

Q4

INTERIM REPORT

2017

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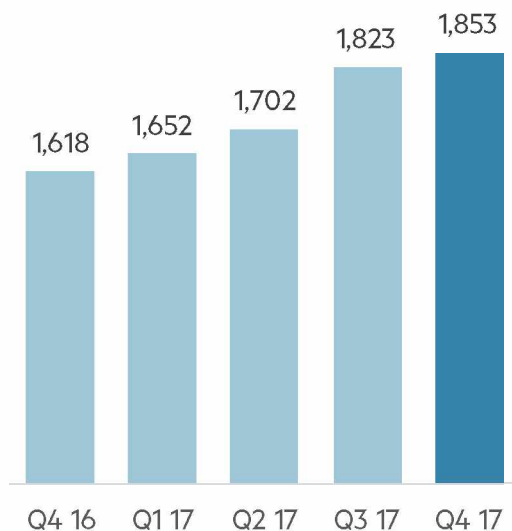
KEY FIGURES

NOK million	Q4 17	Q3 17	FY 17	Q4 16	Q3 16	FY 16
Total revenues	1,852.5	1,823.1	7,029.0	1,617.5	1,768.5	6,795.1
EBITDA	31.9	142.0	305.7	60.7	193.2	529.5
EBITDA (%)	1.7 %	7.8 %	4.3 %	3.8 %	10.9 %	7.8 %
EBIT	-16.6	112.4	169.9	-1.6	158.0	377.4
EBIT (%)	-0.9 %	6.2 %	2.4 %	-0.1 %	8.9 %	5.6 %
EBT	-101.5	86.0	-93.1	-82.2	104.6	192.2
EBT (%)	-5.5 %	4.7 %	-1.3 %	-5.1 %	5.9 %	2.8 %

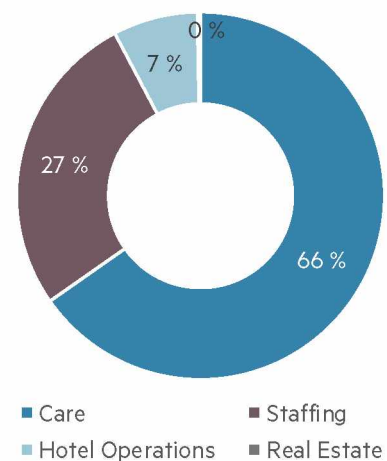
Q4 2017 HIGHLIGHTS

- Q4'17 revenues of NOK 1,852.5 million and EBITDA of NOK 31.9 million
- Stable growth throughout the year, especially within the Staffing segment, results in the highest quarterly revenue in the history of the Group
- Refinancing of previous bond loan (HOIN01) with a new NOK 850 million Senior Unsecured bond loan
- Acquisition of remaining 50% of Osebergklinikken in Tønsberg within the Care segment

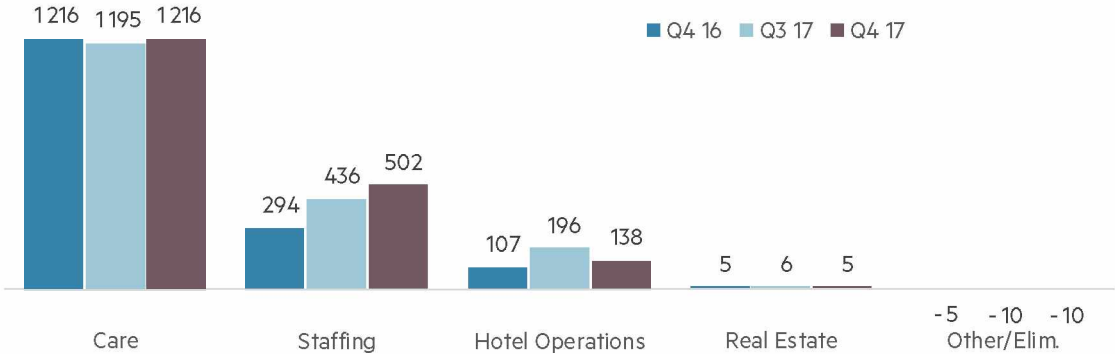
Revenue per quarter (NOKM):



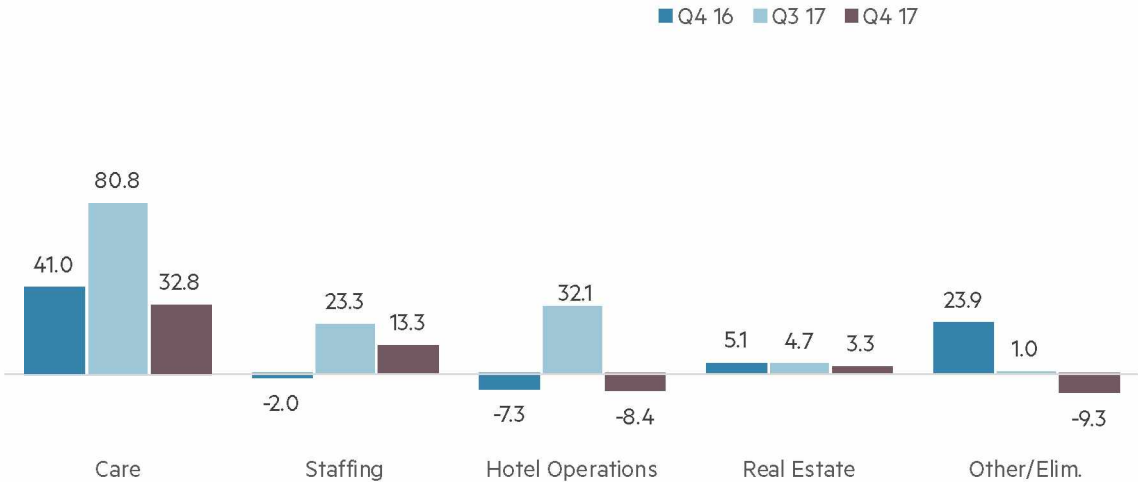
Segment distribution Q4'17 (%):



