, gross operating profit is expected to increase mainly at Corinthia Hotel St Petersburg (15%), Corinthia Hotel Prague (20%), Corinthia Hotel Tripoli (16%) and Corinthia Hotel Lisbon (16%).

The disposal of 12 apartments adjacent to the Corinthia Hotel London, of which IHI has a 50% stake, is expected to take place in FY2013. "Share of profit from equity accounted investments" in the consolidated financial statements of the Group for FY2013 is projected to amount to -€21.6 million, which includes: IHI's share of operational results of the Corinthia Hotel London; and a downward adjustment in the estimated disposal value of the apartments. During FY2013, the Hotel is forecasted to continue improving its occupancy level and RevPAR. As a result, revenue for FY2013 is estimated at £45.7 million (FY2012: £38.4 million) and gross operating profit before incentive fees should amount to £14.2 million (FY2012: £7.8 million).

The projections as presented in this document assume that the carrying values of hotel properties will remain constant in FY2013, and therefore no adjustment has been made as to possible impairment or uplift of assets that may be booked and which will materially affect the consolidated income statement.

Subsequent to the sale of the London apartments, the Group plans to sell other non-hotel assets and will initiate the process in the latter half of FY2013 to dispose of the commercial centre in St Petersburg which includes 12,507m^2 of retail and commercial office areas.

4.2 CASH FLOW STATEMENT

IHI Group Cash Flow Statement (€'000)	FY2013 Forecast	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual
Net cash from operating activities	53,437	30,145	14,430	19,020	26,810
Net cash from investing activities	(5,520)	(21,187)	(10,275)	(23,787)	(59,680)
Net cash from financing activities	(39,155)	(23,837)	(3,163)	(18,237)	11,227
Net movement in cash and cash equivalents	**8,762**	**(14,879)**	**992**	**(23,004)**	**(21,643)**
Cash and cash equivalents at beginning of year	11,363	26,242	25,250	48,254	69,897
Cash and cash equivalents at end of year	**20,125**	**11,363**	**26,242**	**25,250**	**48,254**

Net cash from operating activities in FY2010 and FY2011 was negatively affected by a significant reduction in business as detailed above. Furthermore, amounts receivable at Corinthia Hotel Tripoli increased significantly mainly due to delays in receipts from debtors, which was partly mitigated by extended credit periods taken by the Group to settle trade payables. Such factors contributed to a decrease in FY2011 of €12.4 million in net cash inflows to €14.4 million as compared to €26.8 million in FY2009. Net cash from operating activities recovered in FY2012 by €15.7 million to €30.1 million, primarily due to an improvement in working capital management. Cash inflows in FY2013 are expected to increase substantially as operating performance at most hotels continues to improve, rental income from the Commercial Centre in St Petersburg increases and the disposal of the London apartments takes place.

Cash used in investing activities of €59.7 million in FY2009 principally related to the completion of the redevelopment of the Corinthia Hotel St Petersburg and the adjoining commercial centre, and the investment in NLI Holdings Ltd (Corinthia Hotel London) for €35.9 million. In FY2010 IHI acquired the Corinthia brand for €19.6 million and utilised €3.9 million for a 25% equity injection in the Medina Tower project. No significant investment was effected by IHI in FY2011 particularly due to the decrease in cash inflows from operating activities. During FY2012 the Group settled the outstanding amount of €4.3 million due to CPHCL in relation to the acquisition of the Marina Hotel and contributed €9.1 million towards the Medina Tower project. As to the latter project, a further €8.5 million cash injection is projected to take place in FY2014. It is estimated that the Benghazi project would have commenced by FY2014 and an amount of *circa* €26.3 million is budgeted for initiation of the project and civil works.

As to financing activities, the Group listed a €35 million bond on the Malta Stock Exchange in FY2009 and obtained a new €10 million corporate loan also in that year. In FY2010, IHI issued a €25 million bond and entered into a new loan of €25.5 million. During that year, the Company redeemed the remaining balance on its convertible bond of €11.6 million. Loans to NLI Holdings Ltd were increased by €42.3 million over the 3 year period FY2010 – FY2012, and a loan to CPHCL amounting to €11.5 million was advanced in FY2011 which was subsequently paid in FY2012. IHI raised a further loan of €50 million in FY2011 and withdrew €5 million from an existing facility. In FY2012 a further €14.5 million in bank financing was withdrawn. Debt service requirements for the period FY2009 to FY2012 amounted to €125 million. During the year under review, €22.1 million in bonds were redeemed and a new bond amounting to €20 million was successfully raised. Furthermore, an amount of €2.2 million was transferred to an account administration by a trustee for the redemption of outstanding bonds. The principal movements in financing activities expected in FY2013 include the partial repayment of loans advanced to NLI Holdings Ltd and CPHCL totalling €23.5 million, the injection of €0.8 million from the minority shareholder involved in the Benghazi project and the distribution of a dividend to equity shareholders of €11.1 million. Interest payments during the current year are expected to amount to €16.1 million.

