COMPANY REGISTRATION NUMBER 08804288

CONSTELLATION BARCLAY UK LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2016

CONTENTS

Company Secretary	Zaki Nasser Zaki El-Guiziri
Directors	Jassim Bin Hamad Bin Jassim Bin Jabr Al-Thani Fady Jan Bakhos
Registered Office	Lynton House 7-12 Tavistock Square London WC1H 9LT
Company Number	08804288
Auditor	Menzies LLP Chartered Accountants Ashcombe House 5 The Crescent Leatherhead KT22 8DY

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The principal activity of the Company during the period was that of an investment company.

The Company had no turnover during the period to 31 December 2016 and incurred a loss on ordinary activities before taxation of $97,322,727 (2015: $8,535,277). The net assets position as at 31 December 2016 is $304,328,912 (2015: $261,600,800).

This loss was principally incurred as a result of the investment being impaired by $107,459,294 during the year. The valuation of the investment and associated impairment are based on the performance of the subsidiary's investment and assessed in line with the Company's accounting policies. The underlying asset, the InterContinental Barclay Hotel in New York opened in the second quarter of 2016 and commenced operations. The value is based on management forecasts of the underlying hotel asset.

As a result, the key financial performance indicators are:

Investment in the subsidiary of the Company: $86,512,679
Impairment in the investment: $107,459,294

FUTURE DEVELOPMENTS

No changes to the Company's activities are planned in the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

As the Company is a holding company, the principal risks facing the business is that they do not receive a satisfactory return on their investment. Therefore it is dependent on the performance of the underlying hotel asset.

On behalf of the board

F J Bakhos

Director

19 Dec 2017

The Directors submit their report and the financial statements of Constellation Barclay UK Limited for the period ended 31 December 2016.

RESULTS

The results for the period are set out on page 8.

GOING CONCERN

The Directors have reasonable expectation that the Company has sufficient financial resources to meet its requirements for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS

The directors who served the company during the period were as follows:

Jassim Bin Hamad Bin Jassim Bin Jabr Al-Thani
Fady Jan Bakhos

STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the Company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Whilst its exposure to risk is largely controlled by its parent company, the Company is exposed to financial risk as outlined in Note 4 to these financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Menzies LLP have been re-appointed as auditors for the ensuing year in accordance with section 485 of the Companies Act 2006.

On behalf of the board

F J Bakhos

Director

19 Dec 2017

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTELLATION BARCLAY UK LIMITED

We have audited the financial statements of Constellation Barclay UK Limited for the period ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

The description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' and strategic reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' and strategic reports have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report or strategic report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Menzies LLP

Caroline Milton FCA (Senior Statutory Auditor)
For and on behalf of Menzies LLP
Charted Accountants and Statutory Auditor
Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY

Date 21 December 2017

CONSTELLATION BARCLAY UK LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2016

	Notes	Year ended 31 December 2016 $'000	Year ended 31 December 2015 $'000
Revenue		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Administrative expenses	5	(107)	(17)
OPERATING PROFIT		(107)	(17)
Finance income	6	10,244	8,593
Impairment of investment in subsidiary	8	(107,459)	-
LOSS BEFORE TAX		(97,322)	8,576
Tax charge	7	(86)	(41)
LOSS FOR THE PERIOD		(97,408)	8,535
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(97,408)	8,535

All revenue and operating results are derived from continuing operations.

The notes on pages 12 to 20 form part of these financial statements.

CONSTELLATION BARCLAY UK LIMITED
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

	Notes	2016 $'000	2015 $'000
NON-CURRENT ASSETS			
Investment in subsidiaries	8	86,513	159,779
Loans to subsidiaries	9	100,000	100,000
		186,513	259,779
CURRENT ASSETS			
Loans to subsidiaries	9	21,553	10,924
Other receivables		6	-
TOTAL ASSETS		208,072	270,703
EQUITY			
Share capital	11	23,700	23,700
Share premium	11	270,272	236,079
Retained earnings		(87,051)	10,357
TOTAL EQUITY		206,921	270,136
CURRENT LIABILITIES			
Loans from parent company	10	992	506
Trade and other payables	10	42	17
Income tax		118	44
TOTAL LIABILITIES		1,152	567
TOTAL EQUITY AND LIABILITIES		208,072	270,703

The financial statements were approved by the board of Directors and authorised for issue on 19 Dec 2017 and were signed on its behalf by:

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F J Bakhos

Company registration number 08804288

The notes on pages 12 to 20 form part of these financial statements.

CONSTELLATION BARCLAY UK LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	Share capital $'000	Share premium $'000	Retained earnings $'000	Total $'000
As at 31 December 2014	23,700	138,528	1,822	164,050
Issue of shares	-	97,551	-	97,551
Comprehensive income for period	-	-	8,535	8,535
As at 31 December 2015	23,700	236,079	10,357	270,136
Issue of shares	-	34,193	-	34,193
Comprehensive income for period	-	-	(97,408)	(97,408)
As at 31 December 2016	23,700	270,272	(87,051)	206,921

The notes on pages 12 to 20 form part of these financial statements.

	Year ended 31 December 2016 $'000	Year ended 31 December 2015 $'000
NET CASH FLOW USED IN OPERATING ACTIVITIES		
Operating loss	(107)	(17)
Operating cash flows before movements in working capital	(107)	(17)
Increase in payables	107	17
Cash generated by operations	-	-
INVESTING ACTIVITIES	-	-
FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	-	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	-	-

The notes on pages 12 to 20 form part of these financial statements.

1. COMPANY INFORMATION

Constellation Barclay UK Limited is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on the company information page. Its principal place of business is 111 East 48th St, New York, NY 10017, USA.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of accounting

The financial statements of Constellation Barclay UK Limited have been prepared on a going concern basis and in accordance with International Financial Reporting Standards' (IFRS) and IFRS Interpretations Committee's (IFRS IC) interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the exemption available from preparing consolidated accounts, S400 of the Companies Act 2006. As a result the accounts show information about the Company as an individual entity. However, the Company and its subsidiaries will be included in the consolidated accounts of the parent company, Constellation Hotels Holding Ltd, a company incorporated in Luxembourg. Its registered office is 15, boulevard Roosevelt L-2450 Luxembourg.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provisions for impairment in the financial statements of the Company. Dividends are accounted for when the Company becomes entitled to receive them. On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

Whenever events or changes in circumstances indicate that the carrying value of the investments may not be recoverable the investment is reviewed for impairment and impaired if required. The recoverable value of investments is the higher of its fair value less costs to sell and value in use.

Impairment charges are included in the income statement.

Foreign currencies

The functional and presentation currency of the Company is US Dollar. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are retranslated at the rates ruling at the reporting date. All exchange differences arising on settlement of foreign currency transactions and on retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

The tax expense represents the sum of current tax and deferred tax.

The current tax is based on taxable profit or loss for the year. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affect neither accounting nor taxable profit or loss;

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charge to equity. Otherwise income tax is recognised in the income statement.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial instruments are generally recognised as soon as the Company becomes party to the contractual regulations of the financial instrument.

All financial assets are classified as loans and receivables. All financial liabilities are classified as held at amortised cost. The Company does not have any other classes of financial assets and liabilities.

1) Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, these are classified as non-current assets.

2) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3) Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classed as equity and recorded at the proceeds received, net of direct issue costs, allocated between share capital and share premium.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Standards issued but not yet effective

The Company has not early applied the following revised standards or amendments relating to the Company that have been issued but are not yet effective on 31 December 2016:

Amendment or revision related to:	Effective for annual periods beginning on or after:

Standard	Description	Effective date
IFRS 1	First-time adoption of International Financial Reporting Standards	1 January 2018
IFRS 2	Share-based payment	1 January 2018
IFRS 4	Insurance contracts	1 January 2018
IFRS 7	Financial instruments: Disclosure	IFRS 9 effective date (1 January 2018)
IFRS 9	Financial Instruments (issued October 2010)	1 January 2018
IFRS 12	Disclosure of Interests in Other Entities	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS	For Small and Medium sized Entities	1 January 2017
IAS 7	Statement of Cash Flows	1 January 2017
IAS 12	Income Taxes	1 January 2017
IAS 28	Investments in Associates and Joint Ventures	1 January 2018
IAS 39	Financial Instruments	IFRS 9 effective date
IAS 40	Investment property	1 January 2018

The Company has yet to evaluate the impact that the application of the revised standards and amendments will have on the Company's results of operations and financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The carrying value of investments in subsidiaries is subject to the performance of the subsidiaries' investments. The underlying asset, the InterContinental Barclay Hotel in New York opened in the second quarter of 2016 and commenced operations. The investment is reviewed for impairment in line with accounting policies outlined in note 2 to these financial statements. The subsidiary undertaking has prepared forecasts that support the carrying value of the investment.

4. FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise of loans and receivables.

Transactions in financial instruments result in the Company assuming or transferring to another party one or more of the financial risks described below.

No sensitivity analysis has been provided as the Company is exposed to minimal market risk.

a) Foreign currency risk

The Company is exposed to currency risk through its activities in the United Kingdom where certain costs arise in Pounds Sterling, whilst the Company's functional currency is US Dollar. The Company has no formal policy in respect of foreign exchange risk; however it reviews its currency exposure on a regular basis. The foreign currency transactions that take place in the period are insignificant.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company has no overdraft or loan facilities, and therefore no material issues surrounding its liquidity.

Maturity analysis

The table below analyses the Company's financial liabilities basis based on amount outstanding at the statement of financial position date up to maturity date:

31 December 2016	**Less than 6 months $'000**	**Between 6 months and 1 year $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Accruals	42	-	-	-	42
Loans from parent company	992	-	-	-	992
Total liabilities	1,034	-	-	-	1,034

31 December 2015	**Less than 6 months $'000**	**Between 6 months and 1 year $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Accruals	17	-	-	-	17
Loans from parent company	506	-	-	-	506
Total liabilities	523	-	-	-	523

4. FINANCIAL RISK MANAGEMENT *(continued)*

c) Interest rate risk

All of Company's intercompany loans receivable are at a fixed rate of interest.

31 December 2016

	Fixed interest rate	*Within 1 year*	*1 to 2 years*	*Over 2 years*	*Total*
ASSETS					
Loans to subsidiaries	9.25%	21,553	-	100,000	121,553
Other receivables		6	-	-	6
Total assets		21,559	-	100,000	121,559
LIABILITIES					
Accruals		42	-	-	42
Loans from parent company	0%	992	-	-	992
Total liabilities		1,034	-	-	1,034
Net position		20,525	-	100,000	120,525

31 December 2015

	Fixed interest rate	*Within 1 year* $'000	*1 to 2 years* $'000	*Over 2 years* $'000	*Total* $'000
ASSETS					
Loans to subsidiaries	9.25%	10,924	-	100,000	110,924
Total assets		10,924	-	100,000	110,924
LIABILITIES					
Accruals		17	-	-	17
Loans from parent company	0%	506	-	-	506
Total liabilities		523	-	-	523
Net position		10,401	-	100,000	110,401

d) Credit risk

Credit risk arises from the Company's loans and receivables.

The Company holds no collateral against these receivables at the statement of financial position date.

5. ADMINISTRATIVE COSTS

	2016 $'000	2015 $'000
Auditors remuneration	16	11
Gains on foreign currency exchange	(15)	-

	2016 $'000	2015 $'000
Company auditor's remuneration		
Audit of Company accounts	16	11
Other services		
- accounting services	8	6
Total Company auditor's remuneration	24	17

6. FINANCE INCOME

	2016 $'000	2015 $'000
Interest income on financial assets classified as loans and receivables	10,244	8,593

7. INCOME TAX

	2016 $'000	2015 $'000
UK corporation tax	86	41

Corporation tax is calculated at 20% of the estimated assessable profit for the period (2015: 20.25%).

The charge for the period can be reconciled to the profit per the statement of comprehensive income as follows:

	2016 $'000	2015 $'000
Factors affecting tax charge for the period:		
Profit/(Loss) before taxation	(97,322)	8,576
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(19,464)	1,737
Effects of:		
Group relief	(1,997)	(1,696)
Expenses not deductible for tax purposes	21,491	-
Adjustment in respect of prior year	56	-
Total current tax	86	41
Total deferred tax	-	-
Tax on profit/(loss) on ordinary activities	86	41

8. INVESTMENTS

	Investments in subsidiaries $'000
Cost	
At 1 January 2015	109,700
Additions	50,079
At 31 December 2015	159,779
Additions	34,193
At 31 December 2016	193,972
Impairment	
At 1 January 2015	-
Impairment charge	-
At 31 December 2015	-
Impairment charge	(107,459)
At 31 December 2016	**(107,459)**
Net book value at 31 December 2016	**86,513**
Net book value at 31 December 2015	159,779
Net book value at 31 December 2014	109,700

On 3 February 2016 the Company made a further capital contribution of $8,908,378 to Constellation Barclay US, LLC.

On 20 April 2016 the Company made a further capital contribution of $9,227,354 to Constellation Barclay US, LLC.

On 26 August 2016 the Company made a further capital contribution of $6,170,000 to Constellation Barclay US, LLC.

On 29 November 2016 the Company made a further capital contribution of $9,887,103 to Constellation Barclay US, LLC.

The principal activity of Constellation Barclay US, LLC is that of an investment company. The results for the subsidiary for the period are as follows:

	2016 $'000	2015 $'000
Aggregate capital and reserves	179,179	168,628
(Loss)/ Profit in the period	(14,255)	(665)

8. INVESTMENTS *(continued)*

The Company has performed its annual impairment test on the value of its subsidiary, Constellation Barclay US, LLC. As at 31 December 2016, the valuation of the underlying hotel asset, determined on the basis of value in use, resulting in an impairment charge of $107,459,294.

Key assumptions used to determine the value were the operating results and the discount rate. Operating results are based on management forecasts of the underlying hotel asset. The discount rate is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on weighted average cost of the group borrowings. Specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. In 2016, the cash flows were discounted at a rate of 15.27%.

