CORINTHIA
GROUP

2021

ANNUAL REPORT

& Financial Statements

INTERNATIONAL HOTEL INVESTMENTS P.L.C.

INTERNATIONAL HOTEL INVESTMENTS P.L.C.

IS A HOTEL AND REAL ESTATE DEVELOPER AND OPERATOR.

BRUSSELS
BUCHAREST
BUDAPEST
DOHA
KHARTOUM
LISBON
LONDON
MALTA
MOSCOW
NEW YORK
PRAGUE
ROME
ST PETERSBURG
TRIPOLI
TUNIS

OUR FOCUS IS THE ESTABLISHMENT OF CORINTHIA HOTELS AS A GLOBAL LUXURY HOTEL BRAND.

To do this, we acquire, develop, own and operate Corinthia hotels. The Company also develops and manages hotels on behalf of partner owners and investors, and builds, owns and develops for sale – office, retail and residential property.

IHI has an issued capital of €615 million and an asset valuation of €1.544 billion. Listed on the Malta Stock Exchange, IHI was established in 2000 as the public arm of the founding Corinthia business – CPHCL (established in 1962).

Readers are reminded that the official statutory Annual Financial Report 2021, authorised for issue by the Board of Directors, is in European Single Electronic Format (ESEF) and is published on *www.corinthiagroup.com*. A copy of the Independent auditor's report issued on the official statutory Annual Financial Report 2021, is included within this printed document and comprises the auditor's report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the ESEF RTS), by reference to Capital Markets Rule 5.55.6.

International Hotel Investments p.l.c.
22, Europa Centre Floriana FRN 1400, Malta.
www.corinthiagroup.com

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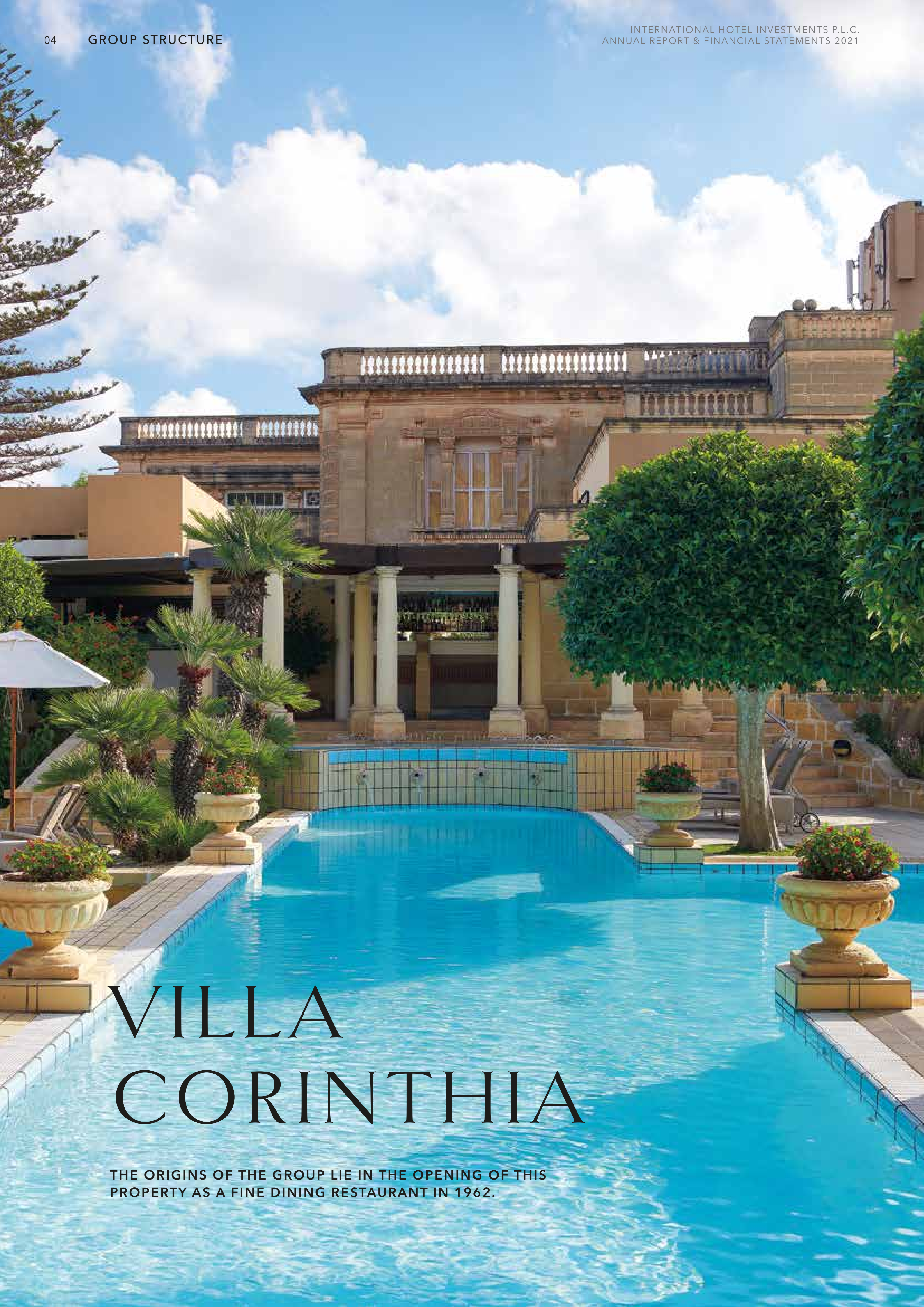
COMPANY REGISTRATION NUMBER: C 26136



VILLA CORINTHIA

THE ORIGINS OF THE GROUP LIE IN THE OPENING OF THIS PROPERTY AS A FINE DINING RESTAURANT IN 1962.

GROUP STRUCTURE

FROM CONCEPT TO ACQUISITION, DESIGN AND DEVELOPMENT THROUGH TO SUCCESSFUL OPERATION, THE IHI GROUP IS UNIQUELY POSITIONED IN THE INDUSTRY.

THE GROUP IS DETERMINED TO BUILD ON THE SUCCESS OF ITS ICONIC CORINTHIA HOTELS BRAND, PURSUE RELATED REAL ESTATE PROJECTS, AND EXPLORE OPPORTUNITIES WITH LIKE-MINDED THIRD PARTIES IN KEY LOCATIONS AROUND THE WORLD.

THE GROUP COMPRISES A NUMBER OF KEY SUBSIDIARY ENTITIES:

CORINTHIA HOTELS LIMITED
is a hotel, resort and catering management company which manages hotels under the Corinthia brand, worldwide.

CORINTHIA DEVELOPMENTS INTERNATIONAL LIMITED (CDI)
is a development company which originates, plans, structures, transacts and manages the Group's ongoing developments.

QP LIMITED
is a project management company which supports the Group and third parties with architectural, engineering, management and technical construction services.

OUR PORTFOLIO

OUR VISION IS TO BUILD CORINTHIA WORLDWIDE, NOT ONLY WITHIN EUROPE AND THE MIDDLE EAST, BUT EQUALLY IN THE WORLD'S MAIN GATEWAY CITIES AND RESORTS.

HOTELS OWNED & MANAGED

BRUSSELS*
Corinthia Hotel *opening 2024*
Former Grand Hotel Astoria
126 Rooms · 50% Holding

BUDAPEST
Corinthia Hotel
Former Grand Hotel Royal
439 Rooms · 100% Holding

LISBON
Corinthia Hotel
518 Rooms · 100% Holding

LONDON*
Corinthia Hotel & Residences
283 Rooms · 50% Holding

MALTA
Corinthia Palace Hotel – Attard
150 Rooms · 100% Holding

Corinthia Hotel – St George's Bay
250 Rooms · 100% Holding

Radisson Blu Resort & Spa – Golden Sands
329 Rooms · 100% Holding

Marina Hotel – St George's Bay
200 Rooms · 100% Holding

Radisson Blu Resort – St Julian's
252 Rooms · 100% Holding

MOSCOW*
Corinthia Hotel & Residences
opening 2023
50 Rooms · 10% Holding

PRAGUE
Corinthia Hotel
551 Rooms · 100% Holding

ST PETERSBURG
Corinthia Hotel
385 Rooms · 100% Holding

TRIPOLI
Corinthia Hotel
300 Rooms · 100% Holding

*PARTIALLY OWNED

HOTELS MANAGED

BUCHAREST
Corinthia Hotel *opening 2023*
Former Grand Hotel Du Boulevard
30 Rooms

BUDAPEST
Aquincum Hotel
310 Rooms

DOHA
Corinthia Hotel, Residences, Golf & Yacht Club
opening 2022/3
110 Rooms

KHARTOUM
Corinthia Hotel
230 Rooms

NEW YORK
opening 2024
100 Rooms
12 Residences

PRAGUE
Panorama Hotel
440 Rooms

ROME
Corinthia Hotel
opening 2023
60 Rooms

TUNIS
Ramada Plaza
309 Rooms

LAND & COMMERCIAL PROPERTIES

BUDAPEST
Royal Residences

LONDON
10, Whitehall Place Residences

MALTA
Corinthia Oasis
Detailed Design Underway

MOSCOW
Corinthia Residences
Under Development

ST PETERSBURG
Nevskij Plaza Shopping & Office Centre

TRIPOLI
Corinthia Commercial Centre


BRUSSELS
BUCHAREST
BUDAPEST
DOHA
KHARTOUM
LISBON
LONDON
MALTA
MOSCOW
NEW YORK
PRAGUE
ROME
ST PETERSBURG
TRIPOLI
TUNIS

BOARD OF DIRECTORS

ALFRED PISANI
EXECUTIVE CHAIRMAN

Executive Chairman of IHI. He founded the Corinthia Group in 1962 and has guided the Group and IHI ever since, spearheading investment and growth across three continents over five decades.

MOUSSA ATIQ ALI
(APPOINTED 23 JULY 2021)

Mr Atiq Ali is the General Manager of Libyan Foreign Investment Company (LAFICO) since 13 June 2021. He has previously occupied the post of Manager Director of Libya Africa Investment Portfolio (LAIP). He also occupied the position of Legal Consultant at the Libyan Investment Authority (LIA).

JOSEPH FENECH
(APPOINTED 20 APRIL 2021)

Joseph Fenech is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom and a Fellow of the Malta Institute of Accountants. Mr Fenech joined the Corinthia Group in 1980. Mr Fenech enjoys an acknowledged reputation in the hotel business and corporate financing, having been intimately involved in the Corinthia Group for the past 41 years.

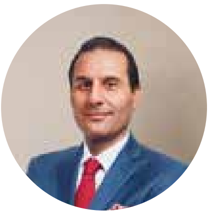
HAMAD BUAMIM

President and CEO of the Dubai Chamber of Commerce and Industry and serves as the Deputy Chairman of the World Chambers Federation – ICC – in Paris. He is a member of the Board of Directors of the UAE Central Bank, Chairman of National General Insurance and Board Member of Union Properties.

DAVID CURMI
(APPOINTED 17 FEBRUARY 2021)

Mr Curmi is a financial services professional and corporate executive. He is currently the Executive Chairman of Air Malta p.l.c., the flag carrier airline of the Maltese Islands. Mr Curmi is an Associate of the Chartered Insurance Institute of the United Kingdom and a Chartered Insurer. He is also a Director of Midi p.l.c., Deputy Chairman of Plaza Centres p.l.c., Director of QP Management, Member of the Board of the Doctoral School (University of Malta), Chairman of L.B. Factors Ltd (a Lasselsberger Group Company) and Member of the Board of the Insurance Protection and Compensation Fund.

ABDULNASER AHMIDA



Head of the Risk Management Department at LAFICO. He is a director of ASRY, Arab Shipbuilding and Repair Yard in Bahrain. He is a graduate in computer engineering from Naser University and holds a Masters in Finance, Accounting and Management from Bradford University.

JOSEPH PISANI

Founder director and member of the main board of Corinthia Palace Hotel Company Limited (CPHCL) as from 1962, and has served on a number of boards of subsidiary companies. From 2000 to 2014 he has served as Chairman of the Monitoring Committee of IHI.

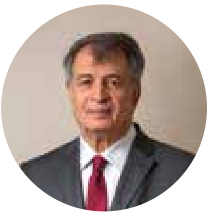
FRANK XERRI DE CARO

Joined the Board of IHI in 2005, having previously been the General Manager of Bank of Valletta p.l.c., besides serving on the boards of several major financial, banking and insurance institutions. He is also Senior Independent Director and Chairman of the IHI Audit Committee.

DOURAID ZAGHOUANI

Chief Operating Officer of the Investment Corporation of Dubai (ICD). Previously, he was with Xerox for over 25 years, holding a number of senior management, sales and marketing posts in Europe and North America. Was Board Chairman of several Xerox companies; his last appointment was Corporate Officer and President, Channel Partner Operations for Xerox in New York.

SALEM M.O. HNESH
(RESIGNED 8 JULY 2021)



Appointed General Manager of Libyan Foreign Investment Company (LAFICO) in August 2018. He is a former Chairman and CEO of Asteris in Greece and Chairman and CEO of Libyan Greek Investment Company. Mr Hnesh is a graduate in agricultural engineering from the University of Tripoli.

JEAN-PIERRE SCHEMBRI

Company Secretary, joined IHI in 2018. Mr Schembri occupied senior positions within the EU Institutions and Maltese public service. He served at the Permanent Representation of Malta to the EU. He joined the European Union Civil Service in 2012 where he occupied the senior management positions within the European Asylum Support Office. While at EASO, he also headed the board secretariat of the agency.