4.3 BALANCE SHEET

IHI Group Balance Sheet (€'000)	31 Dec '13 Forecast	31 Dec '12 Actual	31 Dec '11 Actual	31 Dec '10 Actual	31 Dec '09 Actual
Assets					
Non-current					
Intangible assets	44,929	46,095	47,415	48,016	29,366
Reimbursement assets	23,449	23,449	22,432	22,831	23,171
Investment properties	191,393	191,393	187,239	181,705	178,876
Property, plant and equipment	537,902	555,482	565,568	599,713	636,216
Investments accounted for using the equity method	145,830	167,441	132,867	135,694	93,584
Loan receivable	5,950	43,450	29,450	6,971	-
Cash held by trustee	5,937	2,223	-	-	-
	955,390	1,029,533	984,971	994,930	961,213
Current					
Inventories	5,481	5,294	5,382	5,185	5,201
Loan receivable	-	-	11,500	-	-
Trade and other receivables	19,459	36,997	36,561	25,803	20,521
Taxation	23	436	407	669	359
Cash and cash equivalents	23,013	16,423	28,008	26,675	50,386
	47,976	59,150	81,858	58,332	76,467
Total assets	**1,003,366**	**1,088,683**	**1,066,829**	**1,053,262**	**1,037,680**

Intangible assets as at 31 December 2012 amounted to €46.1 million and included (i) goodwill on the purchase of CHI with a carrying value of €9.7 million; (ii) the Corinthia brand of €19.6 million; and (iii) the website development costs and the value attributable to CHI's management agreements with a carrying value of €16.8 million.

Reimbursement assets represent any tax that may become reimbursable by CPHCL in relation to the transfer of shares of IHI Towers s.r.o. (Corinthia Hotel Prague) and Corinthia Tripoli Towers Ltd (Corinthia Hotel Tripoli) to IHI in 2007, and the transfer of shares of Marina San Gorg Limited to IHI in 2012, but which was deferred. This tax will only become due in the eventuality that IHI sells its shares in these companies or properties to unrelated third parties. Investment properties include commercial centres in Tripoli and St Petersburg and apartments in Lisbon. The carrying values as at 31 December 2012 were: (i) Commercial Centre Tripoli: €73.4 million; (ii) vacant plot of land Tripoli: €28.8 million; (iii) Commercial Centre St Petersburg: €87 million; and (iv) apartment block in Lisbon: €1.2 million. At 31 December 2012, the fair value of the Commercial Centre in St Petersburg was increased by €4.2 million. All other valuations remained broadly unchanged.

Property, plant and equipment principally consist of the hotel properties, the aggregate value of which decreased by €80.7 million between 31 December 2009 and 31 December 2012 mainly due to depreciation charges and impairments, net of the assets of Marina Hotel acquired in FY2012 amounting to €23 million.

Investments accounted for using the equity method include investments in associated companies, namely NLI Holdings Limited (Corinthia Hotel London) and Medina Towers J.S.C. In 2009, IHI increased its shareholding in NLI Holdings Limited from 33.3% to 50% at a total cost of €35.9 million. The value of this investment was increased further through a €14.5 million uplift in value of the residential development and another uplift of €38.3 million in the value of the hotel property in 2009 and 2010 respectively. During the financial year ended 31 December 2010, IHI acquired a 25% stake in Medina Towers S.J.C. for a total consideration of €3.9 million. In FY2012, the Group invested a further €9.1 million in Medina Towers. Further investment in Medina Towers is expected to take place during FY2014 with the injection of further equity amounting to €8.5 million.

Loan receivable comprises amounts advanced to NLI Holdings Ltd which as at 31 December 2012 amounted to €43.5 million (2011: €29.5 million). The loan is unsecured, bears interest at 3% and is subordinated to bank borrowings. Amounts advanced to NLI Holdings Ltd are expected to be partially repaid during FY2013 once the disposal of the 12 London apartments is completed, leaving an outstanding balance of €6 million.

Current assets are principally made up of working capital assets including: (i) inventories of food and beverage, consumables, room supplies and maintenance stocks; and (ii) amounts receivable from tour operators, corporate customers and credit card companies. Corinthia Hotel Tripoli experienced a material increase in trade receivables during the Libyan conflict in FY2011, which were settled during FY2012. As at 31 December 2012 the largest debtor balance amounted to €17.0 million owed by the parent company and other related companies. The current loan receivable of €11.5 million was issued to CPHCL in FY2011 and was fully repaid in FY2012.

IHI Group Balance Sheet (*cont.*) (€'000)	**31 Dec '13 Forecast**	**31 Dec '12 Actual**	**31 Dec '11 Actual**	**31 Dec '10 Actual**	**31 Dec '09 Actual**
Equity and liabilities					
EQUITY					
Called up share capital	554,239	554,238	554,238	554,238	553,225
Reserves and other equity components	63,842	63,842	56,628	76,280	59,969
Retained earnings	(50,088)	(17,824)	(14,171)	(10,027)	2,157
Minority interest	808	-	5,920	6,254	7,394
	568,801	**600,256**	**602,615**	**626,745**	**622,745**
LIABILITIES					
Non-current					
Borrowings and bonds	274,617	312,995	300,413	265,012	228,763
Other non-current liabilities	91,092	97,390	98,706	104,117	110,824
	365,709	410,385	399,119	369,129	339,587
Current					
Borrowings and bonds	24,927	32,976	25,782	21,308	45,607
Other non-current liabilities	43,929	45,066	39,313	36,080	29,741
	68,856	78,042	65,095	57,388	75,348
	434,565	**488,427**	**464,214**	**426,517**	**414,935**
Total equity and liabilities	**1,003,366**	**1,088,683**	**1,066,829**	**1,053,262**	**1,037,680**

The key accounting ratios are set out below:

