INTERNATIONAL HOTEL INVESTMENTS P.L.C.

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by International Hotel Investments p.l.c. pursuant to the Capital Markets Rules as issued by the Malta Financial Services Authority.

Financial Analysis Summary

International Hotel Investments p.l.c. is publishing the Financial Analysis Summary. The document is attached to this Company Announcement and is also available on the Company's website: https://www.corinthiagroup.com/investors/analysis-reports/.

Jean-Pierre Schembri
Company Secretary

Encl.

30 June 2022

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Financial Analysis Summary

30 June 2022

Issuer

International Hotel Investments p.l.c.

MZ INVESTMENT SERVICES

MZ INVESTMENT SERVICES

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

30 June 2022

Dear Board Members,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out in the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to International Hotel Investments p.l.c. (the "**Issuer**", "**Company**" or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2019 to 31 December 2021 has been extracted from audited financial statements of the Issuer for the three years in question.

(b) The projected data for the year ending 31 December 2022 has been provided by management.

(c) Our commentary on the results of the Issuer and its financial position is based on the explanations provided to us by management.

(d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 5 of the Analysis.

(e) Relevant financial data in respect of the companies included in Part 4 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

MZ INVESTMENT SERVICES

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek independent professional financial advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

MZ Investment Services Ltd
63, St Rita Street,
Rabat RBT 1523,
Malta
Tel: 2145 3739

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PART 1 – INFORMATION ABOUT THE ISSUER

1. KEY ACTIVITIES

International Hotel Investments p.l.c. (the "**Issuer**", "**Company**" or "**Group**") is listed on the Malta Stock Exchange and carries on the business of an investment company in connection with the ownership, development and operation of hotels, residential and commercial real estate. The Company owns a number of investments in subsidiary and associate companies through which it furthers the business of the Group.

RECENT AND ONGOING PROJECTS

Described hereunder are recent and ongoing projects and developments of the Group's business, reaching back to FY2017 as per reporting practice. These points are set out in no particular order, both chronological as well as strategic or financial.

Corinthia Hotel Brussels (opening 2024)

The project entails the development and opening of a grand luxury Corinthia hotel in Brussels, Belgium. The owner of this investment is NLI Holdings Ltd, in which IHI has a 50% shareholding, and which is also the owner of the Corinthia Hotel and residential development in London. NLI acquired the former Grand Hotel Astoria in Brussels in 2016 for £11 million and a deferred interest free loan of €500,000 which has since been settled in full. The purchase was made through the acquisition of the entire issued share capital of the Belgian hotel-owning company, Hotel Astoria S.A. The acquisition, which also included the purchase of an empty land plot adjoining the listed hotel building and four vacant town houses at the rear of the original hotel, was originated and executed by CDI Limited ("**CDI**"), IHI's development company. QPM Limited ("**QP**"), another IHI subsidiary, is engaged as project manager to coordinate and supervise the reconstruction process. Once complete, the hotel will be operated by Corinthia Hotels Limited ("**CHL**"), another IHI subsidiary.

A planning permit was issued in December 2017 for the restoration of the historic ground floor and façade of the original hotel, as well as the excavation of basements, and demolition and reconstruction of all upper floors, adjoining land and town houses. The permit was a major gain in additional volumes and floors, for a total built up area of 16,000m^2. The new hotel will have 126 luxury bedrooms and suites. It will offer unrivalled amenities for the city of Brussels including a fully restored grand ballroom, an 850m^2 spa, various dining venues, meeting facilities and high-end retail shops.

The main contract for the demolition, foundations, construction, restoration, M&E and most internal finishes has been signed and works on site are well underway. The building shell will be completed by end of 2022, with internal finishes proceeding thereafter. Project costs are being financed out of an equity injection of €20 million, a bank loan facility of €45 million granted by ARES Bank of Spain and €10 million from each of LAFICO and the Issuer, the ultimate shareholders of NLI Group (which shall be on-lent by NLI to its fully owned subsidiary and the hotel-owning company, Hotel Astoria S.A.). The Issuer's contribution of €10 million was raised from a Bond Issue pursuant to a prospectus dated 4 March 2019.

Corinthia Meydan Beach Hotel

IHI has exited from its involvement in this project in Dubai because of circumstances beyond its control. The background is as follows. In 2016, CHL entered into a technical services and pre-opening services agreement with Meydan Group of Dubai for the development of a luxury hotel and residential development. Unfortunately, the pandemic forced a situation onto the developers to sell their property midway through construction to a new company that itself operates hotels locally in-house. In full cooperation with the owners, IHI's operating subsidiary, CHL agreed to sell its management and branding interests in the hotel in 2021 for $5 million.

Corinthia Hotel Bucharest (opening 2023)

In March 2018, CHL entered into a management agreement with the owners of the former Grand Hotel du Boulevard, to be redeveloped as the Corinthia Hotel Bucharest. Subsequent to the above signing, QP was engaged for a period of time by the property owners to provide support and project management on certain technical aspects. Design development of the regeneration of this listed property is complete and works have commenced on site, to be completed in July 2023. The reconstructed hotel will feature 33 luxury suites as well as the fully restored Grand Ballroom and various dining and leisure venues.

Corinthia Palace Hotel Attard

In April 2018, IHI acquired the Corinthia Palace Hotel in Attard through a new formed subsidiary from its ultimate parent, CPHCL Company Limited. The operating results and assets and liabilities of the acquired business have been consolidated with the Group as from 1 April 2018. Since its acquisition, IHI embarked on a significant improvement to the hotel's amenities and food and beverage facilities. A wider refurbishment plan is now being planned, with design work well underway for most of the indoor and outdoor areas of the hotel, including all bedrooms and Villa Corinthia, the original high-end restaurant where CPHCL Company Limited started its journey in the hospitality industry, in 1962.

Shareholding in GHA Holdings Limited

In 2019, CHL acquired a 10% shareholding in GHA Holdings Limited ("**GHA**"). The other shareholders of GHA comprise Kempinski, Omni, Oracle, Pan Pacific and Minor Hotels. Since the said acquisition, it increased its shareholding in GHA to 13.1%.

In December 2021, GHA successfully launched the updated global loyalty programme, with almost 10 million members, and now marketed as Discovery 2.0. The launch follows a period of investment in research, technology and marketing. The loyalty programme is available to customers of all shareholding brands, including Corinthia, as well as some 30 other international hotel brands worldwide that are members of the alliance, meaning customers of each brand can benefit from recognition and rewards when staying at hotels owned by other brands in the alliance. Corinthia is currently holding the chairmanship of the main owning board of the alliance.

Corinthia Hotel & Residences Moscow

In February 2019, IHI acquired a 10% minority share for US$5.5 million in a company formed with a consortium of investors to acquire a landmark property at 10, Tverskaya Street, Moscow (the "**Moscow Project**"). The acquisition has been made with a view to developing the site, having a development gross area of 43,000m^2, into a mixed-use real estate project including a luxury boutique 42-room Corinthia hotel, 109 upmarket residential serviced apartments for re-sale, high-end retail, commercial outlets and underground parking. The asset is located on a prestigious boulevard in Moscow close to Red Square in a highly popular shopping, cultural and business location, as well as a luxury hotspot with other competing luxury brands, all in close proximity of each other. Development works are presently underway.

In 2021, discussions proceeded by this company with funding banks, authorities and contractors with a view to commencing works later in 2022. Further progress on this project is dependent on the current situation in Russia, in particular the curtailment of flight schedules and international sanctions guiding IHI's decisions. IHI's involvement in the project anyway remains that of a non-controlling minority shareholder.

Corinthia Hotel Rome (opening 2023)

CHL, through a lease agreement, will be operating a redeveloped hotel property in Rome which was acquired and is being funded through its extensive reconstruction and refurbishment by a third-party investor. The property is the former seat of the Bank of Italy in Parliament Square. Works are in hand for the conversion of the 7,500m^2 building into a luxury hotel featuring 60 guest rooms including a number of suites. The public areas include 2 restaurants, bars and lounges, all wrapped around a central garden. The hotel also has a spa and other amenities. CDI is contracted to support in the delivery of the project, whilst CHL is the operator and lessee.

Corinthia Hotel Residences Doha (opening 2022/23)

CHL has signed an agreement with United Development Company (UDC), the Qatari master developer of The Pearl in Doha, to manage and operate a luxury Corinthia hotel being built on UDC's newest flagship real estate development, named Gewan Island. The Corinthia Hotel Doha occupies an area of 13,000m^2 and will feature 110 guestrooms, a 1,000-person banquet hall, several restaurants and a luxurious spa facility. The development will also include 18 nearby luxury branded villas for sale or lease, a golf course, and a beach club, all of which will be also managed by CHL under the Corinthia brand umbrella. The beach and yacht club are scheduled to open in 2022. The yacht club has been affiliated to the Monaco Yacht Club and features members' lounges and amenities as well as a signature restaurant from Mayfair, the UK. The hotel and luxury branded villas will open in 2024.

Corinthia Oasis Project (formerly Hal Ferh Project)

IHI owns an 83,000m^2 brownfield beachfront site in the pristine, rural north of Malta. The Group Company has in 2021 completed the re-zoning of the site at Golden Bay to permit 25 low-rise luxury villas alongside a 162-room luxury resort property. In 2021, the Malta Parliament ratified the change of zoning, versus an agreed incremental payment of €10.5 million over and above what was originally paid for the land when privatised several years ago. Architectural designs are largely completed in keeping with IHI's aim to create a luxury low-rise, highly landscaped resort that is sensitive to Malta's character, materiality and rural environment. An application to Planning Authority has been submitted. UK-based designers and landscape experts have been engaged. Works will commence once permits are in hand, expected for later in 2022.

Golden Sands Resort Limited

On 26 February 2021, IHI acquired the remaining 50% of the issued share capital of Golden Sands Resort Limited, owner of the Radisson Golden Sands Resort in Malta. The total consideration paid for the acquisition of the shares and other shareholder's receivables amounted to €13 million. Since its full acquisition, the Company has adopted a new strategy for the future of the hotel, including a medium-term plan to unencumber the property and acquire timeshare allocations. An existing management agreement with Radisson to operate the hotel has been reorganised to terminate by end 2024, or earlier by end 2023 at the Company's discretion.

Corinthia Hotel New York

CHL has been engaged to operate and manage a Corinthia Hotel in New York once it opens following extensive refurbishment in early 2023. The hotel was acquired by the private investment firm Reuben Brothers in 2020 and is in New York's luxurious upper east side. It will have 97 guest rooms including 33 suites, 5 signature suites and 12 luxury residences. Design work is almost completed.

Event Catering

During 2019, the Issuer acquired the entire issued share capital and the businesses of Corinthia Caterers Limited and Catermax Limited from CPHCL Company Limited.

The Group is laying down plans for a renewed focus on its industrial and contract catering business, which by far was the hardest hit by restrictions imposed during the pandemic. This business is currently mostly focused on event catering in Malta but will be expanded to capture contract catering opportunities in the oil and gas sectors in countries such as Algeria and Libya.

Other Developments

With its Corinthia brand now firmly established as a luxury operator on four continents, and an operating infrastructure capable of further globalising the brand, the Company decided to expand into the 4-star sector.

The Group owns directly or manages for others, several hotels, not branded as five-star luxury Corinthia, for which the Group wishes to secure a long-term in-house marketing and branding strategy. Currently, the Group operates these hotels under their own independent name or under franchise from other brands such as Radisson and Ramada Plaza.

Work has started to identify a team and international advisory agencies to select a name and draw up property and operating standards, a marketing set-up and a distribution network. The Group's aim is to launch this brand by 2023. The Group is in discussions with partners, and indeed agreed with one of its shareholders LAFICO, to operate any hotels they may own worldwide which require such services under this new brand.

2. DIRECTORS AND KEY EMPLOYEES

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

The Board members of the Issuer as at the date of this report are as follows:

Mr Alfred Pisani	Chairman
Mr Moussa Atiq Ali	Non-Executive Director
Mr Hamad Buamin	Non-Executive Director
Mr Abdulnaser Ahmida	Non-Executive Director
Mr Douraid Zaghouani	Non-Executive Director
Mr Joseph Pisani	Non-Executive Director
Mr Joseph Fenech	Non-Executive Director
Mr Frank Xerri de Caro	Senior Independent Non-Executive Director
Mr Richard Cachia Caruana	Independent Non-Executive Director

The Chief Executive Officer of the Issuer is Mr Simon Naudi.

The Chairman and the Chief Executive Officer are responsible for the identification and execution of new investment opportunities. They are also responsible for managing the Company's assets and subsidiary businesses covering all aspects of investments, real estate developments and operations.

The key members of the Company's management team, apart from the Chairman and the Chief Executive Officer, are Jean-Pierre Schembri (Company Secretary), Neville Fenech (Group Chief Financial Officer) and Clinton Fenech (General Counsel).

The weekly average number of employees engaged at the Issuer's corporate office and in its owned hotels during FY2021 amounted to 1,876 persons (FY2020: 1,813).