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021
INDIRIZZ TAĊ-CHAIRMAN GĦAS-SENA LI GĦALQET FIL-31 TA' DIĊEMBRU 2021

DEAR FELLOW SHAREHOLDERS,

2021 has been another year of continuous, unrelenting challenges. From the very start, we were aware of the difficult times ahead because March 2020 had brought with it the start of the COVID-19 pandemic. Within a short time, no part of the world was safe against this virus. Obviously, human contact was curtailed to its barest minimum and our industry of hospitality bore the largest brunt. We did not expect Malta to be different. We did not expect Corinthia to be the exception.

In full recognition of the ongoing difficulties, Corinthia did not lose any time in reacting quickly to this ongoing reality. As previously mentioned, we took the bull by its horns and resorted to a series of corrective measures to limit the damage as much as possible. Measures mainly focused on protecting our cashflow, when we asked all our employees to take a cut in their take-home pay. For sure, these were drastic measures which were only successful through the unbending support of all our employees. The Board, and for sure no less the Shareholders, are ever indebted to our Management and general employees, that is our colleagues,

GĦEŻIEŻ ĦBIEB AZZJONISTI,

Is-sena 2021 kienet sena oħra ta' sfidi kontinwi. Konna konxji mill-bidunett miż-żminijiet iebsin li kellna quddiemna, għaliex Marzu tas-sena ta' qabel, 2020, kien ġab miegħu l-bidu tal-pandemija COVID. F'qasir żmien, l-ebda parti tad-dinja ma kienet sigura kontra dan il-virus. Ovvjament, il-kuntatt uman tnaqqas b'mod drastiku għall-inqas possibbli u l-industrija tagħna tal-ospitalità qalgħet l-akbar daqqa. Ma stennejniex li s-sitwazzjoni f'Malta kienet ser tkun differenti. Anqas ma stennejna li Corinthia tkun l-eċċezzjoni.

Kompletament konxji mid-diffikultajiet, Corinthia ma tilfet l-ebda żmien biex tirreaġixxi għal din ir-realtà. Kif konna diġà ħabbarna, ħadna azzjoni immedjata u wettaqna serje ta' miżuri korrettivi biex nillimitaw id-danni bl-aħjar mod possibbli. Użajna miżuri ffukati biex nipproteġu l-cashflow tagħna meta tlabna lill-impjegati kollha tagħna li titnaqqsilhom il-paga. Ċertament, dawn kienu miżuri drastiċi li rnexxew biss minħabba l-appoġġ sod tal-impjegati kollha tagħna. Il-Bord, u ċertament mhux anqas l-Azzjonisti, jħossuhom grati lejn il-Management u l-impjegati l-oħra kollha,

ALFRED PISANI
EXECUTIVE CHAIRMAN

for placing the Company above their personal needs. This overwhelming support safeguarded the Company's cashflow reserves, more so as the end of the tunnel was not yet in sight.

We were fortunate that in most of the countries we operate, the relative governments introduced different schemes to support the hotel industry, including salary subsidies and waiver or deferral of payroll taxes and social security contributions. We are indeed most grateful for all this, which provided a life-support injection of the right assistance and at the right time.

In 2021, following a difficult first half of the year, we started seeing a gradual recovery in the second half. In fact, the second half of 2021 had been marked by a gradual relaxation of COVID-related restrictions which, in turn, led to a general improvement in the hotel industry with overall forecasts showing a gradual increase in bookings, translating in increased revenues month-on-month. However, in November we were once again faced by a further COVID variant which cut short our recovery.

Nevertheless, looking back at 2021, I believe that we can all be proud of the cost saving measures we have taken and what we have achieved notwithstanding the unprecedented challenges we had to face. In parallel, it's also most relevant to report that opportunities also came our way, in that in March 2021 we acquired the other 50% shareholding in Golden Sands at a discounted price. Also by the end of last year, we concluded with Government an enhancement value for the residential development at Ħal Ferħ. We also successfully issued an €80 million Bond, which was indeed a public certificate of confidence in the Company and its vision.

From a financial point of view, in 2021, despite all the challenges, I am happy to report that we surpassed the objective set by the Board to achieve a cash breakeven for the year. I believe you will all join me in congratulating management and general employees on these results. In 2021, the Group achieved another operating results before depreciation and fair value of €26.5 million as compared to a loss of €3.8 million in 2020, prior to approximately €23 million to cover interest on bonds and bank loans, giving a total cash loss of €26.8 million for 2020, whilst our operations in 2021 generated sufficient cash to meet all interest on our bonds and bank loans. We are now looking at 2022 with greater confidence and hope that we can surpass last year's result.

We are also following closely the events in Russia, where both the hotel and the Commercial Centre in St Petersburg are presently fully operational. IHI's interest in St Petersburg represents approximately 8% of the Group's total revenue and assets and these events are therefore not expected to have an overall material impact on our performance.

jiġifieri l-kollegi tagħna, talli dawn poġġew il-Kumpanija qabel il-bżonnijiet personali tagħhom. Dan l-appoġġ tassew qawwi ssalvagwardja r-riżervi tal-cashflow tal-Kumpanija, speċjalment fi żmien meta ma kellniex idea kif ser tiżvolġi s-sitwazzjoni.

Konna fortunati li fil-maġġoranza tal-pajjiżi fejn noperaw, il-gvernijiet relattivi introduċew skemi differenti biex jgħinu l-industrija tal-lukandi, inklużi sussidji ta' salarji u tneħħija jew differimenti ta' taxxi fuq salarji u kontribuzzjonijiet tas-sigurtà soċjali. Aħna tassew grati għal din l-għajnuna li kienet ġusta u f'waqtha.

Fis-sena 2021, wara nofs sena iebsa, bdejna naraw titjib bil-mod fit-tieni nofs tas-sena. Fil-fatt, fit-tieni nofs tal-2021 bdew jiġu rilassati xi restrizzjonijiet marbuta mal-COVID, li bdew itejbu b'mod ġenerali l-industrija tal-lukandi u beda joħroġ tbassir li juri żieda gradwali fil-prenotazzjonijiet li jwasslu għal aktar dħul, xahar wara xahar. Madankollu, f'Novembru tfaċċa varjant ieħor tal-COVID li waqqaf ħesrem l-irkupru li konna ksibna.

Għaldaqstant, meta nħares lura lejn l-2021, nemmen li għandna tassew ilkoll inkunu kburin bil-miżuri ta' tnaqqis ta' spejjeż li ħadna, u b'dak li akkwistajna minkejja l-isfidi bla preċedent li kellna niffaċċjaw. Fl-istess ħin, hu rilevanti wkoll li nirrapporta opportunitajiet li tfaċċaw quddiemna. F'Marzu tal-2021, akkwistajna 50% tal-ishma f'Golden Sands għal prezz skontat. Ukoll ikkonkludejna mal-Gvern qabel l-aħħar tas-sena li għaddiet, il-valur ta' titjib (enhancement value) tal-iżvilupp residenzjali ta' Ħal Ferħ. Ħriġna wkoll b'suċċess, Bond ta' 80 miljun ewro. Din kienet wirja ta' fiduċja u ta' kunfidenza mill-pubbliku fil-Kumpanija u fil-viżjoni tagħha.

Minn perspettiva finanzjarja, għandi l-pjaċir inħabbar li fis-sena 2021, minkejja l-isfidi kollha li kellna, rnexxielna naqbżu l-obbjettiv li kien stabbilixxa l-Bord li niksbu cash breakeven għas-sena. Ċert li kollha kemm intom tingħaqdu miegħi biex nifirħu lill-management u lill-impjegati l-oħra kollha għal dan ir-riżultat. Fis-sena 2021, il-Grupp wasal għal EBITDA ta' 26.5 miljun ewro kif imqabbel ma' telf ta' 3.8 miljun ewro għas-sena 2020, qabel kważi 23 miljun ewro biex ikopri imgħax fuq bonds u self bankarju, li jwassal għal total ta' telf kontanti (cash loss) ta' 26.8 miljun ewro għas-sena 2020, waqt li l-operazjonijiet tagħna fis-sena 2021 iġġeneraw flus kontanti suffiċjenti sabiex inħallsu l-imgħax fuq il-bonds u s-self bankarju tagħna. Issa nħarsu lejn l-2022 b'kunfidenza akbar u b'tama li ntejbu r-riżultat tas-sena li għaddiet.

Qegħdin insegwu mill-viċin dak kollu li qed jiġri fir-Russja, fejn kemm il-lukanda kif ukoll iċ-Ċentru Kummerċjali tagħna ġewwa San Petroburgu bħalissa qegħdin joperaw b'mod normali. L-interess ta' IHI f'San Petroburgu jirrappreżenta bejn wieħed u ieħor 8% tad-dħul u assi totali tal-Grupp u għalhekk dawn l-avvenimenti mhux mistennija jkollhom impatt materjali fuq il-prestazzjoni tagħna.

OUR DEVELOPMENT PROJECTS

As I mentioned on previous occasions, the Corinthia Group has a multi-pronged capability to function as developer, investor, project manager and ultimately hotel operator, as we offer the following services:

- Property ownership through IHI;
- Developers through CDI;
- Project Management through QP;
- Hotel Management through CHL;
- Industrial catering through Corinthia Caterers.

This multi-faceted approach has proved very beneficial especially when certain difficulties may hinder some activities but still allow others to operate profitably.

DEVELOPMENTS IN MALTA

In respect of the Corinthia Oasis (formally known as Ħal Ferħ), I believe it is pertinent for me to remind everyone that this land belongs exclusively to IHI on a freehold basis. In 2020, a new Development Brief for the area was approved by Parliament which allows 9,000m^2 of our total 25,000m^2 permitted floor area for development to be shifted to residential use. In this regard, in October 2021, we signed the deed with Government for the enhanced value for changing 9,000m^2 GFA from touristic to residential use.

Moreover, in July 2021, the Group submitted a revised planning application to the Planning Authority for the development of an upscale resort over the Ħal Ferħ Site of 85,000m^2. The regeneration project will include a 162-key 5-star resort hotel, a top-tier spa and wellness centre, 25 detached hotel-serviced residences and a host of ancillary resort amenities.

As part of the Corinthia Oasis project, the Company has invested half a million euros in an adjacent car park to accommodate 330 car spaces and additional spaces for 40 motorcycles, for use by the local community and administered by the Scouts Association.

At the time of writing, Corinthia is proceeding with the demolition works, clearance of site, carting away and dumping of material, in line with planning authority permit requirements as originally issued under permit number PA/03134/19.

Concurrently with the Oasis project, we are now planning for the refurbishment of the Corinthia Palace Hotel and the Corinthia St George's Bay.

As to the Corinthia Palace, Attard, the Company initiated an extensive refurbishment of the hotel and a complete transformation of the spa and gym facilities. The final phase of this ongoing upgrade will include "The Classical Villa", which is the main dining area of the hotel and also an upgrade of the third-floor bedrooms being converted to state of the art suites. Also, in February, we opened in partnership with LL Holdings, the Bahia Restaurant, which enjoys a Michelin star, and which is proving very successful with customers. Finally, it is our plan to make the Corinthia Palace Hotel the best hotel of the Group and to act as a benchmark for all our other properties.

IL-PROĠETTI TA' ŻVILUPP TAGĦNA

Kif tennejt f'okkażjonijiet oħra, il-Grupp Corinthia għandu kapaċità multipla li jopera bħala żviluppatur, investitur, manager ta' proġetti, kif ukoll operatur ta' lukandi, billi joffri dawn is-servizzi:

- Sidien ta' propjetà permezz ta' IHI;
- Żviluppaturi permezz ta' CDI;
- Managers ta' proġetti permezz ta' QP;
- Managers ta' lukandi permezz ta' CHL;
- Catering industrijali permezz ta' Corinthia Caterers.

Dan l-approċċ multiplu wera li hu ta' benefiċċju kbir, speċjalment meta ċerti diffikultajiet jistgħu jxekklu xi attivitajiet waqt li jħallu oħrajn joperaw bi qliegħ.

ŻVILUPPI F'MALTA

Dwar il-Corinthia Oasis, li kien ukoll magħruf bħala Ħal Ferħ, nemmen li hi ħaġa siewja li nfakkar lil kulħadd li din l-art hi propjetà esklussiva ta' IHI, libera u franka. Fis-sena 2020 kien hemm Development Brief ġdid għal din il-propjetà li ġie approvat mill-Parlament u li ppermetta 9,000 metru kwadru biex jintużaw għal skop residenzjali minn total ta' 25,000 metru kwadru li kellhom permessi għal żvilupp. F'dan ir-rigward, f'Ottubru tal-2021, iffirmajna kuntratt mal-Gvern għall-valur ta' titjib jew enhancement value, minħabba t-tibdil ta' użu ta' 9,000 metru kwadru minn użu turistiku għal wieħed residenzjali.

Barra minn hekk, f'Lulju tal-2021, il-Grupp issottometta applikazzjoni emendata ta' pjanar lill-Awtorità tal-Ippjanar għal żvilupp ta' upscale resort fuq is-sit ta' Ħal Ferħ ta' 85,000 metru kwadru. Dan il-proġett ta' riġenerazzjoni jinkludi Resort Hotel ta' 5 stilel, 162 kamra, spa u wellness centre tal-ogħla livell, 25 residenza detached li jgawdu servizzi mil-lukanda u għadd ta' amenitajiet oħra.