Revenue per segment (NOKM):



EBITDA per segment (NOKM):

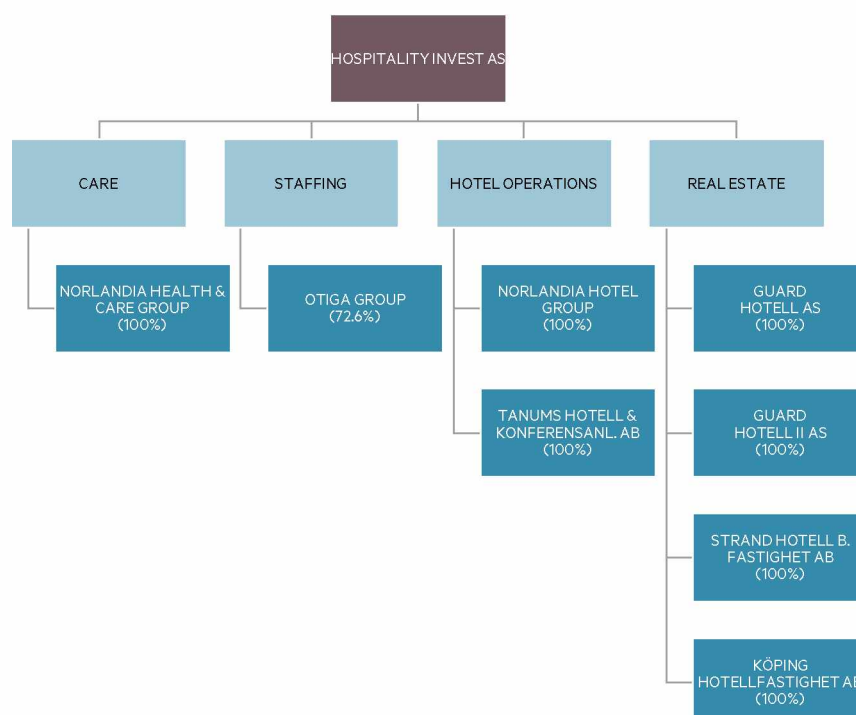


HOSPITALITY INVEST

Hospitality Invest AS is a private investment company with a diversified portfolio within four main segments; Care, Staffing, Hotel Operations and Real Estate. The Company's main investments are Norlandia Hotel Group AS ("NHG"), Otiga Group AS ("Otiga") and Norlandia Health & Care Group AS ("NHC") which includes Norlandia Care Group AS ("NCG"), Hero Group AS ("Hero"), Aberia Healthcare AS ("Aberia") and Kidsa Drift AS ("Kidsa"). For further information on each entity in the Group, we refer to the 2016 Annual Report and the respective companies' web pages.

Group structure

The below illustration offers an overview of the four reporting segments in Hospitality Invest and the corresponding legal units which are consolidated in the group accounts. The illustration shall not be considered as a legal structure.



In addition to the companies listed above, Hospitality Invest holds minority ownerships in companies such as Pioneer Property Group ASA (34.9%¹), Voss Resort AS (30.6%), Norefjell Hotell AS (49.9%), Miliarium Bolig AS (22.1%) and Intu Økonomi AS (40.0%).

GROUP ACTIVITIES

Corporate organization and financing

During Q4'17, Hospitality Invest AS refinanced the previous NOK 800 million bond loan (ISIN 001 0703655) by issuing a new Senior Unsecured bond of NOK 850 million (ISIN: NO 0010808835) with a duration of five years. The new bond loan will be listed on Oslo Børs during 1H 2018.

Operationally, the fourth quarter of 2017 has been characterized by continued focus on organic growth within the Care segment, streamlining of operations, specifying the segment's strategy as well as shaping the new organizational structure. Strategic processes have been completed in all operating companies with exiting results, including structured and creative ways of streamlining the operations further as well as

¹ Based on outstanding ordinary shares

exploring new geographies and adjacent service areas. The organizational structure has been adjusted to fit the new Group structure and to utilize resources more efficiently.

The construction work related to the new hotels at Gardermoen and Brennemoen (Askim/Mysen) are progressing as planned.

FINANCIALS

Consolidated Income Statement per 31 December 2017 (unaudited)

The Group reported total operating revenue of NOK 1,852.5 million in Q4'17 compared to NOK 1,823.1 million in Q3'17 and NOK 1,617.5 million in Q4'16. EBITDA for Q4'17 ended at NOK 31.9 million (1.7%) compared to NOK 142.0 million (7.8%) in Q3'17 and NOK 60.7 million (3.8%) in Q4'16. The topline growth results in the highest quarterly revenue in the history of the Group. Both Care and Staffing shows topline growth compared to Q3'17 while Hotel Operations are down explained by seasonal effects. All segments report declining EBITDA compared to Q3'17, explained by seasonality effects and overall weak performance within the Care segment. Compared to Q4'16, overall EBITDA in Q4'17 is down, however underlying EBITDA in operating segments is in line with Q4'16 with Staffing more than offsetting the downfall in the Care segment. Total operating expenses in Q4'17 ended at NOK 1,820.6 million. The increase in costs compared to other quarters is explained by higher activity and higher sick-leave. Financial expenses increased compared to Q4'16 following the bond issue in NHC and the refinancing in Hospitality Invest. Moreover, unfavorable currency movement related to the SEK tranche of the bond loan in NHC also contributes negatively. As a result, the loss for the period ends at NOK 111.8 million.

