VON DER HEYDEN GROUP

Von der Heyden Group Financial Year 2017 Results

The Von der Heyden Group, through TIMAN Investments Holdings Limited, today presented its consolidated and audited annual accounts for the financial year ended 31st December 2017. It is important to note that TIMAN Investments Holdings Limited acts purely as a holding company for the Von der Heyden Group with 34 subsidiaries and associates

Valletta, Malta, 30th April 2018 -- The Von der Heyden Group today reported full year 2017 financial results.

During 2017, through its wholly owned subsidiary Von der Heyden Group Finance plc, the Group successfully issued 25,000 public bonds with a face value of €25,000,000. The bonds were issued to support the group to finance its future projects whilst at the same time enabling the Group to seize new opportunities that may arise in the market.

"In line with the Group's strategy, during 2017 the Group proceeded with its expansion plans in its hotel chain, IBB Hotel Collection, by opening our first hotel in Malta at the iconic and historic Macina Sheer Bastion in Senglea as well as the launch of our Maltese food and beverage operations at Hammetts Gastro Bar in Sliema and Hammetts Macina through our joint venture IBB Hammetts. On a European Level, the Group has three new additions to IBB Hotel Collection with the opening of IBB Hotel Ingelheim, IBB Blue Hotel Paderborn and The Hotel Europäischer Hof in Hamburg which is managed by IBB Hotel Collection." said Group Chairman Sven Von der Heyden. "During 2017 we have completed the construction works on our iconic 4 Star IBB Hotel Dlugi Targ in Gdansk, Poland which opened finally these days, and we are on course to finish our largest development project so far later in 2018, the Bavaria Towers in Munich, Germany" Mr Von der Heyden added.

For the year ended 31 December 2017, the Company realised a profit after tax of €1,995,190 (2016: €697,875). The loss on the Group's consolidated activities for the year after tax amounted to €3,137,730 (2016: €1,431). The Group had other comprehensive income of €3.23 million arising from positive movements in the value of land and buildings and in currency translation reserves. This resulted in total comprehensive income for 2017 of €92,094 (2016: loss of €5,169). Through its new operations the Group registered an increase in turnover of over €2 million. At the same time the Group experienced an increase in staff costs and operating expenses, particularly start-up costs relating to the opening of its' new hotel operations during the course of 2017.

The major items that impacted the results of the Group are:

a. Pre-Opening costs of the new hotels opening during the course of 2017. These include setting up of all hospitality systems, staff recruitment, marketing and PR, procurement and pre-opening training programmes. The impact of these start up costs is estimated at €530k.

b. The strengthening of the management team of the Group in anticipation of its' expansion programme over the coming 5-year period and impact of one off costs that are not expected to recur in future years. Estimated impact of €250k.

c. Impact of almost €550k due to the transfer of the Fair Value movement of land and buildings for one of our Polish subsidiaries that, on consolidation, was restated as other comprehensive income.

d. Changes in depreciation rates in our Spanish companies having an impact of almost €300k.

e. Foreign Currency Exchange differences of €646k.

f. Increase in net Interest expenses resulting from the new public bond issue during the year of €350k.

Group assets as at 31 December 2017 amounted to €92.4 million (2016: €65 million). These mainly consisted of Property, Land and Equipment, Loans and amounts receivable and cash and cash equivalents held at year end. Liabilities as at year end 2017 were of €60.6 million with the main component being borrowings amounting to €51.5 million of which €24.8 million relate to the public bond issue made during the course of the year.

The Group performance in 2018 is expected to be in line with projections. Following the opening of three hotels in 2017, these will have the first full year of operations and at the same time the Group will proceed with the opening of at least two new hotels during 2018 in line with its expansion plans. Group revenues are expected to increase by 25% over 2017. The IBB Hotel Dlugi Targ has just opened its doors and a considerable appreciation in its value is anticipated.

With respect to the Group largest development project, Bavaria Towers, this is scheduled for completion in the latter half of 2018 and market response to the project has been exceptional. The Group is expecting a considerable increase of the value of this office project when compared to the last valuations. The Board of Directors is looking forward to a positive 2018.

In December the Group opened the doors of its first hotel in Malta, the Cugó Gran Macina Grand Harbour in Senglea. The hotel offers 21 spacious suites, a rooftop pool overlooking the marina and an event space with stunning views, a restaurant on the ground floor with outside terrace, all situated in Malta's iconic and historic sheer bastion dating back to the sixteenth century. In autumn of 2018 it expects to be handed over its second hotel in Malta, IBB Hotel Valletta Merkanti in Malta's capital city of Valletta, next to the newly opened market Is-Suq tal-Belt, offering 18-bedroom suites and breakfast room.

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With the completion of the refurbishment of the IBB Hotel Dlugi Targ in Gdansk, Poland at the end of 2017, which property is also owned by the Group, its third hotel in Poland is ready for operation. During the year 2017 works continued on the project, based on a refurbishment and conversion of three historical semi-detached city houses into a 4-star 90 room hotel with Spa, fitness facilities and restaurant. In April 2018 the Group has successfully converted its construction loan into an investment loan with Alior Bank S.A., therewith freeing up some of its invested shareholder loans.

During the course of 2017, IBB Hotel Collection furthermore opened two additional hotels in Germany, IBB Hotel Ingelheim and IBB Blue Hotel Paderborn. IBB Hotel Ingelheim, a 4-star hotel equipped with 103 double rooms, 6 studios, a breakfast restaurant and coffee bar, is located in downtown city center of Ingelheim which is home to one of Germany´s largest pharmaceutical companies Boehringer Ingelheim. The region is furthermore known for its excellent wines. IBB Blue Hotel Paderborn, offering 42 double rooms, 3 single rooms and 4 studios in 3-star superior standard is the second “budget” hotel in the Group’s IBB Hotel Collection. The hotel is located in a modern building close to the city center of Paderborn.Also during the year a management contract was concluded for The Hotel Europäischer Hof in Hamburg which is now managed by IBB Hotel Collection.

The Group has recently concluded a 10-year office lease agreement for the Bavaria Towers project in the east of the regional capital Munich in Germany, with eGym covering 6.000 sqm of office space. The high-tech company in the fitness and health business will move its headquarters, after completion of the four-tower project, to floors 1 to 4 of the Blue Tower partly belonging to the Group.

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Currently there are advanced talks with various other large organisations who have expressed their interest in leasing office space at Bavaria Towers. The construction works on Munich's new landmark project are progressing in line with expectations. The main construction of the buildings has been finalized and the internal finishes and technical installations are in an advanced stage, with completion scheduled for the second half of 2018.