Bħala parti mill-proġett Corinthia Oasis, il-Kumpanija investiet nofs miljun ewro f'parkeġġ biswit, bi spazju għal 330 vettura u 40 mutur, għall-użu tal-komunità lokali u amministrat mill-Assoċjazzjoni Maltija tal-iScouts.

Bħalissa, Corinthia għaddejja b'xogħol ta' twaqqiegħ, tindif tas-sit u rimi ta' materjali, dejjem skont ir-rekwiżiti tal-permess tal-Awtorità tal-Ippjanar, kif maħruġ oriġinarjament bin-numru PA/03134/19.

Flimkien mal-proġett Oasis, qegħdin nippjanaw rinnovazzjoni ta' Corinthia Palace Hotel u Corinthia St George's Bay.

Dwar Corinthia Palace, Ħ'Attard, il-Kumpanija bdiet proġett ta' rinnovazzjoni estensiva fil-lukanda, u trasformazzjoni kompleta ta' spa u faċilitajiet ta' gym. Il-fażi finali ta' dan it-titjib jinkludi "The Classical Villa", li hi ż-żona prinċipali tal-ikel fil-lukanda, kif ukoll titjib tal-kmamar tas-sodda fit-tielet sular li ser jinbidlu fi suites tal-ogħla livell. Fi Frar, flimkien ma' LL Holdings, ftaħna Bahia Restaurant, li jgawdi stilla Michelin u qed jikseb ħafna suċċess mal-klijenti. Fl-aħħar, hu l-għan tagħna li nagħmlu Corinthia Palace Hotel l-aħjar lukanda tal-Grupp u li sservi bħala punt ta' riferiment għall-propjetà l-oħra kollha tagħna.

Our overall vision for the properties we have in Malta, more so that we now own 100% of the Golden Sands Resort and about to kick start the development of the Corinthia Oasis at Ħal Ferħ, is that we need to be conscious and in tune with the direction of how the island intends to position itself in the tourist industry for the years ahead. With the development of the Corinthia Oasis, our Company will have 6 properties on the island, which is a clear manifestation of our belief in the tourist industry of Malta, guiding us to look at a future of upgrading all our properties. We do have an overall concept of how to regenerate our hotels, particularly the Golden Sands Resort with 338 keys to standards that justify its beautiful location. However, we will mark our time in parallel with the general upgrading of the Malta tourist product, so necessary for the future success of tourism for our island. Corinthia strongly believes that the future of Malta's tourism is not necessarily focused solely on having higher numbers of visitors but should be more focused to raise the quality of our product and attract a higher-spending visitor for all classes of our hotels. The island has all the ingredients to attract tourists who would be prepared to pay higher rates, be it for our 3, 4 or 5-star hotels, though this will need an overall plan, over a period of 5 to 7 years, to uplift the general image and product on offer in Malta.

OVERSEAS DEVELOPMENTS

Notwithstanding the past difficult two years of 2020 and 2021, we have nonetheless continued to move the Company forward with the development of our Corinthia Brussels which we are targeting to open in April 2024 as also our hotels in Bucharest, Rome, Doha and New York where management/lease contracts have been signed and put into effect with opening dates varying from 2023 and thereafter. We are set on this path of growth which will continue, even more so once certain ongoing negotiations are concluded, elevating our Company to a higher level of excellence and visibility. We are also focused in further expanding our interests in Libya as our presence in this country offers tremendous potential of future growth. These objectives and many more will be pursued as it is our ambition to see every subsidiary of our group expanding on all fronts, be it our company for development, CDI, as also our project management Company, QP and our hotel operations Company, CHL plus new investments in the future.

OTHER DEVELOPMENTS

As everyone appreciates, Corinthia has, over the many years, focused on developing a 5-star brand, in fact the name Corinthia has now become synonymous with this level of service and is widely recognized internationally. Nevertheless, in looking forward to expand our reach, we see the need to also provide hotel management services for 4-star properties, of which there are many more on the market. Consequently, the Board has instructed Management to set up this new service for 4-star properties. We will agree a different brand name and, at the opportune moment, make the necessary announcements.

Il-viżjoni ġenerali tagħna għall-propjetà li għandna f'Malta, aktar u aktar issa li għandna 100% ta' Golden Sands Resort u li ser nibdew l-iżvilupp tal-Corinthia Oasis f'Ħal Ferħ, hu li għandna nkunu konxji u f'sintonija mad-direzzjoni ta' kif Malta bi ħsiebha tippożizzjona ruħha fl-industrija tat-turiżmu fis-snin li ġejjin. Bl-iżvilupp ta' Corinthia Oasis, il-Kumpanija tagħna ser ikollha sitt propjetajiet f'din il-gżira. Din hi turija ċara tat-twemmin tagħna fl-industrija tat-turiżmu f'Malta, u li ser jiggwidana biex inħarsu lejn futur li ser jarana ntejbu l-propjetajiet kollha tagħna. Għandna kunċett ġenerali ta' kif nirriġeneraw il-lukandi tagħna, speċjalment Golden Sands Resort bi 338 kamra, għal standards li jiġġustifikaw il-pożizzjoni sabiħa tagħha. Imma għandna nimxu b'kawtela, b'mod parallel mat-titjib ġenerali tal-prodott turistiku ta' Malta, li tant hu neċessarju għas-suċċess tal-futur tat-turiżmu fi gżiritna. Corinthia temmen ħafna li l-futur tat-turiżmu f'Malta mhux neċessarjament iffukat biss fuq li jkollna iżjed viżitaturi, iżda għandu jkun aktar iffukat li ngħollu l-kwalità tal-prodott tagħna u niġbdu viżitaturi li jonfqu aktar għal dawk li huma l-klassijiet kollha tal-lukandi tagħna. Din il-gżira tagħna għandha l-ingredjenti kollha biex tiġbed turisti li jkunu lesti jħallsu rati aktar għoljin, kemm għal lukandi ta' 3, 4 jew 5 stilel. Imma dan jirrikjedi pjan ġenerali fuq perjodu ta' minn ħamsa sa seba' snin, biex intejbu d-dehra ġenerali u l-prodott li noffru f'Malta.

ŻVILUPPI BARRA MINN MALTA

Minkejja s-sentejn iebsa li għaddejna fl-2020 u fl-2021, komplejna xorta waħda mmexxu l-Kumpanija tagħna 'l quddiem bl-iżvilupp ta' Corinthia Brussels li qed nimmiraw li niftħu f'April 2024, kif ukoll il-lukandi tagħna f'Bukarest, Ruma, Doha u New York fejn il-kuntratti ta' management/kiri ġew iffirmati u saru effettivi b'dati ta' ftuħ li jvarjaw mill-2023 'l quddiem. Aħna mexjin sodi f'din it-triq ta' tkabbir li tkompli b'akbar forza, meta ċerti negozjati jkunu konklużi, u li jelevaw il-Kumpanija tagħna għal livelli ogħla ta' eċċellenza u viżibiltà.

Aħna wkoll iffukati li niżviluppaw aktar l-interessi tagħna fil-Libja għaliex il-preżenza tagħna f'dan il-pajjiż toffri potenzjal qawwi ta' tkabbir fil-ġejjieni. Dawn l-għanijiet u ħafna oħrajn jitkomplew għax hi l-ambizzjoni tagħna li naraw il-kumpaniji sussidjarji kollha tal-Grupp jespandu fl-oqsma kollha, kemm għal dik li hi l-kumpanija tagħna ta' żvilupp, CDI, kif ukoll il-kumpanija tagħna ta' project management, QP, u l-kumpanija tagħna tal-operazzjonijiet ta' lukandi, CHL, kif ukoll investimenti ġodda fil-futur.

ŻVILUPPI OĦRAJN

Kif jista' kulħadd japprezza, tul is-snin, Corinthia ffukat fuq l-iżvilupp ta' marka ta' 5 stilel. Fil-fatt, l-isem Corinthia sar sinonimu għal dan il-livell ta' servizz u hu rikonoxxut internazzjonalment. Madankollu, fil-ħarsa tagħna ta' espansjoni, inħossu l-bżonn li nipprovdu wkoll servizzi ta' tmexxija ta' propjetajiet ta' 4 stilel, li hemm ħafna aktar minnhom fis-suq. Għalhekk il-Bord ħass il-bżonn li jagħti struzzjonijet lill-Management biex jistabbilixxu dan is-servizz ġdid għal propjetajiet ta' 4 stilel. Ser naqblu fuq isem ġdid ta' marka u, fil-mument xieraq, inħabbru aktar informazzjoni.

WE WILL ACHIEVE ALL THIS AND MORE.

OUR FUTURE

At this point, allow me to refer you to my report of last year when I had informed of our future plans to go for a second listing in a liquid market, giving us the opportunity of raising new capital. This is not something that can happen overnight for a lot of preparation is needed. As a first step in this direction, we have in the past year strengthened our structures for Corporate Governance by putting additional resources on compliance and also introducing new committees to oversee our assets and future investments. I intend to continue strengthening such structures in the coming months.

CORINTHIA FAMILY

Finally, dear Shareholders, I constantly feel the need to draw attention and highlight the importance to what we consider to be very special within our Company, that which we call the **Spirit of Corinthia**, a spirit that we have maintained and possibly further nourished during this difficult period of the last 2 years. Please allow me to share with you the results of a recent study carried out as part of our non-financial reporting in this year's Annual Report of how members of the Corinthia family reacted during the pandemic period in relation to those in need. This study showed that instead of the tragic and dismal COVID days having a negative effect on the Corinthia family, we on the other hand experienced a sharp increase of interest in assisting our colleagues and re-vamping of the methods of assistance in view of the stringent limitations of contact imposed by health regulations, reminding me of the words I had shared many years back:

"It is us the people that give the soul to the Company. In fact, I look at the property to represent the body and notwithstanding that it is important for us to look after all our properties as much as we look after ourselves, one must keep in mind that it is the people – that is all of you – all of us – that represent the soul of this Company... We are known for our beautiful trophy properties and our wonderful customer service, but it is our integrity and humanity – our care for one another – which gives us something even more valuable, and enables us to achieve something even more special... all very much valued by our customers."

AĦNA SER NIKSBU DAN KOLLU U ANKI AKTAR.

IL-FUTUR TAGĦNA

Hawnhekk, ippermettuli nirreferikom għar-rapport tiegħi tas-sena li għaddiet meta jien infurmajtkom bi pjani futuri li ngħaddu għat-tieni listing f'suq likwidu, u b'hekk ikollna opportunità li niġbru kapital ġdid. Dan ma jsirx mil-lum għall-għada għaliex hemm bżonn ta' ħafna xogħol preparattiv. Bħala l-ewwel pass f'din id-direzzjoni, tul is-sena li għaddiet, saħħaħna l-istrutturi tat-tmexxija korporattiva tagħna billi żidna r-riżorsi f'dan il-qasam u introduċejna kumitati oħra li jissorveljaw l-assi tal-Kumpanija u l-investimenti futuri. Bi ħsiebni nkompli nsaħħaħ dawn l-istrutturi fix-xhur li ġejjin.

IL-FAMILJA CORINTHIA

Fl-aħħar, għeżież Azzjonisti, jien dejjem inħoss il-bżonn li niġbed l-attenzjoni tagħkom u nenfasizza l-importanza ta' dak li aħna nikkonsidraw tassew speċjali fil-Kumpanija tagħna, jiġifieri dak li aħna nsejħu **l-Ispirtu tal-Corinthia**, spirtu li aħna dejjem żammejna u possibilment kattarna aktar tul dan il-perjodu diffiċli ta' dawn l-aħħar sentejn. Nitlobkom tippermettuli naqsam magħkom ir-riżultati ta' studju riċenti magħmul għal parti mir-rappurtaġġ mhux finanzjarju tar-Rapport Annwali ta' din is-sena, fuq kif il-membri tal-Familja Corinthia rreaġixxew tul il-perjodu ta' pandemija ma' dawk li huma fil-bżonn. Dan l-istudju juri li minflok li l-jiem traġiċi u mdallma tal-COVID kellhom effett negattiv fuq il-Famlja Corinthia, aħna, għall-kuntrarju, esperjenzajna żieda qawwija fl-interess li ngħinu lill-kollegi tagħna u nbiddlu u nsaħħu metodi ta' għajnuna minħabba l-limitazzjonijiet qawwija ta' kuntatt li ġew imposti mill-awtoritajiet tas-saħħa. Dan kollu jfakkarni fi kliem li jien kont qsamt magħkom snin ilu:

"Huma n-nies, aħna, li nagħtu r-ruħ lill-Kumpanija. Infatti, inħares lejn il-propjetà bħala rappreżentazzjoni tal-ġisem u, għalkemm hu importanti li nieħdu ħsieb il-propjetajiet tagħna daqs kemm nagħtu każ lilna nfusna, wieħed għandu jżomm f'moħħu li huma n-nies – jiġifieri intom ilkoll – aħna lkoll – li nirrappreżentaw ir-ruħ ta' din il-kumpanija... Aħna magħrufa għall-propjetajiet mill-isbaħ tagħna u s-servizz eċċellenti li noffru lill-klijenti tagħna, imma huma l-integrità u l-umanità tagħna – l-attenzjoni tagħna lejn xulxin – li jagħtuna xi ħaġa aktar prezzjuża, u jippermettulna niksbu xi ħaġa aktar speċjali...u dan hu tassew apprezzat mill-klijenti tagħna."