Preliminary full year 2017 revenues ended at NOK 7,029.0 million, representing a growth of 3.4% compared to 2016 revenues. Preliminary full year 2017 EBITDA ended at NOK 305.7 million (4.3%).

Consolidated Balance Sheet Statement per 31 December 2017 (unaudited)

Total assets ended at NOK 6,198.3 million per end of Q4'17 compared to NOK 6,526.3 million per end of Q4'16. The reduction in total assets compared to year-end 2016 mainly relates to the repayment of the bond loan in NCG, amounting to NOK 507.0 million. Total liabilities decreased from 5,485.0 million at year-end 2016 to NOK 5,191.8 million per end of Q4'17. Total equity per end of Q4'17 ended at NOK 1,006.6 million compared to NOK 1,041.2 million per year-end 2016. The cash position of the Group per 31 December 2017 ended at NOK 554.5 million. In addition, the Group has undrawn credit facilities of NOK 350.0 million.

Business Segments

CARE

Revenues for the Care segment ended at NOK 1,216.2 million in Q4'17 compared to NOK 1,195.3 million in Q3'17 and NOK 1,216.4 million in Q4'16. EBITDA for Q4'17 ended at NOK 32.8 million (2.7%) compared to NOK 80.8 million (5.4%) in Q3'17 and NOK 41.0 million (3.4%) in Q4'16. The topline continues its stable growth driven by growth in the Preschool division. This growth more than offsets the decline within Integration Services which continued through Q4'17. The declining EBITDA margin compared to previous quarters is partly explained by extraordinary costs related to the two divisions Integration Services and Individual & Family, as well as lower utilization within the elderly care operation, especially in Sweden. Preliminary full year 2017 revenues ended at NOK 4,836.0 million compared to NOK 5,177.5 million in 2016, and full year EBITDA of NOK 237.8 million compared to NOK 380.8 million in 2016. The main driver for the decrease in EBITDA is the rapid downscaling of reception centers within Integration Services. Moreover, both Individual & Family and Care are also reduced compared to 2016, while Preschools have had a positive development.

Preschools is showing a positive development with topline growth and improved occupancy. Current business remains overall robust in all markets. New markets and growth initiatives continue according to plan; Finland has shown a strong development, both on topline and bottom line; and Sweden continues with steady growth and improved profitability.

The topline within the Care segment is showing a stable growth throughout 2017. The reduction in revenue compared to Q4'16 is explained by the closing of one elderly care unit in Stockholm in Q1'17, as well as lower

occupancy on some units in Sweden. The establishment of a new (Helsehus) unit in Oslo has proven challenging as the complexity exceeded the contract specifications. Measures have been taken and we are seeing signs of improvement going out of 2017. Home Care services in both Norway and Sweden are still challenging due to the current financing regime, however, we have seen an improvement in profitability throughout 2H 2017 on the back of a successful efficiency program, which we expect to continue going into 2018. Furthermore, the acquisition of the home care provider Kamfer (after reporting date) represents another step towards critical size and is expected to have a positive effect going forward.

For Integration Services, the negative development within reception centers seen since end of Q3'16, has continued throughout 2017, reducing both revenue and EBITDA. By the end of the year 2017 Hero ran 9 reception centers which are expected to deliver positive results going forward. The Interpretation and Education divisions continue to deliver positive margins despite a lower demand from reception centers. Initiatives taken in 2016 and early 2017 have had a positive effect on margins, a trend that is expected to continue going forward.

The Individual & Family division continues to experience strong underlying demand for its services, however at moderate margins. Revenues increased over the period, mainly driven by demand for child-care services in Norway. Moreover, foster-homes and user controlled personal assistance experience a positive trend and revenue increased compared to previous quarters. EBITDA has declined compared to previous quarters explained by extraordinary costs booked in Q4'17 of approx. NOK 4.0 million. Several initiatives have been taken to improve the margin with full effect from 2H 2018. Amongst the initiatives taken is optimizing of work schedules and close-down of unprofitable units.

STAFFING

Revenues in the Staffing segment ended at NOK 502.3 million in Q4'17 compared to NOK 435.6 million in Q3'17 and NOK 294.0 million in Q4'16. This represents a solid increase in revenue compared to both previous quarter and same quarter last year. The inclusion of recently acquired companies in the figures is affecting the figures positively. In addition, organic growth was up 15.0% compared to the same quarter last year. The increase in revenue compared to previous quarters is driven by higher customer activity and increased demand from existing customers in the Norwegian market where organic growth was 27.0% compared to last year. The operation in Norway is showing a positive development on the back of improved market conditions and increased market shares. The operations in Sweden and Finland are slightly down compared to Q3'17 explained by shortfall of working days during Christmas. Compared to Q4'16, both Sweden and Finland are slightly up while Denmark remains stable on low levels. EBITDA ended at NOK 13.3 million (2.6%) in Q4'17 compared to NOK 23.3 million in Q3'17 (5.4%) and NOK -2.0 million (-0.7%) in Q4'16, with acquired companies having a positive effect on EBITDA. Moreover, organic growth, especially in Norway, has also influenced EBITDA positively. Preliminary full year 2017 figures ended at NOK 1,622.0 million compared to NOK 1,138.0 million in 2016, and full year EBITDA of NOK 52.5 million compared to NOK 29.0 million. Positive market conditions and inclusion of acquired companies are the two main drivers for the full year topline and EBITDA growth.