	31 Dec '13 Forecast	31 Dec '12 Actual	31 Dec '11 Actual	31 Dec '10 Actual	31 Dec '09 Actual
Net assets per share (€) [1]	1.03	1.08	1.08	1.12	1.11
(Net asset value/number of shares)					
Liquidity ratio (times)	0.70	0.76	1.26	1.02	1.01
(Current assets/current liabilities)					
Gearing ratio	53%	58%	55%	46%	45%
(Total debt/shareholders' equity)					

[1] *Net assets per share calculation set out above has been based on the current number of shares in issue of the Company of 554,238,573 shares of €1 each.*

Source: Charts Investment Management Service Limited

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

IHI Group Borrowings and Bonds (€'000)	31 Dec '13 Forecast	31 Dec '12 Actual	31 Dec '11 Actual	31 Dec '10 Actual	31 Dec '09 Actual
Bank borrowings					
Corinthia Hotel St George's Bay	2,131	2,968	3,760	4,512	5,228
Corinthia Hotel Budapest	31,383	33,396	35,283	37,047	38,706
Corinthia Hotel St Petersburg	53,470	49,095	49,995	-	13,687
Corinthia Hotel Lisbon	33,352	35,722	37,220	39,029	40,496
Corinthia Hotel Tripoli	42,000	51,500	52,000	48,250	32,750
Corinthia Hotel Prague	33,018	40,126	42,162	44,131	46,035
Marina Hotel	834	1,112			
IHI p.l.c.	6,700	13,300	9,900	12,333	14,766
Bank overdrafts	2,888	5,060	1,767	1,425	2,132
	205,776	**232,279**	**232,087**	**186,727**	**193,800**
Bonds					
5% Convertible Bonds 2010					11,493
6.3% Bonds 2013	-	4,054	13,966	13,924	13,885
6.2% - 6.8% Bonds 2013	-	1,690	8,070	8,079	8,082
6.5% Bonds 2012 - 2014	12,495	12,475	12,456	12,438	12,422
6.25% Bonds 2015 - 2019	34,678	34,600	34,527	34,459	34,395
6.25% Bonds 2017 - 2020	24,759	24,711	24,667	24,626	
5.8% Bonds 2021	19,600	19,557			
	91,532	**97,087**	**93,686**	**93,526**	**80,277**
Other interest bearing borrowings					
Parent company	2,089	16,089	-	5,684	-
Related companies	147	516	422	381	293
	2,236	**16,605**	**422**	**6,067**	**293**
Total borrowings and bonds	**299,544**	**345,971**	**326,195**	**286,320**	**274,370**

4.4 SINKING FUND

In terms of the Prospectuses of each of the bonds detailed hereunder, the Company is 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 minimum amounts to be paid by the Company for the purpose of building up each of the three sinking funds.

Contributions to Sinking Fund	31 Dec '13 (€'000)	31 Dec '12 (€'000)	31 Dec '11 (€'000)
€35 million 6.25% Bonds 2015 - 2019	2,188	2,137	50
€25 million 6.25% Bonds 2017 - 2020	1,526	36	-
€20 million 5.80% Bonds 2021[1]			
	3,714	**2,173**	**50**

[1] *The contributions to the sinking fund will commence as from 31 December 2015.*

As at 31 December 2012, the balance of €2,223,000 was held in an account administered by a trustee for the repayment of above bonds on maturity.

4.5 RELATED PARTY LISTED DEBT

Corinthia Palace Hotel Company Limited ("**CPHCL**") is the parent company and owns 58.78% 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
MT0000101239	40,000,000	6.25% Corinthia Finance p.l.c. 2016 – 2019	EUR
MT0000101254	7,500,000	6.00% Corinthia Finance p.l.c. 2019 – 2022	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
MT0000371212	14,757,659	7.50% MIH 2012 - 2014	EUR
MT0000371220	19,649,600	7.50% MIH 2015	EUR
MT0000371238	28,519,400	7.15% MIH 2015 - 2017	EUR
MT0000371246	4,351,100	7.15% MIH 2015 - 2017	GBP
MT0000371253	7,120,300	7.15% MIH 2015 - 2017	USD