I think these words have acquired a new dimension. This empathy towards each other and this concern for the needs of one another will also sharpen our relationship within the Company where we can lean on each other when facing new realities and problems.

The future beckons to all those who have a vision and who believe in themselves and persevere to overcome all obstacles, in their ideals of excellence, in their steady camaraderie, in their determination to live their dreams of their forward journey.

In conclusion, may I express my heartfelt thanks to each and every employee for their perseverance in these difficult times. To all of you, I express my wholehearted gratitude. I have had occasions to refer to them as heroes, and indeed heroes they are.

Dear Shareholders, together we have come through a very trying period with repeated setbacks caused by the COVID-19 pandemic. It has challenged our way of working, nevertheless we are confident that the experience that we have gained will work to our advantage for the future.

Hopefully, we now look forward to resuming our path of growth and once again achieve the road to profitability, making it possible to issue dividends on a regular basis. Therefore, I would like to express my genuine appreciation to all of you for your belief and standing with the Company whilst sailing together through these turbulent waters, emerging stronger than ever before, and for this I thank you all.

Naħseb li dawn il-kliem illum kisbu dimensjoni ġdida. L-empatija lejn xulxin u dan it-tħassib għal xulxin isaħħaħ ir-relazzjonijiet fil-Kumpanija fejn nistgħu nafdaw f'xulxin meta niffaċċjaw realtajiet u problemi ġodda.

Il-futur isejjaħ lil dawk kollha li għandhom viżjoni u jemmnu fihom infushom, dawk li jippersistu biex jirbħu kull ostaklu, dawk li jemmnu fl-ideat ta' eċċellenza, fi sħubija u għaqda ta' ħbiberija soda, u fid-determinazzjoni li jgħixu l-ħolma tagħhom tal-futur.

Biex nikkonkludi, nixtieq nirringrazzja tassew minn qalbi lil kull impjegat għall-persistenza tagħhom f'dawn iż-żminijiet iebsin. Kelli l-okkażjoni nsejħilhom eroj, u tassew hekk huma!

Għeżież Azzjonisti, flimkien għaddejna minn żmien tassew iebes, b'ħafna xkiel u tfixkil kawżat mill-pandemija tal-COVID li sfidaw il-mod kif naħdmu. Iżda aħna fiduċjużi li l-esperjenza li gwadanjajna ser taħdem għall-vantaġġ tagħna fil-futur.

Nittamaw li issa nħarsu 'l quddiem biex nerġgħu naqbdu triqitna għal tkabbir u għal darb'oħra nilħqu profittabiltà biex b'hekk ikun possibbli li nħabbru dividendi regolarment. Għalhekk nixtieq nesprimi l-apprezzament ġenwin tiegħi lilkom kollha kemm intom talli emmintu fil-Kumpanija waqt li baħħarna flimkien qalb ibħra mqallba, biex noħorġu b'saħħitna aktar minn qatt qabel. Ta' dan nirringrazzjakom.

Signed by

ALFRED PISANI
EXECUTIVE CHAIRMAN

on 20 April 2022

CEO's REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

DEAR SHAREHOLDERS

I write this report a few months into 2022 from a position of optimism. All our hotel and catering operations are up and running and the outlook for the year remains positive and on track. We are rebuilding our revenues, stabilising our manpower, and working hard at re-engaging on the core financial, human and customer-facing strategies that underpin our business as real estate and hotel investors, operators and developers. We are also proceeding apace with our expansion into new projects and territories. We are indeed exiting the pandemic as a stronger, wiser and larger organisation.

On the other hand, this report is intended to provide you, our shareholders, with a narrative on the performance for the financial year 2021. Our Chairman has reported extensively on our Group's policies and highlights in his statement earlier in this report. I will not repeat but instead focus on providing some further colour on our position across various aspects of the IHI Group.

Firstly, let us review a summary of our financial results.

Revenue in 2021 totalled €129.3 million, which is just under half of our revenue in 2019, itself a record year. This is almost exactly as we had forecast at the start of the year despite so many unknowns. We do not profess to have had any insights into the year ahead when we started 2021, any more than anyone in our sector globally, but setting a target to achieve 50% of our 2019 revenues did provide a heightened focus in the business which we can report has been achieved.

More importantly, we set ourselves a target to achieve a Group operating results before depreciation and fair value higher than our overall interest costs. This we have achieved too, by retaining in full the strong disciplines and cuts on all our costs, including payroll, by far our largest single operating cost. Far-reaching cuts made in 2020 were carried into 2021, with much sacrifice and support from our colleagues across the Company, and for which we must express our profound gratitude and recognition. This led us to operating results before depreciation and fair value gains of €26.5 million in 2021, versus operating results before depreciation and fair value loss of just under €4 million in 2020, a €30 million turnaround.

SIMON NAUDI
CHIEF EXECUTIVE OFFICER

	Audit 2019 € '000	Audit 2020 € '000	Audit 2021 € '000
Owned Hotels Revenue	219,404	63,197	102,997
Rental Income	13,694	12,520	10,250
Catering Income	25,081	8,468	10,121
Fee Income from third parties	10,107	7,724	5,898
Turnover	268,286	91,909	129,266
Operating results before depreciation and fair value gains/(losses)	69,790	(3,807)	26,528
	26.01%	(4.14%)	20.52%
Adjusted operating results before depreciation and fair value gains/(losses) *	60,290	(3,173)	22,657
Net profit/Loss before Tax	13,912	(90,362)	(36,751)
Tax	(8,793)	14,713	9,256
Net profit/Loss after tax	5,119	(75,649)	(27,495)

Adjusted operating results before depreciation and fair value gains/(losses) includes consolidated operating results before depreciation and fair value gains/(losses) plus our share of associates and joint ventures less our non-controlling interest in NLI, the company owning the London hotel. The cost items below our operating results before depreciation and fair value include principally non-cash items such as revaluations, exchange rate movements and depreciation.

OPERATING RESULTS

Our hotel operations in Malta and London fared among the best in terms of speed to recovery.

The Corinthia in London ended the year with a Gross Operating Profit of €18.5 million, a remarkable turnaround reflecting the earlier easing of restrictions in the United Kingdom and the reputation enjoyed by our Brand with the local British market, the largest source of business for the hotel. In London, during 2021, we also closed on the sale of the Penthouse at the Corinthia Residences, a stand-alone building adjoining the hotel, for a figure in excess of £30 million. As with the rest of the residences sold in years prior, we remain the freeholders and provide concierge, security and other services to their occupants.

In Malta, our three owned hotels in the St George's Peninsula, delivered a collective Gross Operating Profit of just under €8 million, a significant achievement based on an ability to share costs and opportunities across the three hotels. Our other two hotels on the island, the Radisson Golden Sands and the Corinthia Palace delivered a further €3 million in aggregate Gross Operating Profit.

The rest of the owned portfolio in Prague, St. Petersburg, Budapest, Tripoli and Lisbon made up the remaining contribution to the total Gross Operating Profit registered in all our hotels of €45 million, augmented by further income of €10 million from rents of shops and offices in our commercial centres in Tripoli and St Petersburg. One should note that most of these latter hotels operated solely on the basis of their local markets, given international travel restrictions. This was especially the case in St Petersburg where all our customers in 2021 were almost exclusively from inside the Russian Federation, a situation that is expected to continue well into 2022 given severely curtailed flight schedules and international sanctions on Russia. On the other hand, on a purely factual basis, current demand and bookings into this hotel remain at the same pace as was prevailing in 2021.

All the above reflects surpluses from operations leading to the consolidated operating results before depreciation and fair value, whilst the Net Loss reported above also takes into consideration property revaluations, depreciation, interest and tax. Operating results are thus encouraging and a base on which we are building up to a recovery of our 2019 performance in the shortest possible timeframe.

FUNDING

On the funding front, we successfully launched a ten-year €80 million Bond on the Malta Stock Exchange carrying a coupon of 3.65% p.a. As with all Bonds issued by the Company since our launch in April 2000, this was fully subscribed. This is a sure sign of the strength of our reputation, itself built on a sound business model and decades of success. Part of the Bond has gone to fully repay a maturing Bond of €20 million, the rest will be deployed on development projects in various countries.

Separately, throughout the year, and as reported by the Chairman on several occasions, we have continued to explore various opportunities to attract new capital into our business. Talks proceeded with international investors and we are confident to be able to report significant developments on this front in the near term.

MANNING & SENIOR TEAM

As we shine a spotlight on 2021, we cannot but focus on our efforts in the latter part of the year to rebuild our operations as travel restrictions eased across the world. Overall manning measured in full-time equivalents and casual labour across the Group, in both owned and managed businesses, had plummeted from a high of 4,642 in February 2020 to a low of 2,367 midway in 2021 in consequence of deep cuts, redundancies and voluntary relocations back to home countries of many of our expatriate colleagues. We are now up to almost 3,000 in full time equivalent numbers, a sure sign of a gradual recovery in our hotel operations across several countries. It is our intention now to continue to calibrate our manning relative to rising demand for our hotels, albeit retaining a tight leash on recruitment as we intend to maintain as many savings as we can in our day-to-day operations without impinging on the quality of our service delivery. This is a challenge for all our General Managers which is being embraced across the Group.

Our principal subsidiary Corinthia Hotels Limited [CHL] is likewise gearing up. This company is responsible for the marketing and management of all our hotels, and others owned by 3rd parties. It is also the owner of our Corinthia Brand and pursuing growth opportunities to develop, manage or lease Corinthia hotels worldwide, indeed, as we shall see later, we are currently engaged on six new hotel openings under development, some owned by us, others owned by 3rd parties.

Our strategy late into 2021 and onto 2022 has been to re-engage all our senior team in CHL. In recent months, we have added new senior recruits hailing from some of the world's leading hospitality companies in the following areas:

- A Chief Operating Officer
- A Head of Restaurants & Bars
- A Head of HR Operations
- A Head of Marketing
- A Head of Global PR
- A Head of Revenue Management
- A Head of Fire, Life, Health, Security & Safety

The above seasoned executives, based in either of Corinthia Hotel's corporate offices in Malta or London, now join the ranks of several other CHL Chief Officers and Heads who remained with the Company throughout the pandemic, and who now collectively constitute a full complement for the organisation's senior team.

At a Group level, under direction of the Chairman, we have appointed a Chief Culture Officer to devise and implement strategies intended to retain our strong internal culture and spirit as we grow into new territories and take on hundreds of new colleagues worldwide. The Chairman has dwelt extensively on this sentiment in his statement earlier in this annual report. We, as management, strongly support this family-inspired culture prevailing in the organisation. This is fundamental to our success. We act and behave as members of the Corinthia family, and this gives us the strength and wisdom to weather any storm and above all, grow the Company across the globe whilst staying true to the core values that are the foundation of all that we do, be it in our hotels' service, or be it in our entrepreneurial approach to conducting business in several sectors worldwide.

At a corporate level, we are also mindful of our status as a leading publicly traded company in Malta. Financial regulation and oversight on public companies has increased significantly in recent years and likewise, we have bolstered our internal governance structures with new recruits in the fields of law, company secretarial reporting and internal audit , working with our senior team colleagues charged with these responsibilities.

NEW BUSINESS

With one eye on steadying our ship throughout the pandemic, we remained focused elsewhere on growth. IHI is involved in six hotel projects, either as an investor, or through CHL and other subsidiaries, as an operator or development manager.

In Rome, Corinthia Developments International Limited [CDI] had earlier entered into an agreement with the Reuben Brothers of the UK, who acquired the former Bank of Italy HQ and are now working with us to convert this property into a 60-key luxury hotel. CDI has been actively driving the design development and planning of the hotel, as well as acting as the development and project manager on site. Our other subsidiary CHL will lease this hotel under a separate agreement once works are completed and we will launch the property as a Corinthia in 2023. Internal strip out, asbestos removal and demolitions are now completed. A main contractor is engaged and work has started to redevelop, and in some areas rebuild, all internal areas. We are currently recruiting the team who will take over the management of the hotel once we launch next year.

In New York, CHL has entered into another agreement with the Reuben Brothers, owners of hotel formerly trading as The Surrey on the prestigious Upper East Side. The property is undergoing a total renovation to be relaunched as a luxury hotel. CHL is providing technical services during the design and development phase and will eventually manage the property as a member of the Corinthia portfolio. Strip out works have been ongoing and design development is nearing completion.

In Brussels, IHI led the acquisition of the former Grand Hotel Astoria via our company NLI Holdings, which also owns the Corinthia Hotel & Residences in London. This was a grand albeit derelict hotel, originating from 1909, and protected by the local heritage authorities in parts. We have since carefully demolished all non-historic, dangerous structures and areas in close collaboration with the local authorities and agreed on a methodology for the rebuilding of the property and renovation of all historic areas of the ground floor and the imposing, listed façade. A main contractor is on site and the entire super structure will be up by the end of 2022. An opening as the Corinthia Brussels is targeted for April 2024. Our subsidiary company QP is responsible for project management, whilst the corporate resources of IHI, CHL and CDI are collectively providing services as owner's representatives and operators, handling all matters of financing, contracting, oversight, value engineering and design signoffs.