HOTEL OPERATIONS

The Hotel Operations segment delivered revenues of NOK 138.4 million in Q4'17 compared to NOK 196.4 million in Q3'17 and NOK 106.9 million in Q4'16. Q4 is normally a weak quarter for the segment, however revenue increased compared to Q4'16 mainly explained by the add-on of hotels both in Norway (Norlandia Drift end of 2016) and Sweden (three hotels acquired end of Q3'17). EBITDA for the segment came in at NOK -8.4 million (-6.1%) compared to NOK 32.1 million (16.3%) in Q3'17 and NOK -7.3 million (-6.8%) in Q4'16. All KPI parameters such as occupancy rates, number of sold rooms and average prices increased in Q4'17 compared to Q4'16. Preliminary full year 2017 revenues ended at NOK 579.5 million compared to NOK 494.1 million in 2016, and full year EBITDA of NOK 13.6 million compared to NOK 4.6 million in 2016. The increase compared to 2016 is mainly due to refurbishment of Tanumstrand in 2016 which had an adverse effect on both revenue and EBITDA. Moreover, increased occupancy rates, average prices and number of sold rooms all contributed to increased topline and EBITDA in 2017 compared to 2016.

REAL ESTATE

Revenues in the Real Estate segment ended at NOK 5.4 million in Q4'17 compared to NOK 5.6 million in Q3'17 and NOK 5.2 million in Q4'16. EBITDA for Q4'17 came in at NOK 3.3 million compared to NOK 4.7 million in Q3'17 and NOK 5.1 million in Q4'16. The EBITDA reduction in Q4'17 compared to previous quarters is explained by an extra tax payment linked to previous years. Preliminary full year 2017 revenues ended at NOK 21.8 million compared to NOK 21.1 million in 2016, and a full year EBITDA of NOK 16.5 million compared to NOK 16.7 million. The construction work related to the two projects at Oslo Airport Hotel and Brennemoen Hotel is progressing as planned. Planned completion of the new hotel wing at Oslo Airport Hotel is end of Q1'18.

Outlook and main risk factors

Due to regulatory changes, all contracted elderly care units in Sweden need a formal and updated authorization to conduct business from The Health and Social Care Inspectorate (IVO) within 1 April 2018. IVO's defined requirements in the authorization exceeds the levels agreed in the tender contracts entered into with the municipalities. There is an ongoing discussion between IVO and the major operators to seek to identify a mutually acceptable solution. Furthermore for the Preschool segment, there is a consultation draft issued in Norway which may result in a requirement for a minimum number of employees per child, starting on 1. August 2018. If the draft is implemented, NHC will seek to make necessary changes in their operation in order to limit any unfavorable effects. Future risk factors for the Integration Service segment revolves around the number of asylum seekers and the segments ability to diversify its operations towards business areas that are not as dependent on the number of incoming asylum seekers. We see a strong political will to limit the number of asylum seekers to most European countries, and we do not expect a surge in the number of the asylum seekers over the next 1-3 years. However, we believe the globalization trend will drive the need for the Group's expertise within education and interpretation in the coming years, as most countries recognize the need to increase the employment rate among refugees and other immigrants to reduce the social security expenses.

The performance within the Staffing segment has improved in H2 2017 and the Group continue to work on strategic and operational activities concerning the integration processes of the recently acquired companies. The integration process consists primarily of achieving operational insight and identifying synergies and potential Group support opportunities. Moreover, Q4'17 performance has been as expected with an increase in revenue reflecting an increased activity and a larger group. Outlook is positive based on improved overall performance within the Group and positive market signals. The industry continues to be highly competitive and margins remain pressured in most areas.

The Hotel Operations segment has shown a stable growth throughout 2017, both through organic growth and add-on of three new hotels in Sweden in Q4'17. Moreover, in Q4'17 six hotels have been rebranded due to new franchise agreements and the operations commenced under a new brand starting from 1 January 2018. These processes are expected to have a positive effect going forward. The rent agreement for Thon Hotel Måløy was extended, while the hotel is currently under refurbishment and expected to finalize in mid-March 2018. Pre-booking per January 2018 is up 11% compared to 2017 and room revenue is up 7%.

The real estate operations are expected to deliver stable revenues going forward and we expect growth both in terms revenue and EBITDA with opening of the new hotel wing at Oslo Airport Hotel.

Use of Alternative Performance Measures (APM)

Alternative Performance Measures (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Hospitality Invest reports the financial measure "EBITDA" and "EBIT" in its quarterly reports, which are not financial measures as defined in IFRS. The reported numbers are included in the financial statements and can be directly reconciled with official IFRS line items. The APMs are used consistently over time and accompanied by comparatives for the corresponding previous periods.

Statement from the Board of Directors

The interim financial statements are, to the best of our knowledge and based on our best opinion, presented in accordance with International Financial Reporting Standards and the information provided in the financial statements give a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period. The financial report provides an accurate view of the development, performance and financial position of the Company and the Group, and includes a description of the key risks and uncertainties the Group is faced with.

