INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

Approval of Financial Statements for 2013

The Board of Directors of International Hotel Investments p.l.c. has approved the Financial Statements for the year ended 31st December 2013.

A copy of the Preliminary Statement of Annual Results is attached and is available on the Company's website www.ihiplc.com.

Alfred Fabri
Company Secretary

23rd April 2014

22 Europa Centre – Floriana FRN 1400 – Malta – Tel (356) 21233141 – Fax (356) 21234219
e-mail: ihi@corinthia.com – www.ihiplc.com – Co. Reg. No: C26136

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2013

Condensed Income Statement

	2013 **€'000**	2012 €'000
Revenue	**123,734**	118,567
Direct costs	**(64,152)**	(63,554)
	59,582	55,013
Other operating costs	**(24,601)**	(27,288)
EBITDA	**34,981**	27,725
Depreciation and amortization	**(23,763)**	(24,208)
Increase in fair value of investment property	**571**	4,154
Net impairment reversal (losses) on hotel properties	**5,000**	(7,796)
Results from operating activities	**16,789**	(125)
Share of (loss) profit from equity accounted investments	**(5,788)**	4,970
Finance income	**1,276**	1,616
Finance costs	**(17,216)**	(18,399)
Net fair value gain on interest rate swaps	**1,789**	1,009
Movement in reimbursement asset	**(883)**	(454)
Loss before tax	**(4,033)**	(11,383)
Tax income	**4,299**	950
Profit (loss) for the year	**266**	(10,433)
Attributable to:		
Owners	**266**	(10,263)
Non-controlling interest	**-**	(170)
	266	(10,433)
Earnings per share	**0.00**	(0.02)

Condensed Statement of Comprehensive Income

	2013 **€'000**	2012 €'000
Profit (loss) for the year	**266**	(10,433)
Other comprehensive income:		
Impairment of hotel properties	**(8,200)**	(10,889)
Translation difference	**(1,580)**	1,270
Share of other comprehensive income of equity accounted investments	**41,616**	19,695
Income tax relating to components of other comprehensive income	**(5,867)**	(1,752)
Other comprehensive income for the year	**25,969**	8,324
Total comprehensive income (expense) for the year	**26,235**	(2,109)
Attributable to:		
Owners	**26,235**	(1,939)
Non-controlling interest	**-**	(170)
	26,235	(2,109)

Condensed Balance Sheet

	2013 **€'000**	2012 €'000
ASSETS		
Non-current	**1,042,268**	1,029,533
Current	**50,404**	59,150
Total assets	**1,092,672**	1,088,683
EQUITY		
Total equity	**626,491**	600,256
LIABILITIES		
Non-current	**390,061**	410,385
Current	**76,120**	78,042
Total liabilities	**466,181**	488,427
Total equity and liabilities	**1,092,672**	1,088,683

Condensed Cash Flow Statement

	2013 **€'000**	2012 €'000
Net cash from operating activities	**42,078**	30,145
Net cash used in investing activities	**(4,284)**	(21,187)
Net cash used in financing activities	**(43,666)**	(23,837)
Net decrease in cash and cash equivalents	**(5,872)**	(14,879)
Cash and cash equivalents at beginning of year	**11,363**	26,242
Cash and cash equivalents at end of year	**5,491**	11,363

Statement of Changes in Equity

	Share capital	**Revaluation reserve**	**Translation reserve**	**Reporting currency conversion difference**	**Accumulated losses**	**Other equity components**	**Total attributable to owners**	**Non-controlling interest**	**Total equity**
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2012	554,238	55,097	347	443	(14,171)	741	596,695	5,920	602,615
Loss for the year	-	-	-	-	(10,263)	-	(10,263)	(170)	(10,433)
Other comprehensive income	-	6,285	1,032	-	-	1,007	8,324	-	8,324
Total comprehensive expense	-	6,285	1,032	-	(10,263)	1,007	(1,939)	(170)	(2,109)
Transfer on acquisition of non-controlling interest	-	-	-	-	5,500	-	5,500	(5,750)	(250)
Transfer to accumulated losses	-	(1,110)	-	-	1,110	-	-	-	-
Balance at 31 December 2012	554,238	60,272	1,379	443	(17,824)	1,748	600,256	-	600,256
Balance at 1 January 2013	**554,238**	**60,272**	**1,379**	**443**	**(17,824)**	**1,748**	**600,256**	**-**	**600,256**
Profit for the year	-	-	-	-	266	-	266	-	266
Other comprehensive income	-	25,506	(1,284)	-	-	1,747	25,969	-	25,969
Total comprehensive income	-	25,506	(1,284)	-	266	1,747	26,235	-	26,235
Transfer to accumulated losses	-	(1,110)	-	-	1,110	-	-	-	-
Balance at 31 December 2013	**554,238**	**84,668**	**95**	**443**	**(16,448)**	**3,495**	**626,491**	**-**	**626,491**