The company also has an indirect holding in the following companies:

Name	Country of registration	Principal place of business	Nature of business	Percentage of equity owned
Constellation Barclay Invest UK Limited	United Kingdom	111 East 48th Street, New York, NY 10017, USA	Investment company	100%
Constellation Barclay Holding US, LLC	United States of America	111 East 48th Street, New York, NY 10017, USA	Investment company	100%
111 East 48th Street Holdings, LLC	United States of America	111 East 48th Street, New York, NY 10017, USA	Hotels and accommodation	80%

9. TRADE AND OTHER RECEIVABLES

	2016 $'000	2015 $'000
Amounts falling due within one year:		
Loans to subsidiaries	21,553	10,924
Other receivables	6	-
	21,559	10,924
Amounts falling due within greater than one year:		
Loans to subsidiaries	100,000	100,000
	100,000	100,000

There is no material difference between carrying and fair values.

In connection with the Loans to subsidiaries due within one year amounting to $20,678,437 (2015: $10,434,955), there is an option available to accrue the receipt of this amount until May 2020. This option is expected to be exercised.

10. TRADE AND OTHER PAYABLES

	2016 $'000	2015 $'000
Amounts falling due within one year:		
Accruals	42	17
Loans from parent company	992	506
	1,034	523

There is no material difference between carrying and fair values.

11. SHARE CAPITAL

Issued, called up and fully paid

	No of shares	31 December 15 Share capital $	Share premium $
Ordinary shares of $1 each	23,700,112	23,700,112	236,079,026

	No of shares	31 December 16 Share capital $	Share premium $
Ordinary shares of $1 each	23,700,116	23,700,116	270,271,857

On 3 February 2016 one further Ordinary $1 share was issued for a consideration of $8,908,378.

On 20 April 2016 one further Ordinary $1 share was issued for a consideration of $9,227,354.

On 26 August 2016 one further Ordinary $1 share was issued for a consideration of $6,170,000.

On 29 November 2016 one further Ordinary $1 share was issued for a consideration of $9,887,103.

12. PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The immediate parent company is Constellation Hotels Holdings Limited S.A., company incorporated in Luxembourg.

The ultimate parent company is Prime Capital S.A. Consolidated financial statements can be obtained from 15 Boulevard Roosevelt, L-2450, Luxembourg.

The ultimate controlling party is His Excellency Sheikh Hamad Bin Jassim Bin Jabr Al-Thani, by the virtue of his majority shareholding in Prime Capital S.A.

13. RELATED PARTY TRANSACTIONS

During the period the Company issued loan notes of $nil (2015: $47,472,358) to Constellation Barclay US, LLC, a 100% owned subsidiary which are not due for repayment until 2024.

During the period, interest of $10,243,482 (2015: $8,592,571) was charged to Constellation Barclay US, LLC by the Company in respect of the above loan notes at a fixed rate of 9.25% per annum.

As at 31 December 2016, the Company was owed $121,553,184 (2015: $110,923,644) by Constellation Barclay US, LLC.

As at 31 December 2016, the Company owed $991,998 (2015: $506,163) to its parent company Constellation Hotels Holding Limited. There is no interest on this loan.

14. KEY MANAGEMENT COMPENSATION

The key management personnel are considered to be the directors who received no remuneration during the period.

CONSTELLATION HOTELS HOLDING LTD S.C.A.

15, boulevard Roosevelt L-2450 LUXEMBOURG

R.C.S. LUXEMBOURG B 167.941

Consolidated Financial Statements, Independent auditor's report and

Consolidated management report

as at 31 December 2016

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Constellation Hotels Holding Ltd S.C.A.

Société en Commandite par Actions

Registered office: 15, boulevard Roosevelt L-2450 LUXEMBOURG

R.C.S. LUXEMBOURG B167941

Management Report to the Consolidated Financial Statements as at 31 December 2016

GENERAL

Constellation Hotels Holding Ltd S.C.A. is a partnership limited by shares ("société en commandite par actions") under Luxembourg law, incorporated in Luxembourg on 26 March 2012.

The Company was incorporated as a public limited company ("Société Anonyme"). On 31 December 2013, the shareholders decided to change the legal form of the Company to transform it into a partnership limited by shares. In addition, the shareholders decided as of the same date to decrease the share capital of the Company from EUR 400,031 thousand to EUR 166,031 thousands.

Further, during the year 2014, in order to finance the new acquisitions of the Company, the shareholders decided to increase the Company's equity by several capital contributions totalling EUR 239,281 thousands.

Afterwards, during the year 2015, also in order to finance the new acquisitions of the Company, the shareholders decided to increase the Company's equity by several capital contributions totalling EUR 1,044,247 thousands.

On 15 September 2015, Pioneer Holding S.A., a former shareholder, sold its entire 49.99% holding of the Group to Prime Capital S.A. for an amount of EUR 251,951 thousand.

During the year 2016, still in order to finance the new acquisitions of the Company, the shareholders decided to increase the Company's equity by several capital contributions totalling EUR 113,676 thousand.

As at 31 December 2016, the share capital of the Company is divided into 1,660,310 shares which are allocated as follows:

- 830,154 ordinary A shares to Prime Capital S.A.;
- 830,154 ordinary B shares to Regis Investment S.A.;
- 1 unlimited share to Constellation Hotels Holding GP S.à r.l., a company governed by the laws of the Grand Duchy of Luxembourg;
- 1 unlimited share to Regis Limited S.à r.l., a company governed by the laws of the Grand Duchy of Luxembourg.

Constellation Hotels Holding Ltd S.C.A. and its subsidiaries (hereafter the "Group") own and operate luxury hotels and real estate properties located in Europe and the United States. The depth of this field of activity has allowed the Group to acquire a real know-how in this so particular area. Further, the Group invests as well in participations and development of real estate properties.

KEY EVENTS

During 2016, the Company has acquired the following additional participations in affiliated companies:

- 40% of the share capital of Kopaszi Gát Kft., and 40% of the share capital of Property Market Kft.. The companies involved are interested in the realization of a real estate development project on the Kopaszi Bay in Budapest. The closing of the deal occurred in April 2016.

In 2016, refurbishment of the Bardays hotel in USA has partially been completed. It is expected that the refurbishment work will be completed in 2017. Additionally renovation of the hotels in France have started during the year and its expected to completion in 2017.

The One Wall Street building is under transformation. Management expects to complete the transformation into apartments during the first quarter 2017.

The group has under development properties Ballet Properties in Hungary, currently the development work is under way and it is expected that the work will be completed in 2017.

RESEARCH & DEVELOPMENT

There is no research and development activity within the Group during the year 2016 (2015: nil).

OWN SHARES

As at 31 December 2016, there is no own shares held by the Group itself.

BRANCH

There is no branch of any Group member in the year 2016.

SUBSEQUENT EVENTS

There are no further subsequent events, other than the ones disclosed in note 33

FINANCIAL RISK

Please refer to note 24 to see further details.

Luxembourg, 29 September 2017

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Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Independent auditor's report

To the Shareholders of
Constellation Hotels Holding Ltd S.C.A.
15, boulevard Roosevelt
L-2450 Luxembourg

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Constellation Hotels Holding Ltd S.C.A (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers of Constellation Hotels Holding GP S.à r.l. (the "General Partner") responsibility for the consolidated financial statements

The Board of Managers of the General Partner is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Managers of the General Partner determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers of the General Partner, as well as evaluating the overall presentation of the consolidated financial statements.

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Responsibility of the "réviseur d'entreprises agréé (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Constellation Hotels Holding Ltd S.C.A. as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers of the General Partner, is consistent with the consolidated financial statements.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Alain Kinsch   Pavel Nesvedov

Luxembourg, 29 September 2017

Constellation Hotels Holding Ltd SCA

Consolidated Statement of Financial Position

As at 31 December 2016

ASSETS

(in EUR '000)	Notes	31 Dec. 2016	31 Dec. 2015
NON-CURRENT ASSETS			
Property, plant and equipment	11	3,237,761	3,409,716
Investment properties	13	1,128,436	1,126,989
Intangible assets	10	883,502	956,833
Investment in joint ventures	14	9,888	-
Other non-current financial assets	15	459,366	544,371
Deferred tax assets	25	59,449	39,221
		5,778,402	**6,077,130**
CURRENT ASSETS			
Inventories		6,211	7,457
Trade and other receivables	16	42,597	29,565
Other current assets	17	315,857	397,340
Current tax receivables		9,465	7,363
Cash and cash equivalents	18	211,284	277,976
		585,414	**719,701**
TOTAL ASSETS		**6,363,816**	**6,796,831**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position (Continued)

As at 31 December 2016

EQUITY AND LIABILITIES

(in EUR '000)	Notes	31 Dec. 2016	31 Dec. 2015
EQUITY			
Issued share capital	19	166,031	166,031
Legal reserve	19	676	676
Contribution without issue of shares	19	1,397,205	1,283,529
Foreign currency translation reserve		(106,309)	14,806
Other reserves	19	(18,939)	(7,305)
Retained earnings		(185,697)	(118,696)
Equity attributable to equity holders of the parent company		**1,252,967**	**1,339,041**
Non controlling interests		79,860	70,086
TOTAL EQUITY		**1,332,827**	**1,409,127**
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	20	3,619,975	4,100,675
Deferred tax liabilities	25	394,573	456,071
Other non-current liabilities		8,732	10,441
Derivative financial instruments	21	22,125	25,847
Provisions	23	20,709	10,167
TOTAL NON-CURRENT LIABILITIES		**4,066,114**	**4,603,201**
CURRENT LIABILITIES			
Interest bearing loans and borrowings	20	787,612	606,790
Trade payables		58,149	59,836
Other current payables	22	107,708	109,162
Current tax payables		6,498	4,614
Provisions	23	4,908	4,101
TOTAL CURRENT LIABILITIES		**964,875**	**784,503**
TOTAL LIABILITIES		**5,030,989**	**5,387,704**
TOTAL EQUITY AND LIABILITIES		**6,363,816**	**6,796,831**

The accompanying notes are an integral part of these consolidated financial statements.

Constellation Hotels Holding Ltd SCA

Consolidated Statement of Profit or Loss

For the year ended 31 December 2016

(in EUR '000)	Notes	For the year ended 31 December 2016	For the year ended 31 December 2015
Revenue	26	588,311	558,596
Fair value adjustments in investment properties	13	(73,988)	25,177
Operating expense	27	(585,349)	(513,620)
Other operating income	29	62,210	28,621
Operating (loss)/profit		(8,816)	98,774
Other non-operating income		2,456	208
Other non-operating expense		(12,267)	(80,336)
Finance income	28	65,784	23,205
Finance expense	28	(168,801)	(189,546)
Share of profit of joint ventures	14	1,459	-
LOSS BEFORE TAX		(120,185)	(147,695)
Income tax benefit	25	45,308	25,408
LOSS FOR THE YEAR		(74,877)	(122,287)
Attributable to:			
Equity holders of the parent		(67,001)	(117,184)
Non-controlling Interests		(7,876)	(5,103)

The accompanying notes are an integral part of these consolidated financial statements.

Constellation Hotels Holding Ltd SCA

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

(in EUR '000)	Notes	For the year ended 31 December 2016	For the year ended 31 December 2015
LOSS FOR THE YEAR		**(74,877)**	**(122 287)**
Actuarial (losses)/gain on defined benefit plans, net of deferred taxes, not to be reclassified in the P&L in subsequent period		(14,655)	3,342
Fair value gain on derivative financial instruments to be reclassified in the P&L in subsequent period	21	2,467	2,147
Exchange differences on translation of foreign operations to be reclassified in the P&L in subsequent period		(122,312)	20,844
Other comprehensive income, net of tax		(134,500)	26,333
Total comprehensive loss for the year, net of tax		**(209,377)**	**(95,954)**
Attributable to:			
Equity holders of the parent		(200,304)	(94,764)
Non-Controlling Interests (NCI)		(9,073)	(1,190)

The accompanying notes are an integral part of these consolidated financial statements.

Constellation Hotels Holding Ltd SCA

Consolidated Statement of Cash flows

For the year ended 31 December 2016

(in EUR '000)	Notes	For the year ended 31 December 2016	For the year ended 31 December 2015
Operating activities			
Loss before tax		(120,185)	(147,695)
Adjustments for non cash items			
Depreciation and impairment of property, plant and equipment	11	94,323	62,128
Amortization and impairment of intangible assets	10	4,785	96,966
Change in fair value of investment properties and derivative	13; 21	73,390	(14,835)
Adjustment for other non cash items		20,770	41,340
Share of profit of joint venture	14	(1,459)	-
Interest income	28	(25,863)	(18,837)
Interest expense	28	158,097	174,593
Working capital adjustments			
Decrease/(Increase) in trade and other receivables and prepayments		87,857	(6,433)
(Decrease)/Increase in trade and other payables		(8,571)	18,210
Received / paid interest			
Interest received		25,863	18,837
Interest paid		(144,651)	(126,219)
Income tax paid		(3,852)	(3,871)
Net cash flows from/(used) in operating activities		**160,504**	**94,184**
Investing activities			
Purchase of property, plant and equipment including capital expenditure		(197,563)	(157,844)
Purchase of investment properties including capital expenditure	13	(104,927)	(31,671)
Redemption / (purchase) of bonds and loans		85,005	(338,947)
Acquisition of subsidiaries, net of cash acquired		-	(1,215,964)
Net cash flows from / (used) in investing activities		**(217,485)**	**(1,744,426)**
Financing activities			
Contribution without issue of shares increase	19	113,676	1,044,248
Investment in joint venture	14	(8,429)	-
Proceeds from borrowings		34,853	1,039,295
Repayment of borrowings		(126,983)	(316,615)
Net cash flows from / (used) financing activities		**13,117**	**1,766,928**

Consolidated Statement of Cash flows (continued)

For the year ended 31 December 2016

Net (decrease)/ increase in cash and cash equivalents		(43,864)	116,687
Net foreign exchange difference		(4,668)	(21,033)
Net increase/(decrease) in restricted cash		(18,160)	20,098
Cash, cash equivalents and restricted cash at 1 January		277,976	162,225
Cash, cash equivalents and restricted cash at 31 December	18	**211,284**	**277,976**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

(in EUR '000)	Issued share capital	Legal reserve	Contribution without issue of shares	Foreign currency translation reserve	Other reserves	Retained earnings	Equity attributable to equity holders of the parent company	Non controlling interests	Total Equity
At 31 December 2014	166,031	-	239,281	(2,125)	(12,794)	(836)	389 557	40,529	430,086
Loss for the year	-	-	-	-	-	(117,184)	(117,184)	(5,103)	(122,287)
Other Comprehensive Income	-	-	-	16,931	5,489	-	22,420	3,913	26,333
Total comprehensive Income Loss	-		-	16,931	5,489	(117,184)	(94,764)	(1,190)	(95,954)
Capital contribution without issuing shares	-	-	1,044,248	-	-	-	1,044,248	30,747	1,074,995
Other movement	-	676	-	-	-	(676)	-	-	-
At 31 December 2015	166,031	676	1,283,529	14,806	(7,305)	(118,696)	1,339,041	70,086	1,409,127
Loss for the year	-	-	-	-	-	(67,001)	(67,001)	(7,876)	(74,877)
Other Comprehensive Loss	-	-	-	(121,115)	(12,188)	-	(133,303)	(1,197)	(134,500)
Total comprehensive Loss	-	-	-	(121,115)	(12,188)	(67,001)	(200,304)	(9,073)	(209,377)
Capital contribution without issuing shares	-	-	113,676	-	-	-	113,676	18,847	132,523
Other movement	-	-	-	-	554	-	554	-	554
At 31 December 2016	166,031	676	1,397,205	(106,309)	(18,939)	(185,697)	1,252,967	79,860	1,332,827

The accompanying notes are an integral part of these consolidated financial statements.