3. PRINCIPAL ASSETS

The following table provides a list of the principal assets and operations of the Issuer:

INTERNATIONAL HOTEL INVESTMENTS PLC
PRINCIPAL ASSETS AND OPERATIONS
AS AT 31 DECEMBER 2021

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel Budapest	Hungary	Property owner	100	439
Corinthia Hotel St Petersburg	Russia	Property owner	100	385
Commercial property St Petersburg	Russia	Property owner	100	n/a
Corinthia Hotel Lisbon	Portugal	Property owner	100	518
Pinhiero Chagas	Portugal	Residential apartment block	100	n/a
Corinthia Hotel Prague	Czech Republic	Property owner	100	551
Corinthia Hotel Tripoli	Libya	Property owner	100	300
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George's Bay	Malta	Property owner	100	250
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London*	United Kingdom	Property owner	50	283
Corinthia Grand Astoria Hotel Brussels*	Belgium	Property owner (under development)	50	126
Corinthia Hotel & Residences Moscow	Russia	Property owner (under development)	10	42
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	100	338
Corinthia Palace Hotel & Spa	Malta	Property owner	100	146
Corinthia Hotels Limited	Malta	Hotel management	100	n/a
QPM Limited	Malta	Project management	100	n/a
CDI Limited	Malta	Project development	100	n/a
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
Benghazi Development	Libya	Mixed-use property (to be developed)	55	n/a
Corinthia Catering and Catermax	Malta	Event catering	100	n/a
Corinthia Oasis	Malta	Vacant site (to be developed)	100	n/a
Costa Coffee	Malta	Retail catering	100	n/a
				3,830

** under control and management of IHI*

The following table illustrates the carrying values of the principal properties of the Issuer, accounted for in the audited consolidated balance sheet as at 31 December 2019, 2020 and 2021 under the headings: "investment property", "property, plant & equipment" and "investments accounted for using the equity method":

INTERNATIONAL HOTEL INVESTMENTS PLC VALUATION OF PRINCIPAL PROPERTIES AS AT 31 DECEMBER	2019 (€'000)	2020 (€'000)	2021 (€'000)	
Investment Properties				
Commercial Centre St Petersburg	64,829	49,350	51,600	
Commercial Centre Tripoli	73,743	73,743	75,344	
Apartment Block Lisbon	3,160	3,168	4,705	
Site in Tripoli	29,500	29,500	29,500	
Apartment in London	42,942	35,594	-	(1)
	214,174	**191,355**	**161,149**	
Hotel Properties				
Corinthia Hotel St George's Bay	38,498	37,819	36,951	
Radisson Blu Resort, St Julians	36,580	35,536	34,654	
Corinthia Hotel Lisbon	116,943	115,048	112,181	
Corinthia Hotel Prague	93,552	92,636	90,909	
Corinthia Hotel Tripoli	74,106	71,707	69,477	
Corinthia Hotel Budapest	122,744	116,727	120,396	
Corinthia Hotel St Petersburg	88,690	66,934	75,965	
Corinthia Hotel London	485,509	438,060	533,156	
Corinthia Palace Hotel and Spa	30,925	32,701	32,000	
Marina Hotel	29,918	29,385	28,974	
Golden Sand Resort			60,076	(2)
	1,117,465	**1,036,553**	**1,194,739**	
Joint Ventures and Associates				
Radisson Blu Resort & Spa Golden Sands (50%)	27,354	19,647	-	(2)
Medina Towers J.S.C. (25%)	12,790	12,184	5,188	(3)
	40,144	**31,831**	**5,188**	
Assets in the Course of Development				
The Heavenly Collection Ltd (Hal Ferh)	21,800	21,951	24,444	
Corinthia Grand Astoria Hotel Brussels	26,663	24,570	31,943	
	48,463	**46,521**	**56,387**	
Total	**1,420,246**	**1,306,260**	**1,417,463**	

Notes:

(1) The sale contract of the Penthouse at the Corinthia Residences, London was closed in 2021.

(2) During 2021, the Group acquired the other 50% of the Golden Sands Hotel. As a subsidiary company, the financial position and results of Golden Sands are now consolidated with the financial position and results of the Issuer and its undertakings.

(3) IHI owns 25% of the share capital of Medina Tower Joint Stock Company, a company set up for the purpose of owning and developing the Medina Tower, in Tripoli. The parcel of land, over which the project will be developed, measures *circa* 11,000m^2 and is situated in Tripoli's main high street. The architectural concept stems from a 4-storey podium that will include a mix of residential, retail, commercial and conference space. A curved tower rises from the 6th level and peaks at the 40th level, where a double height restaurant will complete the property. The development will comprise a total gross floor area of *circa* 199,000m^2. The execution of this project is currently on hold. The year-on-year decrease in the carrying value of the Medina Towers investment, from €12.2 million in FY2020 to €5.2 million in FY2021, is due to the effects of a devaluation of the Libyan Dinar.

4. OTHER ASSETS

CORINTHIA BRAND

During 2019, IHI acquired rights to use the Corinthia brand in all respects. The acquired rights are in addition to the rights previously held by the Group on the acquisition of the Corinthia brand in 2010. The Corinthia brand is recognised in the statement of financial position as an intangible asset amounting to €22.0 million (FY2020: €21.9 million).

IHI has taken active steps to protect the significant goodwill that has become inherent in the Corinthia name and has registered its intellectual property rights in several jurisdictions worldwide. The Corinthia brand acquisition has proved to be an important part of the Group's strategy to capitalise on the re-positioning of the Corinthia brand as a global luxury hotel brand.

BENGHAZI PROJECT

IHI has a 55% equity participation in Libya Hotel Development and Investment JSC, a company that acquired a derelict building formerly known as the El-Jazeera Hotel and adjoining site in Benghazi, Libya. Libya Hotel Development and Investment JSC will eventually develop a mixed-use project consisting of a 228-room five-star hotel, 2,000m^2 of retail space and 10,000m^2 of office space. Whilst the necessary planning permits for the project were issued by the Benghazi planning authorities and demolition works commenced in January 2014, in light of the prevailing situation in Libya all works on this development have been put on hold, and current plans are due for reconsideration depending on future developments in Libya. It is anticipated that the funding required for the project, once resumed, will be sourced from a combination of equity injected by the shareholders and appropriate bank financing.

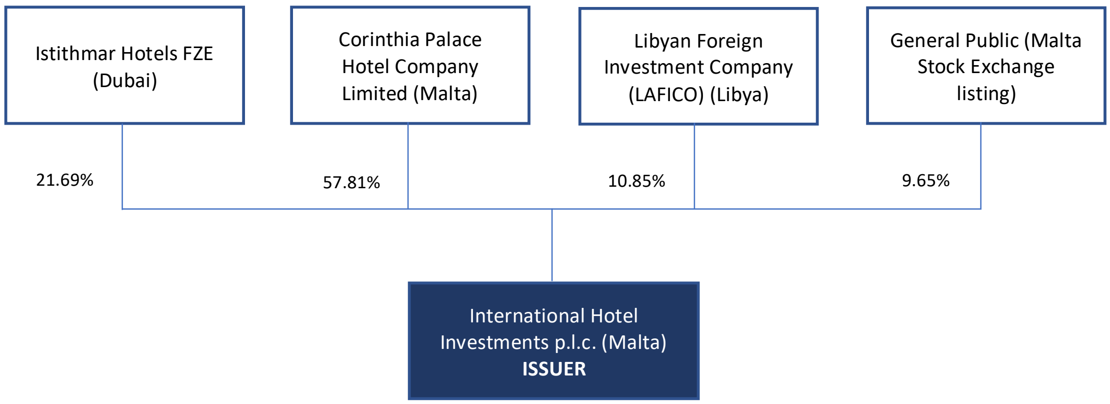
PROJECT MANAGEMENT

IHI owns 100% of QPM Limited ("**QP**"), a company which specialises in construction, interior design and project management services, both locally and overseas. QP operates independently of, and at arm's length to, IHI and offers a range of project, construction and cost management services and design and architectural services to a number of international clients in various countries. Since January 2019, QP has included archaeology and land surveying to its list of services, thereby offering a one-stop-shop service for any complex building project. Whilst continuing to provide services to the Corinthia Group, QP is increasing its third-party client base and revenue generation, with the latter representing the most significant part of annual turnover.

Revenue generated by QP in FY2021 amounted to €6.1 million compared to €7.1 million in FY2020 (-15%). It is worth noting that over 70% of revenue was generated from third party owned projects, which are totally unrelated to the Corinthia Group.

5. ORGANISATIONAL STRUCTURE

The diagram below summaries, in simplified format, the structure of the Issuer and the position within the said Group of the Corinthia Group. The complete list of companies forming part of the Group is included in section 17 of the 2021 Annual Report & Financial Statements.



On 28 April 2022, the Issuer announced that its shareholders entered into a preliminary term sheet with the United Development Company of Qatar (UDC) to assess a possible subscription of shares in the Issuer. The necessary approvals in relation to this transaction were obtained at the Issuer's Annual General Meeting on 9 June 2022.

The term sheet provides that subject to the satisfactory completion of a due diligence process and satisfactory negotiation and completion of all requisite definitive agreements, UDC will subscribe to 100,000,000 new shares to be issued by the Issuer at a subscription price of €1.22 per share and furthermore, be granted an option to subscribe to an additional 200,000,000 new shares within one year at a price of €1.28 per share.

PART 2 – OPERATIONAL DEVELOPMENT

6. HOTEL OPERATIONS

Effects of the COVID-19 Pandemic

The COVID-19 pandemic had far-reaching effects on both 2020 and 2021 performance. Whilst in 2020 global border restrictions, local mobility restrictions, and the forced closure of hotels, food and beverage outlets and other places of entertainment adversely impacted the Group's operational performance, 2021 presented an improved situation on the strength of various governments lifting border restrictions and local mobility restrictions following an aggressive vaccination process. The Group is projecting that the consolidated revenue levels will revert to pre COVID-19 benchmarks during 2024. The Directors acknowledge that the trajectory to such performance by the Group will be dependent on the level of travel restrictions that are maintained by governments. The Directors continue to closely monitor the situation on an ongoing basis with a view to minimising the impact of the COVID-19 pandemic on the Group.

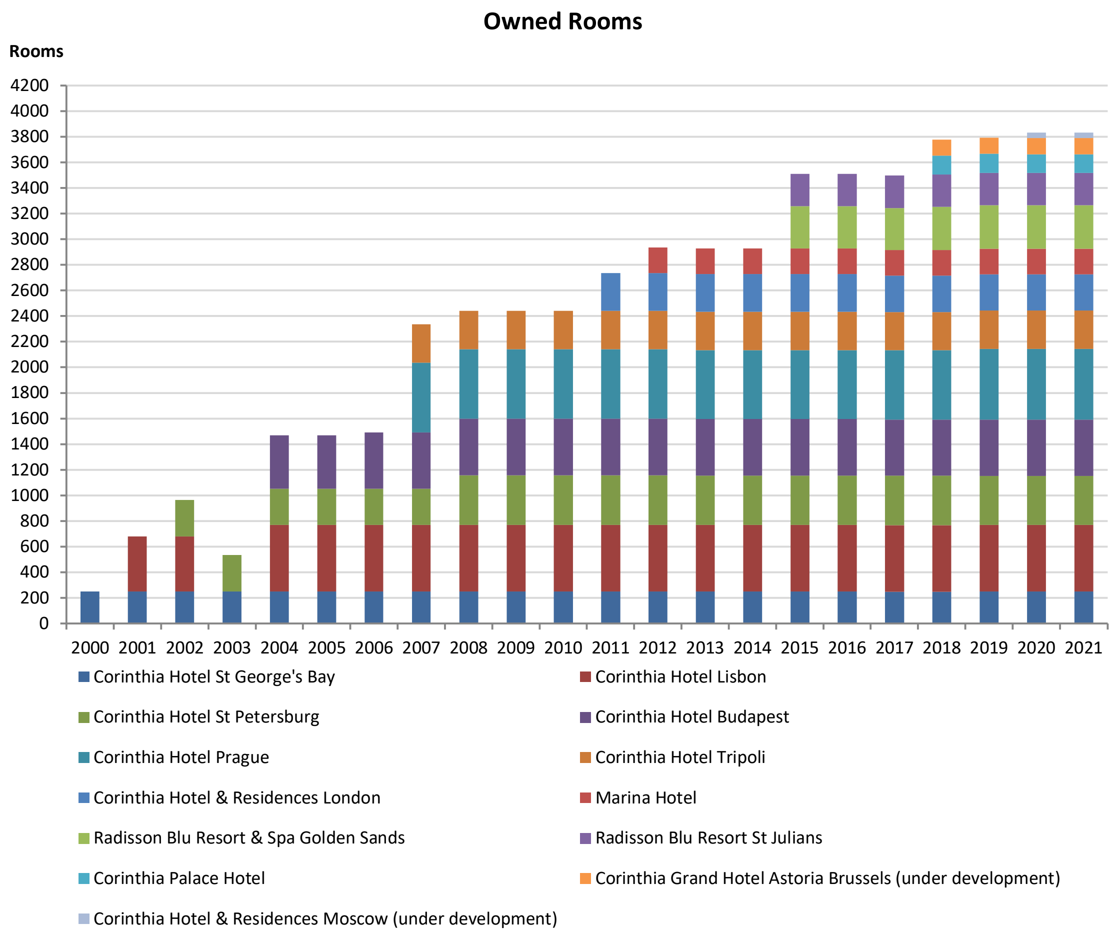
Events after Year End

The Group owns a hotel in St Petersburg, Russia, with an adjoining Commercial Centre which have been under IHI's ownership for 20 years. The Group also owns a 10% equity share in a hotel and residences project in central Moscow. The combined interest in St Petersburg and Moscow represents approximately 8% of the Group's total revenue and assets in 2021. Sanctions imposed on Russia and counter sanctions that Russia itself has introduced are being carefully monitored and fully adhered to by the Group on the advice of its specialist legal advisors. The consequence of the current situation will depend largely on the duration of the conflict.

6.1 ROOM INVENTORY

The Issuer fully owns 10 hotel properties, 50% in each of 2 other hotel properties (namely, Corinthia Hotel & Residences London and Corinthia Grand Hotel Astoria Brussels (under construction)), and 10% of the Corinthia Hotel & Residences Moscow (under construction).