In Doha, CHL had entered into various agreements with the United Development Corporation of Qatar, owners and developers of the Pearl, an offshore collection of reclaimed islands on which a spectacular city comprising commercial, yachting, hospitality, social and residential developments are now largely complete and occupied, save for one island, the Gewan, on which UDC wishes to create a luxury destination focused on hospitality and residential offerings. CHL has been entrusted to guide the design development and eventually manage a series of properties on Gewan, including a Corinthia Hotel, Golf Club, Beach Club, Yacht Club, residential villas for sale and now, on the main island of the Pearl, a serviced residential tower to be built comprising 150 units of varying sizes for sale and lease. CHL has a team on the ground including a General Manager and is in the immediate term focusing on the Yacht Club, which will open its doors later in 2022. Throughout the year under review, CHL also supported and brokered deals to bring international brands to the development including Solymar beach club of Mykonos, Kai restaurant of Mayfair, London, and the Monaco Yacht Club with who a marketing association is under consideration.

In Bucharest, CHL has a management agreement to operate a hotel under development in the historic Grand Hotel du Boulevard, owned by a local entrepreneur. Works on the internal redecoration of the property are ongoing and a sample suite completed for review and snagging. This 30-key all-suite hotel will open in 2023 and will undoubtedly make its mark as the top luxury hotel in Romania.

In Malta, IHI owns the 85,000m^2 land plot formerly housing the Ħal Ferħ Holiday Village, long since derelict and privatised. Our plans here have been publicly launched in 2021, featuring a 162-room luxury Corinthia resort and 25 residential villas to be serviced by the hotel. In 2021, the Malta Parliament ratified a change of the zoning law, versus an agreed incremental payment of €10.5 million over and above what was originally paid for the land when privatised. This change permits IHI to develop a select number of luxury villas in years ahead. A full planning application has been submitted which clearly indicates the luxurious standard to which we intend to develop this property, not rising more than two floors in parts, and occupying solely 16% of the actual land, the rest being used for landscaping and outdoor activities. A UK-based designer, Goddard Littlefair, has been engaged, as well as WATG from the UK too, to handle all landscaping design. Works will commence immediately once permits are in hand expected for later in 2022.

I must of course also report on our investment in Moscow where 2021 was a year in which works proceeded on the design of the Corinthia Hotel & Residences development on the city's main boulevard. Permits were secured, demolitions of non-historic structures proceeded, and general site preparation works commenced, mostly related to foundations and under-pinning of neighbouring properties. IHI has a 10% share in this project and will eventually also manage the 50-key boutique luxury hotel and provide branding and service to the 100 residential apartments planned for the site. In 2021, discussions proceeded by this company with funding banks, authorities and contractors with a view to commencing works later in 2022. The current situation in Russia means we will report back later in the year when a way forward may become clearer. As we have reported via company announcements, our total investment in the project is $6 million and thus marginal to our overall balance sheet considerations.

Finally, I wish to report on what was our project in Dubai, where CHL had a management agreement to eventually operate a property under development on the city state's beachfront. Unfortunately, the pandemic forced a situation onto the developers to sell their property midway through the project to a new company that itself already operates hotels in-house and thus wished to terminate our operating arrangements. In full cooperation with the owners, CHL agreed to sell out of its position for $5 million and is now seeking new opportunities in Dubai.

OTHER BUSINESS

I wish to report on some other fronts in the IHI Group which were taken forward in 2021.

In agreement with the Board, we have taken steps to establish a Brand occupying the 4-star space. We own directly or manage for others, several hotels, not branded as five-star luxury Corinthia, for which we wish to secure a long-term in-house marketing and branding strategy. Currently, we operate 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. Our aim is to launch this brand by 2023. We are already also in discussions with partners, and indeed agreed with one of our shareholders LAFICO, to operate any hotels they may own worldwide which require such services under this new brand. For sure, the four-star sector is a larger, albeit more competitive market worldwide than the luxury hotel space occupied by the Corinthia brand, and we look forward to reporting growth on this front in the months and years ahead.

I am also happy to report on our c. 13% shareholding in the Global Hotel Alliance, a company whose other shareholders are Kempinski Hotels, Minor Group [owners of Anantara and NH Hotels among others], Pan Pacific Hotels and Oracle. GHA has last year, in December, successfully launched our 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 who 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. During the year under review, we also worked steadily at expanding the scope of the business to capture international event and concierge services, and in so doing have successfully invited a new shareholder into the business specialising in this sector. The new shareholder will join as a 10% partner by way of a capital increase at a premium to the valuation paid when Corinthia joined the shareholding some years back. Finally, I am pleased to report that Corinthia is currently occupying the chairmanship of the main owning board of the alliance.

The IHI Group is also intending to significantly grow our project management and design services company QP, the largest such company in Malta. QP supports IHI and our subsidiaries, CDI and CHL, in all our projects locally and internationally - and is now gearing to further expand its international footprint, including in neighbouring countries such as Libya where we believe tremendous opportunities lie ahead. QP had a successful year in 2021. Its CEO Reuben Xuereb has continued to re-energise and grow the company and attract talent across all design and development disciplines.

Finally, we will also be focusing on our 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.

CONCLUSION

I wish to end this statement by thanking our Chairman Alfred Pisani, and the main board of directors for their continued leadership, support and direction. I also wish to thank my immediate management team, and the thousands of colleagues across the Group at all levels. Ours is a business that rests on property assets on one leg, but equally, on human resources as the energy that creates wonderful experiences in our hotels, without which our properties are soulless, and devoid of value. Thank you all, and especially to Joseph Fenech, who was co-CEO with me for several years and since 2021 has continued to add tremendous value to the Group in his position as a Board Member.

Signed by

SIMON NAUDI
CHIEF EXECUTIVE OFFICER

on 20 April 2022

DEVELOPMENTS

CORINTHIA · ROME

FORMER HEAD QUARTERS OF BANK OF ITALY
BUILT IN LATE 19TH CENTURY

ROME

OUR ROLE:
DEVELOPMENT MANAGER
OPERATING LESSEE

INVESTOR:
THE REUBEN BROTHERS

STATUS:
CONSTRUCTION COMMENCED
OPENING 2023

LOCATION:
PARLIAMENT SQUARE · AAA

AMENITIES:
60 KEYS
RESTAURANT
LOUNGE
GARDEN
SPA

The Rome project remains on track. Design work is largely complete and construction is underway. Corinthia Developments International Limited is contracted to deliver the project, whilst Corinthia Hotels Limited is the operator and lessee.

DEVELOPMENTS

CORINTHIA · MOSCOW

FORMER GRAND HOTEL LUXE
BUILT IN LATE 19TH CENTURY

MOSCOW

OUR ROLE:
MINORITY INVESTOR
OPERATOR
RESIDENTIAL BRANDING

STATUS:
ADVANCED DESIGN

LOCATION:
TVERSKAYA BOULEVARD · AAA

AMENITIES:
50 KEYS
100 RESIDENCES
RESTAURANTS
LOUNGE
GARDEN
SPA

The Group has a 10 per cent stake in a project on Moscow's main boulevard. The site will be redeveloped behind a retained historic façade and will feature a Corinthia Hotel, high street retail areas, and 100 branded residences.

DEVELOPMENTS

CORINTHIA · BRUSSELS

FORMERLY THE GRAND HOTEL ASTORIA
BUILT IN 1909

BRUSSELS

OUR ROLE:
INVESTOR
DEVELOPMENT MANAGER
OPERATOR

STATUS:
CONSTRUCTION COMMENCED
OPENING 2024

LOCATION:
RUE ROYALE · AAA

AMENITIES:
126 KEYS
RESTAURANT
LOUNGE
GARDEN
SPA

A main contractor has been selected and work has started on transforming the landmark Grand Hotel Astoria into a 126-key luxury Corinthia hotel. The super structure will be in place by the end of 2022 to be followed by internal finishes in 2023. Corinthia Developments International Limited is contracted to deliver the project, QP as the project manager whilst Corinthia Hotels Limited is the operator.

DEVELOPMENTS

CORINTHIA · DOHA

THE CORINTHIA HOTEL,
YACHT CLUB & VILLAS IN DOHA

DOHA

OUR ROLE:
OPERATOR
RESIDENTIAL BRANDING

INVESTOR:
UDC OF QATAR

STATUS:
CONSTRUCTION COMMENCED
OPENING 2022/2023

LOCATION:
GEWAN ISLAND,
THE PEARL · AAA

AMENITIES:
110 KEYS
YACHT CLUB
RESTAURANTS
GOLF
SPA
BEACH CLUB
RESIDENTIAL VILLAS

Corinthia Hotels Limited has entered into contractual arrangements to provide technical services and manage a luxury hotel, residential serviced villas, a beach club and a yacht club on the iconic Gewan Island, part of the Pearl development in Doha. Design work is well underway, and construction has commenced.

DEVELOPMENTS

CORINTHIA · BUCHAREST

FORMER GRAND HOTEL DU BOULEVARD
BUILT IN 1867

BUCHAREST

OUR ROLE:
OPERATOR

STATUS:
CONSTRUCTION COMMENCED
OPENING 2023

LOCATION:
BULEVARD ELISABET · AAA

AMENITIES:
30 KEYS
RESTAURANT
LOUNGE
SPA

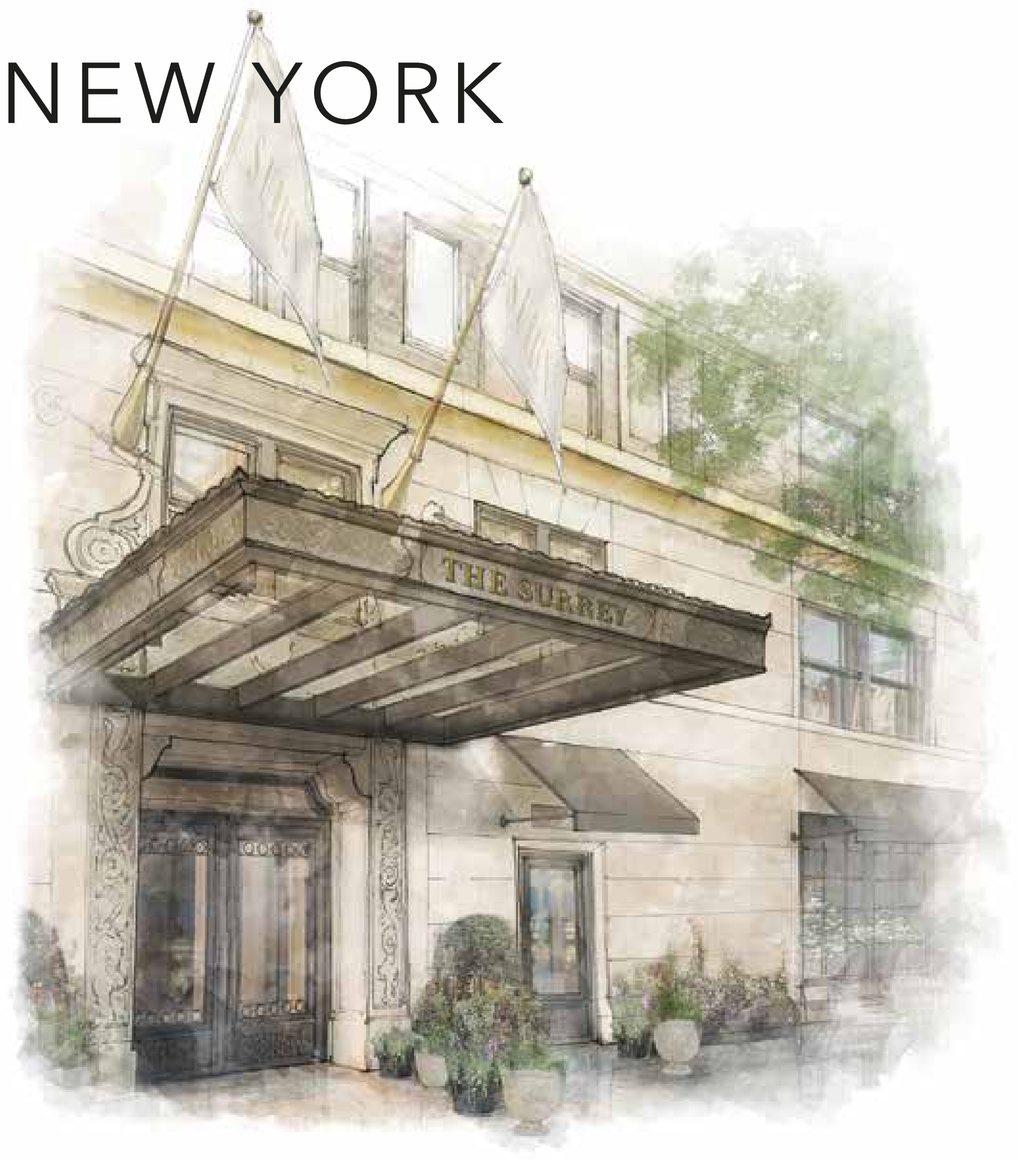
Work is proceeding on the redevelopment of the landmark Grand Hotel du Bulevard in Bucharest, where a luxury Corinthia all-suite Hotel is to be created. Corinthia Hotels will be the operator of the property once completed.

DEVELOPMENTS

CORINTHIA · NEW YORK

FORMERLY THE SURREY HOTEL

NEW YORK



OUR ROLE:
OPERATOR

INVESTOR:
THE REUBEN BROTHERS

STATUS:
CONTRACT FINALISATION
DESIGN COMMENCED
OPENING 2023

LOCATION:
MADISON AVENUE,
UPPER EAST SIDE · AAA

AMENITIES:
100 KEYS
12 RESIDENCES
RESTAURANT
LOUNGE
SPA

Design work is an at advanced stage and preliminary works on site have commenced.