Oslo, 28 February 2018

Board of Directors of Hospitality Invest AS

Kristian A. Adolfsen
Chairman of the Board

Roger Adolfsen
Member of the Board

Johnny R. Sundal
Member of the Board

For more information:

Kristoffer Lorck

CFO

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Ticker codes:

Hospitality Invest has issued a bond loan with the following name:

Hospitality Invest AS, FRN Senior Unsecured Bond Issue 2017/2022, ISIN: NO 0010808835

Ticker: The bond will be listed on Oslo Børs during 1H 2018

Other bond loans in the Group listed on Oslo Stock Exchange are:

Personarhuset AS 14/19 FRN C

Ticker: PERH01

Norlandia Health & Care G AS 16/21 FRN C

Ticker: NHC01

Norlandia Health & Ca AS 16/21 FRN SEK C

Ticker: NHC02

This report was released for publication on 1 March 2018.

GROUP FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT (Unaudited)

All figures in NOK million	Notes	Q4 17	FY 17	Q4 16	FY 16
OPERATING INCOME					
Revenue		1,831.3	6,893.9	1,533.9	6,671.8
Other operating revenue		21.2	135.0	83.6	123.4
Total operating revenue	4	1,852.5	7,029.0	1,617.5	6,795.1
OPERATING EXPENSES					
Cost of goods sold		-17.6	-224.3	-96.4	-298.6
Personnel expenses		-1,376.0	-5,052.7	-1,079.6	-4,547.8
Other operating expenses		-426.9	-1,449.5	-427.7	-1,549.4
Share of post-tax profits of associates	3	-	3.3	47.0	130.2
EBITDA	5	31.9	305.7	60.7	529.5
Depreciation & amortization	6	-34.4	-117.9	-31.9	-120.6
Impairment of fixed- & intangible assets	7	-14.1	-17.9	-30.4	-30.4
Operating profit (EBIT)		-16.6	169.9	-1.6	377.4
FINANCE					
Finance income	14	35.6	50.4	14.4	25.0
Finance costs	14	-120.5	-313.5	-95.0	-210.3
Profit before income tax		-101.5	-93.1	-82.2	192.2
Income tax	8	-10.2	-8.8	-12.0	27.0
Profit for the period		-111.8	-102.0	-70.3	165.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

All figures in NOK million	Notes	Q4 17	FY 17	Q4 16	FY 16
OTHER COMPREHENSIVE INCOME					
Profit for the period		-111.8	-102.0	81.3	165.2
Changes in pension liabilities		-91.3	-91.3	-	-11.8
Gain on property revaluation		-	12.7	-	18.8
Income tax on items not reclassified		18.1	18.1	-	-8.9
Total items not reclassified		-185.0	-162.5	81.3	163.4
Currency translation differences		19.3	37.1	-16.0	-34.6
Other comprehensive income, net of tax		19.3	37.1	-16.0	-34.6
Total compr. income for the period		-165.7	-125.4	65.3	130.8
ATTRIBUTABLE TO					
Equity holders of the parent company		-151.3	-129.7	44.2	52.1
Non-controlling interest		-14.4	4.3	21.1	77.7
Total compr. income for the period		-165.7	-125.4	65.3	129.8
ATTR. TO EQUITY HOLDERS, ARISING FROM					
Continuing operations		-165.7	-125.4	65.3	129.8
Discontinuing operations		-	-	-	-
Equity holders of the parent company		-165.7	-125.4	65.3	128.8

CONSOLIDATED BALANCE SHEET STATEMENT (Unaudited)

ASSETS

All figures in NOK million	Notes	31.12.2017	31.12.2016
NON-CURRENT ASSETS			
Deferred tax assets		71.1	48.4
Intangible assets	9	2,959.1	2,765.5
Property, plant & equipment		886.5	837.6
Investments in associated companies		533.5	603.9
Loans to associated companies		134.0	95.7
Other investments		96.8	45.3
Other long term receivables		177.2	127.6
Total non-current assets		4,858.2	4,524.0
CURRENT ASSETS			
Inventories		11.8	11.6
Accounts receivables		511.7	457.8
Receivables from related parties		42.1	2.5
Other short-term receivables		220.0	189.8
Cash and cash equivalents		554.5	1,340.6
Total current assets		1,340.1	2,002.3
Total assets		6,198.3	6,526.3

CONSOLIDATED BALANCE SHEET STATEMENT (Unaudited)

EQUITY & LIABILITIES

All figures in NOK million	Notes	31.12.2017	31.12.2016	31.12.2016
EQUITY				
Share capital		20.4	19.8	19.8
Share premium reserves		173.9	152.6	152.6
Other reserves		-	-	-
Retained earnings		593.7	730.1	730.1
Equity attributable to owners of the parent		788.0	902.5	902.5
Non-controlling interests		218.6	138.7	138.7
Total equity		1,006.6	1,041.2	1,041.2
LIABILITIES				
Pension liabilities		154.0	97.1	97.1
Deferred tax liability		335.2	323.1	323.1
Bond loans	10	3,001.6	2,955.3	2,955.3
Interest bearing debt to credit institutions		326.6	300.7	300.7
Derivative financial liabilities		0.4	1.4	1.4
Other non-current liabilities		84.7	100.8	100.8
Total non-current liabilities		3,902.4	3,778.4	3,778.4
Accounts payable		182.2	185.0	185.0
Short term interest bearing debt	11	57.8	557.9	557.9
Taxes payable		16.6	10.7	10.7
Other current liabilities		1,032.7	953.0	953.0
Total current liabilities		1,289.3	1,706.6	1,706.6
Total liabilities		5,191.8	5,485.0	5,485.0
Total equity & liabilities		6,198.3	6,526.3	6,526.3