Note 1: Corporate Information

Constellation Hotels Holding Ltd S.C.A. (hereafter "Constellation Hotels Holding", the "Company") was incorporated as a public limited company ("Société Anonyme") in Luxembourg on 26 March 2012.

On 31 December 2013, the shareholders decided to change the legal form of the Company to transform it into a partnership limited by shares ("Société en commandite par actions") under Luxembourg law. At the same date the shareholders decided to decrease the share capital of the Company from EUR 400,031,000 to EUR 166,031,000. The registered office of the Company is at 15, boulevard Roosevelt, L-2450 Luxembourg, and the Company is registered in the Luxembourg Trade and Companies Register under the number B 167.941.

Constellation Hotels Holding Ltd S.C.A. and its subsidiaries (hereafter the "Group") is engaged in acquisition of hotels, commercial, retail as well as mixed-use real estate properties and investment in financial instruments.

As of 31 December 2016, the Company is owned by the following shareholders:

Name	Country of incorporation	Number of shares	Percentage of ownership
Prime Capital S.A.	Luxembourg	830,154	49.99%
Regis Investment S.A.	Luxembourg	830,154	49.99%
Constellation Hotels Holding GP S.à r.l.	Luxembourg	1	0.01%
Regis Limited S.à r.l.	Luxembourg	1	0.01%

No change in the shareholding in current year, however on 15 September 2015, 49.99% of the Group was sold to Prime Capital SA for an amount of EUR 251.951 million

The consolidated financial statements were authorized by the Board of Managers of Constellation Hotels Holding GP S.à r.l., the General Partner of the Company (the "Management"), on 29 September 2016.

Note 2: Basis of Preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The consolidated financial statements have been prepared on going concern basis applying a historical cost basis, except for derivative financial instruments, investment properties, and contingent consideration that have been measured at fair value.

The consolidated financial statements are presented in EUR and all values are rounded to the nearest thousand (EUR '000), except when otherwise indicated.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

Note 3: Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2016. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. The financial statements prepared in accordance with local accounting principles for each Company falling within the Group, and being consolidated have been restated to conform to Group policies prior to consolidation.

Subsidiaries
Non-controlling interests, if any, represent the portion of profit and loss and net assets not held by the Group and are shown separately in the income statement and within equity in the consolidated statement of financial position, separately from the parent's shareholders equity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and;
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Note 4: Group structure

The consolidated financial statements of the Group include the following entities:

Name	Principal activities	Country of incorporation	% equity interest 2016	2015
Constellation Hotels France S.A.S.	Holding company	France	100%	100%
Société du Palais de la Méditerranée	Hotel Business	France	100%	100%
Société du Louvre-La Fayette S.A.S.	Hotel Business	France	100%	100%
Hotel Martinez S.A.S.	Hotel Business	France	100%	100%
Constellation Etoile S.A.S.	Hotel Business	France	100%	100%
Constellation du Louvre S.A.S.	Hotel Business	France	100%	100%
Constellation Hotel Martinez S.A.S.	Hotel Business	France	100%	100%
Constellation Palais de la Méditerranée S.A.S.	Hotel Business	France	100%	100%
Fleet Street Investments I Ltd	Holding company	Cayman Islands	100%	100%
Fleet Street Investments II Ltd	Holding company	Cayman Islands	100%	100%
Fleet Street Investments III Ltd	Investment Property	British Virgin Islands	100%	100%
CU.GI.MI. S.p.A.	Hotel Business	Italy	100%	100%
Constellation Hotel (OpCo) UK S.A.	Hotel Business	Luxembourg	100%	100%
Constellation Hotel UK S.A.	Hotel Business	Luxembourg	100%	100%
Constellation Barclay UK Ltd	Holding company	UK	100%	100%
Constellation Barclay US, LLC	Holding company	United – States	100%	100%
Constellation Barclay Invest UK, Ltd	Holding company	UK	100%	100%
Constellation Barclay Holding US, LLC	Holding company	United – States	100%	100%
111 East 48 Street Holdings LLC	Hotel Business	United – States	80.01%	80.01%
Ballet Properties S.A.	Holding company	Luxembourg	100%	100%
QPR Properties Kft	Hotel Business	Hungary	100%	100%
Helens RE S.A.	Holding company	Luxembourg	100%	100%
Helens RE I Commercial Investments	Investment Property	Greece	100%	100%
Helens RE II Commercial Investments	Investment Property	Greece	100%	100%
Helens RE III Commercial Investments	Investment Property	Greece	100%	100%
Helens RE IV Commercial Investments	Investment Property	Greece	100%	100%
CHH Finance S.A.	Holding company	Luxembourg	100%	100%
Constellation OWS Holding S.A.	Holding company	Luxembourg	100%	100%
Constellation OWS Corporation Inc.	Holding company	United – States	100%	100%
MIP One Wall Street Holdings LLC	Investment Property	United – States	90.01%	90.01%
MIP One Wall Street Mezzanine LLC	Investment Property	United – States	90.01%	90.01%
MIP One Wall Street Acquisition LLC	Investment Property	United – States	90.01%	90.01%
Constellation Hotels France Group Holding S.A.	Holding company	Luxembourg	100%	100%
Constellation Hotels France Grand S.A.	Holding company	Luxembourg	100%	100%
Société des Hôtels InterContinental France SAS	Holding company	France	100%	100%
SHIF Constellation SAS	Hotel Business	France	100%	100%
Grand Hotel Intercontinental Paris SNC	Hotel Business	France	100%	100%
BHR Services (France) SAS	Hotel Business	France	100%	100%
Constellation Hotels Italy S.r.l.	Hotel Business	Italy	100%	100%
Constellation Hotels Management S.r.l.	Hotel Business	Italy	100%	100%
Séléné S.à.r.l	Holding company	Luxembourg	100%	100%
Coroin Ltd (sub-consolidation)	Hotel Business	United Kingdom	100%	100%
Constellation Hungary (formely CHH France 2) S.A.	Holding company	Luxembourg	100%	100%
Property Market Kft	Retail Business	Hungary	40%	0%
Kopaszi Gat Kft	Retail Business	Hungary	40%	0%

All entities are fully consolidated in these consolidated financial statements except for Property Market Kft. and Kopaszi Gat Kft. which are consolidated following the equity method (refer to Note 14).

Note 5: Significant accounting estimates, judgements and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

Capital management	Note 8
Financial risk management objectives and policies	Note 24

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Business combinations:

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

Classification of property

The Group determines whether a property is classified as investment property or owner occupied property:

- Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

- Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

Operating lease contracts – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements (such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property), that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Valuation of investment property:

The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13 Fair Value Measurement. Investment property under construction is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 13.

Property, plant and equipment and Intangible assets

The useful life of intangible assets and property, plant and equipment are measured by reference to market-based evidence, specific market factors such as nature, location and condition of the property.

Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Shareholder loans

The Group determined that the mechanism of the variable interest under the shareholders loans does not meet the definition of a derivative under IAS 39 since the variable interest component contains an underlying profit that is a non-financial variable specific to one party to the contract. In making this judgment, management considered that the performance of the Group is driven by a number of different factors many of which are clearly non-financial in nature, for example the general business risks faced by the entity or management actions. Therefore, variable interests under shareholders loans are carried at their amortized cost.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF (Discounted Cash Flow) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 10.

Note 6: Change in accounting policies and disclosure

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2016.

New and amended standards and interpretations
The group applied for the first time certain standards and amendments, which are effective for annual periods beginning on 1 January 2016. The impact of these standards, interpretation or amendments on the consolidated financial statements has been disclosed as bellow.

A) Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. IAS 1 has been endorsed by the EU on 18 December 2015 and effective from the 1 January 2016. These amendments do not have any impact on the Group.

B) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group financial statements, given that it has not used a revenue-based method to depreciate its non-current assets. IAS 16 and IAS 38 have been endorsed by the EU on 2 December 2015 with effective of 1 January 2016.

C) Annual Improvements 2012-2014 Cycle

IASB issued annual improvements 2012-2014 Cycle on 25 September 2014 EU endorsed these improvements Cycle on 15 December 2015 with an effective date from 1 January 2016. These improvements include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

- IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be made retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

D) IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively. The EU endorsed the amendment on 17 December 2014 with an effective date of 1 February 2015. The Group has assessed that the amendment does not have material impact on the consolidated financial statements.

E) Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively.

This amendment endorsed by EU on 24 November 2015 with effective date of 1 January 2016. The Group has applied the amendment on its consolidated financial statements but it did not have any material impact on the Group.

F) Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments were effective on 1 January 2016 but were endorsed by EU on 22 September 2016. These amendments are applied retrospectively and do not have any impact on the consolidated financial statements as the Group does not meet the criteria for an investment entity.

Standard issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, when they become effective.

A) IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. IFRS 9 has been endorsed by the EU on 22 November 2016. The Group is still in process of assessing the impact of this amendment on the consolidated financial statements.

B) IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. IFRS 15 has been endorsed by the EU on 22 September 2016 and the Group is still in process of assessing the impact of this amendment on the consolidated financial statements.

C) IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Standards has not yet been endorsed by EU. The Group is currently assessing the potential effect of IFRS 16 on its consolidated financial statements.

Note 7: Significant accounting policies

Consolidation methods

The companies over which the Group exercises exclusive de jure or de facto control, directly or indirectly, are fully consolidated. Companies over which the Group exercises significant influence are accounted under equity method. Significant influence is considered as being exercised when the Group owns between 20% and 50% of the voting rights.

Business combinations and loss of control – changes in scope of consolidation

Under IFRS 3 (revised) "Business Combinations" and IAS 27 (revised) "Consolidated and Separate Financial Statements", the Group accounts for business combinations and transactions with non-controlling interests by applying the acquisition method. The acquisition cost is measured at the acquisition date at the fair value of the consideration transferred, including all contingent consideration. Subsequent changes in contingent consideration are accounted for either through profit or loss or through other comprehensive income.

Identifiable assets and liabilities acquired are measured at fair value. Fair value measurements must be completed within one year. The fair value measurements are performed in the currency of the acquirer. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate. Goodwill is the difference between the consideration transferred and the fair value of the identifiable assets and liabilities assumed at the acquisition date and is recognized as an asset in the consolidated statement of financial position. Costs related to business combinations are recognized directly as expenses. When a business combination is achieved in stages, the previously held equity interest is re-measured at fair value at the acquisition date through profit or loss. The attributable other comprehensive income, if any, is fully reclassified in operating income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

The loss of control while retaining a residual equity interest may be analyzed as the disposal of a controlling interest followed by the acquisition of a non-controlling interest. This process involves, as of the date when control is lost:

- The recognition of a gain or loss on disposal, comprising:
  - A gain or loss resulting from the percentage ownership interest sold ;
  - A gain or loss resulting from the re-measurement at fair value of the ownership interest retained in the entity.
- The other comprehensive income items are reclassified in the profit or loss resulting from the ownership interest disposed.

Transactions with non-controlling interests in fully consolidated companies that do not result in a loss of control, are accounted for as equity transactions, with no effect on profit or loss or on other comprehensive income.

The loss of significant interest while retaining a residual interest may be analyzed as the disposal of shares accounted for by the equity method followed by the acquisition of a financial asset. This process involves, as of the date of disposal:

- The recognition of a gain or loss on disposal, comprising:
  - A gain or loss resulting from the percentage ownership interest sold, and;
  - A gain or loss resulting from the re-measurement at fair value of the retained percentage ownership interest.
- The reclassification in profit of all of the other comprehensive income items.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Goodwill

a. Positive goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

In accordance with IFRS 3 (revised) – Business combinations, goodwill is not amortized but is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in profit or loss account under non-operating expenses.

b. Negative goodwill

Negative goodwill, representing the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date over the cost of the business combination, is recognized immediately in profit.

Foreign currency translation

The presentation currency is the EUR.

All Group entities functional currency is EUR except those operating in the U.K. (GBP), Hungary (HUF) and in the U.S. (USD).

The statements of financial position of foreign subsidiaries are translated into EUR at the closing exchange rate, and their income statements are translated at the average rate for the period. Differences arising from translation are recorded as a separate component of equity and recognized in profit and loss on disposal of the business. The group did not have any subsidiaries operating in hyperinflationary economies in any of the periods presented.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Indefinite life intangible assets are composed of goodwill and definite life intangible assets are composed of trademarks and other intangible assets (management contracts).

Management contracts are considered as having finite useful lives. They are amortized on a straight-line basis over their useful lives.

The main depreciation periods applied are as follows:

Item	Useful life in years
Concessions, patents and licenses	from 5 to 7
Brands	Indefinite
Other intangibles (including management contract)	from 30 to 41
Goodwill	Indefinite

Property, plant and equipment

Property, plant and equipment are measured at purchase cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 "Property, Plant and Equipment".