DEVELOPMENTS

CORINTHIA · OASIS

MALTA

OUR ROLE:
OWNER
DEVELOPER
OPERATOR

INVESTOR:
CORINTHIA

STATUS:
DETAILED DESIGN UNDERWAY

LOCATION:
NORTH COAST OF MALTA

AMENITIES:
162 KEYS
HOTEL SERVICED VILLAS
WATER SUITES
LARGE SPA
3 RESTAURANTS
MULTIPLE POOLS

A zoning permit is in hand to be followed by a full planning permit by the end of the year. Works will commence in 2023.

DIRECTORS' AND OTHER STATUTORY REPORTS & FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

THE DIRECTORS PRESENT THEIR REPORT ON INTERNATIONAL HOTEL INVESTMENTS P.L.C. (THE 'COMPANY') AND THE GROUP OF WHICH IT IS THE PARENT FOR THE YEAR ENDED 31 DECEMBER 2021.

PRINCIPAL ACTIVITIES

International Hotel Investments p.l.c. 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 (as detailed in the notes to the financial statements), through which it furthers the business of the Group.

REVIEW OF BUSINESS DEVELOPMENT AND FINANCIAL POSITION

The financial performance for 2021 was again impacted by COVID-19 this time for the full 12-month period compared to a 9-month period the year before. In the second half of the year, following vaccinations and the relaxation of restrictions and limitations, all our businesses performed better, in particular instances matching the performance of 2019 month on month. Total revenue for the year under review increased to €129.3 million from €91.9 million last year, an increase of 41%.

On the strength of the increased revenue, the Group recorded a gain on operating results before depreciation and fair value of €26.5 million, an increase of €30.3 million from the operating results before depreciation and fair value loss of €3.8 million registered last year. This performance represents an 80% flow through of revenue to operating results before depreciation and fair value on account of a yielding strategy that maximised room rates, the proactive cost-cutting decisions taken in 2020 and the disciplined approach to costs in 2021. The Company continued to tap into subsidies and funds available from various Governments in the various jurisdictions where we operate.

In 2021, in the Income Statement, the Group is reporting an overall exchange loss of €2.5 million, compared to a loss on exchange of €12.3 million the year before. This movement in exchange differences is the net of gains on exchange related to the St Petersburg property in 2021 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, as disclosed in Note 39. The Group's share of the associates and joint ventures, reflects the Golden Sands Hotel results for the first two months of 2021 before acquisition. The remaining investment shown as an associate relates to the Medina project in Libya. During 2021, our share was positively influenced by foreign exchange movements on cash balances held in euro.

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 Budapest property. 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.

Both the Sterling and Rouble strengthened in 2021 relative to the reporting currency of the Group which is Euro, this positive result was however 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.

The Group registered a profit on total comprehensive income of €65.0 million in 2021 against a loss of €123.9 million registered in 2020. The share of profit of total comprehensive income attributable to the shareholders of IHI amounted to €21.5 million for the year under review. The corresponding figure for 2020 was a loss of €97.8 million.

At 31 December 2021, the Group is reporting a working capital surplus of €53.6 million relative to a negative working capital of €9.5 million reported in 2020. A significant part of this positive shift is attributable to the new funds collected on a bond which was successfully launched and concluded in December of the year under review.

FUTURE DEVELOPMENTS

The COVID-19 pandemic had far reaching effects on both 2020 and 2021. Whilst in 2020 global border restrictions, local mobility restrictions, and the forced closure of hotels, food and beverage outlets and other places of entertainment have had a negative impact on the Company and the Group, as noted above 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 minimizing the impact of the COVID-19 pandemic on the Group.

The Directors are giving due consideration to the uncertainties and mitigating factors that have been taken across the board in order to ensure the going concern of the Company. The Group is also reviewing on an ongoing basis the right-sizing of its operating base, even more so now as the level of business generated will be lower than that generated in the last pre-COVID year in 2019.

In Malta, work on the Oasis regeneration project at Hal Ferh is ongoing. A revised planning application has been filed and demolition of the dilapidated structures on site has commenced.

Works on the redevelopment of the Corinthia Hotel Brussels are ongoing. A main contractor is on site and the entire super structure will be completed by the end of 2022. The opening of the Corinthia Hotel Brussels is targeted for April 2024.

Corinthia Hotels (CHL), the Group's hotel management company, is also involved in the development of four luxury hotels under construction. These are located in Rome, New York, Bucharest, and Doha and once completed CHL will take responsibility for the hotel management of these properties. In the case of Bucharest and Rome, the Group, via its other subsidiaries, QP Limited and CDI Limited, is also involved in the project development as project managers and developer.

DIRECTORS' REPORT

GOING CONCERN

The Directors have reviewed the Company's and the Group's operational cash flow forecasts. Based on this review, after making enquiries, and in the light of the current financial position, the existing banking facilities and other funding arrangements, the Directors confirm, in accordance with Capital Markets Rule 5.62, that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group started trading in 2000, undertaking a strategy of rapid expansion. The hotel industry globally is marked by strong and increasing consolidation and many of the Group's current and potential competitors may thus have bigger name recognition, larger customer bases and greater financial and other resources than the companies within the Group.

The Group is subject to general market and economic risks that may have a significant impact on the valuations of its properties (comprising hotels and investment property). A number of the Group's major operations are located in stable economies. The Group also owns certain subsidiaries that have operations situated in emerging or unstable markets. Such markets present different economic and political conditions from those of the more developed markets and present less social, political and economic stability. Businesses in unstable markets are not operating in a market-oriented economy as known in other developed or emerging markets. Further information about the significant uncertainties being faced in Libya are included in Note 5.

The Group is exposed to various risks arising through its use of financial instruments including market risk, credit risk and liquidity risk, which result from its operating activities.

The most significant financial risks as well as an explanation of the risk management policies employed by the Group are included in Note 42 of the financial statements.

SUBSEQUENT EVENTS

February 2022 saw the escalation of a conflict between Russia and Ukraine. The Group owns a hotel in St Petersburg, Russia, with an adjoining Commercial Centre which have been in operation for a number of years as well as 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 by the Company and its specialist legal advisors. The consequence of the current situation will depend largely on the duration of the conflict. Further information about the significant uncertainties being faced are included in Note 41.

RESERVES

The movements on reserves are as set out in the statements of changes in equity.

BOARD OF DIRECTORS

Mr Alfred Pisani (Chairman)
Mr Frank Xerri de Caro (Senior Independent Director)
Mr Abdulnaser Ahmida
Mr Hamad Buamim
Mr Douraid Zaghouani
Mr Joseph Pisani
Dr Joseph J. Vella (Resigned: 20 April 2021)
Mr Winston V. Zahra (Resigned: 17 February 2021)
Mr Salem M.O. Hnesh (Resigned: 8 July 2021)
Mr Reyad Mohamed Omar Hobba (Appointed: 8 July 2021, resigned 23 July 2021)
Mr David Curmi (Appointed: 17 February 2021)
Mr Joseph Fenech (Appointed: 20 April 2021)
Mr Moussa Atiq Ali (Appointed: 23 July 2021)

AUDITORS

PricewaterhouseCoopers have expressed their willingness to continue in office. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors of the Company will be submitted at the forthcoming Annual General Meeting.

Signed on behalf of the Board of Directors on 20 April 2022 by Alfred Pisani (Chairman) and Frank Xerri De Caro (Senior Independent Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

ALFRED PISANI
CHAIRMAN

FRANK XERRI DE CARO
SENIOR INDEPENDENT DIRECTOR

Registered Office
22 Europa Centre,
Floriana FRN 1400,
Malta

STATEMENT BY THE DIRECTORS

ON THE FINANCIAL STATEMENTS AND OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

Pursuant to Capital Markets Rules 5.68, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the annual report and prepared in accordance with the requirements of International Financial Reporting Standards, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and results of the Company and its undertakings included in the consolidation taken as a whole and that this report includes a fair review of the development and performance of the business and position of the Company and its undertakings together with a description of the principal risks and uncertainties that they face.

STATEMENT BY THE DIRECTORS

ON NON-FINANCIAL INFORMATION

INTRODUCTION

This report details the various actions taken by International Hotel Investments p.l.c. (the 'Company') as the parent company, and its subsidiaries (the 'Group') to enhance sustainability in terms of its operations and its activities related to corporate responsibility.

As described in more detail in the annual report, the Group is a hotel and real estate developer and operator.

The Group strives for sustainability in what it considers the three pillars of Corporate Social Responsibility (CSR):
- Environmental sustainability.
- Social Responsibility.
- Governance.

The Group aims and strives to achieve the highest standards in the best sustainable way possible. It ensures that the resulting benefits are shared by its shareholders, clients and the community at large.

This report will delve into the ways the Group implements policies related to environmental protection, social responsibility, treatment of employees, respect for human rights, anti-corruption and bribery.

GOVERNANCE

The Group believes that strong governance processes ensure that delivery on performance with sustainability topics are integrated into and not separate from the business.

The Board plays an essential role in determining strategic priorities and considers sustainability issues as an integral part of the business oversight. The Audit Committee assists the Board in providing more focused oversight for the Group's policies, programmes and related risks that concern key public policy and sustainability matters.

The Chairman of the Audit Committee and the President of the Social Committee oversee the implementation of the established agendas for the year. Regular meetings with functional committees and employee representatives are carried out to ensure that agreed upon goals for the year are achieved.

The Audit Committee met 15 times during 2021 with detailed minutes being kept of all proceedings and decisions taken.

SUSTAINABILITY

To the Group, creating value is not limited to its shareholders but also to its guests and the community at large, by ensuring that the highest standards are delivered in the most sustainable way possible.

The Group expects to further integrate and generate awareness on sustainability practices throughout its operations in the countries it operates, engraining the concept of sustainability in each of its employees for it to become an integral part of its business. A specific management post has been created within the Group to focus on sustainability, and as a start, a policy framework has been adopted and shared within the Group at management level. This also provides a framework to manage and monitor the Group's performance, mitigating, as much as possible, the environmental or social risks that it faces.

RISK MANAGEMENT

The Group has a Risk Management Committee, which is responsible for:
- Building a risk aware culture;
- Developing and recommending a risk management framework to the Board;
- Coordinating and reviewing the risk assessment, evaluation and response processes; and
- Monitoring and reporting on risk performance.

The Committee is composed of senior management executives with a wide range of backgrounds, who are experts in their own field and are responsible for overseeing the implementation of policies and practices which enhance the compliance framework in the Group.

The Group has a Risk Management Policy to provide an effective structure for the management of risk across the Group and to formalise and communicate the approach towards risk management.

The Group has adopted a standard methodology which is based on the guiding principles of the International Risk Management Standard ISO 31000:2009, and the COSO (Committee of Sponsoring Organisations of the Treadway Commission) standard for Enterprise Risk Management.

The Group proactively identifies, mitigates and manages principal business risks through an effective risk management framework, which includes key Group policies. It has incorporated sustainability risks in the Group Risk register, which is an assessment of the principal strategic and operational risks affecting the Group.

BUSINESS MODEL RISK MITIGATION

The Company's business model and value creation strategies have a number of pillars at their core, these being:

i. The protection and enhancement of capital value in its real estate holdings; and
ii. The generation of cash flows and profits through its operating; and businesses in achieving pre-determined goals.

   In achieving these targets, the Group has a number of areas of expertise and focus, including:
   i. Expertise in hotel and real estate acquisitions and development;
   ii. Expertise in global marketing, technology, operations and HR under-pinning the Group's brand operations, worldwide; and
   iii. The Group also ensures that it has a diversified view of risk and have a diversified role in the hotel industry, unlike most hotel companies which are focused on one or the other of the following i.e:
      a. As investors in hotels,
      b. As developers for capital gain in hotels, both owned and third party investments,
      c. As operators and technical service providers of hotels, both owned and third party investments with each role contributing towards cash flows to the Group, and asset values;

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

BUSINESS MODEL RISK MITIGATION CONTINUED

iv. The Group has a presence across diversified jurisdictions with investments and/or operations in the US, the UK, the EU, the Russian Federation, the Middle East and Mediterranean regions, and is now venturing into new areas including China and Africa,
v. The Group has a diversification of sectoral focus, by adding non-hotel commercial and residential real estate rentals and developments, in addition to the main focus on the hotel industry; and
vi. The Group has diversification policies with investments in project management and industrial catering.

Based on all the foregoing, the Group believes that it has a coherent strategy that is ensuring that value being created in real estate, operating businesses and brand is coherent, well-resourced and balanced geographically and by sector.

ETHICAL CONDUCT

ANTI-FRAUD AND WHISTLEBLOWER POLICY

The Group's set of values underpins its high standards of ethical conduct. It respects human rights, embraces diversity and stands firm against corruption. In September 2014, the Group introduced The Anti-Fraud and Whistleblower Policy. This was drawn up by the Audit Committee with the purpose of minimising the risk of fraud and maintaining integrity in the Group's business dealings. The Anti-Fraud and Whistleblower policy is implemented in all the jurisdictions where the Group operates.

The primary objective of the policy is to:

- Provide a clear and unambiguous statement of the Group's position on theft, fraud and corruption;
- Minimise the risk of fraud;
- Enhance the Group's governance and related internal controls;
- Standardise business activities;
- Maintain integrity in the Group's business dealings; and
- Establish procedures and protections that allow employees of the Group and members of the public to act on suspected fraud or corruption with potentially adverse ramifications and to achieve the legitimate business objectives of the Group for the benefit of its shareholders.