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

All figures in NOK million	Notes	Q4 17	FY 17	Q4 16	FY 16
CASH FLOW FROM OPERATING ACTIVITIES					
EBITDA	5	31.9	305.7	191.0	529.5
Taxes paid		-5.2	-17.1	-2.0	-15.4
Gain on sale of assets		-3.8	-59.9		
Proceeds from sale of property		73.6	101.5		
Change in net working capital		115.5	-54.0	-98.1	-33.3
Changes to other time restricted items		-63.6	-65.7	-18.8	-182.9
Net cash flow from operating activities		148.4	210.5	71.9	297.9
CASH FLOW FROM INVESTING ACTIVITIES					
Gain/loss from sale of assets		-2.0	-2.0	47.9	136.9
Net investment in property, plant and equipment		-45.7	-101.9	-27.5	-121.5
Net investment in shares in subsidiaries		-14.0	-68.1	-118.0	-257.2
Net investment in shares in other companies		-7.0	-23.0	-	168.4
Interest received		0.1	6.0	-	
Loans to associated companies		-19.8	-47.9	-0.1	5.3
Net change in financial receivables		10.6	-42.5	19.9	-65.4
Net cash flow from investing activities		-77.9	-279.5	-77.8	-133.5
CASH FLOW FROM FINANCING ACTIVITIES					
Net cash from acquisition		-21.5	-51.0	-	-
Issuance of interest-bearing debt		42.3	42.3	-1.3	1,746.3
Repayment of interest-bearing debt		-5.1	-548.1	-93.9	-219.4
Capital increase related to non-controlling interests		0.0	18.7	-	-
Capital increase		1.6	21.9	-	-
Payments to non-controlling interests		-	-0.2	-	-662.3
Net interest paid and other financial items		-38.7	-165.8	-37.5	-154.2
Distribution to non-controlling interest	13	4.6	-14.4	-	-45.4
Distribution to owners of Parent company	13	-5.0	-5.0	-	-5.0
Net cash flow from financing activities		-21.7	-701.5	-132.7	660.0
CHANGES IN CASH AND CASH EQUIVALENTS					
Net change in cash and cash equivalents		48.8	-770.5	-138.6	824.4
Effects of changes in exchange rates on cash		-13.3	-15.6	-2.2	-19.9
Cash and cash equivalents at the beginning of period		518.9	1,340.6	658.2	536.2
Cash and cash equivalents at end of period		554.5	554.5	517.4	1,340.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

All figures in NOK million	Notes	Share capital	Retained earnings	Transaction difference	Total equity to holders of the parent	Non-cont. interest	Total equity
Balance as at 31 December 2015		15.4	743.2	46.6	805.2	522.6	1,327.8
Profit		-	70.3	-	70.3	95.9	166.2
Other comprehensive income		-	9.8	-28.0	-18.2	-18.2	-36.5
Total comprehensive income		-	80.1	-28.0	52.1	77.7	129.8
Distribution to owners		-	-5.0	-	-5.0	-45.4	-50.4
Issue of ordinary shares		4.4	152.6	-	157.0	-	157.0
Effect from acquisition of subsidiary		-	0.6	-	0.6	131.5	132.1
Acquisition of shares from non controlling interest		-	-107.4	-	-107.4	-547.7	-655.1
Total contributions and distributions		4.4	40.8	-	45.2	-461.6	-416.3
Balance as at 31 December 2016		19.8	864.1	18.6	902.5	138.7	1,041.2
Balance as at 31 December 2016		19.8	864.1	18.6	902.5	138.7	1,041.2
Profit		-	-104.3	-	-104.3	2.3	-102.0
Other comprehensive income		-	-60.5	35.1	-25.4	2.0	-23.4
Total comprehensive income		-	-164.8	35.1	-129.7	4.3	-125.4
Payment of dividends	13	-	-5.0	-	-5.0	-14.4	-19.4
Issue of ordinary shares		0.6	21.3	-	21.9	-	21.9
Reclassification between controlling and non-controlling interest		-	-	-	-	-	-
Total contributions and distributions		0.6	16.3	-	16.9	-14.4	2.5
Non-controlling interest acquired in business combination		-	-	-	-	87.9	87.9
Effect from acquisition of subsidiary		-	-	-	-	-	-
Changes in ownership without change of control		-	-	-	-	87.9	87.9
Balance as at 31 December 2017		20.4	715.6	53.6	789.7	216.6	1,006.6

Oslo, 28 February 2018
The Board of Directors of Hospitality Invest AS

Kristian A. Adolfsen
Chairman of the Board

Roger Adolfsen
Member of the Board

Johnny R. Sundal
Member of the Board

NOTES

Note 1 - General

The consolidated financial statements of Hospitality Invest AS comprise the company and its subsidiaries, collectively referred to as the Group. The Group operates within markets that involve certain operational risk factors. The Group is further exposed to risk that arise from its use of financial instruments. The various companies within the Group are systematically working to mitigate and manage risk on all levels. The annual report for 2016 offers additional description of the Group's objectives, policies and processes for managing those risk elements and the methods used to measure them.