The chart below sets out the growth in owned-room inventory of the Issuer since incorporation, which increased from 250 to 3,830 rooms over a span of 22 years.



Source: Management information.

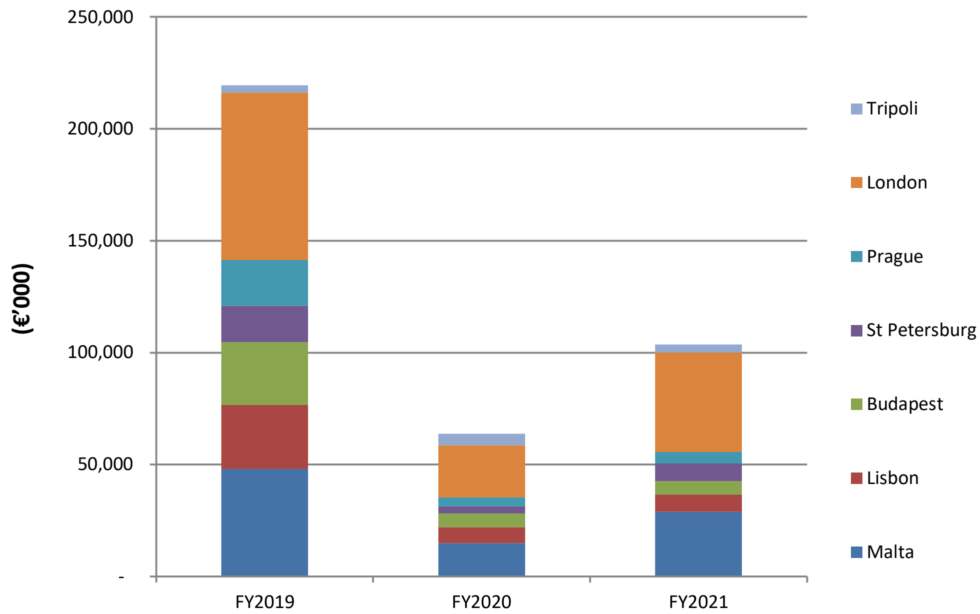
6.2 PERFORMANCE REVIEW

The table below summarises the financial performance of the Group's hotel operations over the three-year period between 2019 and 2021.

International Hotel Investments p.l.c. Hotel Operations (€'000)	FY2019 Actual	FY2020 Actual	FY2021 Actual
Revenue			
Malta	48,000	14,692	28,898
Lisbon	28,635	7,358	7,800
Budapest	28,054	6,184	5,878
St Petersburg	16,243	3,020	7,876
Prague	20,454	4,001	5,056
London	74,862	23,354	44,582
Tripoli	3,156	5,148	3,505
Total revenue	**219,404**	**63,757**	**103,595**
y-o-y % change in revenue	n/a	-71%	62%
EBITDA			
Malta	10,623	(2,333)	4,356
Lisbon	7,911	(534)	(434)
Budapest	8,181	110	1,491
St Petersburg	5,848	(1,693)	2,172
Prague	5,231	(2,328)	(288)
London	15,272	(1,895)	9,776
Tripoli	(2,141)	(548)	(852)
Total EBITDA	**50,925**	**(9,221)**	**16,221**
Depreciation and amortisation	(30,691)	(23,674)	(26,049)
Segment profit or loss	**20,234**	**(32,895)**	**(9,828)**
EBITDA margin			
Malta	22.1%	-15.9%	15.1%
Lisbon	27.6%	-7.3%	-5.6%
Budapest	29.2%	1.8%	25.4%
St Petersburg	36.0%	-56.1%	27.6%
Prague	25.6%	-58.2%	-5.7%
London	20.4%	-8.1%	21.9%
Tripoli	-67.8%	-10.6%	-24.3%
Overall EBITDA margin	**23.2%**	**-14.5%**	**15.7%**

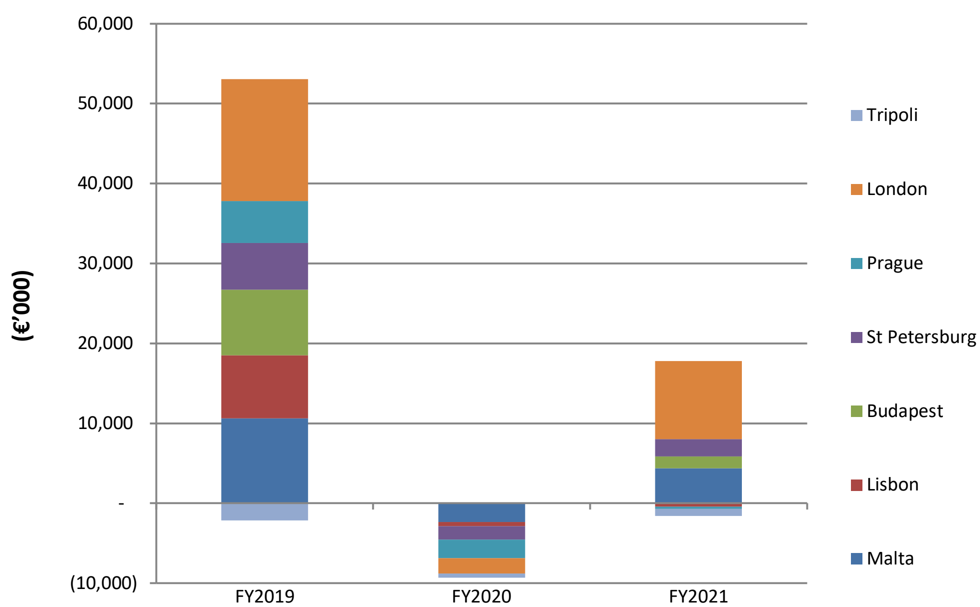
Source: Annual reports FY19 - FY21, management information, MZI analysis

Hotel Operations - Revenue



Source: Management information.

Hotel Operations - EBITDA



Source: Management information.

Revenue from hotel operations in FY2019 amounted to €219.4 million, an increase of €9.9 million (+5%) from FY2018. London operations accounted for 34% of revenues generated in FY2019, whilst Malta operations accounted for 22%. The London and Malta operations represented 51% of aggregate EBITDA which amounted to €50.9 million in FY2019 compared to €50.7 million in the prior year (+€0.2 million). In terms of EBITDA margin, Corinthia Hotel St Petersburg was the best performer at 36.0% followed by Corinthia Hotel Budapest at 29.2%.

In FY2020, COVID-19 pandemic had a significant impact on the global hotel industry as well as on the Group's hotel operations. Year-on-year revenue decreased by €155.6 million (-71%) from €219.4 million in FY2019 to €63.8 million in FY2020. Group management implemented significant and effective cost containment measures to minimise the impact on EBITDA which could have been substantially worse otherwise. The relative governments also assisted in this regard through the introduction of different schemes, including salary subsidies and waiver or deferral of payroll taxes and social security contributions. Notwithstanding, the Group reported an EBITDA loss of €9.2 million (FY2019: + €50.9 million).

Hotel operations fared much better in FY2021 as travel demand increased following the gradual easing of travel restrictions by relative governments. Revenue for the year amounted to €103.6 million, which is 62% higher compared to the prior year, though still 53% below revenue achieved in FY2019 (pre-pandemic). Corinthia London and the Malta operations also doubled their revenue year-on-year and represented 71% of aggregate revenue. It is to be noted that revenues generated by the Radisson Blu Resort & Spa Golden Sands are included in the consolidated figures as from FY2021 pursuant to the acquisition of the other 50% shareholding in Golden Sands by the Group in the same year.

EBITDA recovered from a loss of €9.2 million in FY2020 to €16.2 million in FY2021. During the reviewed period, the Group's hotel operations reported an EBITDA margin of 15.7% (FY2020: -14.5%).

After accounting for depreciation and amortisation, the Group's hotel operations registered a segment loss of €9.8 million compared to a loss of €32.9 million in FY2020 (FY2019: profit of €20.2 million).

7. OTHER OPERATIONS

7.1 REAL ESTATE

The table below summarises the financial performance of the Group's real estate segment over the three-year period between 2019 and 2021.

International Hotel Investments p.l.c. Real Estate (€'000)	FY2019 Actual	FY2020 Actual	FY2021 Actual
Revenue			
Tripoli	7,236	7,351	7,548
St Petersburg	5,424	4,213	2,702
London penthouse	1,034	956	-
Total revenue	**13,694**	**12,520**	**10,250**
EBITDA			
Tripoli	6,736	6,782	6,973
St Petersburg	4,189	3,283	1,671
London	814	907	(731)
Total EBITDA	**11,739**	**10,972**	**7,913**
EBITDA margin			
Tripoli	93.1%	92.3%	92.4%
St Petersburg	77.2%	77.9%	61.8%
London	78.7%	94.9%	N/A
Overall EBITDA margin	**85.7%**	**87.6%**	**77.2%**

Source: Annual reports FY19 - FY21, management information, MZI analysis

The Group operates a commercial centre measuring *circa* 10,000 square metres adjacent to the Corinthia Hotel Tripoli, Libya. Despite the ongoing instability in Libya, the Commercial Centre has remained operational and fully leased out. In FY2021, the Commercial Centre generated €7.5 million in revenue compared to €7.4 million in the prior year. The EBITDA margin is relatively high and has remained constant above 90%.

The commercial properties in St Petersburg comprise a mix of commercial areas, shops and office space, with total rentable area in excess of 11,600 square metres. In FY2020, rental income declined by €1.2 million (y-o-y) to €4.2 million (FY2019: €5.4 million). The said decrease resulted from slightly lower occupancies in the year and the depreciation of the Russian rouble against the euro. In FY2021, revenue decreased by €1.5 million (-36%) following the termination of two leases during the said year. In consequence, EBITDA decreased by €1.6 million from €3.3 million in FY2020 to €1.7 million in FY2021.

Prior to the disposal of the London apartment in FY2021, the property generated rental income of *circa* €1 million *per annum*.

7.2 HOTEL MANAGEMENT

Corinthia Hotels Limited is a fully owned subsidiary of IHI which manages and operates a number of hotel properties, predominantly owned by IHI and CPHCL, but also including third party hotel properties.

The portfolio of hotels managed by CHL comprise the following:

CORINTHIA HOTELS LIMITED
Managed Hotel Portfolio as at 31 December 2021

Name	Location	% ownership	No. of hotel rooms
Owned and managed properties (operational)			
Corinthia Hotel Budapest	Hungary	100	439
Corinthia Hotel St Petersburg	Russia	100	385
Corinthia Hotel Lisbon	Portugal	100	518
Corinthia Hotel Prague	Czech Republic	100	551
Corinthia Hotel Tripoli	Libya	100	300
Corinthia Hotel St George’s Bay	Malta	100	250
Marina Hotel St George’s Bay	Malta	100	200
Radisson Blu Resort St Julians	Malta	100	252
Corinthia Palace Hotel & Spa	Malta	100	146
Radisson Blu Resort & Spa Golden Sands	Malta	100	338
Corinthia Hotel & Residences London	United Kingdom	50	283
Owned & managed properties (under development)			
Corinthia Grand Astoria Hotel Brussels (opening 2024)	Belgium	50	126
Corinthia Hotel & Residences Moscow	Russia	10	42
Managed properties (operational)			
Aquincum Hotel Budapest	Hungary	-	310
Ramada Plaza	Tunisia	-	309
Panorama Hotel Prague	Czech Republic	-	440
Corinthia Hotel Khartoum	Sudan	-	230
Managed properties (under development)			
Corinthia Hotel Bucharest (opening 2023)	Romania	-	34
Corinthia Hotel Residences Doha (opening 2022/3)	Qatar	-	118
Corinthia Hotel Rome (opening 2023)	Italy	-	60
Corinthia Hotel New York (opening 2023)	United States of America	-	97
			5,428

CHL is a full-service hotel management company with in-house skills and capabilities supporting the Corinthia brand and operations. It has a track record of driving performance improvements across the Corinthia Group’s existing assets, those of CPHCL and of third parties. It ensures consistent service levels and performance across the properties. CHL is scaled to support the future growth of the Corinthia brand. CHL currently manages or is involved in the development of 13 owned (fully or partly) hotels (11 operational and 2 under development), 2 hotels owned by its parent company CPHCL, and 6 third party properties (2 operational and 4 under development). Management contracts are typically entered into and structured for a 20-year term. Its key commercial terms include management fees based on total turnover, marketing and reservation fees based on rooms' revenue and incentive fees based on gross operating profit achieved. It is an efficient use of capital and resource with minimal capital outlay, if any, required for each new management contract and a cost-effective way to gain in-depth knowledge of various markets.

CHL continues to establish itself as a dynamic added-value operator of luxury hotels. As from FY2017, the Group commenced its execution of a strategic plan to build on the company's marketing and human resources dimensions, with a renewed focus on quality and service in all Corinthia hotels. As such, the company has expanded its senior management team with the appointment of a Senior VP - Operations, a director of rooms & quality, a director of learning & development, and a director of marketing.

CHL has a 10% shareholding in GHA Holdings Limited ("**GHA**") (FY2021: 13.1% shareholding), a company that owns the Global Hotel Alliance of which CHL has been a member alongside 30 other hotel brands. The ownership of GHA also comprises founding shareholders Kempinski, Minor, Pan Pacific, Oracle, and, since 2022, A Small World of Switzerland.