The Policy also outlines the systems that facilitate reporting of misconduct and the procedures to investigation and resolve malpractices. As a Group which values good governance, it remains committed to ensuring that its staff act within the utmost integrity through training and well-defined guidelines and procedures.

The Policy has been widely distributed and is currently available on the Group's website www.corinthiagroup.com. There have been no cases reported under this policy in 2021.

GDPR POLICY

The GDPR policy extends scope of the EU data protection law to all foreign companies processing data of EU residents. It provides for a harmonization of the data protection regulations throughout the EU, thereby making it easier for non-European companies to comply with these regulations.

The Group considers personal data as any information relating to an individual, whether it relates to the individuals private, professional or public life. It can be anything from a name, a home address, a photo, an email address, bank details, posts on social networking websites, medical information, or a computer's IP address.

Under the GDPR policy, the Data Protection Reporting Officer (DPRO) is under a legal obligation to notify the Supervisory Authority without undue delay. The reporting of a data breach must be reported to the Office of Information and Data Protection Commissioner (ICO) within 72 hours of the data breach being discovered. Individuals have to be notified if an adverse impact is determined.

The expectation is that data privacy governance will continue to be strengthened with more robust reporting to the Board, and stronger control structures established to ensure that the Group, its employees and third parties are aware of their respective obligations under the GDPR and other data protection legislation.

The conditions for consent have been expanded in terms of GDPR. In particular, the Group needs to be able to demonstrate clearly how the individual provided consent to data processing. Mechanisms for obtaining and documenting consent are thoroughly reviewed and amended as appropriate to reflect the additional requirements of GDPR.

The information disclosure requirements have expanded considerably, and in particular individuals need to be informed of the legal basis for processing their data, their rights as data subjects, data retention periods and that they have a right to complain to The Office of the Information and Data Protection Commissioner if they believe there is a problem with the way their data is being handled. Privacy notices are reviewed and amended to reflect the additional requirements of the GDPR.

ANTI-MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM (AML/CFT)

Although the Group is not considered a subject entity under AML/CFT rules, the Group has formally adopted and communicated internally a Policy which in itself reflects the commitment of the Group to the prevention of money laundering and terrorist financing and aims at detecting and preventing the use of the Group and the subsidiary companies which operate within the travel accommodation, hospitality, industrial catering, leisure industries and asset management activities, including rental/leasing activities (the "Group Entities"), for these purposes. The Group is committed to the highest standards of compliance and seeks to follow best practice where able to.

This Policy is applicable to, and shall be followed by all employees, members of management and executives of the Group authorised to accept payments, including without limitation, staff members working at the front desk, reception and lobby areas of the hotels, spas and/or restaurants, within the billing departments and other relevant departments which may handle matters relating to the payment for accommodation, hospitality, catering, leisure-related services, and/or any other business activity of the Group, as the case may be.

CONFLICT OF INTEREST POLICY

To continue strengthening its Governance framework the Group is currently working on a Conflict of Interest policy which it intends to adopt and implement during 2022.

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

ETHICAL CONDUCT CONTINUED

ANTI-FRAUD AND WHISTLEBLOWER POLICY CONTINUED

EMPLOYEE HANDBOOK

In order to provide its employees with guidance on adhering to the Group's values in all they do, the Group's Employee Handbook was revised during October 2021 to include such issues as anti-fraud, anti-bribery, whistleblowing, fair competition, equal opportunity, customer and employee data privacy and anti-modern slavery policies. All employees undergo training on codes of conduct so that they are familiar with the Group's expectations on ethical and professional conduct as well as its approach to equal opportunity and anti-fraud, data protection amongst others.

The Group encourages and enables employees, staff and external parties, such as agents, advisors and representatives, to raise serious concerns within the Group.

The Handbook is reviewed regularly to ensure that its provisions continue to meet legal obligations and reflect best practice.

All executives have a specific responsibility to operate in accordance with the provisions set out in the Handbook, to ensure that all colleagues understand what standards of behaviour are expected of them, and when to take action should behaviour fall below those requirements. Executives are given appropriate training in order that they may do so.

Those working at a management level have a specific responsibility to set an appropriate standard of behaviour, to lead by example, to ensure that those they manage adhere to the policies and procedures, and to promote the Group's aims and objectives.

SOCIAL AND EMPLOYEE MATTERS:

EMPLOYEES

In 2021, the Group employed 2,023 (2020 – 1,879) between full time and temporary (part time), of whom 1,491 were fulltime (FTE) (2020 – 1,676 FTE) and 532 part-time (PTE) (2020 – 203 PTE). Male permanent staff for 2021 were 849 equivalent to 59.0 per cent of the FTE workforce (2020 – 992 [58.0 per cent]) Of the temporary staff 195 (55.0 per cent) were male compared to 97 (56.0 per cent) for the previous year. Female temporary staff were 159 (45 per cent) for the year under review compared to 77 (44.0 per cent) for 2020.

Maltese nationals for 2021 both FTE and temporary staff employed in the various jurisdictions were 780 (2020 – 526) of which 485 (62.0 per cent) were male and 295 (38.0 per cent) female. Foreign employee both FTE and PTE were 1,259 (2020 – 1,386) of which 703 (56.0 per cent) were male and 556 (44.0 per cent) female. Employees in the various locations are represented by in-house union representatives who liaise with sectoral unions covering the various industry trades.

	2021	2020
Total no. of Employees	2,023	1,879
No. of Full Time Employees (FTE)	1,491	1,676
No. of Part Time Employees (PTE)	532	203

				2021				
Number of employees by employment contract		**Permanent**				**Temporary**		
% Contract type		**73.72%**				**26.28%**		
Permanent vs Temporary Contract Ratio				**2.8**				
By gender	**M**	**F**	**Total**	**%**	**M**	**F**	**Total**	**%**
Employees in Management	130	86	**216**	40%	3	1	**4**	25%
Board of Directors	11	3	**14**	21%	–	–	**-**	0%
Workforce	849	602	**1,451**	41%	195	159	**354**	45%
By Nationality								
Maltese	388	225	**613**	37%	97	70	**167**	42%
Foreign	602	466	**1,068**	44%	101	90	**191**	47%
Multi-national workforce (%)		63.53%				53.35%		
Total Multi-national Workforce				62.24%				

Note: Comparative figures for number of employees for 2020 have been restated to conform with ESG reporting requirements as recommended by the Ministry for Energy, Enterprise & Sustainable Development of Malta.

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

SOCIAL AND EMPLOYEE MATTERS: CONTINUED
EMPLOYEES CONTINUED

	2020							
Number of employees by employment contract	Permanent				Temporary			
% Contract type	89.21%				10.79%			
Permanent vs Temporary Contract Ratio	8.3							
By gender	M	F	Total	%	M	F	Total	%
Employees in Management	12	7	**19**	37%	–	–	**-**	0%
Board of Directors	1	–	**1**	0%	–	–	**-**	0%
Workforce	992	726	**1,718**	42%	97	77	**174**	44%
By Nationality								
Maltese	312	164	**476**	34%	36	14	**50**	28%
Foreign	693	569	**1,262**	45%	61	63	**124**	51%
Multi-national workforce (%)	72.61%				71.10%			
Total Multi-national Workforce	73.76%							

Note: Comparative figures for number of employees for 2020 have been restated to conform with ESG reporting requirements as recommended by the Ministry for Energy, Enterprise & Sustainable Development of Malta.

COVID-19
The Group was severely impacted by the COVID-19 pandemic in all the locations where it operated. In an effort to safeguard resources, the Group immediately took steps to freeze all new employment, all non-critical capital expenditure and reduced executive compensation. The situation is being closely monitored.

EMPLOYEES
The Group strives to remain an exemplary and leading employer. It provides its employees with the right development opportunities to cultivate their abilities and enable them to grow within the Group.

Employees can gain experience by means of cross-cultural programmes and job rotations in different aspects of the Group's business and are provided with training programmes that help refine and build on their expertise.

These programmes aim to enhance the operational know- how and long-term professional development of the Group's employees. Despite challenging economic circumstances in some of the markets, the Group remains committed to the growth of its people and does not compromise on training and development initiatives.

Average hours of training that the organisation's employees have undertaken during the reporting period	2021 Hours	2020 Hours
Total no. of hours of training	**94,115**	9,792
Total no. of labour hours	**2,349,482**	2,539,993
Total no. of hours of training vs. total number of hours	4.0%	0.4%

Percentage of employees receiving regular performance and career development reviews	%	%
Number of employees receiving regular performance and career development reviews	**71**	**1,846**
% employees receiving regular performance and career development reviews	4%	98%

Note: Comparative figures for 2020 have been restated to conform with ESG reporting requirements as recommended by the Ministry for Energy, Enterprise & Sustainable Development of Malta.

Equal opportunity is given to all employees through continuous staff training & development and bench marking techniques at all levels including operatives, heads of department, managers, and senior personnel.

DIVERSITY
The Group is committed to providing an inclusive and harmonious workplace to its employees regardless of gender, age, nationality, religion, sexual orientation, disability, or other aspects of diversity.

The Group supports parents by facilitating parenting through family- friendly measures, including parental leave to both males and females.

HEALTH AND SAFETY
The Group ensures the health and safety of clients and employees at all its entities and on all its premises.

The year under review has once again been marked by the COVID-19 pandemic. The Group continues to take all the necessary measures recommended by the health authorities to ensure the safety and well-being of its clients and staff.

In the context of COVID-19:
i. Memos were issued following the guidelines issued by the health authorities for those who could work remotely,
ii. Various policies were issued and updated according to revised health authority guidelines at both the operational units and corporate office on how to operate.

The following are some examples of such policies/memos:
- Additional measures to avoid spread of COVID-19
- COVID-19 procedures
- Hotel operations in COVID-19 era
- Hotel partial or full lockdown procedure
- Proper use of face mask

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

HEALTH AND SAFETY CONTINUED

The Group continues to upgrade the physical security systems in all its properties. In fact, it has invested significantly in enhanced security systems and practices in those jurisdictions which are considered of high risk.

To standardise procedures for handling security concerns in the various jurisdictions where the Group operates, operational emergency action plans have been developed to comply with local and international health and safety standards. These standards are rolled out across its operations and updated on a regular basis.

The Emergency Action Plan is split into three sections namely:
- Preparing for emergencies/crises;
- A security assessment toolkit; and
- Dealing with emergencies.

During 2021, system upgrades have remained a major priority and mainly focused on:
- CCTV systems;
- Guest rooms' door lock systems;
- Scanning machines;
- Undertaking of security risk assessments; and
- Introducing sanitising equipment to mitigate COVID-19.

Throughout its operations, the Group encourages its employees, through constant communication and rigorous training to report any risks promptly so that they can be addressed as they arise.

FOOD SAFETY

During 2021 the Group has continued with its drive to increase food safety awareness which is considered to be a major operational risk in the hospitality sector. It continues to sponsor robust systems to ensure compliance to its high standards.

Where appropriate, the Group has sought to base its food safety management systems on Hazard Analysis and Critical Control Points (HACCP) which is a tool to assess hazards in the food chain and establish control systems that focus on preventing these hazards thereby ensuring the safety of food.

Food service employees are trained in food hygiene, allergen management and HACCP related to their responsibilities. Employees are trained and made responsible for ensuring strict adherence to Group food safety standards.

Management assumes the role of supervision of all food service employees for compliance and conformance with the Group food safety policies and standards.

Compliance with these standards is regularly monitored by third party auditors to ensure that clients are served and provided with safe and wholesome food.

PROCUREMENT PRACTICES

The purchasing departments in the individual entities forming the Group are responsible for the procurement of all food, beverage, printing, consumables, cleaning equipment and supplies for the respective entities, in sufficient quantities, at the desired quality standards, at the most competitive price, and within the required time frame.

The primary role of the Central Purchasing Department is to source quality products at competitive prices, continuously liaising with the heads of department concerned, and to consistently maintain price quotations from several suppliers.

The Group has a process in place to screen suppliers. Suppliers are typically assessed against specific requirements and criteria, following which formal approval is required by the Central Purchasing Department. They may be approved in terms of product quality, brand, adherence to health and safety requirements, HACCP requirements, reliability and reputation.

ENVIRONMENT

When it comes to environmental issues and practices, the hospitality industry is continuously evolving, resulting in the creation of brands that prove to be eco-friendly.

Over the years, the Group has developed policies and procedures for energy and water conservation and waste management to help it mentor employees and standardise approaches on the effective management and conservation of these resources. All operations report on their energy and water performance on a regular basis, with these being constantly reviewed throughout the year.

The engineering team at CHL is currently developing a Group strategy which will lead to action plans being drawn up for each entity. A set of key performance indicators and measuring methods will be part of the strategy which will be updated on a yearly basis. The target is to have everything in place by end 2022.

Furthermore, within the Group, specific initiatives have been taken to promote sustainability, plastic use reduction, energy efficiency and ESG activities.

It is envisaged, as a minimum, that the actions will encompass the following activities:
- Designing waste management strategies to reduce waste. This will involve also the setting up of a monitoring and reporting system, separation of waste, strategies to eliminate plastic waste and control of food waste. A number of these initiatives are already implemented in some properties.

- Using the in-house energy and resource consumption monitoring system to control usage. All hotels will continue using the best system for accurate monitoring.

- Undertaking initiatives to increase energy efficiency. To this effect the Group is undertaking a number of contracts with third parties offering services which are intended to optimize energy use.

- Investigating the opportunities for implementing specific renewable energy projects in individual properties.