Note 2 – Basis for preparation

The interim financial statements for the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and their interpretations adopted by the International Accounting Standards Board (IASB). The interim report does not include all the information required for complete annual consolidated financial statements and should be read in conjunction with the financial statements of the Group for 2016. The accounting policies are the same as those described in the annual report for 2016. The interim financial report has been prepared based on the principles of IAS 34 Interim Financial Reporting. The interim financial statements are unaudited.

Note 3 – Additional accounting principles

Share of post-tax profits from associates is reported as an operational item and on a separate line in the consolidated income statement. At the date of the Q4'17 report, associates have yet to report figures for 2017. As a result of this, full year figures for 2017 will differ between Q4'17 report and annual report.

Note 4 – Revenue by segment

The Group has identified operation segments in accordance with the reporting requirement in IFRS 8. Based on the legal structure and the internal reporting the reportable segments are; "Care", "Staffing", "Hotel Operations" and "Real Estate". The segment "Other" includes both Group eliminations as well as Other operating revenue related to sale of shares in associated companies and sale of properties.

NOK million	Q4 17	Q3 17	FY 17	Q4 16	Q3 16	FY 16
Revenue by segment						
Care	1,216.2	1,195.3	4,836.0	1,216.4	1,283.9	5,177.5
Staffing	502.3	435.6	1,622.0	294.0	306.9	1,138.0
Hotel Operations	138.4	196.4	579.5	106.9	178.5	494.1
Real Estate	5.4	5.6	21.8	5.2	5.5	21.1
Other/Elim.	-9.8	-9.8	-30.3	-5.0	-6.4	-35.6
Total	1,852.5	1,823.1	7,029.0	1,617.5	1,768.5	6,795.1

Note 5 – EBITDA by segment

NOK million	Q4 17	Q3 17	FY 17	Q4 16	Q3 16	FY 16
EBITDA by segment						
Care	32.8	80.8	237.8	41.0	147.7	380.8
Staffing	13.3	23.3	52.5	-2.0	13.1	29.0
Hotel Operations	-8.4	32.1	13.6	-7.3	31.3	4.6
Real Estate	3.3	4.7	16.5	5.1	3.7	16.7
Other/Elim.	-9.3	1.0	-14.5	23.9	-2.7	98.4
Total	31.9	142.0	305.8	60.7	193.2	529.5

Note 6 - Amortization

Primarily relates to amortization of excess values in Otiga Group AS and Norlandia Health & Care Group AS.

Note 7 – Impairment of fixed- & intangible assets

Impairment charges were NOK 17.9 million in FY 17 mainly related to impairment of fixed assets in the Care segment. In FY 16, the impairment amount ended at NOK 30.4 million in and mainly relates to the Danish entity in Otiga Group, where estimated recoverable amount is lower than the carrying amount of the asset.

Note 8 – Tax calculations

The Income tax for the quarter is based on preliminary tax calculations for the year. These may become subject to change in the annual statements.

Note 9 – Intangible assets

Intangible assets were NOK 2,959.1 million at 31 December 2017, compared to NOK 2,765.5 million at year-end 2016. This primarily relates to goodwill, excess value on customer contracts and trademark, generated through the various acquisitions within the Group.

Note 10 – Bond Loans in the Group

The Group has four bond loans issued in the market. Two new bond loans were issued 20 December 2016 in the new legal entity Norlandia Health & Care Group AS. Furthermore, Hospitality Invest issued a new bond in October 2018. This bond is in process of listing on the Oslo Stock Exchange. For more information please visit www.oslobors.no.

Bond Loans	Maturity	Currency	Amount
Hospitality Invest AS	10/2022	NOK	850
Otiga Group AS	09/2019	NOK	355
Norlandia Health & Care Group AS	12/2021	NOK	750
Norlandia Health & Care Group AS	12/2021	SEK	1,100

Note 11 – Short term interest bearing debt

Includes NOK 20 million in short term bond debt in Otiga Group AS.

Note 12 – Issuance of interest bearing debt

Issuance of interest bearing debt in Q4'16 relates to the new bond loan in Norlandia Health & Care Group. The amount is net of an amount of NOK 141 million that was rolled over from NCG01.

Note 13 – Dividend payments

Total dividends of NOK 19.4 million have been paid out in 2017 of which NOK 14.4 million relates to minority shareholders of the various companies in the Group.

Note 14 – Specification of finance income and loss

NOK million	Q4 17	Q3 17	FY 17
Net Finance			
Interest income	6.3	4.3	13.4
Interest expenses	-48.6	-47.4	-198.9
Net currency effects	-14.9	20.9	-31.0
Other finance income	14.1	1.3	16.4
Other finance cost	-41.8	-5.5	-62.9
Total	-84.9	-26.4	-263.1

Note 15 – Financial covenants

The Group remains in compliance with the covenants set out in the Bond Agreement of 27 October 2017. Detailed calculations of the covenant metrics are provided in the chapter presenting the financial statements for the parent company Hospitality Invest.

FINANCIAL STATEMENT FOR THE PARENT COMPANY

Condensed financial statements for the parent company Hospitality Invest AS are presented in this chapter in accordance with the Bond Agreement.