Source: Malta Stock Exchange

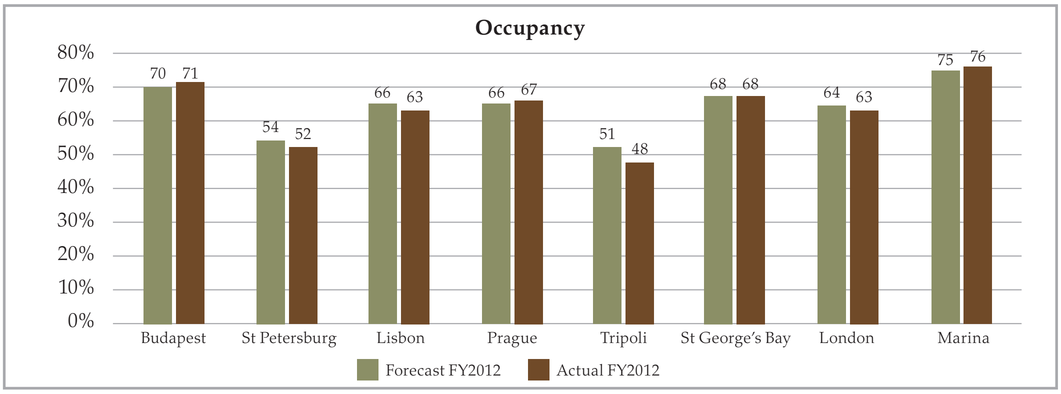
PART 3

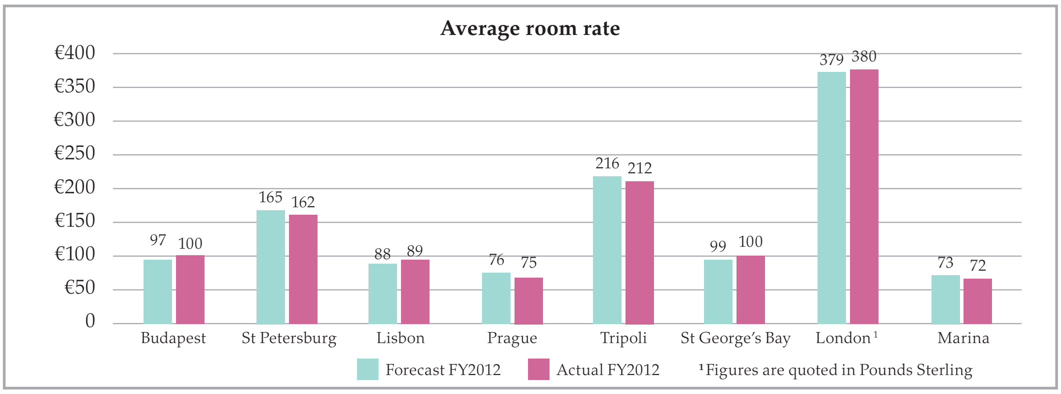
5. REVIEW OF PROJECTIONS INCLUDED IN 2012 FINANCIAL ANALYSIS SUMMARY

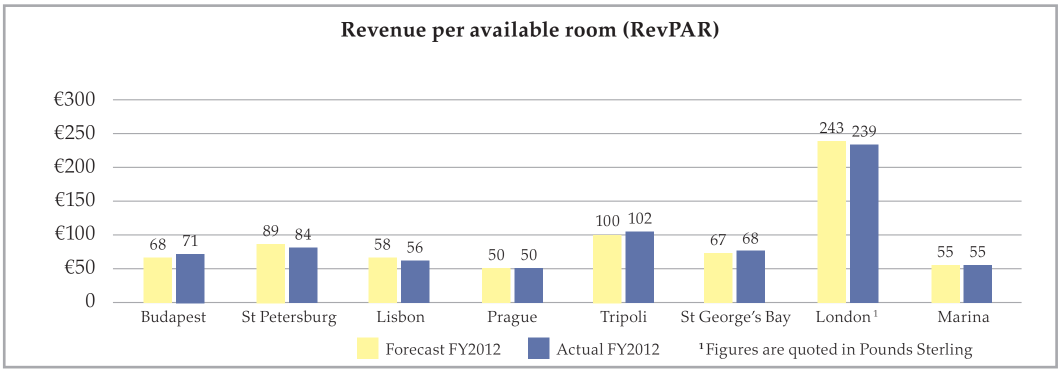
Key Performance Indicators (FY2012)
The actual key performance indicators for FY2012 ("**Actual FY2012**") for most of the Group's properties were broadly in line with those forecasted in the Financial Analysis Summary dated 16 November 2012 ("**Forecast FY2012**").

Of significance, Corinthia Hotel St Petersburg and Corinthia Hotel Tripoli registered declines in both occupancy rate and average room rate. In the case of the former, the lower performance primarily reflects the significant competition in its market and the oversupply of hotel rooms.

As to Corinthia Hotel Tripoli, there is still some degree of uncertainty in Libya which is preventing foreign businesses from recommencing their respective activities in the country. This has negatively impacted the recovery in the hotel's performance to pre-FY2011 level.







Operational Performance Variance Analysis (FY2012)

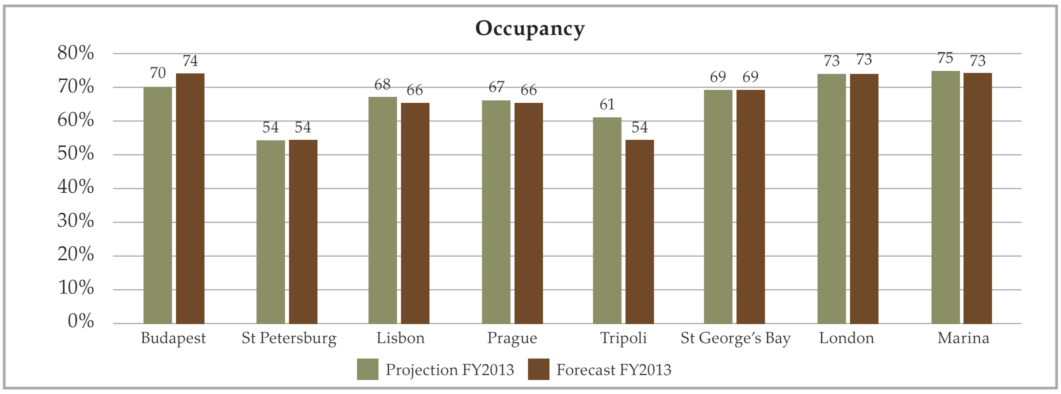
	Revenue				Gross operating profit before incentive fees			
Corinthia Hotel	FY2012 Forecast	FY2012 Actual	Variance	Variance	FY2012 Forecast	FY2012 Actual	Variance	Variance
Budapest (€'000s)	17,210	18,069	859	5.0%	5,033	5,503	470	9.3%
St Petersburg (€'000s)	18,363	17,645	(718)	-3.9%	7,402	6,775	(627)	-8.5%
St Petersburg C. Centre (€'000s)	2,236	2,459	223	10.0%	2,236	2,459	223	10.0%
Lisbon (€'000s)	16,689	16,187	(502)	-3.0%	3,654	3,565	(89)	-2.4%
Prague (€'000s)	16,691	16,611	(80)	-0.5%	3,586	3,066	(520)	-14.5%
Tripoli (€'000s)	17,274	16,526	(748)	-4.3%	5,790	4,917	(873)	-15.1%
Tripoli C. Centre (€'000s)	6,203	6,263	60	1.0%	6,203	6,263	60	1.0%
St George's Bay (€'000s)	11,128	11,196	68	0.6%	1,698	1,518	(180)	-10.6%
London (£'000s)	39,113	38,424	(689)	-1.8%	8,475	7,820	(655)	-7.7%
Marina Hotel (€'000s)	6,438	6,655	217	3.4%	1,485	1,446	(39)	-2.6%