The following table summarises the financial performance of CHL over the three-year period FY2019 to FY2021:

International Hotel Investments p.l.c. Hotel Management (€'000)	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**
Revenue			
Owned hotels	14,769	2,743	6,696
Third party owned hotels	1,868	418	497
Other	326	45	146
Total revenue	**16,963**	**3,206**	**7,339**
EBITDA	**8,107**	**(2,314)**	**7,045**
EBITDA margin	**47.8%**	**-72.2%**	**96.0%**

Source: Annual reports FY19 - FY21, management information, MZI analysis

Due to the significant decline in hotel services and revenue generation during FY2020, CHL's revenue decreased by 81% from €17.0 million in FY2019 to €3.2 million. In the subsequent year, revenue increased by €4.1 million to €7.3 million, though it is still 57% below FY2019's income level.

EBITDA in FY2021 amounted to €7.0 million compared to a loss of €2.3 million in the previous year. The said amount includes $5 million receivable on account of the Company's exit from the Meydan Beach Hotel Dubai project. As a result, CHL achieved 87% of the EBITDA generated in FY2019.

7.3 CATERING

The following table summarises the financial performance of the Group's catering segment over the three-year period FY2019 to FY2021:

International Hotel Investments p.l.c. **Catering** **(€'000)**	**FY2019** **Actual**	**FY2020** **Actual**	**FY2021** **Actual**
Revenue			
Costa Malta	9,456	3,211	4,745
Costa Spain	5,463	1,138	-
Corinthia Caterers Limited	6,174	2,230	3,464
Catermax Limited	3,988	1,889	1,912
Total revenue	**25,081**	**8,468**	**10,121**
EBITDA			
Costa Malta	1,839	(258)	627
Costa Spain	(443)	(889)	-
Corinthia Caterers Limited	(597)	(1,085)	(307)
Catermax Limited	130	(18)	177
Total EBITDA	**929**	**(2,250)**	**497**
EBITDA margin			
Costa Malta	19.4%	-8.0%	13.2%
Costa Spain	-8.1%	-78.1%	N/A
Corinthia Caterers Limited	-9.7%	-48.7%	-8.9%
Catermax Limited	3.3%	-1.0%	9.3%
Overall EBITDA margin	**3.7%**	**-26.6%**	**4.9%**

Source: Annual reports FY19 - FY21, management information, MZI analysis

The impact of the pandemic resulted in the temporary closure of Costa Coffee outlets in Q2 2020 and restricted operations thereafter. The Costa Coffee Spain operation was closed in 2020 and placed into voluntary liquidation. The outlets located at Malta International Airport were directly impacted by the significant drop in airport passengers following the imposition of travel restrictions between March and December 2020. In consequence, Costa Malta reported revenue of €3.2 million in FY2020, a decrease of 66% compared to the prior year (FY2019: €9.5 million). Revenue increased by €1.5 million in FY2021 to €4.7 million as business improved following the vaccination programme and gradual relaxation of restrictions. Also, the increase in tourism in the second half of the year had a positive effect on turnover.

Corinthia Caterers Limited and Catermax Limited are principally involved in event and contract catering services. Both businesses have yet to generate a positive EBITDA which situation has been exacerbated by the pandemic.

Overall, the Group's catering division reported an EBITDA of €0.5 million in FY2021 compared to a negative EBITDA of €2.3 million in FY2020.

8. ECONOMIC ANALYSIS

The following is an overview of the most significant recent trends affecting the IHI and the market in which it operates:

8.1 HUNGARY[1]

Hungary's economy grew strongly until early 2022, but the war in Ukraine clouds the outlook, as more expensive imports, trade disruptions, higher uncertainty and risk premia are set to curb GDP[2] growth, raise inflation and worsen the external balance. Due to a more challenging macroeconomic environment and new spending pressures, the budget deficit is projected to remain high.

Hungary's economy recovered rapidly from the pandemic, with real GDP growing by 7.1% in 2021. The expansion continued in the first quarter of 2022. Construction was bolstered by public investment, while industry had begun to recover from supply chain disruptions. Retail sales were boosted by stimulus measures such as the 20% minimum wage increase in January, the reintroduction of the 13th monthly pension and the refund of last year's income tax payments to families in February 2022.

Russia's war in Ukraine has overshadowed the outlook. GDP growth is expected to slow to 3.6% in 2022 and 2.6% in 2023. Private consumption is forecast to lose momentum after the impact of stimulus measures fades and inflation erodes households' purchasing power. Investment is set to be constrained by slowing demand, geopolitical uncertainty, higher funding costs, as well as fiscal consolidation efforts. Exports face headwinds from weaker external demand, sanctions against Russia and input shortages. Higher commodity prices worsen the external balance, with the current account deficit rising to 5.5% of GDP in 2022. Hungary's net energy imports are projected to swell by some 3 percentage points of GDP in 2022. The current account deficit is expected to moderate to 3.5% in 2023, due to somewhat lower commodity prices and the gradual easing of supply chain disruptions that hold back exports.

Employment rose to a historic high in 2021 and signs of labour shortages began to re-emerge. The tight labour market continued to fuel strong wage growth in the first months of 2022. Although more expensive inputs and weaker expected demand force companies to contain labour costs, their high profitability in 2021 and the social contribution cuts in January 2022 have left them with some buffers. At the same time, labour supply is projected to rise due to the newly introduced income tax exemption for workers below age 25, and the arrival of people fleeing from Ukraine on the labour market. Consequently, employment growth should be maintained, while real wage growth is expected to moderate. Unit labour cost is forecast to spike in 2022 but slowdown in 2023 as businesses adjust to weaker demand and higher input prices.

With companies facing strong cost and demand pressure and a weaker exchange rate, inflation is set to rise from 5.2% in 2021 to 9.0% in 2022. Inflation is forecast to peak in Q3 2022 after the price caps on motor fuel and basic food items expire. Once consumer prices adjust to higher production costs, lower demand is expected to ease inflation to 4.1% in 2023. Regulated utility prices, which are assumed to remain unchanged over the forecast horizon, are an upside risk for inflation and a downside risk for GDP. In addition, the outlook is sensitive to the evolution of the war due to Hungary's geographical proximity and its stronger trade linkages with Russia and Ukraine compared to other EU members, as well as due to its high energy import dependency.

[1] Economic Forecast – Spring 2022 (European Commission Institutional Paper 173 May '22).

[2] Gross Domestic Product (GDP) is an estimate of the value of goods and services produced in the economy over a period of time.

8.2 RUSSIA[3]

Improving terms of trade, fiscal support packages and higher real wages fuelled a rebound of private consumption in 2021. This, together with strong investment, supported the recovery of the Russian economy, with real GDP growing by 4.7% in 2021. The war in Ukraine and the subsequent sanctions implemented by the international community halted these trends abruptly, as Russia was cut off from most Western production inputs.

At this point, it is particularly difficult to predict the development in 2022 of export-related revenues, which are a crucial revenue source for the budget.

Private investment is forecast to fall by more than 20% in 2022, given extremely low appetite for new investment in the current environment amid withdrawal of foreign companies. Isolated pockets of investment to cater for import substitution are likely to emerge in some sectors but investor confidence is projected to remain depressed over the forecast horizon and a modest increase in public investment is not expected to compensate for the fall in private investment.

For 2023, the economy is forecast to stabilise as it adjusts to the new normal of severed ties to the West. However, real GDP growth is expected to remain subdued, reaching 1.5%, as ongoing import substitution due to departure of foreign companies will cause inefficiencies. Uncertainty regarding the nature of future economic ties with the rest of the world will continue to hamper investor confidence and seriously limit the growth potential of the economy.

8.3 PORTUGAL[4]

Portugal's economy grew by 4.9% in 2021, recovering slightly more than half of the level lost in 2020. The growth outlook remains favourable despite challenges related to commodity prices, global supply chains, and higher uncertainty in external demand. The public deficit is set to ease to 1.9% of GDP in 2022 and 1% in 2023, on the back of economic growth and the inflow of EU funds, amid a wind-down of crisis-related measures and strong momentum in public investment.

Portugal's GDP grew by 4.9% in 2021 after a steep contraction of 8.4% in 2020 caused by the outbreak of the COVID-19 pandemic. Investment and exports of goods rebounded to above pre-pandemic levels in 2021. However, private consumption recovered at a somewhat slower pace as contact-intensive services faced continuous restrictions. In quarterly terms, growth peaked in the second quarter of 2021 and moderated afterwards as pent-up demand gradually waned and services faced a new round of restrictions towards the end of the year. Growth picked up again to 2.6% (q-o-q) in the first quarter of 2022 as most of the containment measures were lifted in mid-January.

After the strong start of the year, Portugal's GDP is projected to rise by 5.8% in 2022 as the services sector, particularly foreign tourism, is set to rebound strongly from a low base. Economic growth is expected to moderate to 2.7% in 2023. Domestic demand is set to contribute substantially to growth in both years with investments rising faster than private consumption thanks to the ongoing implementation of the RRP[5]. The

[3] Economic Forecast – Spring 2022 (European Commission Institutional Paper 173 May '22).

[4] Economic Forecast – Spring 2022 (European Commission Institutional Paper 173 May '22).

[5] The Recovery and Resilience Facility makes €672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

external sector is forecast to have a positive net contribution to growth in 2022, reflecting the recovery in tourism, followed by a broadly neutral impact in 2023. However, the current account balance is expected to worsen in 2022, due to high prices of energy imports, and to only improve in 2023 when energy prices are assumed to move downwards to some extent.

Risks to the growth outlook have moved to the downside because of Russia's war against Ukraine. In the light of Portugal's low direct exposure to the affected region, these risks are mostly indirect, stemming from commodity prices, security of supplies and uncertainty in global demand.

Helped by continued government support schemes and the economic recovery, the unemployment rate dropped to 6.6% in 2021. The rate improved further to 5.6% in February 2022, reaching a 20-year low. In addition, the employment rate rose to a historic high at the end of 2021 and early 2022. However, hours worked remained well below their pre-pandemic level. As job support schemes are set to expire in the second quarter of 2022, the unemployment rate is projected to improve at a much slower pace over the forecast horizon. The rebound in foreign tourism is set to more visibly impact hours worked than employment.

Consumer price inflation (HICP[6]) averaged 0.9% in 2021 amid a substantial increase towards the end of the year. In quarterly terms, HICP inflation reached 2.4% (y-o-y) in the last quarter of 2021 and rose further to 4.4% (y-o-y) in the first quarter of 2022 as prices of energy and other commodities, including metals, construction materials and agricultural products, kept growing. Inflation is forecast to peak in the second quarter of 2022 and to gradually moderate thereafter at year-average rates of 4.4% in 2022 and 1.9% in 2023. Core inflation is projected at 3.7% and 2.2%, respectively, moving at a somewhat slower pace than the expected average wage growth.

8.4 CZECH REPUBLIC[7]

Exacerbated supply-chain disruptions and rising energy prices driven by Russia's war of aggression against Ukraine, as well as the fiscal costs associated with the inflow of people fleeing Ukraine, are impacting the recovery of the Czech economy. Economic growth is forecast at 1.9% in 2022 and 2.7% in 2023, whilst being fuelled by domestic demand, including public investment supported by the RRF. Inflation is projected to peak in the second quarter of this year, driven by energy prices, and forecast to overage 11.7% over 2022. Inflation is expected to gradually decline to 4.5% in 2023. The budget deficit is expected to start decreasing to 4.3% of GDP in 2022 and 3.9% of GDP in 2023, supported by high nominal GDP growth. Consequently, the pace of growth of government debt-to-GDP ratio is set to slow down.

Annual GDP growth reached 3.3% in 2021 and is forecast to slow down to 1.9% in 2022, driven by exacerbating supply chain disruptions resulting from new bottlenecks created in relation to the Russian invasion of Ukraine and lockdowns in China, as well as an elevated inflation rate caused by higher energy and commodity prices. Domestic demand is set to remain the central growth driver. Supported by a very gradual normalisation of international trade as from 2023. In 2023, real GDP is forecast to increase by 2.7%, surpassing the pre-pandemic output level in the first half of the year.

[6] The Harmonised Indices of Consumer Prices (HICP) measure the changes over time in the prices of consumer goods and services acquired by households.
[7] Economic Forecast – Spring 2022 (European Commission Institutional Paper 173 May '22).

High inflation is projected to substantially squeeze real disposable income. Yet, the slowdown in private consumption growth is mitigated by the expenditure of the over 400,000 persons fleeing from Ukraine who are assumed to enter Czech Republic by the end of 2023. Due to the increased economic uncertainty in 2022, the saving rate is forecast to remain high but is expected to gradually converge towards its long-term average, reflecting higher prices for consumers and the relaxation of pandemic restrictions.

Government consumption growth is set to slow down as pandemic-related expenditure is phased-out. Investment activity is projected to increase by 3.1% in 2022, supported by low real interest rates, while negatively affected by rising uncertainty and slower economic growth. Investment growth is forecast to increase in 2023, supported by the economic recovery as well as by a boost to public investment through the RRF.

Czech Republic's industry-based economy, which relies on imports, is set to take a strong hit from supply chain disruptions and increasing energy prices. Net exports are forecast to have a near neutral contribution to economic growth in 2022 due to supply shortages, longer delivery times and increased transportation cost, as well as to a similar impacted macroeconomic situation in the main trading partners.

The population in Czech Republic is forecast to grow by more than 3% in 2022 due to the arrivals of those fleeing Ukraine. Czech Republic's tight labour market is expected to gradually absorb this increase, noting that most persons arriving from Ukraine are assumed to be inactive over the forecast horizon. The unemployment rate is therefore projected to remain around 2.6%.

Inflation further increased following Russia's aggression against Ukraine, mostly driven by elevated energy and commodity prices, as well as food prices. Inflation is forecast to peak in the second quarter of 2022, but to decline afterwards, averaging 11.7% in 2022. Inflation is projected to decline towards 4.5% in 2023, supported by well-anchored inflation expectations as well as a stronger domestic currency and more stable energy prices.