Assets under construction are measured at cost less any accumulated impairment losses.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, determined by the components method, from the date when they are put in service. The main depreciation periods applied are as follows:

Item	Useful life in years
Building	from 35 to 70
Property, plant and equipment	8 to 12
Fixture, fittings and equipment	4 to 10

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of de-recognition.

Investment properties held by the Group are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value. Any increase or decrease in the fair value on annual revaluation is recognised in the income statement in accordance with IAS 40 – Investment property.

An external independent valuer, having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued, values the portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Description of the valuation techniques used are disclosed in Note 13.

Leases and sales and leaseback transactions

Leases are analysed based on IAS 17 - Leases.

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee are qualified as finance leases and accounted for as follows:

- The leased item is recognised as an asset at an amount equal to its fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.
- A liability is recognised for the same amount, under "Finance lease liabilities".
- Minimum lease payments are allocated between interest expense and reduction of the lease liability.
- The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The asset is depreciated over its useful life, in accordance with Group accounting policy, if there is reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term; otherwise the asset is depreciated by the components method over the shorter of the lease term and its useful life. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term. Where sale and leaseback transactions result in an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. Fair value for this purpose is generally determined based on independent valuations.

Recoverable value of assets

In accordance with IAS 36 "Impairment of Assets", the carrying amounts of property, plant and equipment, intangible assets and goodwill are reviewed and tested for impairment when there is any indication that they may be impaired and at least once a year for the following:

- Assets with an indefinite useful life such as goodwill, brands and lease premiums.

- Intangible assets not yet available for use.

Cash-Generating unit

Impairment tests are performed individually for each asset except when an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, it is included in a cash-generating unit (CGU) and impairment tests are performed at the level of the cash-generating unit. In the hotel business, each hotel is treated as a separate CGU. Impairment tests are therefore performed separately for each individual hotel. Goodwill is tested for impairment at the level of the cash-generating unit (CGU) to which it belongs.

Methods used to determine recoverable value

Impairment tests consist of comparing the carrying amount of the asset or the CGU with its recoverable value. The recoverable value of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. The recoverable amount is determined based on discounted cash-flow methodology using several assumptions such a discount rates and future net cash-flow projection and terminal value. The projection period is limited to five years. Cash flows are discounted at a rate corresponding to the year-end weighted average cost of capital. Separate calculations are performed based on each country / region's specific characteristics. The projected long-term rate of revenue growth reflects each country / region's economic outlook.

Impairment loss measurement

If the recoverable amount is less than the carrying amount, an impairment loss is recognized in the income statement under "Impairment losses".

Reversal of an impairment loss

In accordance with IAS 36 "Impairment of Assets", impairment loss on goodwill is irreversible. Impairment losses on property, plant and equipment and on intangible assets are reversible in the case of a change in estimates used to determine their recoverable amount.

Inventories

Inventories are measured at the lower of cost and net realizable value, in accordance with IAS 2 - Inventories. Cost is determined by the weighted average cost method.

Prepaid expense

Prepaid expense corresponds to expenses paid during the period that relate to subsequent periods.

Employee benefits expense

Employee benefits expense includes all amounts paid or payable to employees, including statutory and discretionary profit-sharing, pension contributions, payroll taxes and the cost of share-based payments.

Provisions

In accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation, in application of certain assumptions. Provisions are discounted when the effect of the time value of money is material, using a discount rate that reflects current market assessments of the time value of money. The most commonly applied rates are the prime long-term corporate bond rate or the government bond rate. Provisions for restructuring costs are recorded when the Group has a detailed formal plan for the restructuring and the plan's main features have been announced to those affected by it as of the close of accounts.

Pensions and other post-employment benefits

Under defined contribution plans, the Group pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions under these plans are recognized immediately as an expense.

For defined benefit plans, under which the Group has a legal or constructive obligation to provide agreed benefits to current and future employees in exchange for a given level of service (including multi-employer plans when the manager is able to provide the necessary information), the Group's obligations are determined in accordance with IAS 19 - Employee Benefits. The Group's obligation is determined by the projected unit credit method based on actuarial assumptions related to future salary levels, retirement age, mortality, staff turnover and the discount rate. These assumptions take into account the macro-economic environment and other specific conditions in the various host countries. Pension and other retirement benefit obligations take into account the market value of plan assets. The amount recognized in the statement of financial position corresponds to the discounted present value of the defined benefit obligation less the fair value of plan assets. Any surpluses, corresponding to the excess of the fair value of plan assets over the projected benefit obligation, are recognized only when they represent the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Current service cost, past service cost, administrative expense, and taxes for the year, and paid contributions and benefits are recognized in operating expense, whereas net interest on the net defined benefit liability (asset) is recognized in financial expense (income).

For post-employment benefits, actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity. However, actuarial gains and losses on long-term benefit obligations towards active employees (such as jubilees, seniority bonuses...) are recognized directly in profit or loss in net financial expense.

Translation of foreign currency transactions

Foreign currency transactions are recognized and measured in accordance with IAS 21- Effects of Changes in Foreign Exchange Rates. As prescribed by this standard, each Group entity translates foreign currency transactions into its functional currency at the exchange rate on the transaction date. Foreign currency receivables and payables are translated into EUR at the closing exchange rate. Foreign currency financial liabilities measured at fair value are translated at the exchange rate on the valuation date. Gains and losses arising from translation are recognized in "Financial income expense".

Income taxes

Income tax expense (or benefit) includes both, current and deferred tax expense (or benefit).

Current taxes on taxable profits for the reporting period and previous periods are recognized as liabilities until they are paid. In accordance with IAS 12 "Income Taxes", deferred taxes are recognized on temporary differences between the carrying amount of assets and liabilities and their tax base by the liability method. This method consists of adjusting deferred taxes at each period-end, based on the last tax rates (and tax laws) that have been enacted or substantively enacted. The effects of changes in tax rates (and tax laws) are recognized in the income statement for the period in which the rate change is announced. A deferred tax is recognized for all temporary differences, except when it arises from the initial recognition of non-deductible goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit. A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except when:

- The Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for tax loss carry-forwards only when it is probable that the asset will be recovered in the foreseeable future based on the most recently updated projections. Income taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related income tax is also recorded in equity. Deferred tax assets of acquired companies that are not recognized at the time of the business combination or during the measurement period are recognized in profit or loss without adjusting goodwill if they arise from a post-acquisition event. In accordance with IAS 12, deferred taxes are not discounted.

Financial instruments

Financial assets and liabilities are recognized and measured in accordance with IAS 39 "Financial Instruments, Recognition and Measurement", and its amendments. Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

c. *Loans and receivables*

As defined by IAS 39 – Financial instruments, "Loans and receivables" mainly comprise time deposits and loans to non-consolidated companies. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss corresponds to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flows discounted using the original effective interest rate) and is recognized in profit or loss. This loss may be reversed if the recoverable amount increases in a subsequent period.

d. *Available For Sale (AFS) financial assets*

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss – is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

e. Held-to-maturity

Held-to-maturity investment are bonds which the Group has the ability and intent to hold until maturity. Held-to-maturity debt investment s are recorded at amortized cost, adjusted for the amortization or discounts using the effective interest method.

f. Derivative financial instruments

Derivative financial instruments such as interest rate swaps or currency swaps/forwards are used solely to hedge exposures to changes in interest rates and exchange rates. The Group applies hedge accounting. Therefore, the derivatives are measured at fair value through the other comprehensive income and through profit and loss, respectively. The fair value of interest rate derivatives is equal to the present value of the instrument's future cash flows, discounted at the interest rate for zero-coupon bonds.

g. Bank Borrowings

Borrowings are measured at amortized cost. Amortized cost is determined by the effective interest method, taking into account the costs of the issue and any issue or redemption premiums.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term investments in money market instruments. These instruments have maturities of less than three months and are readily convertible into known amounts of cash; their exposure to changes in value is minimal.

Fair value measurements

The fair value corresponds to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with IFRS 13 - Fair value measurement, the fair value hierarchies have the following levels:

a. Level 1: Fair value measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
b. Level 2: Fair value measured by reference to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
c. Level 3: Fair value measured by reference to inputs for the asset or liability that are not based on observable data (unobservable inputs).

Revenue recognition

In accordance with IAS 18 "Revenue", revenue corresponds to the value of goods and services sold in the ordinary course of business by fully consolidated companies. The Group applies the guidance provided in IAS 18 to determine whether it acts as the principal or an agent in its contractual hotel management relationships. For the purpose of applying IAS 18, the Group is considered as acting as the principal when it has exposure to the significant risks and rewards associated with the rendering of services. In this case, the revenue and related expenses are reported separately in the income statement. When the above criterion is not met, the Group is considered as acting as an agent and only the remuneration corresponding to the agency fee is recognized in revenue. In accordance with IAS 18 "Revenue", revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT, other sales taxes and fair value of customer loyalty programs. Revenue from product sales is recognized when the product is delivered and the significant risks and rewards of ownership are transferred to the buyer.

Revenue from sales of services is recognized when the service is rendered. Revenue from sales of loyalty programs is recognized on a straight-line basis over the life of the cards in order to reflect the timing, nature and value of the benefits provided. When sales of products or services are covered by a customer loyalty program, the revenue invoiced to the customer is allocated between the product or the service sold and the award credits given by the third party granting the loyalty points. The consideration allocated to the award credits, which is measured by reference to the fair value of the points granted, is deferred and recognized as revenue when the customer redeems the award credits – i.e. when an award is received in exchange for converting the loyalty points.

Consolidated statement of cash flows

The consolidated statement of cash flows is presented on the same basis as the management reporting schedules used internally to manage the business. It shows cash flows from operating, investing and financing activities.

Cash flows from operating activities include:

- Funds from operations, before non-recurring items and after adjustment for changes in deferred taxes and gains and losses on disposals of assets.
- Cash received and paid on non-recurring transactions.
- Changes in working capital.

Cash flows from investing activities comprise:

- Renovation and maintenance expenditure to maintain in a good state of repair operating assets held at January 1 of each year.
- Development expenditure, including the fixed assets and working capital of newly consolidated subsidiaries and additions to fixed assets of existing subsidiaries.
- Development expenditure on non-current assets classified as held for sale.
- Proceeds from disposals of assets.

Cash flows from financing activities include:

- Changes in equity.
- Changes in debt.
- Dividends.

Note 8: Capital management

The Group's main capital management objective is to maintain robust capital ratios in order to facilitate business operations and maximize shareholder value.

Its capital structure is managed and adjusted to keep pace with changes in economic conditions, by adjusting dividends, returning capital to shareholders or issuing new shares. Capital management objectives, policies and procedures were unchanged in 2016.

The main indicator used for capital management purposes is the debt-to-equity ratio (equity including shareholder loans for management purposes). The group does not have ratio on a maximum debt-to-equity ratio. For the purpose of calculating the ratio, net debt is defined as all short and long term borrowings (except shareholder loans for management purposes), including derivative financial instruments with negative fair values and bank overdrafts less cash and cash equivalents, and derivative financial instruments with positive fair values.

Equity includes the Group's share of reserves and retained earnings, and unrealised gains and losses recognized directly in equity, but exclude non-controlling interests.

(in EUR '000)	**31 December 2016**	**31 December 2015**
Interest-bearing loans and borrowings (refer to Note 20)	2,387,623	2,824,769
Accrued interests (refer to Note 20)	8,130	13,875
Derivate financial instruments (refer to Note 21)	22,125	25,847
Non interest-bearing loans (refer to Note 20)	233,333	224,209
Less: cash and short-term deposits (refer to Note 18)	(211,284)	(277,976)
Net debt	**2,439,927**	**2,810,724**
Equity attributable to equity holders of the parent company	1,252,967	1,339,041
Shareholders and third party loans (refer to Note 20)	1,778,501	1,777,942
Total capital	**3,031,468**	**3,116,983**
Capital and net debt	5,471,395	5,927,707
Debt- to - equity ratio (Net debt / Total capital) (%)	80%	90%

Note 9: Business combinations

2016

During the year 2016, no acquisition falling into the scope of business combination has been made.

2015

The Group had made the following acquisitions during the year 2015:

Company	**Hotels**	**Acquisition Date**	**% acquired**
Coroin Ltd via Séléné S.à.r.l	Claridge's, Connaught, Berkeley hotels	16/04/2015 08/10/2015	60% 40%
Société des Hôtels InterContinental France SAS & BHR Services (France) SAS via Constellation Hotels France Grand S.A.	Intercontinental Paris le Grand Hotel	20/05/2015	100%

The fair values of the identifiable assets and liabilities of the two businesses acquired as at the date of the acquisition were:

(in EUR '000)	Intercontinental Paris le Grand Hotel* EUR	Coroin Ltd* EUR	TOTAL EUR
	PPA B/S	PPA B/S	PPA B/S
Property, plant and equipment	**329,000**	**1,629,147**	**1,958,147**
Intangible assets	**2,000**	**198,503**	**200,503**
Deferred tax assets	**-**	**6,555**	**6,555**
Other non-current financial assets	**28,792**	**3,216**	**32,008**
Non-Current assets	**359,792**	**1,860,550**	**2,220,342**
Inventories	**157**	**4,738**	**4,895**
Trade and other receivables	**25,082**	**13,883**	**38,965**
Tax	**1,220**	**-**	**1,220**
Cash and cash equivalents	**15,740**	**10,797**	**26,537**
Current Assets	**42,199**	**29,418**	**71,617**
ASSETS	**401,991**	**1,866,839**	**2,268,830**
Non current interest bearing borrowings	**47**	**859,096**	**859,143**
Deferred tax liabilities	**99,485**	**226,311**	**325,796**
Other non current liabilities	**734**	**-**	**734**
Provision	**4,746**	**576**	**5,322**
Non-Current liabilities	**105,012**	**1,085,983**	**1,190,995**
Current interest bearing borrowings	**43,568**	**-**	**43,568**
Provisions	**125**	**-**	**125**
Trade and other payables	**19,321**	**9,751**	**29,072**
Other current liabilities	**-**	**17,517**	**17,517**
Current liabilities	**63,014**	**27,268**	**90,282**
LIABILITIES & IMPLIED EQUITY	**168,026**	**1,113,251**	**1,281,277**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**233,965**	**753,588**	**987,553**
Non-controlling interests	**-**	**310,687**	**310,687**
Goodwill arising on acquisition	**99,267**	**155,681**	**254,948**
Purchase consideration transferred	**333,232**	**598,582**	**931,814**

*The net assets recognized in the consolidated financial statements are based on the fair values at the acquisition date based on the independent valuation for the new hotel businesses acquired. The purchase price allocation has been completed in the course of 2016 which resulted in changes to the separately identifiable intangible assets (refer to Note 10.)