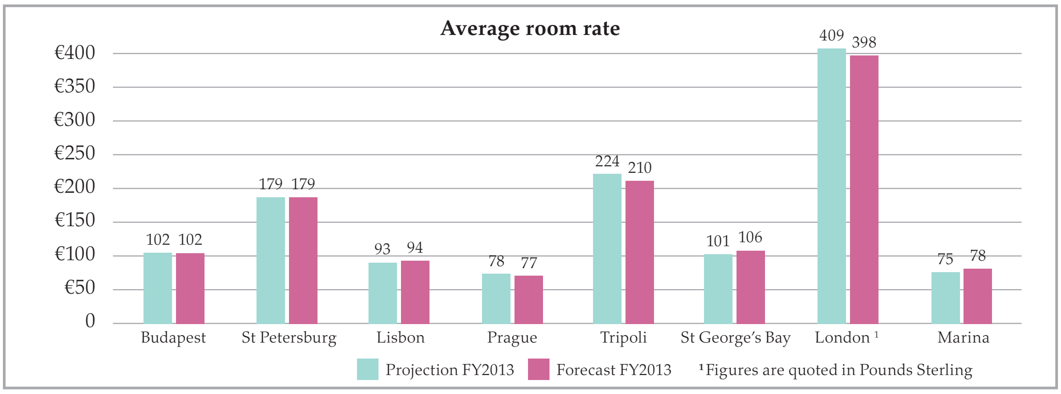
The table above compares revenue and gross operating profit for FY2012 as forecasted in the Financial Analysis Summary dated 16 November 2012 to the actual results. Corinthia Hotel St Petersburg, Corinthia Hotel Lisbon and Corinthia Hotel Tripoli registered lower revenue than projected, totaling €1.97 million, which was partly compensated for by an aggregate increase of €1.30 million at Corinthia Hotel Budapest, Marina Hotel and St Petersburg Commercial Centre. Revenue for FY2012 at Corinthia Hotel London was lower than expected by £689,000 (-1.8%).

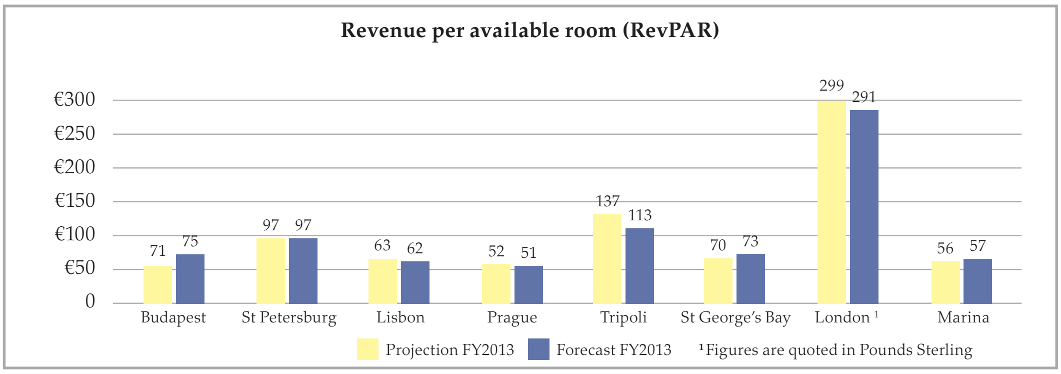
In terms of gross operating profit, the FY2012 forecast underestimated the extent of the economic slowdown prevalent in the European countries in which the Group operates and the intense competition as a result of an oversupply of hotel rooms in the respective markets. In addition, external competition from countries such as Greece and Spain, that are trying to attract corporate business and conference & events business through price reduction strategies, has also negatively impacted performance of hotels. At Corinthia Hotel Tripoli, the recovery to stabilised operations was slower than expected which resulted in a decrease of 15% in gross operating profit when compared to FY2012 forecast. Overall, all the Corinthia hotels, except for Corinthia Hotel Budapest, registered lower than projected gross operating profit before incentive fees for FY2012 of €2.33 million. Due to the fact that Corinthia Hotel London is in its initial years of operation, management has increased its efforts to achieving occupancy penetration in line with its competitive set whilst forgoing market average room rates, which had a negative impact on gross operating profit in FY2012. In the year under review, gross operating profit at Corinthia Hotel London was lower by £655,000 when compared to the FY2012 forecast.

Key Performance Indicators (FY2013)
The charts below illustrate key performance indicators of the Group hotels for FY2013, and provide a comparison between the projected FY2013 indicators ("**Projection FY2013**") as included in the Financial Analysis Summary dated 16 November 2012 and the forecast for FY2013 ("**Forecast FY2013**") included in this Report.