8.5 LIBYA

Following a significant economic contraction in 2020 of about 31%, Libya's hydrocarbon sector, and in turn its economy overall, witnessed a strong rebound in 2021. The lifting of the oil blockade in late 2020 and the resilience of global oil prices led to an increase in hydrocarbon export receipts and thereby an improvement in the country's trade and current account balances. While Libya's protracted liquidity crisis persists, particularly in eastern and southern parts of the country, there has been some improvement in 2021. In January 2021, the foreign exchange tax was abolished, resulting in a significant narrowing of the gap between the official and parallel market exchange rates. While the devaluation has improved macro-economic stability, the adverse impact on purchasing power has been felt throughout the population, particularly affecting the poor.[8]

Libya is currently facing a new phase of political polarisation, which risks dividing its institutions once again and reversing the gains achieved over the past two years. Elections scheduled for December 2021 were postponed with the country's National Elections Commission citing inadequacies in electoral legislation and challenges related to candidates' eligibility.

In February 2022, the country's eastern-based House of Representatives voted to designate a new Prime Minister and government, over the objections of the internally recognised Prime Minister who refused to step down. Nevertheless, the House of Representatives went forward with the formation of a new government, designating a former Minister of Interior as the new Prime Minister. On 24 February 2022, the High State Council – based in the internationally recognised administration's centre of government in Tripoli and born out of the UN-supported

[8] https://www.worldbank.org/en/country/libya/overview#1

Libyan Political Agreement of 2015 – rejected the parliamentary declaration, setting up a serious impasse that is now once again ramping up tensions in the conflict-wrought nation.[9]

The underlying political and economic division of the country has complex roots and competing international influences can make a difference in outcomes. With major uncertainties associated with these dynamics, projecting future economic trends is a daunting task.

In addition to the conflict-driven challenges and neglect, Libyans are also increasingly affected by the COVID-19 pandemic. With relaxation of containment measures, the spread of the virus has accelerated. This problem is probably under-monitored and compounded by an incapacitated health sector.

It is impossible to forecast economic outcomes with any degree of confidence due to the high level of uncertainty surrounding political and security developments. If oil production and exports continue without major extended disruptions, Libya will benefit from soaring global oil prices which will translate into higher fiscal revenues and inflow of hard currency. This will positively affect the trade, current account, and fiscal balances. On the other hand, Libya may face short-term wheat supply disruptions, higher wheat prices, and in turn higher inflation and lower consumption.[10]

8.6 UNITED KINGDOM[11]

During 2021, the UK economy clawed itself back from the 2020 slump induced by the pandemic, coming close to pre-pandemic output levels by end year. Looking ahead, growth is expected to be sluggish as high energy prices and tighter fiscal and monetary policy weigh on disposable incomes and private consumption. Inflation is set to remain high, as the economy grapples with a combination of supply side bottlenecks, high commodity prices and tight labour market.

UK GDP grew by 7.4% in 2021, after contracting by 9.7% in 2020. The recovery was driven largely by private and government consumption, with a negative contribution from net exports. Growth was 0.9% in Q3 and 1.3% in Q4, giving a large statistical “carryover” of nearly 2.7% for GDP for 2022. Inflation rose sharply from mid-2021 and continued to increase in early 2022 to 7% in March, pushed up mainly by higher prices for energy, fuels and other tradeable goods.

The UK saw a spike in COVID-19 cases in early 2022 as the Omicron variant took over. New cases then fell back quickly, and all remaining restrictions were eliminated in late February and March. The UK then saw a steep increase in deaths in April, much higher than either the US or EU. No further lockdowns are assumed over the forecast period, though the virus remains a risk factor for the outlook, unless deaths subside rapidly. Survey data (PMIs) for services showed a clear boost in February from the end of COVID restrictions, and manufacturing PMIs have been buoyant. However, both weakened in March following the Russian invasion of Ukraine. Consumer confidence has declined steadily from the start of the year and is now at levels last seen during the global financial crisis in 2008. Monthly GDP figures show the UK economy grew by 0.8% month-on-month in January, but stalled in February, expanding by just 0.1%.

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[9] https://news.un.org/en/story/2022/03/1114082

[10] https://www.worldbank.org/en/country/libya/publication/economic-update-april 2022#:~:text=Recent%20Developments&text=Estimates%20reveal%20that%20growth%20in,mb%2Fd%20in%202020).

[11] Economic Forecast – Spring 2022 (European Commission Institutional Paper 173 May ’22).

GDP is expected to grow only slowly during 2022, with private consumption being negatively affected by higher inflation, weakening sentiment, and fiscal and monetary tightening. The Chancellor's March Spring Statement carried through with planned rises to National Insurance rates, while not uprating welfare benefits to fully reflect higher inflation. Additional reliefs to households to cope with the higher cost of living were also limited. Gas supplies a higher share of total energy in the UK than in most EU countries, and higher energy prices will cut deeply into household incomes from April 2022, and again in October 2022, as the regulatory price caps on fuel bills increase. Higher taxes and prices will both reduce real household disposable income with stronger effects for those on lower incomes, although consumption will be supported to some extent by a projected fall in the household saving rate back to close to pre-pandemic levels.

While slowing down substantially as compared to 2021, government consumption is still projected to contribute positively to growth in 2022 and 2023. Business investment is forecast to see some pick-up in 2022, as firms make use of the temporary "super-deduction" which allows an offset of 130% of eligible spending and which is due to end by April 2023. Nevertheless, the strength of this investment response is highly uncertain, given the worsening outlook, rising interest rates, and supply side constraints. Both imports and exports are projected to grow only slowly over the forecast horizon, with net exports making small negative net contributions to growth. GDP is expected to grow by 3.4% in 2022 and by1.6% in 2022.

The labour market is tight, with vacancies at high levels. The end of the pandemic furlough scheme in September 2021 did not noticeably increase unemployment, which fell to 3.8% in February 2022, the same as pre-pandemic. Participation rates and total employment are however around 1 percentage point lower than pre-pandemic. The unemployment rate is projected to remain broadly stable over the forecast horizon. The Bank of England has raised the base rate four times since December to 1%, and markets expect further rises of around 125 basis points in 2022, given the low level of labour market slack, and inflation well above the 2% target level. Nominal wages are rising at around 5%, below inflation, but pay settlements and inflation expectations have been edging up.

Consumer price inflation is forecast to increase further and peak in late 2022, mainly due to the increase in energy prices and (regulated) price caps. Inflation is then expected to fall back in 2023 as energy prices soften and price pressures for tradeable goods ease as bottlenecks loosen. Overall, prices are expected to increase by 7.0% in 2022 and by 3.6% in 2023.

The UK has been hit by compounded shocks, including COVID-19, Brexit, and the impact of the Russian invasion of Ukraine. The response of consumers to falling real incomes in a highly uncertain environment may be to reduce consumption more than expected, while the response of private investment to existing and possible new policy measures - already hinted at in the Chancellor's Spring statement – could surprise on the upside or downside. A deterioration in the domestic COVID-19 situation remains a risk. Finally, supply constraints could prove longer lasting than assumed, increasing inflationary pressures, and heightening risks of a wage-price spiral.

8.7 MALTA[12]

The economy of Malta is set to continue expanding, by 4.2% in 2022 and by 4.0% in 2023 while withstanding the impact of the increase in commodity prices and the Russian invasion of Ukraine. The main factors supporting growth are the robust domestic demand and growth in exports of services, contributed by strong recovery in tourism. The general government balance is projected to remain in deficit, however decreasing in 2022 and 2023, following winding-down of pandemic related policy support on the background of economic growth.

The pressure from the COVID-19 pandemic related restrictions subsided in 2021, creating conditions for a very strong economic recovery of 9.4%, thanks to improved business and consumer sentiment, faster than expected rebound of international tourism and a strong growth in investment and services exports.

In 2022, affected by disruptions related to the Russian war in Ukraine, real GDP growth is forecast to reach 4.2%, which is substantially less than expected in winter, although Malta has very low direct exposure to trade with Russia and Ukraine. Growth in 2022 is set to be driven by domestic consumption, investment, and a small positive contribution from net exports. Export of tourism services is expected to continue gaining ground on the back of easing pandemic-restrictions. Robust government expenditure, in particular via public investment, will continue to support the economy. In 2023, growth is forecast to decrease to a still strong 4.0%, reflecting a general slowdown in performance among trading partners.

With both exports and imports growing, the current account balance is expected to remain positive. The limited downside risks deriving from the June 2021 decision of the Financial Action Task Force (the international standard-setting body on anti-money laundering/countering the financing of terrorism) to include Malta in the list of jurisdictions under increased monitoring have further receded following the FATF initial determination, in February 2022, that Malta has substantially completed its action plan. On 17 June 2022, the Financial Action Task Force (“FATF”) officially announced the removal of Malta from its list of Jurisdictions under Increased Monitoring, informally known as the 'grey list'.

Malta was able to cushion the impact of the pandemic on the labour market thanks to fiscal support. Employment is estimated to have grown by 1.6% in 2021, while the wage support measures remained in place. Employment is expected to continue to increase over the forecast horizon. This positive development in the labour market is congruent with labour shortages being reported by firms. Malta’s unemployment rate, at 3.5% in 2021, is set to remain broadly stable in 2022 and 2023.

HICP[13] inflation remained low in 2021 at 0.7%, thanks to energy prices being kept low by government intervention and hedging contracts for gas. Going forward, while Malta’s economy is highly energy-intensive, the share of household expenditures on energy is low compared to other Member States and the authorities have expressed a commitment to continue to limit energy prices growth. The higher inflation in the first quarter of 2022 shows that the pressure from increasing international energy and commodity prices is starting to affect Malta via transport costs and imported goods. As a result, inflation is set to rise to 4.5% in 2022. As these factors are expected to persist into 2023, inflation is expected to remain elevated at 2.6%.

The government deficit is estimated to have decreased to 8.0% of GDP in 2021. This still high deficit level is mainly explained by public expenditure related to pandemic-related measures which were maintained in 2021, including the wage support scheme, the utility and rent subsidies for businesses, and healthcare-related expenditures.

[12] Economic Forecast – Spring 2022 (European Commission Institutional Paper 173 May ’22).

[13] The Harmonised Indices of Consumer Prices (HICP) measure the changes over time in the prices of consumer goods and services acquired by households.

Pandemic-related economic support measures are expected to be phased out in 2022 and 2023, while several measures in response to the high energy prices were recently introduced.

The tax revenues resumed growth in 2021 and are expected to continue to increase in 2022 and 2023, following the positive economic growth dynamics. The revenues from social contributions also increased in 2021 and are expected to continue increasing over the forecast horizon, supported by the good performance of the labour market.

The deficit is projected to decrease to 5.6% of GDP in 2022 and further to 4.6% in 2023. The government debt-to-GDP ratio is projected to increase marginally to 58.5% in 2022 and reach 59.5% in 2023 as the negative primary balance is only partially compensated by the nominal GDP growth.

PART 3 – PERFORMANCE REVIEW

9. GROUP FINANCIAL INFORMATION

The financial information provided hereunder is extracted from the audited consolidated financial statements of IHI for each of the years ended 31 December 2019 to 31 December 2021. The projected financial information for the year ending 31 December 2022 has been provided by management of the Company.

The Group's operations in Libya

Note 5 to the 2021 financial statements explains the significant uncertainties and judgments surrounding the valuation of the Group's assets in Libya that have a bearing on the projected cash flows from the relative operations, and which are in turn influenced by the timing of a recovery in the country. Different plausible scenarios may impact the financial performance of the Libya operations and the valuation of related assets in a significant matter. This matter is considered to be of fundamental importance to stakeholders because of the potential impact that this uncertainty may have on the valuation of the Group's assets in Libya and the recoverability of certain debtors, which as at 31 December 2021 were carried at €179.5 million and €3.3 million respectively (2020: €187.1 million and €5.4 million respectively).

Events after the reporting period (FY2021)

In February 2022, a military conflict erupted between Russia and Ukraine with consequential international sanctions being imposed on Russia. The situation regarding these sanctions and any counter sanctions that Russia itself has imposed on the international community is continuously developing. The consequences these sanctions could have on the Group are difficult to determine. The Group has engaged international legal advisers to assist in managing the situation that the sanctions may have brought about.

The Group owns a hotel in St Petersburg with an adjoining Commercial Centre which have been in operation for a number of years. Both the hotel and the Commercial Centre are presently operational. Depending on the duration of this conflict, this may have an adverse effect on operations. Apart from business disruptions which may influence the valuation of the hotel and commercial centre, this situation increased the volatility of the Rouble exchange rate and may impact the amount reported in the Group financial statements. As at 31 December 2021, the Group's assets in Russia were carried at €90.0 million.

Projections

The projected financial information relates to events in the future and is based on assumptions which IHI believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations particularly during this uncertain period of the pandemic where new variants are regularly emerging, and the variation between forecast and actual results may be material.