Had the acquired subsidiaries been part of the Group during the full year 2015, the revenue would have been EUR 320,961 thousand and the loss would have been EUR 17,553 thousand.

On 16 April 2015 and 8 October 2015 respectively, Constellation Hotel Holding Ltd S.C.A. has acquired 60% and 40% respectively of Coroin Limited, a company registered in England and Wales with Company Number 05091711 and having its registered office at I Vine Street, Mayfair, London WIJ AOH. The 40% stake of Coroin Limited has been acquired through the subsidiary Séléné S.à r.l. on 8 October 2015, at same carrying value as of 16 April 2015.

The total amount of EUR 12,052 thousand of acquisition costs for Intercontinental Paris le Grand Hotel and Coroin Ltd has been expensed and recorded in the caption "non-operating expense".

Note 10: Intangible assets

The table below shows the Concessions, patents and licenses, other intangibles and goodwill at the closing date:

(in EUR '000)	Concessions, patents and licenses	Other intangibles	Goodwill	TOTAL
At 01 January 2015	**274**	**136,403**	**460,087**	**596,764**
Acquisition	293	192,784	262,612	**455,689**
Amortisation	(117)	(18,944)	-	**(19,061)**
Impairment	-	-	(82,159)	**(82,159)**
Exchange difference	-	4,171	1,429	**5,600**
At 31 December 2015	**450**	**314,414**	**641,969**	**956,833**
Acquisition	605	111	-	**716**
Disposal	(372)	-	-	**(372)**
Amortisation	(214)	(4,597)	-	**(4,811)**
Reversal of impairment	26	-	-	**26**
Exchange difference	(8)	(42,494)	(26,388)	**(68,890)**
At 31 December 2016	**487**	**267,434**	**615,581**	**883,502**

As of 31 December 2016, the other intangible assets are mainly composed of the management contracts recognised on the acquisition of one of the London hotel for an amount of EUR 95,774 thousand (2015: EUR 101,913 thousand) and the Italian hotels for an amount of EUR 18,950 thousand (2015: EUR 35,768 thousand). As of 31 December 2016 and 2015, the other intangibles also include brands in relation to the London hotels acquired in 2015 amounting to EUR 176,000 thousand.

The recognition of goodwill of EUR 262,612 thousand represent the intrinsic value of hotel businesses acquired in United Kingdom and in Paris in 2015.

In 2016, the **Group** completed the purchase price allocation related to Coroin Ltd. The adjustments have been recorded in the consolidated financial statements 2015 and had an impact on the other intangible assets and goodwill that was initially recorded in 2015 following the preliminary purchase price allocation.

Impairment

The Group performed its annual impairment test in December 2016 and 2015.

As at 31 December 2016, the valuation of the individual hotel business CGUs resulted in an impairment related to the Intercontinental Barclay in Constellation Barclay US, LLC. Since there was no goodwill recognised for that CGU, the impairment amounting EUR 37,484 thousand (USD 41,491 thousand) was recorded in the property, plant and equipment (refer to Note 11).

In 2015, the fair value of some individual the hotel business CGUs assessed by an external valuer led to the goodwill impairment amounting to EUR 82,159 thousand (Constellation Hotel Italy and on Constellation Hotel France SAS).

The recoverable amount as at 31 December 2016 and 2015 was determined at the level of each hotel business CGU.

Key assumption used in value in use calculation

- Operating result
- Discount rate
- Growth rate

Operating results are based on management forecasts and individual hotel business plans.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its different business units and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on weighted average cost of the group borrowings. Business unit specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. In 2016, the cash flows were discounted at a rate between 4.6% to 9.5% (2015: 4.4% to 8.3%).

Growth rates used to extrapolate cash flows beyond the forecast period were based on published industry research.

Note11: Property, plant and equipment

The movements for the year are as follows:

(in EUR '000)	Land	Building	Plant, machinery and equipment	Construction in progress	Total
Cost or valuation					
At 01 January 2015	**495,816**	**767,465**	**91,263**	**19,048**	**1,373,592**
Additions	-	140,387	18,385	47	**158,819**
Acquisition of a subsidiary	1,190,108	593,203	174,836	-	**1,958,147**
Disposal	-	(357)	(1,304)	-	**(1,661)**
Exchange rate difference	19,075	20,497	(601)	3,932	**42,903**
At 31 December 2015	**1,704,999**	**1,521,195**	**282,579**	**23,027**	**3,531,800**
Reclassification	-	22,580	2,368	(24,948)	-
Additions	-	74,538	63,525	61,163	**199,226**
Disposal	-	-	(1,663)	-	**(1,663)**
Exchange rate difference	(175,203)	(77,937)	(41,877)	3,366	**(291,651)**
At 31 December 2016	**1,529,796**	**1,540,376**	**304,932**	**62,608**	**3,437,712**
Depreciation and impairment					
At 01 January 2015	-	**36,428**	**23,871**	-	**60,299**
Depreciation charge for the year	-	35,028	27,100	-	**62,128**
Exchange rate difference	-	349	(692)	-	**(343)**
At 31 December 2015	-	**71,805**	**50 279**	-	**122,084**
Reclassification	-	44	(44)	-	-
Depreciation charge for the year	-	19,723	37,116	-	**56,839**
Impairment	-	37,484	-	-	**37,484**
Disposal	-	-	(1,359)	-	**(1,359)**
Exchange rate difference	-	614	(15,711)	-	**(15,097)**
At 31 December 2016	-	**129,670**	**70,281**	-	**199,951**
Net book value					
At 31 December 2015	**1,704,999**	**1,449,390**	**232,300**	**23,027**	**3,409,716**
At 31 December 2016	**1,529,796**	**1,410,706**	**234,651**	**62,608**	**3,237,761**

Construction work in progress mainly represents refurbishment work carried out on Constellation Barclay US, and on Société des Hotels Intercontinental France SAS. The construction is expected to be completed in 2017.

The impairment of the year 2016 is related to the Intercontinental Barclay in Constellation Barclay US, LLC for EUR 37,484 thousand (USD 41,491 thousand).

Note 12: Operating leases – Group as Lessor

Fleet Street Investments III Limited is the beneficial owner of an investment property Peterborough Court, 133 Fleet Street, London EC4 and 131, 132, 134 to 139 (inclusive) and 141 Fleet Street and Daniel House, 140 Fleet Street, London EC4. The "Landlord" of the property under the lease agreements and deeds of variation includes Peterborough Court (Nominees) I Limited and Peterborough Court (Nominees) II Limited which are successors in title to LDT Partners. Peterborough Court (Nominees) I Limited and Peterborough Court (Nominees) II Limited are wholly owned and controlled by Fleet Street Investments III Limited.

On April 2005, LDT Partners ("Landlord") entered into a deed of variation with Goldman Sachs International for the lease of the property to Goldman Sachs International ("Tenant") with the Goldman Sachs Group Inc., as guarantor to the lease. The lease expires on 20 June 2026 with no option to extend. However, there is an early termination option available to the tenant; to end the lease contract on 29 September 2021 by giving twelve months' notice.

The four supermarket deals in Greece were based on guaranteed sale and leaseback basis with Carrefour for ten years.

Due to the non-payment of the lease rent in Greece in 2015 and 2016, there is a negative impact on the valuation of the properties. Following to the bankruptcies of Marinopoulos, the new tenant Slavenitis has concluded a new lease agreement. The new terms of the agreement, lead to a decrease in the rental income leases.

On 28 September 2016, Marinopoulos S.A., Sklavents S.A. and Helens RE I, Helens RE II, Helens RE III and Helens RE IV commercial investments executed the "Restructuring Agreement – Transfer of Business" of Marinopoulos S.A. whereby the unpaid rental lease Marinopoulos SA were transferred to Sklavents S.A. In February 2017, Helens RE has received the first payment for an amount of 6,505 thousand EUR.

The non-payment is reflected by an unrealised fair value loss of 16,620 thousand EUR recognized during the year 2015 and 32,250 thousand EUR in 2016.

Future minimum rentals receivable/payable under the operating lease(s) are as follows:

(in EUR '000)	**31 December 2016**	**31 December 2015**
Within 1 year	37,537	24,482
After 1 year, but no more than 5 years	125,808	97,927
More than 5 years	65,775	11,470
Total lease at end of year	**229,120**	**133,879**

Note 13: Investment properties

The movements for the year are as follows:

(in EUR '000)	31 December 2016	31 December 2015
At 01 January	**1,126,989**	**988,281**
Forex exchange gain/(loss)	(29,492)	81,860
Capital expenditure	104,927	31,671
Fair value gain/(loss) recognized during the year	(73,988)	25,177
At 31 December	**1,128,436**	**1,126,989**

Capital expenditure mainly represents development work being carried out on One Wall Street building in USA.

The Group's investment properties consist of 6 properties in UK, USA and Europe. The Group determines that the investment properties consist of following sub classes of assets based on the nature, characteristic and risk of each property.

- office
- retail/mixed use

Description of location, type and size of the investment properties:

Companies	Country	Location	Type	Size
Fleet Street Investments I Limited	United Kingdom	Fleet Street, London	Office property	34,423 sqm
Helens RE I	Greece	Alimos, Attica	Retail	14,856 sqm
Helens RE II	Greece	Tombazi Street, Thessaloniki	Retail commercial	19,811 sqm
Helens RE III	Greece	Ifigeneias Street, Attica	Retail commercial	8,728 sqm
Helens RE IV	Greece	Municipality of Pavlos Melas, Thessaloniki	Retail commercial	20,603 sqm
Constellation OWS Properties, Inc.	United States of America	One Wall Street, New York	Mixed use	95,624 sqm

As at 31 December 2016, the net fair value of the properties is based on valuations performed by JLL, an accredited independent Real Estate Appraisers who are specialist in valuing these types of investment properties. The fair valuation of the investment property as at 31 December 2015 was carried out by Cushman & Wakefield and Savills. A valuation model is in accordance with the recommendation of the Royal Institute of Chartered Surveyors (RICS). The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

As set out in Note 5, in arriving at the estimates of the market value, the valuers have not only relied on historical transactional comparable but also used their market knowledge and professional judgment to arrive at such values.

The following table shows an analysis of incomes and expenses from investment property.

(in EUR '000)	31 December 2016	31 December 2015
Rental income derived from investment properties	30,532	44,264
Direct operating expenses (including repair and maintenance) generating rental income	(1,466)	(1,629)
Profit arising from investment properties carried at fair value	29,066	42,635

Peterborough House and Daniel House property and One Wall Street are held as fixed security for the bank loan. (refer to Note 20)

Reconciliation of fair value

(in EUR '000)	Office properties	Retail/mixed use properties	TOTAL
At 01 January 2015	389,205	599,076	988,281
Foreign exchange gain/(losses)	23,438	58,422	81,860
Capital expenditures	-	31,671	31,671
Revaluation gain recognized in profit or loss	7,440	17,737	25,177
At 31 December 2015	420,083	706,906	1,126,989
Foreign exchange gain/(losses)	(55,697)	26,205	(29,492)
Capital expenditures	-	104,927	104,927
Revaluation gain/(losses) recognized in profit or loss	(50,642)	(23,346)	(73,988)
At 31 December 2016	313,744	814,692	1,128,436

Description of valuation techniques used and key inputs to reach the fair value of the investment properties:

Companies	Valuation technique(s)	Significant assumptions	2016	2015
Fleet Street Investments I Limited	Traditional rent and yield approach	Estimated rental value (Market rent) per sqm.	EUR 67.09 (for Peterborough Court) EUR 60.28 (for Daniel House)	EUR 60.34
		Net initial yield on contracted income	6.50%	5.63%
		Reversionary yield (Sep. 2021)	4.75%	5.67%
Constellation OWS Properties, Inc.	Discounted cash flow method (for residential rental component) Condominium sellout analysis (for residential and retail condominium)	Estimated rental value (Market rent) per sqm.	EUR 90.12 (for residential) EUR 75.89 (for flex space)	EUR 82.74 (for residential) EUR 76.61 (for flex space)
		Growth in Market Rental Rate	3.00%	3.50%
		Expense Growth Rate	3.00%	3.50%
		Discount Rate (IRR)	8.00%	5.50%
Helens RE I	Discounted cash flow method	Estimated rental value (Market rent) per sqm.	EUR 7.00	EUR 12 (for hypermarket's ground floor), EUR 8 (for mezzanine hypermarket)
		Net initial yield on contracted income	17.00%	19.38%
		True equivalent yield	14.96%	15.63%
		Reversionary yield (Sep. 2021)	5.83%	21.83%
Helens RE II	Discounted cash flow method	Estimated rental value (Market rent) per sqm.	EUR 7.00	EUR 9.5 (for hypermarket's ground floor) EUR 3.5 (for basement)
		Net initial yield on contracted income	16.47%	19.38%
		True equivalent yield	14.49%	15.63%
		Reversionary yield (Sep. 2021)	6.14%	21.83%

Helens RE III	Discounted cash flow method	Estimated rental value (Market rent) per sqm.	EUR 6.00	EUR 11 (for retail areas) EUR 6 (for office areas) EUR 4 (for storage areas)
		Net initial yield on contracted income	16.31%	19.38%
		True equivalent yield	14.35%	15.63%
		Reversionary yield (Sep. 2021)	6.23%	21.83%
Helens RE IV	Discounted cash flow method	Estimated rental value (Market rent) per sqm.	EUR 5.00	EUR 8 (for hypermarket) EUR 4.5 (for office areas) EUR 3 (for storage areas)
		Net initial yield on contracted income	15.44%	19.38%
		True equivalent yield	13.60%	15.63%
		Reversionary yield (Sep. 2021)	6.75%	21.83%

Using the DCF method, fair value is estimated using assumption regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on real property interest. To this projected cash flow series, a market derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

Significant increase (decreases) in estimated rental value would result in a significant higher (lower) fair value of the property.