Other than Corinthia Hotel Tripoli, the performance indicators for FY2013 of the Corinthia Hotels have substantially been reconfirmed by management. As for Corinthia Hotel Tripoli, it is evident that the unrest in Libya is still ongoing and hence it will take a longer time for the hotel performance to reach pre-2011 levels. Management has decreased occupancy from 61% to 54% and lowered average room rate by 6% to €210, resulting in a RevPAR of €113 (-17.5%).







Operational Performance Variance Analysis (FY2013)

	Revenue				Gross operating profit before incentive fees			
Corinthia Hotel	FY2013 Projection	FY2013 Forecast	Variance	Variance	FY2013 Projection	FY2013 Forecast	Variance	Variance
Budapest (€'000s)	18,041	18,598	557	3.1%	5,572	5,351	(221)	-4.0%
St Petersburg (€'000s)	19,798	19,394	(404)	-2.0%	8,504	7,801	(703)	-8.3%
St Petersburg C. Centre (€'000s)	6,851	6,428	(423)	-6.2%	6,851	6,428	(423)	-6.2%
Lisbon (€'000s)	18,136	17,858	(278)	-1.5%	4,610	4,145	(465)	-10.1%
Prague (€'000s)	17,527	16,831	(696)	-4.0%	4,038	3,678	(360)	-8.9%
Tripoli (€'000s)	21,545	18,165	(3,380)	-15.7%	9,018	5,687	(3,331)	-36.9%
Tripoli C. Centre (€'000s)	6,203	6,263	60	1.0%	6,203	6,263	60	1.0%
St George's Bay (€'000s)	11,455	11,656	201	1.8%	1,800	1,640	(160)	-8.9%
London (£'000s)	47,348	45,730	(1,618)	-3.4%	14,562	14,190	(372)	-2.6%
Marina Hotel (€'000s)	6,629	6,821	192	2.9%	1,569	1,434	(135)	-8.6%

The table above compares revenue and gross operating profit for FY2013 as projected in the Financial Analysis Summary dated 16 November 2012 to the forecast included in this Report. From an initial review it is noted that the FY2013 revenue and gross operating profit for most of the hotels are considerably lower than figures included in the 2012 Financial Analysis Summary. In general, the global economic crisis has not abated and this has dampened market outlook. During this financial year the Corinthia Hotels will continue to face stiff competition, tighter margins and higher operating costs.

A downward adjustment has been made to projected revenue and gross operating profit of Corinthia Hotel Tripoli. Although the hotel will continue to recover in FY2013 from the lows sustained in FY2011, management has reduced the rate of progress from a projected occupancy rate of 61% to 54% for FY2013. This adjustment was required principally due to the lack of political stability in Libya, which has delayed the return of foreign businesses to the country. Coupled with a projected decrease in the average room rate, it will reduce gross operating profit for FY2013 by *circa* 37% (-€3.3 million).

Group Income Statement Variance Analysis (FY 2012 & FY2013)

IHI Group Income Statement (€'000)	Projection	FY2013 Forecast	Variance	Forecast	FY2012 Actual	Variance
Revenue	131,664	126,469	(5,195)	117,138	118,567	1,429
Direct costs	(58,610)	(65,668)	(7,058)	(56,082)	(63,554)	(7,472)
Gross profit	**73,054**	**60,801**	**(12,253)**	**61,056**	**55,013**	**(6,043)**
Other operating costs	(31,978)	(26,605)	5,373	(32,293)	(27,288)	5,005
EBITDA[1]	**41,076**	**34,196**	**(6,880)**	**28,763**	**27,725**	**(1,038)**
Depreciation and amortisation	(23,623)	(23,773)	(150)	(24,116)	(24,208)	(92)
Increase in fair value of investment property	-	-	-	-	4,154	4,154
Net impairment of hotel properties	-	-	-	-	(7,796)	(7,796)
Results from operating activities	**17,453**	**10,423**	**(7,030)**	**4,647**	**(125)**	**(4,772)**
Share of profit from equity accounted investments	17,390	(21,612)	(39,002)	(11,720)	4,970	16,690
Net finance costs	(15,545)	(15,997)	(452)	(15,257)	(16,783)	(1,526)
Net fair value loss on interest rate swaps	502	1,866	1,364	554	1,009	455
Movement in reimbursement assets	-	-	-	-	(454)	(454)
Profit/(loss) before tax	**19,800**	**(25,320)**	**(45,120)**	**(21,776)**	**(11,383)**	**10,393**
Taxation	(5,893)	4,144	10,037	4,076	950	(3,126)
Profit/(loss) after tax	**13,907**	**(21,176)**	**(35,083)**	**(17,700)**	**(10,433)**	**7,267**

[1]EBITDA – Earnings before interest, tax, depreciation and amortisation

As illustrated above, the actual revenue and EBITDA figures for FY2012 were broadly similar to the forecast, with a variance at EBITDA level of -€1.04 million. As for FY2013, the decrease in projected EBITDA of -€6.9 million reflects primarily the delay in an economic recovery in Europe and the lack of political stability in Libya. More information on said movements is provided in this section under the headings "**Key Performance Indicators**" and "**Operational Performance Variance Analysis**".

It is assumed in the above projected financials that the carrying values of hotel properties remain constant, and for this purpose no values are provided in the line items "Increase in fair value of investment property" and "Net impairment of hotel properties".