INTERNATIONAL HOTEL INVESTMENTS p.l.c.
22 Europa Centre • Floriana FRN 1400 • Malta
Tel: +356 21 233141 • Fax: +356 21 234219 • Email: ihi@corinthia.com • Website: www.ihiplc.com

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2013

Selected Explanatory Notes

Basis of Preparation

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

Accounting Policies

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

Principal Activities

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

Review of Performance

In 2013 the Group registered an increase in consolidated revenues of 4% compared with 2012. The Group's performance excludes the results of the Corinthia Hotel London, as this property is owned through an associate company and thus reported separately under 'share of equity accounted investments'. With the exception of the Corinthia Hotel Prague, all the hotels in the Group registered increases in revenues over 2012. With a revenue growth of 18%, the best performer was the Corinthia Hotel and Commercial Centre in St Petersburg. Corinthia Hotel Tripoli, while still affected by the conditions in the country, managed a revenue growth of 12%. Corinthia Hotel London, which is in its second year of operation, registered an encouraging performance both in terms of revenue growth and operating results as will be explained in further detail below.

Direct costs and other operating costs increased on account of improved occupancies, additional payroll costs in Libya in consequence of changes in work practices, and a general increase in the cost base in line with enhanced brand service standards being introduced across the Group. The 2012 comparative figure included a one-time ancillary cost of €1 million incurred in connection with the acquisition of the Marina Hotel.

The 2013 Group's EBITDA at €35 million represents an improvement of €7.3 million on the €27.7 million reported in 2012, translating into a year-on-year growth in excess of 26%.

Following the annual valuation exercise, based on the improved outlook for this property, a reversal of impairment of €5.0 million was registered on the Corinthia Hotel Lisbon.

Finance costs in the year under review were lower than the corresponding period last year as regular capital repayments reduced the outstanding balance of bank loans. From a balance sheet perspective, the loan-to-equity ratio, which has historically been set at conservative levels, continued to improve even further during the course of 2013. The fair value of the interest rate swaps held by the Group improved by €1.8 million from the position recorded at 31 December 2012. Furthermore, the interest rate swap agreement which had been entered on the Lisbon property matured in April 2013 and was not renewed, whilst the interest rate swap on the Prague property will mature in October 2014 and will likewise not be renewed.

The share of profit from equity accounted investments mainly represents the 50% share of IHI in the Corinthia Hotel and Residences in London. The significant improvement in the operating profit of the hotel at £14.0 million compares very favourably with the £8.0 million registered in 2012 and reflects the Hotel's continued market penetration in its second full year of operation. A loss after tax of £9.8 million is however recorded after accounting for depreciation, financing costs and valuation movements on the Residences.

During 2013, the Group registered a profit after tax of €0.3 million compared to a loss of €10.4 million in 2012.

The income of €26 million recognised in the Statement of Comprehensive Income mainly reflects the Group's 50% share of a revaluation uplift of €32.1 million, net of tax, on Corinthia Hotel London less an impairment charge of €6.6 million, also net of tax, on Corinthia Hotel St Petersburg.

Total Comprehensive Income for 2013 amounted to €26.2 million compared to an expense of €2.1 million registered in 2012, a year-on-year turnaround of €28.3 million.

State of Affairs

In November 2013, the Group issued a €10 million bond at 5.8% interest per annum, replacing the €12.5 million bond which matured on 27 March 2014. The balance of €2.5 million was redeemed from the Group's cash flow, thereby reducing further the Group's indebtedness.

The Group's working capital as at the end of December 2013 showed a deficiency of €25.7 million. This deficiency will be addressed through the projected improved operating performances, IHI's share of proceeds from the disposal of the London Residences, which was concluded this month, and through the refinancing of loan facilities.

Outlook

As announced in the Financial Analysis Report of 21 October 2013, and excluding any unforeseen events, the Group is confident that the EBITDA for 2014 should show an improvement over that for 2013.

Bond sinking funds

As provided for in the prospectus of three bond issues, the Company has set up sinking funds for the repayment of bonds on maturity. As at the date of this report the Company is in line with its commitments.

Statement pursuant to Listing Rule 5.54.6 issued by the Listing Authority

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

Alfred Pisani
Chairman & CEO

Joseph Fenech
Managing Director

INTERNATIONAL HOTEL INVESTMENTS p.l.c.
22 Europa Centre • Floriana FRN 1400 • Malta
Tel: +356 21 233141 • Fax: +356 21 234219 • Email: ihi@corinthia.com • Website: www.ihiplc.com