Generally, a change in assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield).

Fair value hierarchy

The following table shows an analysis of the fair values Investment properties recognised in the statement of financial position by level of the fair values measurement hierarchy:

(in EUR '000) **Assets measured at fair value**	**Date of valuation**	**TOTAL**	**Quoted prices in active markets (level 1)**	**Significant observable inputs (level 2)**	**Significant unobservable inputs (level 3)**
Investment properties					
Office properties	31 December 2016	313,744	-	-	313,744
Retail/mixed use properties	31 December 2016	814,692	-	-	814,692
Office properties	31 December 2015	420 083	-	-	420 083
Retail/mixed use properties	31 December 2015	706 906	-	-	706 906

Note 14: Investment in joint ventures

The Group has made the following acquisitions during the year 2016:

Company	Type	Acquisition Date	% acquired
Property Market Kft	Retail	19/04/2016	40%
Kopaszi Gat Kft	Retail	19/04/2016	40%

As the two companies were acquired during 2016, they are proportionally consolidated following the equity method, and therefore there is no business combination as at 31 December 2016.

Through its subsidiary Constellation Hungary S.A., the Group has acquired a 40% interest in Property Market Kft. And Kopaszi Gat Kft., which are involved in mixed used real estate business in Hungary. The Group's interest in those two entities are accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of those two entities:

(in EUR '000)	Property Market Kft	Kopaszi Gat Kft	TOTAL
Current assets	59	5,724	5,783
Non-current assets	2,194	75,642	77,836
Current liabilities	(2,123)	(4,418)	(6,541)
Non-current liabilities	-	(52,357)	(52,357)
Equity	**130**	**24,591**	**24,721**
Group's carrying amount of the investment	**52**	**9,836**	**9,888**
Revenue	1,918	725	2,643
Cost of sales	(1,344)	(1,650)	(2,994)
Administrative expenses	(2)	(402)	(404)
Fair value of investment property	-	7,295	7,295
Finance (costs)	(23)	(2,292)	(2,314)
Profit before tax	**549**	**3,676**	**4,225**
Income tax expense	(45)	(531)	(576)
Profit for the year (continuing operations)	**504**	**3,145**	**3,649**
Total comprehensive income for the year (continuing operation)	**504**	**3,145**	**3,649**
Group's share of profit for the year	**201**	**1,258**	**1,459**

The movements for the year are as follows:

(in thousand of euros)	Property Market Kft	Kopaszi Gat Kft	TOTAL
At 31 December 2015	-	-	-
Balance at acquisition date	**(149)**	**8,578**	**8,429**
Total comprehensive income for the year (continuing operation)	201	1,258	1,459
At 31 December 2016	**52**	**9,836**	**9,888**

The joint venture requires the parent's consent to distribute its profits. The parent does not foresee giving such consent at the reporting date.

The joint venture has no contingent liabilities and no capital commitments as at 31 December 2016.

Note 15: Other non-current financial assets

Held to maturity investments

During the year 2015, CHH Finance S.A., a subsidiary of the Company, invested in bonds issued by a French Group named LOV Group for a total initial consideration of EUR 270,707 thousand with a maturity date in 2022. The investment consists in four different bonds, namely:

- 66,837 Senior Tranche A Notes LOV HOTEL COLLECTION for a total amount of EUR 66,837 thousand;
- 24,863 Senior Tranche B Notes LOV HOTEL COLLECTION for a total amount of EUR 24,863 thousand;
- 90,231 Mezzanine Notes FINANCIERE LOV for a total amount of EUR 90,231 thousand (reimbursed in 2016);
- 88,776 Mezzanine Notes LOV HOTEL COLLECTION for a total amount of EUR 88,776 thousand.

As of 31 December 2016, an amortization of the Senior Tranche A Notes LOV HOTEL COLLECTION amounting to EUR 4,100 thousand (2015: EUR 2,050 thousand) and an amortization of the Senior Tranche B Notes LOV HOTEL COLLECTION amounting to EUR 712 thousand (2015: nil) were received. Further, a voluntary early repayment of all the Mezzanine Notes FINANCIERE LOV of EUR 90,231,000 was received as well, thus leaving a net amount of the complete investment of EUR 173,614 thousand (EUR 268,657 thousand in 2015).

An impairment test was performed on these bonds and it was concluded that impairment does not exist.

Based on a discounted cash flow calculation, the fair value of the bonds amounts to EUR 207,972 thousand (EUR 345,673 thousand in 2015).

Loans and receivables

(in EUR '000)	31 December 2016	31 December 2015
Loan notes**	225,121	217,966
Escrow account	-	2,550
Loan to pacific Aviation Limited*	1,873	1,888
Smallwell Properties Limited*	6,054	6,054
Ostan dubh Linn Teoranta Limited*	6,008	6,008
Loan to Patrick Mc Killen*	37,656	37,656
CACIB Equity Cure account***	6,000	-
Other	3,040	3,592
Total Loans and receivables	**285,752**	**275,714**

(in EUR '000)	31 December 2016	31 December 2015
Bonds loan	173,614	268,657
Total financial assets held to maturity	**173,614**	**268,657**
Other non-current financial assets	**459,366**	**544,371**

* Patrick Mc Killen is the former shareholder of Coroin Ltd. Following the acquisition of Séléné Sàrl in 2015, the Group has acquired also the loans bearing interests of 3% to the Irish companies for an amount of EUR 13,950 thousand and Patrick Mc Killen for an amount of EUR 37,656 thousand. No reimbursement has been registered in 2016.

**The loan notes for an amount of EUR 225,121 thousand (USD 237,300 thousand) are receivable from IHG with an expected repayment when IHG divest and with a variable interest rate of 1.83%.

***The amount of EUR 6,000 thousand is related to a secured deposit account at a European bank.

Note 16: Trade and other receivables

The trade and other receivable can be detailed as follows:

(in EUR '000)	31 December 2016	31 December 2015
Trade receivable	53,398	40,000
Impairment of trade and other receivable	(10,801)	(10,435)
Total trade and other receivable (net)	**42,597**	**29,565**

Past-dues for the year ended 2016 can be detailed as follow:

Total EUR	Neither past due nor impaired EUR	< 30 dd* EUR	30–60 dd* EUR	61–90 dd* EUR	91–120 dd* EUR	> 120 dd* EUR
42,597	14,958	12,939	7,607	1,051	668	5,374

*dd: due day

Variation of the impairment on trade receivable:

(in EUR '000)	Individually impaired	Collectively impaired	Total
At 01 January 2015	387	50	437
Charge for the year	10,191	5	10,196
Utilized	(16)	-	(16)
Unused amounts reversed	(182)	-	(182)
At 31 December 2015	10,380	55	10,435
Charge for the year	37	101	138
Utilized	(6)	-	(6)
Unused amounts reversed	234	-	234
At 31 December 2016	10,645	156	10,801

From April 2015, the single tenant, of the four Carrefour hypermarkets owned by Helens RE I Commercial Investments, Helens RE II Commercial Investments, Helens RE III Commercial Investments, and Helens RE IV Commercial Investments (four undertakings of Helens RE S.A., a subsidiary of the Company), Marinopoulos S.A., started experiencing financial difficulties and did not pay the contractual rent. As a result, an impairment amounting EUR 10,052 thousand was recorded as this situation was deemed by the Directors of the Company to potentially have an impact on the recoverability of outstanding rent as of 31 December 2015. In 2016, no reversal of the provision for doubtful debts was made as management is still uncertain over the outcome of the restructuring agreement (refer to Note 12).

In 2016, the Group entered into new lease agreement with a new customer Sklaventis S.A and also has entered into agreement to repay the outstanding rent of Marinopoulos S.A. (refer to Note 12). The Group has collected first reimbursement in February 2017 in accordance with the agreement.

Note 17: Other current assets

The other assets are as follows:

(in EUR '000)	31 December 2016	31 December 2015
Receivable from Hyatt International (guarantee margin)	19,990	12,770
Ultimate shareholders advance	247,612	340,623
VAT and other tax	590	11,333
Interest on bonds (refer to Note 15)	4,459	8,502
Prepayments (hotel business)	5,768	6,745
Prepayments (investment property)	3,333	6,297
Other	34,105	11,070
Total trade and other receivable	**315,857**	**397,340**

Prepayments (hotel business) is mainly composed of the prepayments by the French hotels for an amount 6,405 thousand and by the Italians hotels for an amount of EUR 3,280 thousand.

Prepaid income (investment property) is mainly composed of the prepayments by Constellation Barclay US, LLC. for an amount EUR 3,978 thousand (USD 4,193 thousand) and by Constellation OWS Properties, Inc. for an amount EUR 2,460 thousand (USD 2,593 thousand).

The Group has received a guarantee from Hyatt related to the hotel in France for a total of 7 years in order to guarantee the percentage of occupation. Subject to the provisions set up in the Portfolio Guarantee Agreement dated 31 January 2013 between the Company and Hyatt International (Europe, Africa, Middle East) LLC, an indemnity related to the fourth quarter of the financial year 2016 is due to the Company. The current position amounts to EUR 19,990,142 (2015: EUR 12,765,350), which has been paid subsequent to year end (11 January 2017)

Other is mainly composed of the prepayment related to the renovation work of the 4 hotels in portfolio of Constellation France S.A.S. in France for an amount of EUR 12,159 thousand and EUR 13,113 Thousand for tax receivable.

The advances from Ultimate shareholders 'UBOs' represents an amount paid to them in prior years. During the year, the Group has received an amount of EUR 71,886 thousand from the UBOs and EUR 21,125 thousand has been netted with payable to UBOs.

Note 18: Cash and cash equivalents

(in EUR '000)	31 December 2016	31 December 2015
Cash at banks and on hand	201,703	250,235
Restricted cash	9,581	27,741
Total cash and cash equivalents	**211,284**	**277,976**

The restricted cash are located in USA (Constellation Barclay US, LLC and Constellation OWS Corporation Inc.) for a total amount of USD 10,100 thousand in 2016 and USD 30,201 thousand in 2015. This cash has been restricted for insurance and taxes reserves.

Note 19: Issued capital and reserves

Issued share capital

	31 December 2016	31 December 2015
Issued shares of EUR 100 each	1,660,310 shares	1,660,310 shares
Issued capital - (in EUR '000)	166,031	166,031

On 26 March 2012 (incorporation date) the Company issued capital for an amount of EUR 31 thousand represented by 310 shares with a par value of EUR 100 each. The initial share capital was fully subscribed and paid in. On 21 December 2012, the Company increased its share capital by an amount of EUR 400,000 thousand by issuing 4,000 thousand new shares with a par value of EUR 100 each, having the same rights and privileges as the existing shares. All these new shares have been subscribed and fully paid up.

On 31 December 2013, the Company decreased its share capital by an amount of EUR 234,000 thousand by cancelling 2,340 thousand shares and reimbursed an amount of EUR 234,000 thousand to the shareholders. Also at the date the Company was transformed from a Société Anonyme to a Société en Commandite par Actions with two classes of ordinary shares (A and B). The rights attached to the classes of shares are similar.

On 31 December 2013, the authorized and issued share capital amounts to EUR 166,031 thousand represented by 830,154 Ordinary A shares, 830,154 Ordinary B shares and 2 unlimited shares with a nominal value of EUR 100 each. The unlimited shares are held by the General Partner of the company. The number of authorised and issued shares moved from 4,031,000 shares as at 31 December 2012 to 1,660,310 shares as at 31 December 2013 as described above.

During the year 2016 and 2015, no changes incurred in respect to the Company's share Capital.

Capital contribution without issue of shares
During the year 2016, the shareholders of the Group decided to make several capital contributions in order to finance the different projects of the Group.

During the year 2016, the capital contributions made by the shareholders amount to EUR 114 million (2015: EUR 1,044 million).

Legal reserve
The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve for an amount EUR 676 thousand may not be distributed. Due to the fact that the Company made a loss in 2015 no further allocation has been done.

Other reserves
The other reserves of the group are composed of:

- Reserves for employee benefit plans
- Hedge accounting reserve

Note 20: Interest bearing loans and borrowings

Shareholders and third party loans non-current

	Interest rate	Maturity	CUR	Nominal value in original currency	Accrued interests as at 31 12 2016	31. 12.2016 EUR' 000	31. 12.2015 EUR' 000
Regis Investment S.A.	*	31/12/2023	EUR	117,000	37,068	124,500	117,000
Regis Investment S.A.	*	23/07/2023	GBP	64,220	505	54,902	68,254
Regis Investment S.A.	3%	01/05/2018	GBP	139,106	-	133,763	147,231
Regis Investment S.A.	7.04%- margin	26/02/2024	EUR	58,000	-	66,169	58,000
Regis Investment S.A.	9.00%- margin	29/09/2024	USD	31,804	-	38,871	31,804
Regis Investment S.A.	*	26/05/2023	EUR	63,500	4,818	63,500	63,500
Regis Investment S.A.	2.75% - margin	30/06/2025	EUR	25,773	-	26,450	25,738
Prime Capital S.A.	2.75% - margin	30/06/2025	EUR	25,773	-	26,450	25,738
Regis Investment S.A.	3.00% - margin	30/06/2025	EUR	2,361	-	2,429	2,395
Prime Capital S.A.	3.00% - margin	30/06/2025	EUR	2,361	-	2,429	2,395
Regis Investment S.A.	3.00% - margin	30/06/2025	GBP	159,960	-	141,783	160,756
Prime Capital S.A.	3.00% - margin	30/06/2025	GBP	159,960	-	141,783	160,756
Prime Capital S.A.	*	31/12/2023	EUR	117,000	37,068	124,500	117,000
Prime Capital S.A.	*	23/07/2022	GBP	59,834	505	54,901	59,834
Prime Capital S.A.	3%	01/05/2018	GBP	139,106	-	133,763	147,231
Prime Capital S.A.	7.04%- margin	26/02/2024	EUR	58,000	-	66,169	58,000
Prime Capital S.A.	9.00%- margin	29/09/2024	USD	31,804	-	38,871	31,804
Prime Capital S.A.	*	26/05/2023	EUR	63,500	4,818	63,500	63,500
Intercontinental Hotels Corporate	NA	**	USD	240,748	-	233,333	224,209
					84,782	1,538,066	1,565,145

* 2.5% + variable based on the performance of the Company

** Upon agreement between Intercontinental Hotels Corporation and Constellation Hotels Holding S.C.A.

Bank loans- non current

	Interest rate	Maturity	CUR	Nominal value in original currency	Accrued interests as at 31 12 2016	31. 12.2016 EUR' 000	31. 12.2015 EUR' 000
Loan 1*	floating rate of GBP Libor + applicable margin	05/09/2017	GBP	159,719	1,127	159,012	201,313
Loan 2	3-month Euribor + applicable margin	30/06/2020	EUR	350,000	-	328,436	328,436
Loan 3	3-month Euribor + applicable margin	31/03/2019	EUR	65,000	-	62,502	64,018

Bank loans- non current (cont.)