"Share of profit from equity accounted investments" in the Group income statement above mainly represents IHI's share of results of the Corinthia Hotel London and apartments. The aggregate variance (FY2012 and FY2013) amounts to -€22.3 million and includes: (i) the underperformance of the hotel as compared to management's expectations; and (ii) a downward adjustment in the estimated disposal value of the apartments.

PART 4

6. GLOBAL HOTEL COMPARABLES

The table and charts below highlight the financial performance of IHI's peer group as compared to the Company for the years ended 31 December 2009 to 31 December 2012.

At 31 Dec'12	Mkt Cap (m) (local) [1]	Hotel Portfolio	Countries Present	Owned or Leased [2]	EBITDA[3]/ Assets	EBITDA[3]/ Equity	Long Term Debt/Equity
InterContinental (£)	4,805	4,602	100	2%	21.70%	229.87%	339.61%
Accor (€)	6,002	3,516	92	43%	11.89%	32.58%	54.22%
Starwood ($)	13,010	1,134	100	5%	12.99%	36.69%	52.79%
Hyatt ($)	6,503	508	46	20%	6.70%	10.62%	25.49%
Rezidor (€)	443	338	56	20%	12.88%	32.34%	4.59%
Millennium & Copthorne (£)	1,774	110	20	57%	4.78%	7.48%	7.77%
IHI (€)	**499**	**12**	**9**	**67%**	**2.55%**	**4.62%**	**52.14%**

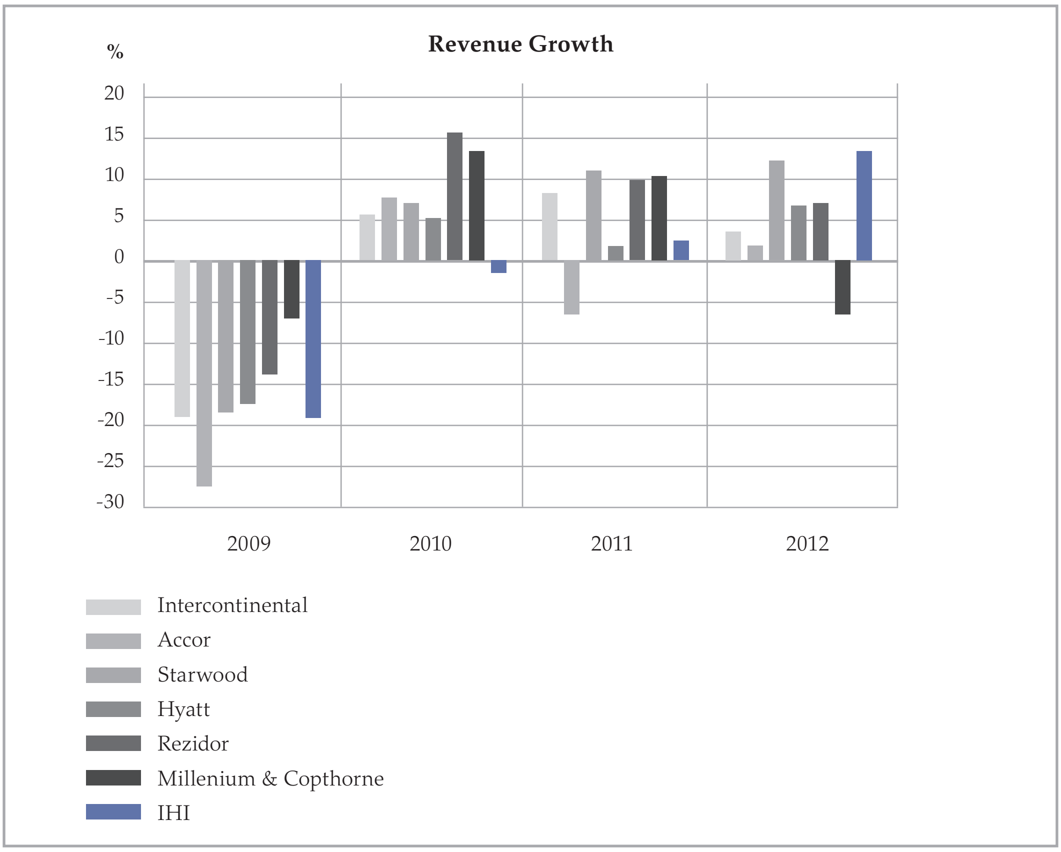
1 Market capitalisation as at date of Financial Analysis Summary.
2The remaining hotels are managed and/or under franchise agreements.
3 EBITDA – profit before interest, tax, depreciation and amortisation.

Source: Reuters Wealth Manager, Company information

The above table illustrates information on a group of international hotel operators listed on foreign stock exchanges, and similar data for IHI. Although the hotel operators in the peer group are much larger in terms of market capitalisation when compared to IHI, their hotels compete directly with IHI's hotels in cities in which both have a presence.