INCOME STATEMENT (Unaudited)

All figures in NOK '000	Notes	Q4 17	FY 17	Q4 16	FY 16
OPERATING INCOME					
Revenue		521	2,039	565	2,070
Other operating revenue		-	105	-	-
Total operating revenue		521	2,144	565	2,070
OPERATING EXPENSES					
Cost of goods sold		-	-	-	-
Personnel expenses		-3,202	-10,562	-3,007	-9,532
Other operating expenses		-1,266	-6,436	-6,786	-17,583
EBITDA		-3,948	-14,853	-9,229	-25,044
Depreciation		-125	-511	-3,256	-371
Amortization		-	-	-	-
Operating profit (EBIT)		-4,073	-15,363	-12,484	-25,415
FINANCE					
Finance income	1	19,316	21,517	278,777	420,476
Finance costs		-39,942	-85,344	-16,350	-57,756
Share of post-tax profits of associates		-	475	-	-
Profit before income tax		-24,699	-78,716	249,943	337,305
Income tax		-	-	-	-830
Profit for the period		-24,699	-78,716	249,943	336,474

BALANCE SHEET STATEMENT (Unaudited)

ASSETS

All figures in NOK '000	Notes	31.12.2017	31.12.2016
NON-CURRENT ASSETS			
Deferred tax assets		-	-
Intangible assets		-	-
Property, plant & equipment		2,244	2,967
Shares in subsidiaries		921,971	846,168
Investments in associated companies		465,731	469,746
Loans to group companies		71,690	85,769
Loans to associated companies		15,417	14,137
Other investments		20,465	18,229
Other long term receivables		3,132	18,927
Total non-current assets		1,500,649	1,455,943
CURRENT ASSETS			
Inventories		-	-
Accounts receivables		244	102
Group receivables	2	73,904	178,572
Other short-term receivables		2,380	2,236
Cash and cash equivalents		35,124	81,522
Total current assets		111,652	262,433
Total assets		1,612,301	1,718,375

EQUITY AND LIABILITIES

All figures in NOK '000	Notes	31.12.2017	31.12.2016
EQUITY			
Share capital		20,408	19,796
Share premium reserve		173,863	152,599
Other reserves		-	-
Retained earnings		548,488	627,204
Equity attributable to owners of the parent		742,760	799,599
Non-controlling interests		-	-
Total equity		742,760	799,599
LIABILITIES			
Pension liabilities		-	-
Deferred tax liability		830	830
Bond loans		850,000	800,000
Interest bearing debt to credit institutions		8,187	9,137
Derivative financial liabilities		-	-
Other non-current liabilities		-	-
Total non-current liabilities		859,017	809,967
Accounts payable		1,165	1,187
Short-term debt to group companies	2	-	94,020
Taxes payable		-	-
Other current liabilities		9,360	13,602
Total current liabilities		10,524	108,809
Total liabilities		869,542	918,776
Total equity & liabilities		1,612,301	1,718,375

STATEMENT OF CASH FLOWS

All figures in NOK thousand	Notes	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX		-78,716	337,305
Loss/gains from sale of fixed assets and shares		105	-257,955
Depreciation and amortization		511	371
Change in net working capital		-4,451	-1,327
Changes in other time delimitations posts		23,441	-13,178
Net cash flow from operating activities		-59,110	65,216
CASH FLOW FROM INVESTING ACTIVITIES			
Cash received from sale of assets		3,124	-
Purchase of property, plant and equipment		-	-1,297
Payments of purchase of shares		-77,649	-882,009
Payments on sale of shares		4,610	789,476
Net cash flow from investing activities		-69,915	-93,829
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		21,877	-
Net change in long term debt		42,301	33,473
Changes in receivable and payable with related parties and group com		23,449	-96,607
Payments of equity		-	156,995
Dividend		-5,000	-5,000
Net cash flow from financing activities		82,627	88,860
CHANGES IN CASH AND CASH EQUIVALENTS			
Net change in cash and cash equivalents		-46,398	60,247
Effects of changes in exchange rates on cash		-	-
Cash and cash equivalents at the beginning of period		81,522	21,275
Cash and cash equivalents at end of period		35,124	81,522

NOTES:

NOTE 1 – Finance Income

Finance Income in FY16 mainly comprise of gain from sale of shares in subsidiaries, as a result of the restructuring process and group contributions received.

NOTE 2 – Group receivables and short term debt to group companies

Group receivables include NOK 47 million in group contributions given from subsidiaries which is yet to be paid out. Moreover, an investment in new shares in HI Capital AS has been made. The investment is temporarily booked as a short-term receivable and will be reclassified following the registration and distribution of shares.

FINANCIAL COVENANTS (Unaudited)

All figures in NOK '000	Status	Q4 2017
CASH AND CASH EQUIVALENTS > MNOK 20		
Hospitality Invest AS		35,124
Total cash & cash equivalents	OK	35,124
BOOK EQUITY > MNOK 450		
Book equity	OK	742,760

GROUP WEB PAGES

Parent & subsidiaries

Hospitality Invest AS
www.hospitalityinvest.no

Norlandia Care Group AS
www.norlandia.com

Hero Group AS
www.hero.no

Kidsa Drift AS
www.kidsabarnehager.no

Otiga Group
www.otigagroup.com

Norlandia Hotel Group AS
www.norlandiahotelgroup.no

Aberia Healthcare AS
www.aberia.no

Associated Companies

Pioneer Property Group ASA
www.pioneerproperty.no

Voss Resort
www.vossresort.no

Miliarium Bolig AS
www.miliarium.no

Norefjell Ski & Spa AS
www.norefjellskiogspa.no



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