IHI Group Income Statement (€'000)	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Revenue	268,286	91,909	129,266	217,006
Costs of providing services	(127,789)	(53,956)	(65,620)	(128,329)
Gross profit	**140,497**	**37,953**	**63,646**	**88,677**
Marketing costs and administrative expenses	(52,696)	(32,873)	(32,153)	(49,736)
Other operating costs	(18,011)	(8,887)	(4,965)	-
EBITDA	**69,790**	**(3,807)**	**26,528**	**38,941**
Depreciation and amortisation	(36,766)	(35,779)	(30,613)	(29,874)
Adjustments in value of property and intangible assets	(3,656)	(10,521)	(4,032)	-
Other operational exchange losses	-	57	(1,564)	-
Changes in value of liabilities and indemnification assets	4,798	-	(6,228)	-
Results from operating activities	**34,166**	**(50,050)**	**(15,909)**	**9,067**
Share of (loss) profit: equity accounted investments	(3,951)	(2,448)	1,124	-
Finance income	546	702	506	946
Finance costs	(23,765)	(23,554)	(24,984)	(26,626)
Other	6,916	(15,012)	(321)	11,255
Profit (loss) before tax	**13,912**	**(90,362)**	**(39,584)**	**(5,358)**
Taxation	(8,793)	14,713	9,256	1,575
Profit (loss) for the year	**5,119**	**(75,649)**	**(30,328)**	**(3,783)**
Other comprehensive income (expense)				
Gross surplus (impairment) - revaluation of hotel properties	7,000	(10,246)	78,385	-
Gross share of other comprehensive income of equity accounted investments	(4,550)	-	-	-
Other effects, currency translation diff. and tax	31,331	(38,076)	16,983	18,396
	33,781	**(48,322)**	**95,368**	**18,396**
Total comprehensive income (expense) for the year net of tax	**38,900**	**(123,971)**	**65,040**	**14,613**

Key Accounting Ratios	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast
Gross profit margin *(Gross profit/revenue)*	52%	41%	49%	41%
Operating profit margin *(EBITDA/revenue)*	26%	-4%	21%	18%
Interest cover (times) *(EBITDA/finance cost)*	2.94	-0.16	1.06	1.46
Net profit margin *(Profit after tax/revenue)*	2%	-82%	-23%	-2%
Earnings per share (€) *(Profit after tax/number of shares)*	0.01	-0.12	-0.05	-0.01
Return on equity *(Profit after tax/shareholders' equity)*	1%	-10%	-4%	0%
Return on capital employed *(EBITDA/total assets less current liabilities)*	4%	0%	2%	2%
Return on assets *(Profit after tax/total assets)*	0%	-5%	-2%	0%

Source: MZ Investment Services Ltd

Revenue generated by the Group in **FY2019** amounted to €268.3 million, an increase of €12.0 million (+5%) from the prior year (FY2018: €256.3 million), mainly on account of increases in turnover from the hotel operations segment. EBITDA increased by €2.3 million (+3%) from €67.5 million in FY2018 to €69.8 million. Following the adoption of IFRS 16, operating lease costs are accounted for below the EBITDA line as depreciation charge of right-of-use assets and interest expense. In FY2018, operating lease costs (accounted for above the EBTDA line) amounted to €4.7 million.

Depreciation and amortisation increased by €3.6 million (y-o-y) to €36.8 million, principally due to a higher charge in depreciation on the hotel properties in London, Lisbon and Prague in consequence of property value uplifts in these hotels in FY2018. Furthermore, an amount of €2.2 million related to shop leases (due to IFRS 16) on the Costa Coffee operations in Malta and Spain.

Adjustments in value of property and intangible assets amounted to a loss of €3.6 million in FY2019 relative to a gain of €3.9 million in FY2018. The movements in this line item for 2019 mainly represent a decrease of €1.2 million in the carrying value of the London Penthouse, a €3.0 million impairment on the brand value of Island Caterers Ltd and an impairment on the property, plant and equipment of Costa Coffee Spain less an increase in the investment property value in St Petersburg of €1.0 million.

'Changes in value of liabilities and indemnification assets' includes the reversal of an overprovision of €4.4 million in the overage payment to the Crown Estate on the London Penthouse the year before.

‘Other’ comprises a €4.7 million gain on exchange rate movements in Pound Sterling and Russian Rouble compared to a loss of €8.0 million in FY2018. Furthermore, an amount of €2.3 million (FY2018: nil) reflects a fair value gain on financial assets.

Tax charge for FY2019 amounted to €8.8 million compared to €13,000 a year earlier. In FY2018, the Group benefitted from a one-time tax gain of €5 million following an increase in the tax base of the Corinthia brand.

Profit for the year decreased by €3.3 million, from €8.5 million in FY2018 to €5.1 million, while total comprehensive income increased from €25.3 million in FY2018 to €38.9 million in FY2019.

The financial performance for **2020** was materially impacted by COVID-19 and the restrictions and limitations it imposed on the Group’s businesses and everyday lives. Total revenue for the year under review amounted to €91.9 million, a reduction of €176.4 million from the revenue generated the year before on account of lockdowns and other restrictions imposed in all countries where the Group operates.

Notwithstanding the significant reduction in revenue generation, the loss at EBITDA level for 2020 was limited to €3.8 million (FY2019: positive EBITDA of €69.8 million). The minimal loss at EBITDA level in 2020 was achieved in consequence of proactive cost-cutting decisions taken at Group and operating subsidiary levels, including reducing staff complements at all levels as well as various programmes on salary cuts and deferrals, apart from government subsidies.

Adjustments in value of property and intangible assets amounted to a loss of €10.5 million in FY2020 compared to a loss of €3.7 million in FY2019. The said loss for 2020 represents an impairment on goodwill of €2.4 million, an impairment of €5.2 million in the carrying value of the London apartment and a write off of €2.9 million with regard to the work in progress on the Hotel Astoria.

The Group’s share of results of associates and joint ventures amounted to a loss of €2.4 million compared to a loss in FY2019 of €4.0 million. This loss reflects the performance of hotel operations at Golden Sands and four months of timeshare operations. The timeshare sales operation was discontinued in May 2020.

In 2020 ‘other’ items amounted to a loss of €15.0 million (FY2019: profit of €6.9 million). This adverse amount mainly represents exchange differences related to the St Petersburg property on account of a weaker Rouble compared to FY2019. Year-on-year the Rouble devalued by 32% against the Euro. Furthermore, currency translation differences of €2.8 million relating to Azure Resorts Group, previously recorded in translation reserves, were released to profit or loss as a result of the loss of joint control over the joint venture.

Changes in fair value during 2020 in respect of the Group’s properties amounting to €10.3 million have been recognised with other comprehensive income to reverse previously recognised revaluation reserves. These impairments relate to the Corinthia Hotel Budapest and Corinthia Hotel London. In 2019, a revaluation surplus of €7.0 million in respect of the Group’s properties was recognised within other comprehensive income.

On account of a weaker Sterling and Rouble relative to the reporting currency of the Group which is Euro, the Group recorded a combined currency translation loss of €44.1 million in 2020, relative to a profit of €34.5 million registered in 2019.

The Group registered a loss on total comprehensive income of €123.9 million in 2020 against a profit of €38.9 million registered in 2019.

Revenue in **FY2021** increased by €37.4 million (+41%) y-o-y to €129.3 million on account of an improvement in hospitality business in the second semester of the year and the consolidation of Golden Sands Resort Limited's results following the acquisition by IHI of the remaining 50% shareholding thereof in February 2021. Corinthia St Petersburg and Corinthia London recovered faster than the other hotels mainly due to internally generated demand (domestic tourism).

The above-mentioned increase in revenue reversed an EBITDA loss of €3.8 million registered in FY2020 to a positive EBITDA amounting to €26.5 million. The Group achieved an operating profit margin of 21% in FY2021, five percentage points lower than pre-pandemic level of 26% (FY2019). The interest cover in the reviewed year was at 1.06 times (FY2019: 2.94 times).

The Group reported an overall exchange loss of €2.5 million in FY2021 compared to a loss on exchange of €12.3 million the year before (included in items 'Other operational exchange losses' and 'Other'). This movement in exchange differences reflects the net gains on exchange related to the St Petersburg property as the Rouble recovered from 90.68 to 84.07 and of losses on the Dinar as the Libyan Central Bank devalued the Dinar on 3 January by 330%.

During 2021, the Group acquired the other 50% of the Golden Sands Hotel which is now accounted as a subsidiary. The Group's share of results of associates and joint ventures reflects the Golden Sands Hotel results for the first two months of 2021 before the said acquisition. The remaining investment shown as an associate relates to the Medina project in Libya.

In 2020, on account of COVID-19 and the expected recovery tempo, the Group registered net property impairments of €15.5 million before tax. This impairment was attributable to the London hotel and apartment and to the Corinthia Hotel Budapest. In 2021, on account of less uncertainty and the positive results recognised in some properties, especially the London Hotel, the Group recognised a property uplift of €79.7 million (€1.3 million accounted for in the income statement and €78.4 million in other comprehensive income).

Both the Sterling and Rouble strengthened in 2021 relative to the reporting currency of the Group (Euro), but this positive result was subdued by the devaluation of the Libyan Dinar. The Group recorded a combined currency translation gain of €19.6 million relative to a loss of €44.7 million registered in 2020 (accounted for in comprehensive income within item 'Other effects, currency translation diff. and tax').

The Group reported a loss for the year of €30.3 million compared to a loss €75.6 million in FY2020. Overall, the Group registered a profit on total comprehensive income of €65.0 million in FY2021 against a loss of €124.0 million registered in FY2020.

The estimates for the projected financial year as presented in this document assume that the carrying values of hotel and investment properties will not be revalued upwards or impaired, and therefore no adjustment has been made as to possible uplifts or impairments in value of assets which can materially affect the consolidated income statement and the balance sheet values. However, in consequence of the annual depreciation charge, the carrying values of hotel properties is reducing on an annual basis.

The ongoing recovery in hospitality activities is expected to continue in **FY2022**. As such, the Group is projecting revenue for the said financial year to amount to €217.0 million, an increase of 68% over FY2021's revenue of €129.3 million but 19% below FY2019's turnover. All hotels are expected to register higher revenues over the prior year, most notably the Corinthia hotels in London, Lisbon, Budapest and Prague. Regarding Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg, the y-o-y increase in revenue is projected to be limited due to country-specific issues described elsewhere in this report.

The increase in revenue is expected to have a positive impact on the Group's EBITDA, which is projected to increase from €26.5 million in FY2021 to €38.9 million. Notwithstanding, the operating profit margin is expected to decrease to 18% (from 21% in FY2021) mainly on account of rising costs due to inflation, payroll and the termination of wage supplements and other similar schemes that were made available by governments during FY2020 and FY2021 to mitigate to some extent the downturn caused by the pandemic.

Depreciation & amortisation is expected to remain broadly unchanged at *circa* €30 million, but finance costs are projected to increase by €1.6 million to €26.6 million. Interest cover is projected to improve from 1.06 times in FY2021 to 1.46 times.

Since the end of 2021 to date, the Rouble has recovered relative to the Euro. For the purposes of the forecast, the Group has assumed that the Rouble will maintain its current level and accordingly, positive adjustments of €11.3 million and €18.4 million have been included in the projected income statement and other comprehensive income respectively.

Overall, the Group is projected to report total comprehensive income for FY2022 of €14.6 million compared to €65.0 million in the prior year.

IHI Group Balance Sheet (€'000)	31 Dec'19 Actual	31 Dec'20 Actual	31 Dec'21 Actual	31 Dec'22 Forecast
ASSETS				
Non-current assets				
Intangible assets (including indemnification)	72,432	68,035	65,384	63,338
Investment property	214,174	191,355	161,149	173,772
Property, plant and equipment	1,181,944	1,102,885	1,259,688	1,311,898
Right-of-use assets	13,776	11,690	11,203	12,599
Investments accounted for using the equity method	40,144	31,831	5,188	5,191
Other investments	8,401	7,198	6,898	6,896
Other fin. assets at amortised cost and receivables	1,801	6,739	6,897	10,556
Deferred tax assets	9,233	14,214	19,028	18,941
Assets placed under trust management	3,698	-	-	-
	1,545,603	1,433,947	1,535,435	1,603,191
Current assets				
Inventories	12,626	10,647	12,531	15,973
Other fin. assets at amortised cost and receivables	125	43	61	-
Trade and other receivables	43,192	35,106	35,315	48,146
Taxation	3,922	3,324	745	744
Financial assets at fair value through profit or loss	8,909	9,250	8,978	61
Cash and cash equivalents	72,699	46,145	102,087	51,725
Assets placed under trust management	122	5,637	77	-
	141,595	110,152	159,794	116,649
Total assets	**1,687,198**	**1,544,099**	**1,695,229**	**1,719,840**
EQUITY				
Capital and reserves				
Called up share capital	615,685	615,685	615,685	615,685
Reserves and other equity components	31,073	(3,646)	44,014	63,589
Retained earnings (accumulated losses)	54,247	(8,803)	(34,940)	(39,106)
Minority interest	196,142	169,940	213,457	212,661
	897,147	**773,176**	**838,216**	**852,829**
LIABILITIES				
Non-current liabilities				
Bank borrowings	324,597	345,920	348,528	311,054
Bonds	222,584	203,061	282,591	273,047
Lease and other financial liabilities	11,202	9,767	16,037	28,856
Other non-current liabilities	106,885	92,479	104,507	106,049
	665,268	651,227	751,663	719,006
Current liabilities				
Bank overdrafts	7,236	9,762	4,181	4,904
Bank borrowings	38,200	17,465	20,767	50,849
Bonds	-	19,938	-	10,000
Lease and other financial liabilities	2,795	2,711	2,714	2,286
Other current liabilities	76,552	69,820	77,688	79,966
	124,783	119,696	105,350	148,005
	790,051	**770,923**	**857,013**	**867,011**
Total equity and liabilities	**1,687,198**	**1,544,099**	**1,695,229**	**1,719,840**

Key Accounting Ratios	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Gearing ratio *(Net debt/net debt and shareholders' equity)*	37%	42%	41%	42%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	0.59	0.69	0.68	0.73
Net debt to EBITDA (years) *(Net debt/EBITDA)*	7.60	-141.03	21.59	15.90
Net assets per share (€) *(Net asset value/number of shares)*	1.14	0.98	1.01	1.04
Debt service cover ratio (times) *(EBITDA/net finance cost and loan capital repayment)*	1.82	n/a	0.56	0.84
Liquidity ratio (times) *(Current assets/current liabilities)*	1.13	0.92	1.52	0.79

Source: MZ Investment Services Ltd

Total assets of the Group as at 31 December 2021 amounted to €1,695 million (FY2020: €1,544 million) and principally include the assets described in section 3 of this report.