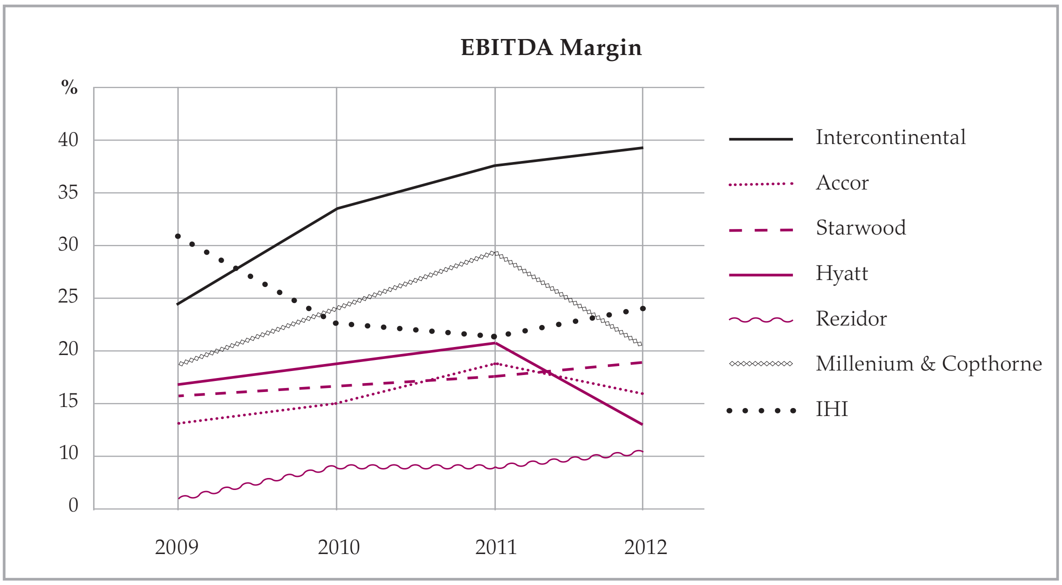
Operating cash profits generated by IHI in FY2012 as a percentage of total assets used in the business (EBITDA/ Assets) totalled 2.55% (FY2011: 2.11%), and the return to its equity shareholders (EBIDTA/Equity) was of 4.62% (FY2011: 3.75%). As indicated in other parts of this document, all hotels of IHI, other than Corinthia Hotel Tripoli, have been underperforming their respective competitive set for a number of years. The recent adverse results of Corinthia Hotel Tripoli are principally due to specific one-off events, and it is expected that as the country continues moving towards normality its performance should improve in the near term, albeit below its peak performance achieved in FY2007. The Group has implemented a strategy across its portfolio of hotels to further reduce low yielding room reservations in favour of higher yielding bookings, which should result in better performance of the hotels as compared to their respective competitive sets. Moreover, this strategy should improve Group operating profits in the coming years and enhance return to equity shareholders.

A common business strategy within the peer group emerges from analysing the above data. All the hotel operators own fewer hotels in relation to their respective hotel portfolios, when compared to IHI. It is possible that the peer group is generating higher returns by managing more hotels without actually owning the properties, and as a result, achieving operational efficiencies through economies of scale and increased profitability.



Source: Reuters Wealth Manager, Company information

The peer group, which is a broad reflection of the global hotel industry, was negatively affected by the economic and financial crisis which commenced in FY2008. As depicted in the chart entitled "**Revenue Growth**", all hotels registered negative growth in revenue in FY2009 ranging from -6.96% for Millennium & Copthorne to -27.70% for Accor. In the subsequent two financial years, all hotels within the peer group registered a recovery in revenue growth, except for IHI which was hampered by a decline in performance of the Corinthia Hotel Tripoli as a result of a decrease in business activity in Libya in FY2010 following the imposition of visa restrictions, and the Libyan conflict the year after. In FY2012, Group revenue improved considerably with an increase of 13.77% on previous year. The main contributors were the addition of the Marina Hotel to the Group portfolio (+€6.6 million) and the positive performance achieved at Corinthia Hotel St Petersburg (+15%) and Corinthia Hotel Tripoli (+20%).



Source: Reuters Wealth Manager, Company information

The above chart entitled "**EBITDA Margin**" emphasises the profitability at operational level of each hotel company within the peer group prior to other charges, including depreciation, interest payable, asset impairment and exceptional items. EBITDA margin is computed by dividing operating profit before depreciation by revenue. In FY2009, IHI managed to maintain a strong EBITDA margin of 31% principally due to the continued positive performance of the Corinthia Hotel Tripoli which mitigated the adverse impact of the European recession on IHI's Central European hotels. Further to the events in Libya, and the negative consequences on the performance of the Corinthia Hotel Tripoli, IHI's EBITDA margin decreased significantly to 22% in FY2010 and 21% in FY2011, but recovered to 23.38% in FY2012.

PART 5

7. EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including room reservations, food & beverage, rental of commercial space, management of hotel properties and other hotel services.
Direct costs	Direct costs include cost of food, beverages, consumables, labour expenses and all other direct expenses.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting depreciation & amortisation, financecosts, impairment provisions, share of profits from associate and affiliate companies and other operating costs.
Operating costs	Operating costs include all operating expenses other than direct costs and include selling & marketing and general & administration expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Fair value of investment property	Fair value of investment property is an accounting adjustment to change the book value of the Group's investment property to its estimated market value.
Impairment of hotel properties	Impairment of hotel properties is an accounting adjustment to change the book value of the Group's hotel properties to their estimated market value.
Share of profit from equity accounted investments	IHI owns minority stakes in a number of companies (less than 50% plus investments 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 swaps	An interest rate swap is a derivative instrument in which IHI swaps with another counter party flexible interest rate cash flows with fixed interest rate cash flows or vice versa. The fair value is an accounting adjustment to change the book value of the derivative to its estimated market value.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

Key Performance Indicators	
Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average room rate	Average room rate is calculated by dividing hotel room revenue by rooms sold. Hotels use this measure to calculate the average price at which they are booking 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.
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 allocates 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 purchased. 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.
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.
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 total debt by shareholders' equity.