	Interest rate	Maturity	CUR	Nominal value in original currency	Accrued interests as at 31 12 2016	31. 12.2016 EUR' 000	31. 12.2015 EUR' 000
Loan 4	margin + Euribor	31/03/2019	USD	43,000	-	40,793	39,497
Loan 5	Euribor + applicable margin	27/05/2022	EUR	142,474	823	41,568	142,474
Loan 6	EURIBOR 3M + Margin	27/10/2022	GBP	788,560	5,820	915,571	1,082,544
Loan 7	LIBOR + LIBOR margin	30/09/2019	EUR	52,000	-	51,571	51,406
Loan 8	Libor + applicable margin	31/03/2019	USD	185,000	-	174,038	162,761
Loan 9**	3-month Libor + applicable margin	10/10/2017	USD	460,000	-	435,409	420,474
Loan 10	floating notional swap	01/05/2018	GBP	210,000	1,257	212,204	258,114
Loan 11	EURIBOR 3M + Margin	20/05/2020	EUR	138,000	230	138,000	138,000
Loan 12***	LIBOR + margin	31/03/2019	USD	36,743	-	34,853	-
Loan 13	Variable	On demand	EUR	16,256	6,763	16,280	22,181
					16,020	2,610,237	2,911,218

Less current portion

	Interest rate	Maturity	CUR	Nominal value in original currency	Accrued interests as at 31 12 2016	31. 12.2016 EUR' 000	31. 12.2015 EUR' 000
Loan 1*	floating rate of GBP Libor + applicable margin	05/09/2017	GBP	159,719	(1,127)	(159,012)	-
Loan 3	3-month Euribor + applicable margin	31/03/2019	EUR	65,000	-	(1,195)	(1,600)
Loan 9**	3-month Libor + applicable margin	10/10/2017	USD	460,000	-	(435,409)	(420,474)
Loan 10	floating notional swap	01/05/2018	GBP	210,000	-	(9,344)	(10,900)
Loan 13	Variable	On demand	EUR	16,256	(6,763)	(16,280)	(22,181)
					(7,890)	(621,240)	(455,155)

Total non- current loans	92,912	3,527,063	4,021,208

* Bank loan 1, has maturity date of 5/7/2017 and accordingly classified as current. Subsequent to the year end, the loan was extended to 5 September 2017 and on 29 August 2017, a new loan contract was signed for an amount £133,000 thousand with a fixed interest rate and a maturity date June 20, 2025.

**Bank loan 9, contracted by Constellation OWS Properties, Inc. had a maturity date of 27 April 2017 and was therefore classified as current. Subsequent to the year-end, the loan was extended to 10 October 2017. On 22 August 2017, a new bank loan was contracted with another bank for an amount of USD 850,000 thousand with an interest rate of Libor 1 month + margin and a maturity loan of 3 years extendable by 1 more year. As of the date of the issue of these financial statements the Group has received a term sheet with details of the loan amount sanctioned, interest rate and maturity date including other terms and conditions. The Board of Directors have approved these terms and conditions. Currently, documentation is being drawn by the bank and the legal team. The loan drawdown is subject to the bank credit committee approval.

***In 2016, Constellation Barclay US, LLC entered into a Supplemental loan with a commercial bank in Europe for an amount of USD 36,743 thousand with a maturity date as of 30 September 2019.

(in EUR '000)	**31 December 2016**	**31 December 2015**
Interest-bearing loans and borrowings - non current		
Interest-bearing loans and borrowings	3,527,063	4,021,208
Accrued interests capitalised on the loan	92,912	79,467
Total non-current interest-bearing loans and borrowings	**3,619,975**	**4,100,675**
Interest-bearing loans and borrowings – current		
Current portion of REGIS INVESTMENT S.A. loan	77,791	46,185
Current portion of PRIME CAPITAL S.A. loan	77,863	87,145
Accrued interests on banks loans	7,890	13,875
Ultimate shareholders	2,630	2,630
Current portion of bank loan	621,240	455,155
Bank overdraft	198	1,800
Total of current borrowings	**787,612**	**606,790**
Total interest-bearing loans and borrowings	**4,407,587**	**4,707,465**

Current portion of bank loans

The fair values of the borrowings are approximate equal to their carrying amount.

The Group has bank overdraft classified in short-term loan for an amount of EUR 199 thousand at a commercial bank in Europe and is repayable on demand (2015: EUR 1,800 thousand).

Non-current portion of bank loans

The Company and its subsidiary, CHH Finance S.A., respectively pledged the former's subscribed shares of the latter amounting to EUR 31,000 and the latter's bank account as well as *"fiducie-sûreté"* over its subscribed Notes (refer to Note 12), in favour of Bank in its capacity as lender (refer to loan 5). During the year 2016, CHH Finance S.A. received an early reimbursement of the Senior Plan for a total of EUR 100,906 thousand.

Pursuant to a share pledge agreement all the shares issued by Constellation Hotels France SAS are pledged in favour of the banks (refer to loan 2).

Constellation Hotels France SAS entered into a conventional mortgage for an amount of EUR 275,000 thousand in favour of bank and for an amount of EUR 110,000 thousand in favour of another bank in their capacity as lenders. Extreme effective date is 31 January 2021 (refer to loan 2).

Constellation Hotels France SAS entered into a conventional mortgage for an amount of EUR 27,500 thousand in favour of bank and for an amount of EUR 11,000 thousand in favour of another bank in their capacity as hedging bank. Extreme effective date is 31 January 2021 (refer to loan 2).

Constellation Hotels France SAS entered into a conventional mortgage (as security) for an amount of EUR 14,850 thousand in favour of bank and for an amount of 5,940 thousand EUR in favour of another bank. Extreme effective-date is 31 January 2021 (refer to loan 2)

Further, Constellation Hotels France SAS entered into a complementary mortgage as security for the payment of the interest due under the Facility (refer to loan 2).

Constellation Hotels France SAS entered as well into a first ranking pledge of the business in favour of bank in its capacity as lender, as agent and as hedging bank and in favour of another bank in its capacity as lender and as hedging bank (refer to loan 2).

Constellation Hotels France SAS pledged all its bank accounts and receivables and assigned the professional receivables as a security (refer to loan 2).

CU.GI.MI. SpA renegotiated its Facility with several banks for a total amount of EUR 65,000 thousand. This loan is secured by means of a mortgage on the owned property and by pledging 100% of the shares in favour of the Lenders (refer to loan 3).

One of two undertakings of Constellation Hotels France Grand S.A., Société des Hôtels InterContinental France (SHIF) SAS, pledged all of its issued shares in favour of bank in its capacity as lender. The pledged issued share capital of SHIF amounts to EUR 115,112 (refer to loan 11).

Pursuant to a share pledge agreement dated 1 May 2013, Constellation Hotels Holding pledged in favour of a bank, all the present and future rights, titles, interests and benefits in to and under the Shares and Distributions (i.e. all rights, titles, interests and benefits of Constellation Hotels Holding in respect of any dividend, bonus shares or any type of distribution, return or right in respect of any of the shares of Constellation Hotel UK S.A. (whether by way of bonus, conversion, disposition, exchange, option, preference, redemption, sale substitution or otherwise) (refer to loan 10).

Pursuant to a share pledge agreement dated 1 May 2013, Constellation Hotels Holding and Constellation Hotel UK S.A. pledged in favour of a bank, all the present and future rights, titles, interests and benefits in to and under the Shares and Distributions (i.e. all rights, titles, interests and benefits of Constellation Hotels Holding in respect of any dividend, bonus shares or any type of distribution, return or right in respect of any of the shares of Constellation Hotel (OpCo) UK S.A. (whether by way of bonus, conversion, disposition, exchange, option, preference, redemption, sale substitution or otherwise) (refer to loan 10).

Pursuant to a receivables pledge agreement dated 1 May 2013, Constellation Hotel UK S.A. pledged in favour of a bank, all the present and future claims it has or will have against Constellation Hotel (OpCo) UK S.A. under the Intercompany Loan Agreements, including, for the avoidance of doubt, all income deriving there from, payments made or to be made in respect thereof, interest thereon, proceeds thereof and rights, title and benefits in relation thereto (refer to loan 10).Pursuant to a receivables pledge agreement dated 1 May 2013, Constellation Hotel (OpCo) UK S.A. pledged in favour of a bank, all the present and future claims it has or will have against Constellation Hotel UK S.A. under the Intercompany Loan Agreements, including, for the avoidance of doubt, all income deriving there from, payments made or to be made in respect thereof, interest thereon, proceeds thereof and rights, title and benefits in relation thereto (refer to loan 10).

Pursuant to a receivables pledge agreement dated 1 May 2013, Constellation Hotels Holding pledged in favour of a bank, all the present and future claims it has or will have against Constellation Hotel UK S.A. and Constellation Hotel (OpCo) UK S.A. under the Intercompany Loan Agreements, including, for the avoidance of doubt, all income deriving there from, payments made or to be made in respect thereof, interest thereon, proceeds thereof and rights, title and benefits in relation thereto (refer to loan 10).

Pursuant to the Term Loan and Security Agreement dated 31 March 2014, the indirect undertaking of Constellation Barclay UK Limited i.e. 111 East 48th Street Holdings, LLC (Delaware, USA) pledged in favour of a bank, as collateral, all right, title, and interest of pledger in and to the followings: (i) Interest Rate Cap Agreement, (ii) all payments, distributions, disbursements due to be delivered to pledger in relation to Interest Rate Cap Agreement, (iii) all pledgers' claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under Interest Rate Cap Agreement, including all accessions and addition to, replacements, products and proceeds of any of the foregoing (refer to loan 8).

Note 21: Derivative financial instruments

The derivatives financial instrument can be described as follows:

(in TEUR)						Fair value at			Impact on 31/12/2016		Impact on 31/12/2015	
% loan value covered	Currency	Nominal in original currency	Start date	End date	Swap	31/12/2016	31/12/2015	Total change in year	Equity (OCI)	Profit or loss	Equity (OCI)	Profit or loss
100%	EUR	52,000,000	20/10/2014	30/09/2019	IRS	(858)	(667)	(191)	(145)	(46)	(233)	(56)
100%	GBP	159,199,045	22/06/2016	05/07/2017	IRS	(824)	(2,092)	1,268	-	1,268	-	608
100%	EUR	189,000,000	31/01/2013	31/01/2020	IRS	(10,203)	(12,157)	1,954	1,410	544	1 286	(3,647)
100%	EUR	116,000,000	30/04/2013	31/01/2020	IRS	(6,262)	(7,461)	1,199	866	333	788	(2,238)
100%	EUR	45,000,000	30/04/2013	31/01/2020	IRS	(2,430)	(2,894)	465	336	129	306	(868)
33%	EUR	138,000,000	11/17/2015	05/20/2020	IRS	(1,548)	(576)	(972)	-	(972)	-	(576)
Liabilities						(22,125)	(25,847)	3,723	2,467	1, 256	2,147	(6,777)
N/A	EUR	107,000,000	23/04/2013	23/01/2018	IRC	-	176	(176)	-	(176)	-	(686)
N/A	EUR	440,000,000	23/04/2013	23/01/2018	IRC	-	481	(481)	-	(481)	-	(2,879)
Assets						-	657	(657)	-	(657)	-	(3,565)
Net						(22,125)	(25,190)	3,066	2,467	598	2,147	(10,342)

The derivative financial instruments assets are included in other non-current assets.

Gain and loss on derivatives

(in EUR '000)	31 December 2016	31 December 2015
Fair value at the beginning of the year	(25,190)	(21,217)
Fair value at the end of the year without taxes	(22,125)	(25,190)
Exchange difference	(205)	178
Total gain/(losses) on derivative financial instruments for the year	**2,860**	**(3,795)**
Total gain/(losses) on derivative financial instruments acquiried	**206**	**(4,400)**
Total gain/(losses) on derivative financial instruments	**3,066**	**(8,195)**

Use of the derivatives

The Group uses an interest rate swap to manage its interest rate risk exposure. The Group's principal objective in holding or issuing derivatives is to manage interests rate risk related to its liabilities. The operations of the Group are subject to the risk of interest rate risk fluctuations of the loan entered into with the Bank in 2016 and the previous years.

Cash flow hedge

The fair value adjustment is net of tax in the OCI for an amount of EUR 2,467 thousand (2015: EUR 2,147 thousand).

As at 31 December 2016, the Group has entered into a swap agreement with a commercial bank in Europe (the "Swap Counterparty") to effectively swap the variable rate on its bank loan for a fixed rate of 1.435% per annum on 21 May 2012. The Group receives interest from the Swap Counterparty at a variable rate of 3-month GBP Libor-cap. The swap terminates on 5 July 2017 which matches the maturity of the bank loan the Company entered into with a commercial bank in Europe.

The variation of the fair value of the interest rate swap of EUR 3,066 thousand has been recognised in financial cost and offset with a similar gain on the bank borrowings.