Investment property amounting to €191.4 million in 2020 includes the apartment in London valued at €35.6 million (FY2019: €42.9 million). This apartment was marketed for sale and a promise of sale agreement was signed in March 2021. The sale was completed in August 2021.

In view of the loss incurred in 2020, equity value decreased from €897.1 million in FY2019 to €773.2 million.

Net debt in FY2020 amounted to €544.4 million compared to €516.2 million in FY2019 (an increase of €28.2 million). To support the Group's cash availability, in the early part of the pandemic the Company engaged with its banks across Europe. Bank of China, HSBC, Bank of Valletta, APS, Sberbank and others were forthright in their support by way of capital repayment deferral schemes and the resetting of banking covenants to match current realities. In Czech Republic, the Group also successfully paid off a maturing loan, by replacing an €18.1 million bullet payment with a new loan from a new banking relationship on favourable terms. In Malta, the Group took full advantage of the EU-sponsored state scheme whereby companies could tap into soft loans, which in the case of IHI amounted to €24.5 million.

Total assets in FY2021 amounted to €1,695 million, an increase of €151.1 million from a year earlier. The value of investment property decreased by €30.2 million following the sale of the London apartment, while investments accounted for using the equity method decreased by €26.6 million on account of taking full ownership of Golden Sands Resort Limited and a reduction in the value of Medina Tower following the devaluation of the Libyan Dinar in early January 2021.

Property, plant & equipment increased by €156.8 million, principally reflecting the carrying value of the Radisson Blu Resort & Spa Golden Sands (since it is consolidated on a line-by-line basis) and uplifts of €78.4 million in fair value of the Corinthia Hotel London, Corinthia Hotel Budapest and Corinthia Hotel St Petersburg.

Cash and cash equivalents increased by €50.3 million from €51.8 million in FY2020 (which comprises also assets placed under trust management) to €102.1 million partly on account of the issue of €80 million in bonds less €20 million in bonds that matured in Q4 2021.

Total liabilities increased by €86.1 million (y-o-y) and mainly represent additional borrowings concluded during the year as well as the inclusion of liabilities of Golden Sands Resort Limited. Further analysis of borrowings shows that the Group increased outstanding bonds (y-o-y) by €59.6 million while bank borrowings were broadly unchanged on a comparable basis.

The gearing ratio of the Group decreased by 1 percentage point from 42% in FY2020 to 41% in FY2021 since the majority of funds raised through the issuance of bonds in Q4 2021 were still held as cash balances. The liquidity ratio improved to 1.52 times compared to 0.92 times in FY2020.

In **FY2022**, total assets are expected to increase by €24.6 million mainly on account of:

i) an increase in property, plant & equipment of €52.2 million (net of depreciation charge) comprising various refurbishment programmes and the development of Grand Hotel Astoria;
ii) an increase of €3.7 million in other financial assets in relation to expected contract payments on the Rome hotel property;
iii) net increase in inventories and trade & other receivables of €16.3 million in line with the anticipated recovery in operating activities;
iv) financial assets amounting to €8.9 million are expected to be liquidated during the forecast year; and
v) a decrease in projected cash balances of €50.4 million as explained further in the commentary on the cash flow statement below.

Total liabilities are projected to increase by €10.0 million (y-o-y), which movement is expected to emanate primarily from changes in borrowings and other financial liabilities.

Bank borrowings due within 12 months are projected to amount to €50.8 million in FY2022 compared to €20.8 million in FY2021. Bank borrowings due within 12 months include a bullet payment which is expected to be refinanced. Furthermore, €10 million of 5.8% IHI plc bonds 2023 have been reclassified from non-current to current liabilities. Given the increase the current liabilities as well as a decrease in current assets, the liquidity ratio for FY2022 is expected to weaken to 0.79 times compared to 1.52 times in the prior year. The gearing ratio of the Group is expected to increase by 1 percentage point in FY2022 to 42%.

IHI Group Cash Flow Statement (€'000)	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Net cash from operating activities	62,850	(2,965)	29,748	26,833
Net cash from investing activities	(22,442)	(11,709)	8,694	(59,639)
Net cash from financing activities	(21,587)	(14,860)	24,644	(16,904)
Net movement in cash and cash equivalents	**18,821**	**(29,534)**	**63,086**	**(49,710)**
Cash and cash equivalents at beginning of year	44,291	65,463	36,383	97,906
Effect of translation of presentation currency	2,351	454	(1,563)	(1,375)
Cash and cash equivalents at end of year	**65,463**	**36,383**	**97,906**	**46,821**

Net cash flows from operating activities principally relate to the operations of the Group, which are analysed in further detail in Part 2 of this report. In 2021, operations across the Group's properties were significantly higher compared to 2020, and this is reflected in higher net cash inflows from operating activities which amounted to €29.7 million (FY2020: outflows of €3.0 million). In the forecast year (2022), the Group expects to generate €26.8 million in net cash from operating activities.

Due to the pandemic, the Group curtailed its capital expenditure plans for the year. As such, net cash used in investing activities was reduced by almost 50% in FY2020 and amounted to €11.7 million (FY2019: €22.4 million). In FY2021, the Group generated €8.7 million from investing activities. During the year, cash receipts came from the sale of the London apartment and disposal of a financial asset amounting to €37.2 million and €2.1 million, while cash outflows included the acquisition of 50% of the Golden Sands Resort amounting to €13.7 million and capex of *circa* €14.9 million.

In FY2022, net cash outflows are projected to amount to €59.6 million, of which, *circa* 65% relates to the development of the Grand Hotel Astoria, re-purchase of timeshare weeks at the Golden Sands and further expenditure at Hal Ferh. The remaining balance represents expected capital expenditure programmes to be executed at various Group's properties.

Financing activities principally comprise movement in bank and other borrowings, issuance of debt securities, payment of leases and interest paid. During FY2020, the Group repaid €24.0 million of bank borrowings and made withdrawals of €33.6 million (net proceeds of €9.6 million), compared to net proceeds of €19.6 million in FY2019 from bank borrowings and bond issue. Interest paid during the year amounted to €21.9 million (FY2019: €23.0 million), while nil dividends were paid compared to €12.3 million in FY2019.

Net cash from financing activities in FY2021 amounted to €24.6 million and comprised net cash inflows from borrowings (mainly Group loans, bank facilities and bonds) of €50.8 million less lease liabilities and interest payable amounting to €1.6 million and €24.6 million respectively. In FY2022, net cash outflows are projected to amount to €16.9 million and shall mainly include net advances from related party and redemption of financial assets amounting to €20.5 million (in aggregate), and cash outflows of €37.4 million (comprising interest payments of €27.8 million, net repayment of bank loans of €6.8 million and lease obligations of €2.8 million).

10. VARIANCE ANALYSIS – FY2021

The following financial information relates to the variance analysis between the forecast financial information for the year ended 31 December 2021 included in the prior year's Financial Analysis Summary dated 28 October 2021 and the audited consolidated financial statements for the year ended 31 December 2021.

IHI Group Income Statement (FY2021) (€'000)	**Actual**	**Forecast**	**Variance**
Revenue	129,266	116,109	13,157
Costs of providing services	(65,620)	(70,842)	5,222
Gross profit	**63,646**	**45,267**	**18,379**
Marketing costs and administrative expenses	(32,153)	(30,196)	(1,957)
Other operating costs	(4,965)	-	(4,965)
EBITDA	**26,528**	**15,071**	**11,457**
Depreciation and amortisation	(30,613)	(30,419)	(194)
Adjustments in value of property and intangible assets	(4,032)	-	(4,032)
Other operational exchange losses	(1,564)	-	(1,564)
Changes in value of liabilities and indemnification assets	(6,228)	-	(6,228)
Results from operating activities	**(15,909)**	**(15,348)**	**(561)**
Share of (loss) profit: equity accounted investments	1,124	(219)	1,343
Finance income	506	312	194
Finance costs	(24,984)	(24,751)	(233)
Other	(321)	(2,779)	2,458
Profit (loss) before tax	**(39,584)**	**(42,785)**	**3,201**
Taxation	9,256	8,600	656
Profit (loss) for the year	**(30,328)**	**(34,185)**	**3,857**
Other comprehensive income (expense)			
Gross surplus - revaluation of hotel properties	78,385	-	78,385
Other effects, currency translation diff. and tax	16,983	9,749	7,234
	95,368	**9,749**	**85,619**
Total comprehensive income (expense) for the year net of tax	**65,040**	**(24,436)**	**89,476**

In 2021, the Group performed better than expected at the operational level – in particular, actual revenue was higher by 11% (or €13.2 million) while EBITDA was higher than projected by 76% (or €11.5 million). Notwithstanding, the higher EBITDA was fully absorbed by expense items, mainly of a fair value nature, amounting to €11.8 million which were not reflected in the forecast results.

Other comprehensive income was higher than projected by €85.6 million on account of hotel property revaluations and other effects which were not anticipated when the projections were compiled.

IHI Group Balance Sheet (FY2021) (€'000)	Actual	Forecast	Variance
ASSETS			
Non-current assets			
Intangible assets (including indemnification)	65,384	71,041	(5,657)
Investment property	161,149	158,925	2,224
Property, plant and equipment	1,259,688	1,187,090	72,598
Right-of-use assets	11,203	9,561	1,642
Investments accounted for using the equity method	5,188	5,590	(402)
Other investments	6,898	9,082	(2,184)
Other fin. assets at amortised cost and receivables	6,897	2,939	3,958
Deferred tax assets	19,028	14,717	4,311
	1,535,435	1,458,945	76,490
Current assets			
Inventories	12,531	12,109	422
Other fin. assets at amortised cost and receivables	61	43	18
Trade and other receivables	35,315	34,258	1,057
Taxation	745	3,322	(2,577)
Financial assets at fair value through profit or loss	8,978	8,018	960
Cash and cash equivalents	102,087	55,861	46,226
Assets placed under trust management	77	-	77
	159,794	113,611	46,183
Total assets	**1,695,229**	**1,572,556**	**122,673**
EQUITY			
Capital and reserves			
Called up share capital	615,685	615,685	-
Reserves and other equity components	44,014	(1,123)	45,137
Retained earnings (accumulated losses)	(34,940)	(37,404)	2,464
Minority interest	213,457	171,582	41,875
	838,216	**748,740**	**89,476**
LIABILITIES			
Non-current liabilities			
Bank borrowings	348,528	337,239	11,289
Bonds	282,591	282,581	10
Lease and other financial liabilities	16,037	7,416	8,621
Other non-current liabilities	104,507	93,964	10,543
	751,663	721,200	30,463
Current liabilities			
Bank overdrafts	4,181	9,843	(5,662)
Bank borrowings	20,767	16,617	4,150
Lease and other financial liabilities	2,714	2,546	168
Other current liabilities	77,688	73,610	4,078
	105,350	102,616	2,734
	857,013	**823,816**	**33,197**
Total equity and liabilities	**1,695,229**	**1,572,556**	**122,673**

Total assets as at 31 December 2021 were higher than forecast by €122.7 million, mainly due to the impact of uplifts in property values mentioned above which were reflected in the actual results but not in the projections (+€72.6 million). Furthermore, cash balances were higher than expected by €46.2 million as net proceeds from the bond issue were not fully deployed by year end as originally planned.

Capital and reserves were higher than projected by €89.5 million due to the afore-mentioned property uplifts. Total liabilities were higher by €33.2 million mainly on account of higher borrowings and other financial liabilities and deferred liabilities (included in other non-current liabilities).

IHI Group Cash Flow Statement (FY2021) (€'000)	**Actual**	**Forecast**	**Variance**
Net cash from operating activities	29,748	8,642	21,106
Net cash from investing activities	8,694	(3,006)	11,700
Net cash from financing activities	24,644	7,085	17,559
Net movement in cash and cash equivalents	**63,086**	**12,721**	**50,365**
Cash and cash equivalents at beginning of year	36,383	36,383	-
Effect of translation of presentation currency	(1,563)	(3,086)	1,523
Cash and cash equivalents at end of year	**97,906**	**46,018**	**51,888**

Actual net movement in cash and cash equivalents was higher than projected by €50.4 million.

Cash inflows from operating activities were higher than projected by €21.1 million on account of better than expected performance by the Group's hotels. Regarding investing activities, capital expenditure for the year was lower than forecasted which resulted in a positive variance of €11.7 million.

In financing activities, actual cash inflows amounted to €24.6 million compared to a projected net inflow of €7.1 million, thus resulting in a positive variance of €17.6 million. In the projected cash flows, net inflows from borrowings amounted to €34.4 million compared to actual net inflows of €50.8 million. Furthermore, lease obligations were forecasted at €2.6 million compared to actual amount of €1.6 million.

11. VARIANCE ANALYSIS – FY2022

The following financial information relates to the variance analysis between the forecast financial information for the year ended 31 December 2022 included in the prior year's Financial Analysis Summary dated 28 October 2021 and the updated forecast financial information for the year ending 31 December 2022.

IHI Group Income Statement (FY2022) (€'000)	**Forecast FAS Jun'22**	**Forecast FAS Oct'21**	**Variance**
Revenue	217,006	232,186	(15,180)
Costs of providing services	(128,329)	(120,230)	(8,099)
Gross profit	**88,677**	**111,956**	**(23,279)**
Marketing costs and administrative expenses	(49,736)	(57,134)	7,398
EBITDA	**38,941**	**54,822**	**(15,881)**
Depreciation and amortisation	(29,874)	(31,133)	1,259
Adjustments in value of property and intangible assets	-	2,000	(2,000)
Results from operating activities	**9,067**	**25,689**	**(16,622)**
Finance income	946	207	739
Finance costs	(26,626)	(24,329)	(2,297)
Other	11,255	-	11,255
Profit (loss) before tax	**(5,358)**	**1,567**	**(6,925)**
Taxation	1,575	(3,563)	5,138
Profit (loss) for the year	**(3,783)**	**(1,996)**	**(1,787)**
Other comprehensive income (expense)			
Other effects, currency translation diff. and tax	18,396	-	18,396
	18,396	**-**	**18,396**
Total comprehensive income (expense) for the year net of tax	**14,613**	**(1,996)**	**16,609**

Results from operating activities has been revised downwards by €16.6 million, mainly on account of recovery delay brought about by Omicron and the projected underperformance of the Corinthia St Petersburg which is reflective of the difficulties the Russian economy is expected to encounter following Russia's military aggression against Ukraine and the imposition of Western sanctions on the country.

The variance of €2 million under the heading "adjustments in value of property and intangible assets" relates to the apartments in Lisbon. Part of the said adjustment amounting to €1.5 million was recognised in FY2021.

Since the end of 2021 to date, the Rouble has recovered relative to the Euro. As such, the Group has assumed that the Rouble will maintain its current level and in consequence the revised forecast includes positive adjustments of €11.3 million and €18.4 million.

As a result, projected total comprehensive income has been revised upwards by €16.6 million to €14.6 million.

IHI Group Balance Sheet (FY2022) (€'000)	Forecast FAS Jun'22	Forecast FAS Oct'21	Variance
ASSETS			
Non-current assets			
Intangible assets (including indemnification)	63,338	69,430	(6,092)
Investment property	173,772	154,979	18,793
Property, plant and equipment	1,311,898	1,226,297	85,601
Right-of-use assets	12,599	7,621	4,978
Investments accounted for using the equity method	5,191	5,590	(399)
Other investments	6,896	11,418	(4,522)
Other fin. assets at amortised cost and receivables	10,556	2,939	7,617
Deferred tax assets	18,941	14,717	4,224
	1,603,191	1,492,991	110,200
Current assets			
Inventories	15,973	14,263	1,710
Other fin. assets at amortised cost and receivables	-	43	(43)
Trade and other receivables	48,146	38,906	9,240
Taxation	744	3,322	(2,578)
Financial assets at fair value through profit or loss	61	-	61
Cash and cash equivalents	51,725	46,937	4,788
	116,649	103,471	13,178
Total assets	**1,719,840**	**1,596,462**	**123,378**
EQUITY			
Capital and reserves			
Called up share capital	615,685	615,685	-
Reserves and other equity components	63,589	(1,123)	64,712
Retained earnings (accumulated losses)	(39,106)	(39,174)	68
Minority interest	212,661	171,356	41,305
	852,829	**746,744**	**106,085**
LIABILITIES			
Non-current liabilities			
Bank borrowings	311,054	316,797	(5,743)
Bonds	273,047	283,037	(9,990)
Lease and other financial liabilities	28,856	5,720	23,136
Other non-current liabilities	106,049	90,449	15,600
	719,006	696,003	23,003
Current liabilities			
Bank overdrafts	4,904	17,217	(12,313)
Bank borrowings	50,849	48,800	2,049
Bonds	10,000	-	10,000
Lease and other financial liabilities	2,286	2,283	3
Other current liabilities	79,966	85,415	(5,449)
	148,005	153,715	(5,710)
	867,011	**849,718**	**17,293**
Total equity and liabilities	**1,719,840**	**1,596,462**	**123,378**

Projected total assets have been increased by €123.4 million mainly due to the property revaluations effected in FY2021 and the expected recovery in the Rouble in FY2022 which will positively impact Group properties in Russia. Specifically, investment property and property, plant & equipment are expected to be carried higher than initially forecasted by €18.8 million and €85.6 million respectively.

Other financial assets at amortised cost and receivables (non-current assets) are higher than initially projected by €7.6 million, primarily on account of contract payments related to the Rome hotel property.

In non-current liabilities, advances from related party have been revised upwards by €23.1 million (accounted for in line item "lease and other financial liabilities") and other non-current liabilities are higher by €15.6 million on account of an increase in deferred taxation related to the above-mentioned revaluation of properties. The €10 million 5.8% IHI plc Bonds 2023 have been reclassified from non-current to current liabilities given that the bonds will mature within 12 months.

IHI Group Cash Flow Statement (FY2022) (€'000)	**Forecast FAS Jun'22**	**Forecast FAS Oct'21**	**Variance**
Net cash from operating activities	26,833	54,679	(27,846)
Net cash from investing activities	(59,639)	(63,419)	3,780
Net cash from financing activities	(16,904)	(7,558)	(9,346)
Net movement in cash and cash equivalents	**(49,710)**	**(16,298)**	**(33,412)**

Net cash from operating activities is lower than initially projected by €27.8 million due to lower than expected cash operating results and adverse changes in working capital. In investing activities, net cash outflows are projected to amount to €59.6 million compared to the original forecast of €63.4 million.

Furthermore, net cash used in financing activities is expected to amount to €16.9 million compared to the original forecast of €7.6 million due to a net increase in repayment of outstanding borrowings.

Overall, net movement in cash balances is expected to be lower than previously projected by €33.4 million.

12. RELATED PARTY DEBT SECURITIES

CPHCL Company Limited ("**CPHCL**") is the parent company and owns 57.81% of the issued share capital of IHI. CPHCL, through its wholly-owned subsidiary Corinthia Finance p.l.c., has the following outstanding debt securities listed on the Malta Stock Exchange:

Security ISIN	Amount Listed	Security Name	Currency
MT0000101262	40,000,000	4.25% Corinthia Finance plc Bonds 2026	EUR

Source: Malta Stock Exchange

CPHCL also owns 50% of Mediterranean Investments Holding p.l.c. ("**MIH**"), a company principally involved in the Palm City Residences Project and the Medina Tower Project and which are both situated in Libya. Below is a list of outstanding debt securities as at the date of this report.

Security ISIN	Amount Listed	Security Name	Currency
MT0000371287	40,000,000	5.0% Mediterranean Investments Holding plc Bonds 2022	EUR
MT0000371295	20,000,000	5.5% Mediterranean Investments Holding plc Bonds 2023	EUR
n/a	11,000,000	6% MIH plc Unsecured Notes 2023-2025 (unlisted)	EUR
	71,000,000		

Source: Malta Stock Exchange

In terms of a prospectus dated 31 May 2022 issued by Mediterranean Investments Holdings p.l.c., the €40,000,000 5.0% Bonds 2022 (ISIN: MT0000371287) due on 6 July 2022 shall be financed by a new issue of €30,000,000 5.25% Mediterranean Investments Holdings p.l.c. Bonds 2027 (ISIN: MT0000371303) (the "New Bonds") and the remaining balance from own funds. On 28 June 2022, Mediterranean Investments Holdings p.l.c. announced that the New Bonds were fully subscribed and are expected to be admitted to listing on the Official List of the Malta Stock Exchange on 5 July 2022. As such, following the full repayment of the €40,000,000 5.0% Bonds 2022 (ISIN: MT0000371287) on 6 July 2022, the outstanding debt securities of Mediterranean Investments Holdings p.l.c. will decrease by €10 million to €61 million.

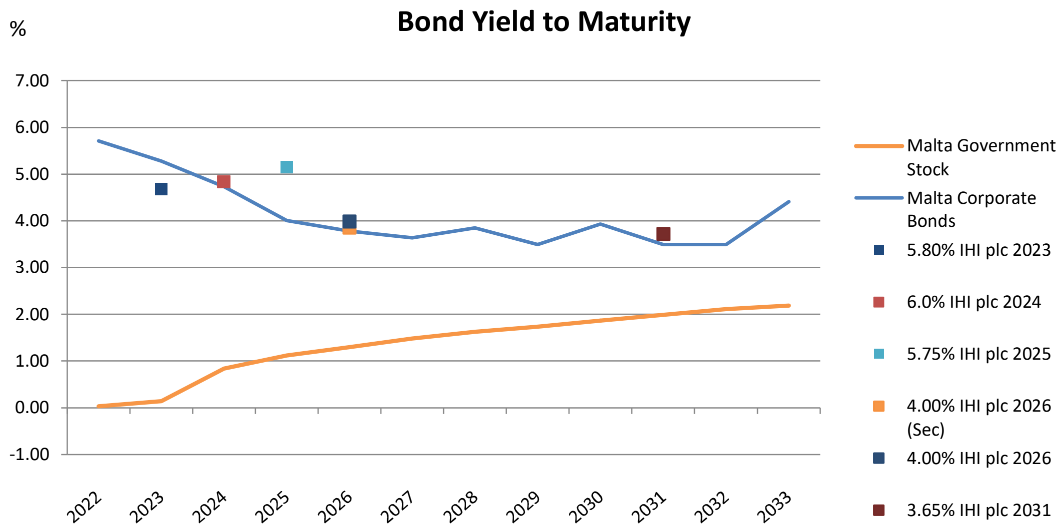
PART 4 – COMPARABLES

The table below compares the Group and its bonds to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	**Nominal Value** (€)	**Yield to Maturity (%)**	**Interest Cover (times)**	**Total Assets** (€'000)	**Net Asset Value** (€'000)	**Gearing Ratio** (%)
6.00% Pendergardens Developments plc Secured € 2022 Series	19,756,700	5.71	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	8,349,900	5.28	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	5.28	0.67	37,298	6,677	75.91
5.80% International Hotel Investments plc 2023	**10,000,000**	**4.68**	**1.06**	**1,695,229**	**838,216**	**40.59**
5.5% Mediterranean Investments Holding plc € 2023	20,000,000	5.48	2.01	310,941	188,651	27.06
6.00% AX Investments Plc € 2024	40,000,000	4.18	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	**35,000,000**	**4.84**	**1.06**	**1,695,229**	**838,216**	**40.59**
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.73	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.68	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.23	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	9,183,200	4.20	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.54	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	**45,000,000**	**5.15**	**1.06**	**1,695,229**	**838,216**	**40.59**
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	5.09	52.47	162,889	74,159	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.01	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	3.78	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.25	- 0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	**55,000,000**	**3.86**	**1.06**	**1,695,229**	**838,216**	**40.59**
5.00% Dizz Finance plc Unsecured € 2026	8,000,000	5.12	0.45	72,112	4,763	91.27
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.38	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	**60,000,000**	**3.99**	**1.06**	**1,695,229**	**838,216**	**40.59**
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.01	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	3.54	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.23	0.88	328,464	131,504	30.32
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.64	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.79	3.25	362,955	235,392	26.66
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.85	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.49	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.89	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.52	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	**80,000,000**	**3.72**	**1.06**	**1,695,229**	**838,216**	**40.59**
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.50	-	238,228	78,698	63.41

31-May-22

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd 31 May 2022

To date, there are no corporate bonds which have a redemption date beyond 2033. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 5 - EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including room reservations, food & beverage, rental of commercial space, management of hotel properties and other hotel services.
Direct costs	Direct costs include cost of food, beverages, consumables, labour expenses and all other direct expenses.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting operating costs, depreciation & amortisation, finance costs, impairment provisions, share of profits from associate and affiliate companies and other operating costs.
Operating costs	Operating costs include all operating expenses other than direct costs and include selling & marketing and general & administration expenses.
Gross operating profit before incentive fees	Gross operating profit before incentive fees is the difference revenue, direct costs and other operating costs pertaining to the operation. It refers to the profit made by the operation before deducting incentive fees and ownership related costs.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Fair value of investment property	Fair value of investment property is an accounting adjustment to change the book value of the Group's investment property to its estimated market value.
Impairment of hotel properties	Impairment of hotel properties is an accounting adjustment to change the book value of the Group's hotel properties to their estimated market value.
Share of profit from equity accounted investments	IHI owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but IHI's share of profit is shown in the profit and loss account under the heading 'share of profit from equity accounted investments'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

Key Performance Indicators	
Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average room rate	Average room rate is calculated by dividing hotel room revenue by rooms sold. Hotels use this measure to calculate the average price at which they are selling hotel rooms each night.
Revenue per available room (RevPAR)	RevPAR is calculated by multiplying a hotel's average room rate by its occupancy rate. A hotel uses this indicator as a performance measure with other hotels in the same category or market to determine how well the hotel property is yielding.
Revenue generating index	A revenue generating index measures a hotel's fair market share of its segment's (competitive set, market, etc) revenue per available room. If a hotel is capturing its fair market share, the index will be 1; if capturing less than its fair market share, a hotel's index will be less than 1; and if capturing more than its fair market share, a hotel's index will be greater than 1.
Profitability Ratios	
Gross profit margin	Gross profit margin is the difference between revenue and direct costs expressed as a percentage of total revenue.
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities (room revenue, food & beverage, rental income, hotel services, etc) of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include intangible assets (goodwill on acquisition, the Corinthia brand, website development costs, etc), investment properties (commercial centres in St Petersburg and Tripoli, apartments in Lisbon, etc), property, plant & equipment (hotel properties), and investments accounted for using the equity method (investment in Corinthia Hotel London, Medina Tower, etc).
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, etc), cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and long term lease obligations.
Net assets per share	Total assets less total liabilities divided by the number of equity shares in issue.

Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Debt service cover ratio	The debt service cover ratio measures a company's ability to service its current debts by comparing its net operating income with its total debt service obligations.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.