Derivatives are measured at fair value level 2 fair value measurements:

(in EUR '000) **Liabilities measured at fair value**	**Date of valuation**	**TOTAL**	**Quoted prices in active markets (level 1)**	**Significant observable inputs (level 2)**	**Significant unobservable inputs (level 3)**
Interest rate swaps derivatives financial liabilities	31 December 2016	**(22,125)**	-	(22,125)	-
Interest rate swaps derivatives financial liabilities	31 December 2015	**(25,190)**	-	(25,190)	-

Note 22: Other current payables

The Other current payable breakdown is as follows:

(in EUR '000)	31 December 2016	31 December 2015
Accrued construction cost	11,814	9,026
Operating provision for hotel business	7,822	10,144
Accrued severance	2,971	5,338
Retention payable	-	968
Accrued salaries & wages	30,052	31,394
Taxes excluding income tax	22,755	24,448
Prepayments from tenants	10,014	7,815
Tenant payables and deposits	4,616	4,624
Other payables to third parties	8,169	8,245
Other accrued expenses	9,495	7,160
Total other current payables	**107,708**	**109,162**

The other payable to third parties is mainly composed of the loan to Col Investment the former shareholder of Séléné S.àr.l. for an amount of EUR 6,140 thousand.

Note 23: Provisions

Non-current provisions amounting to EUR 20,709 thousand as at 31 December 2016 refer to the retirement plan in France (EUR 14,074 thousand) and the UK hotel business (2015: EUR 6,635 thousand).Current provisions amounting to EUR 4,911 thousand as at 31 December 2016 mainly refer to the retirement plan in France (2015: EUR 4,798 thousand).

Note 24: Financial instruments

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, shareholders loans, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans and receivables, bonds, trade and other receivables, and cash at banks and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2016 and 2015.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge instruments in place at 31 December 2016.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

To manage its interest rate risk, the Group enters into interest rates swaps, in which the Group agrees to exchange, at specified intervals, the differences between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designed to hedge underlying debt obligations. At 31 December 2016, after taking into account the effect of interest rate swaps, 19.30% of the Group's borrowings are hedged (2015: 47.85%).

Since the floating rate interest are 30.55% hedged with floating to fixed interest rate swaps, there will be no impact on profit or loss arising due to variability of interest income and expense. However, a change in interest rate will affect the fair value of the value of the swap and therefore will affect the profit or loss and equity. Also, the impact of interest rate on cash deposits held by the Group is not expected to be material on the profit or loss of the Group.

Interest rate sensitivity

The sensitivity analysis has been determined based on the Group's exposure to interest rates for interest bearing assets and liabilities at the statement of financial position date and has been based on management's assessment of the possible changes in interest rates.

Had the interest rate been higher (lower) of 100 basis point, the net profit and net equity would have been lower (higher) of 59,270 thousand EUR.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

The Group has an opportunistic approach in relation with foreign currency exchanges.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

(in EUR '000)

Percentage of change in rate	Effect on GBP profit before tax	Effect on USD profit before tax	Effect on HUF profit before tax
+20%	(11,332)	63	(3,107)
-20%	11,332	(63)	3,107

The movement in the post-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in GBP, where the functional currency of the entity is a currency other than GBP. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

The movement in equity arises from changes in GBP borrowings (net of cash and cash equivalents) in the hedge of net investments in GBP operations and cash flow hedges. These movements will offset the translation of the GBP operations' net assets into EUR.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

1- Credit risk related to financial instruments and cash deposit

h. Cash

Before placing cash with any bank, the Group has due consideration to both investment and credit risk. Although most of its cash balances are held with only two European banks, the concentration risks are deemed insignificant given the good reputation of the two European banks.

i. Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Given that the Group has advanced loans to its subsidiaries, the main counterparty risk lies in the inability of the subsidiaries to pay the interest payments on a timely basis which will be borne by the ultimate holding company. However, as a means to mitigate this counterparty risk, the Group has arranged for the rental income earned by the subsidiary to be deposited directly in the bank account of the Group. The interest on loans receivables are offset against that amount first whilst the remaining amount sits as an amount payable in the accounts of the Group.

j. Interest rate swap

Credit risk also arises on the interest rate swap agreement entered into with a European bank. Nevertheless, the counterparty risk is controlled since the Group has chosen a bank with a good credit rating of A1, as issued by Moody's. In case of an unlikely default, the Company will be exposed to a floating rate interest of GBP LIBOR on the bank loan taken from another European bank since the purpose of the derivate financial instrument was to swap floating interest rate with a fixed interest rate.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations arising from its financial liabilities as they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

As the rental income is received on a quarterly basis and interest payment under bank loan agreement is made on a quarterly basis as well, part of the liquidity risk is mitigated. Also, rental income is first restricted to the payment of the bank loan interest and then the other expenses of the Group.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

31 December 2016

(in EUR '000)	TOTAL	Less than 1 year	Between 1 to 5 years	More than 5 years
Long-term borrowings without interests (refer Note 20)	**1,988,997**	-	1,031,860	957,137
Interest payable in the future	**301,275**	65,901	203,295	32,080
Shareholder loans (refer Note 20)	**1,622,847**	-	267,526	1,355,321
Interest payable in the future	**416,406**	58,769	214,102	143,535
Other non-current liabilities	**8,732**	-	8,732	-
Short term shareholder loans	**158,283**	158,283	-	-
Current portion of bank loans	**621,240**	621,240	-	-
Trade payables	**58,149**	58,149	-	-
Other current payables (refer Note 22)	**107,708**	107,708	-	-

31 December 2015

(in EUR '000)	TOTAL	Less than 1 year	Between 1 to 5 years	More than 5 years
Long-term borrowings without interests (refer Note 20)	**2,456,063**	-	1,231,045	1,225,018
Interest payable in the future	**432,926**	15,675	318,691	98,560
Shareholder loans (refer Note 20)	**1,565,145**	-	294,462	1,270,683
Interest payable in the future	**511,536**	-	37,452	474,084
Other non-current liabilities	**10,441**	-	10,441	-
Short term shareholder loans	**158,283**	158,283	-	-
Current portion of bank loans	**455,155**	455,155	-	-
Trade payables	**59,836**	59,836	-	-
Other current payables (refer Note 22)	**109,162**	109,162	-	-

Fair values

The term "Financial instruments" includes financial assets and financial liabilities. The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value of financial assets and liabilities is estimated using quoted market prices for similar instruments and adjusted for differences between the quoted instrument and the instrument being valued. In certain cases, including the loans advanced to borrowers, where there are no ready markets, various techniques have been used to estimate the fair value of the instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Readers of these financial statements are advised to use caution when using the data to evaluate the Groups financial position or to make comparisons with other companies.

The fair value of cash and cash equivalents, other receivables and other payables is equal to their book value.

The following table gives details of the carrying amounts and fair values of financial instruments:

(in EUR '000)	Carrying Amount 2016	Fair Values 2016	Carrying Amount 2015	Fair Values 2015
Assets	**713,247**	**747,605**	**851,912**	**928,928**
Other non-current financial assets	459,366	493,724	544,371	621,387
Cash and cash equivalents	211,284	211,284	277,976	277,976
Trade and other receivables	42,597	42,597	29,565	29,565
Liabilities	**4,494,937**	**4 494,937**	**4,822,844**	**4,822,844**
Borrowings	2,618,327	2,618,327	2,926,895	2,926,895
Debt towards shareholder	1,688,628	1,688,628	1,701,104	1,701,104
Derivatives	22,125	22,125	25,847	25,847
Trade and other payables	165,857	165,857	168,998	168,998

All financial assets, liabilities and investment properties that are measured at fair value are level 3 fair value measurements.

Note 25: Income tax

The major components of income tax expense for the years end 31 December 2016 and 2015 are:

Current income tax

(in EUR '000)	31 December 2016	31 December 2015
Income tax		
Current income tax	(5,735)	(2,109)
Sub-total, current income tax	**(5,735)**	**(2,109)**
Deferred tax		
Relating to origination and reversal of temporary differences	51,043	27,517
Sub-total, deferred tax	**51,043**	**27,517**
Income tax benefit reported in the statement of profit or loss	**45,308**	**25,408**

Reconciliation of income tax expense and the accounting profit multiplied by Luxembourg domestic tax rate for 2016 and 2015

(in EUR '000)	31 December 2016	31 December 2015
Accounting loss before income tax	**(120,184)**	**(147,695)**
At Luxembourg's statutory income tax rate of 29.22% (2015: 29.22%)	35,118	43,156
Difference in tax rate	62,068	16,192
Tax-exempt income	(1,732)	-
Effect of unrecognized losses carried forward	(29,156)	(11,970)
Permanent differences	(20,990)	(21,970)
Income tax benefit reported in the statement of profit or loss	**45,308**	**25,408**

Effective tax rate

(in EUR '000)	31 December 2016	31 December 2015
Income tax benefit	45,308	25,408
Net profit or loss	(74,877)	(122,287)
Group effective tax rate	**(41.48%)**	**(17.20%)**

Detail of the deferred tax

Deferred taxes are related to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
(in EUR '000)	**31 December 2016**	**31 December 2015**	**31 December 2016**	**31 December 2015**
Timing differences for tax purposes	5,022	5,977		
Revaluation of tangible assets	(374,282)	(441,818)	(20,714)	66,851
Revaluations of investment properties to fair value	(661)	(8,832)	(15,793)	(11,085)
Pension	3,829	684	6	667
Revaluation of financial instruments at fair value	6,244	8,455	1,161	(2,452)
Other	(31,975)	(32,909)	(4,878)	(52,001)
Effect of tax rate difference	-	-	(2,762)	(5,700)
Tax loss carried forward	56,699	51,593	(8,063)	(23,797)
Deferred tax income			**(51,043)**	**(27,517)**
Net deferred tax liabilities	**(335,124)**	**(416,850)**		
Reputed as liabilities	**(394,573)**	**(456,071)**		
Reputed as assets	**59,449**	**39,221**		

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Details of the income tax

(in EUR '000)	31 December 2016	31 December 2015
At 01 January	**11,498**	**(13,910)**
Tax income/ (expense) during the year recognized in profit or loss	(5,735)	(2,109)
Deferred taxes generated during the year	51,043	27,517
At 31 December	**56,806**	**11,498**

Note 26: Revenue

The total revenue for the year is broken down as follows:

(in EUR '000)	For the year ended 31 December 2016	For the year ended 31 December 2015
Rental income	30,532	44,264
Income from hotel operations	557,779	514,332
Total revenue	**588,311**	**558,596**

The Group activities are located in United Kingdom, United States of America, France, Greece, Italy and Hungary.

Note 27: Operating expense

The operating expense for the year are detailed as follows:

(in EUR '000)	For the year ended 31 December 2016	For the year ended 31 December 2015
Purchase of goods and services	135,513	127,754
Distribution and marketing	11,502	14,578
Administration expenses	28,871	27,485
Operating leases	4,697	3,974
Bad debt allowances (refer to note 16)	37	10,191
Amortisation of intangible assets	4,785	19,061
Depreciation of tangible assets	50,342	62,128
Impairment of tangible assets (refer to note 4)	37,484	-
Impairment of receivables	3,249	-
Insurance	4,991	3,846
Staff costs	223,371	184,610
Real estate taxes	26,274	22,317
Utilities	6,366	5,700
Repairs & maintenance	16,101	15,260
Royalties	4,014	1,692
Other	27,752	15,024
Total operating expense	**585,349**	**513,620**

Note 28: Financial income and expense

Financial income

(in EUR '000)	For the year ended 31 December 2016	For the year ended 31 December 2015
Interest and similar income*	25,863	18,837
Net foreign exchange gain	39,921	4,368
Total financial income	**65,784**	**23,205**

*Interest and similar income include the interest income on bonds (refer to Note 15) for an amount of EUR 10,362 thousand.

Financial expense

(in EUR '000)	For the year ended 31 December 2016	For the year ended 31 December 2015
Changes in fair value of derivative financial instruments	(4,176)	(10,342)
Interest on bank loan and similar expense	(93,945)	(119,229)
Interest on shareholders loans	(64,152)	(55,364)
Other financial charges	(6,528)	(4,611)
Total financial expense	**(168,801)**	**(189,546)**

Note 29: Other operating income

The other operating income is mainly composed of EUR 58,291 thousand related to the guaranty agreement provided by Hyatt International to Constellation Hotel Holding Ltd S.à r.l. (2015: EUR 25,908 thousand).

Note 30: Auditors remuneration

As at 31 December 2016, the annual statutory auditor's remuneration for the entire Group amounts to EUR 908 thousand (2015: EUR 908 thousand).

Note 31: Off-Balance sheet commitments

Off-balance sheet commitments (not discounted) given at 31 December 2016 break down as follows:

(in EUR '000)	2016	2015
Guarantees	30,000	30,000
TOTAL	30,000	30,000

A European bank issued upon the instruction of the Company a guarantee of EUR 30 million to the banks that provide finance to the group companies (Société du Louvre-Lafayette SAS, Concorde Martinez SAS and Société du Palais de la Méditerranée SAS).

Note 32: Related party transactions

For the purpose of applying IAS 24, the Group has identified the following related parties:

- All fully consolidated companies and all associated companies accounted for using the equity method (refer to Note 20);
- All members of the Executive Committee and the Board of Directors and the members of their direct families;
- All companies in which a member of the Executive Committee or the Board of Directors holds material voting rights;
- Companies that exercises significant influence over the Group (refer to Note 4);
- Fully consolidated companies by a company that exercise significant influence over the Group.
- No management remuneration was paid in 2015 and 2016. A constellation fee of EUR 2 million has been paid to Al Mirqab capital for the year ended 31 December 2016 (2015: EUR 2 million)

All loans received from shareholders in any year and all related interest are related party transactions. (refer to note 20)

Note 33: Subsequent events

Due to a refinancing at the level of Constellation Hotels France SAS, the guarantee given by a European bank amounting to EUR 30 million in favour of 2 other banks has been released on 5 July 2017.

On April 6, 2017, HELENS I,II, III and IV and Sklaventis executed an amended agreement, in which they agreed to:

a. Extend the lease period by 5 year (until march 2029)
b. Rescind the terms related to the Lessee's right to purchase the Leased Premises (Purchaser Right) and the Lessor's obligation to sell the Leased Premises (Seller Obligation)
c. Agree new rent price of 10,620 vs 11,600

On 29 August 2017, a new loan contract was signed for an amount £133,000 thousand with a fixed interest rate and a maturity date June 20, 2025.

On August 22, 2017, a bank loan was contracted with a USA bank for an amount of USD 850,000 thousand with an interest rate of Libor 1month + margin and a maturity date of 3 year extendable by 1 year.