- Sustainable activity will also produce positive effects on economic activity and areas such as energy efficiency and waste management have a direct positive impact on profit. Non-tangible positive factors result from these activities, particularly staff well-being and the instilling of disciplined processes, the effects of which spill over to other activities in the day-to-day operation.

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

ENVIRONMENT CONTINUED

As there is a shift towards smart buildings, the number of connected devices and systems has increased. Building operators now require a view of these devices in a single building or across a portfolio of buildings, and they need it quickly, easily, from wherever they are. The amount of data produced by buildings is growing, making it increasingly difficult to channel this information into actionable insights that reduce energy consumption & emissions. Within this context the Group has embarked on the implementation of an Environment, Property & Technology Global system (EP&T) within its properties.

The Group is aware of the European Commission's guidelines on reporting climate-change information and can report that:

i. None of the Group's properties face any long-term risks related to climate change.
ii. No processes related to mitigation measures are being considered.
iii. The process for climate risk assessment is now incorporated in the regular property audits carried out in the Group.
iv. No such risks have so far been identified.
v. A range of climate-change measures are in place or are in process of being implemented, as described elsewhere in this report.

INITIATIVES ALREADY TAKEN OR IN THE PIPELINE INCLUDE:

CORINTHIA BUDAPEST HOTEL

Installation of a Building Management System (BMS) which will allow for a reduction in energy consumption of between 8 – 10 per cent per annum. EP&T has been activated resulting in more accurate energy consumption data and better monitoring of usage.

CORINTHIA LISBON HOTEL

The hotel will commence EP&T by April 2022 which will continue to enhance energy-saving practices for this property.

CORINTHIA LONDON HOTEL

An energy audit was carried out in conjunction with GALP (a Portuguese-based company) with the report expected by end of March 2022. Initial indications are a minimum 25 per cent saving on electrical costs (app Stg 250,000). Implementation is expected to start during Q3 2022 with the net contribution to be achieved as from Q2 2023.

CORINTHIA ST GEORGES HOTEL

EP&T activated during Q4 2021 with full impact in 2022 with guaranteed savings of €58,000 per annum. New plant within refurbishment project will increase efficiency by at least 15%. Photovoltaic System (PV) will be installed in 2022 with full impact from 2023 with a net gain in the lease years of €12,000 per annum and after 12 years an average of €26,000.

CORINTHIA TRIPOLI HOTEL

Installation of a new BMS commenced and once completed and processes optimised, efficiency is expected to increase by 5 per cent.

A new borehole system for chillers has been commissioned and testing of the borehole has started with cost impact evaluated once results are known (expected Q2).

CORINTHIA PALACE HOTEL

A PV system are being installed in 2022 with saving during the leased years of €21,000 and an average of €46,000 after 12 years.

MARINA HOTEL

A PV System will be installed in 2022 with saving of €15,000 expected during the leased years and an average of €33,000 after 12 years.

RADISSON BAY POINT HOTEL

EP&T will be rolled out after April 2022 with an expected positive impact of €21,000 per annum.

A PV System will be installed in 2022 with a potential saving of €15,000 in the leased years and an average of €33,000 after the 12th year.

RADISSON GOLDEN SANDS HOTEL

A PV System will be installed in 2022 with a saving of €16,000 in leased years and an average of €35,000 after the 12th year.

RAMADA PLAZA TUNISIA HOTEL

An evaluating of the reverse osmosis system will be carried out with a potential reduction of water costs of €10,000 per annum.

A PV system is being considered with offers already being received for their installation.

New heat pumps and cooling systems are being evaluated with a possible savings in energy costs of €20,000 to €40,000.

CLIMATE CHANGE AND ENERGY

The Group is committed to reducing its carbon emissions and making its business more sustainable. Within this context, the Group is aware that its ability to deliver its services and products without increasing substantially utility costs will be challenging, with fluctuations in cost, posing possible disruptions to its business operations. Many of its operations are already responding to these risks in their efforts to be more efficient in their use of natural resources.

Risks related to climate change are sub-divided into the following categories:

a) Physical risks to property – This assesses any threats arising from sea-level changes and extreme weather. Currently these assessments are not carried out although an element of these is present within the Property Audits carried out yearly and which assess any risk resulting from the effects of climate change;
b) Process risks – This assesses whether any current processes, such as cooling and heating requirements, change from a design standpoint, due to the effects of climate change. This is deemed to be a long-term risk which is managed by monitoring and upgrading equipment when this becomes necessary.

    i. Climate-related risks are managed through property audits, which will highlight risk through the continuous monitoring of process performance. Audits capture this risk but will be further fine-tuned to assess any climate change impact.

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

CLIMATE CHANGE AND ENERGY CONTINUED

ii. As to climate change mitigating actions, the Group has launched a Sustainability Policy in January 2022 which will be followed by a strategy and subsequent action plans for each business unit by end 2023. The strategy and action plans will capture climate change actions customised to the needs of the individual business unit and in line with the overall policy.
iii. Targets are still being set in line with point iii above.

Within the hospitality sector risks are continuously evolving which is the reason they are being continuously assessed on a yearly basis with action plans updated accordingly.

At this time opportunities are considered only in terms of investment in renewable and energy saving initiatives which also have a direct outcome in terms of cost benefit.

Examples of these are:
i.) New Investment in PV Panels for seven business units in Malta.
ii.) Energy monitoring and action systems installed in five Hotels.
iii.) Energy-saving initiatives in various hotels.

The Group does not provide risk disclosures with reference to different time horizons reflecting the varying uncertainty relating to the short, medium and long term and the potential business implications under different conditions.

EU TAXONOMY DISCLOSURE

On 6 July 2021, the European Commission adopted the Delegated Act supplementing Article 8 of the Taxonomy Regulation ("the Disclosures Delegated Act"), which requires large financial and non-financial companies to provide information to investors about the environmental performance of their assets and economic activities.

Article 8(2) of the Taxonomy Regulation, i.e. Regulation (EU) 2020/852, requires non-financial undertakings to disclose information on the proportion of their turnover, capital expenditure and operating expenditure ('key performance indicators') which are considered taxonomy-eligible. The Disclosures Delegated Act specifies the disclosure obligations including the content, methodology and presentation of information to be disclosed on the economic activities that are aligned with the Taxonomy Regulation. Taxonomy-eligible economic activities comprise any economic activity which is described in relation to the six environmental objectives laid out in article 9 of the same regulation. As of 1 January 2023, for reporting period 2022, taxonomy-alignment, requiring the economic activity in question to also meet the technical screening criteria outlined in annexes to the EU Climate Delegated Act to the Taxonomy Regulation, shall also be reported upon.

In order to identify its economic activities covered by the European Taxonomy, the Group relied on the EU Climate Delegated Act, and Annex 1 & 2 to this Delegated Act. Eligible activity classification was done through the officially-assigned NACE codes, in particular Section I55 Accommodation, I56 Food and Beverage Service Activities and L68 Real Estate Activities.

Section I55 & I56 relates to the provision of short-stay accommodation for visitors and other travellers and the provision of complete meals and drinks fit for immediate consumption. The amount and type of supplementary services provided within this section can vary widely. This section excludes the provision of long-term accommodation as primary residences, which is classified in real estate activities (Section L 68). Also excluded is the preparation of food or drinks that are either not fit for immediate consumption or that are sold through independent distribution channels, i.e. through wholesale or retail trade activities. The preparation of these foods is classified in manufacturing (Section C10 'Manufacture of Food Products').

The evaluation of the eligibility of the Group's business activities has been conducted based on the Taxonomy and Delegated Regulation (Annex I – KPIs of non-financial undertakings) and its definition of the denominator and numerator of the 3 required KPIs mentioned above.

It was performed through a methodological approach consisting of:
- extracting total denominator for the 3 KPIs from the financial reporting system,
- identifying those activities that might fall within the list of economic activities covered in 'Delegated Acts',
- documenting and assessing for each of those economic activities their 'eligibility' to the first two environmental objectives: 'Climate Change Mitigation' and 'Climate Change Adaptation' included in the EU taxonomy in order to determine the numerator of each of the 3 KPIs.

	Taxonomy eligible Activities Euros 2021	Taxonomy non-eligible Activities Euros 2021	Taxonomy eligible Activities Euros 2020	Taxonomy non-eligible Activities Euros 2020
Total Revenue	10,300,000	118,966,000	12,500,000	79,409,000
Capex	–	14,972,000	–	13,749,000
Opex	2,300,000	2,600,000	1,500,000	2,940,000

For 2021 the Group generated €10.3 million (2020 – €12.5 million) in rental income from its investment properties. These fall under the definition of 'Taxonomy Eligible Activities' in accordance with Article 8(2) of the Taxonomy Regulation and Annex 1 & 2 to this Delegated Act under L68 Real Estate Activity.

Turnover is considered to cover all business activities of the Group during the year ended 31 December 2021, at a gross level taking into account all underlying economic activities. It is calculated as the part of the net turnover derived from products or services associated with the taxonomy-aligned economic activities.

CapEx consists of additions to property, plant and equipment and intangible assets during the financial year ended 31 December 2021, before depreciation, amortisation and any re-measurements recognised by the Group, which have been accounted for in accordance with IFRS as adopted by the EU and relate to assets that are associated with taxonomy-aligned economic activities.

OpEx consists of all operating expenditure, including maintenance and repair and other direct expenditure relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets during the year ended 31 December 2021, at a gross level taking into account all underlying economic activities.

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

ENERGY CONSUMPTION AND EMISSIONS

The Group has developed policies and procedures for energy conservation and waste management to help it instruct employees and standardise approaches on the effective management and conservation of these resources. All operations report on their energy and water performance on a regular basis, with these being constantly reviewed throughout the year.

The Group aims to reduce its energy usage through its continued implementation of appropriate technology and engineering solutions. Data from across its operations helps it to better identify and manage any inefficiencies in consumption. Further reductions will require a concerted effort, one that is supported by newer technology and continued behavioural change. operations, increasing efficiency through continuous reviews and investment in energy efficient equipment and practices.

Fuel consumption (Transportation)	2021			2020		
	Volume	Energy	CO_2 Equivalent	Volume	Energy	CO_2 Equivalent
Total fuel consumed (transport)	**95,244**	**960,032**	**257.6**	**2,960**	**26,188**	**6.6**

Fuel consumption (Non-Transport)	Year 2021			Year 2020		
Unit of measurement	Volume litres	Energy kWh	CO_2 Equivalent tons	Volume litres	Energy kWh	CO_2 Equivalent tons
Fuel consumed for water heating – LPG	1,684,609	11,240,510	2,563.7	1,050,385	7,008,668	1,598.5
Fuel consumed for spatial heating – LPG	41,000	273,571	62.4	25,564	170,577	38.9
Fuel consumed for other purposes – LPG	54,405	363,016	82.8	33,923	226,347	51.6
Unit of measurement	Volume litres	Energy kWh	CO_2 Equivalent tons	Volume litres	Energy kWh	CO_2 Equivalent tons
Fuel consumed for water heating – Diesel/Gasoil	401,618	4,048,192	1,083.6	344,189	3,469,322	928.6
Fuel consumed for spatial heating – Diesel/Gasoil	–	–	–	–	–	–
Fuel consumed for other purposes – Diesel/Gasoil	320	3,226	0.9	274	2,764	0.7
Fuel consumed for water heating – Fuel Oil	105,038	1,079,639	301.8	137,074	1,408,923	393.9
Fuel consumed for spatial heating – Fuel Oil	–	–	–	–	–	–
Fuel consumed for other purposes – Fuel Oil	–	–	–	–	–	–
Fuel consumed for water heating – NG	700,192	6,807	1.4	651,182	6,331	1.3
Fuel consumed for spatial heating – NG	1,786,418	17,368	3.5	1,661,379	16,152	3.3
Fuel consumed for other purposes – NG	119,613	1,163	0.2	111,241	1,082	0.2
Total fuel consumed (non.transport)	**4,893,213**	**17,033,492**	**4,100.2**	**4,015,212**	**12,310,166**	**3,017.0**

Total Electricity Consumption	Year 2021		Year 2020	
Unit of measurement	Energy kWh	CO_2 Equivalent tons	Energy kWh	CO_2 Equivalent tons
Electrical energy generated from RES (e.g.: PVs, micro-wind turbines,etc)	971,923	-	22,237	-
Electrical energy consumed (from electricity bill)	84,866,290	32,079.5	35,169,538	13,294.1
Total Net Energy	83,894,367	31,712.1	35,147,301	13,285.7

Summary for 2021		
Total energy consumption within the organisation (excl. RES)	102,859,814	47,505,893
Total CO_2 emissions per revenue	0.0003	0.0002
Total net CO_2 emissions per revenue	0.0003	0.0002
Final net energy consumed per revenue	0.7882	0.5166

Note: Comparative figures for energy consumption for 2020 have been restated to conform with ESG reporting requirements as recommended by the Ministry for Energy, Enterprise & Sustainable Development of Malta.

In the year under review, fuel consumption and CO_2 emissions for transportation increased significantly as a result of the increase in operating activity following the imposed lockdowns during 2020 due to COVID-19. Total fuel consumption in litres increased by 92,284 and in kwh by 933,844 respectively on 2020 figures resulting in total CO_2 emissions for 2021 of 258 tons compared to 7 tons for 2020.

Fuel consumption for non-transport purposes for 2021 have followed the same trends with volume in litres increasing by 878,001 and in kWh by 4,723,326. CO_2 emissions for the year under review increased from 3,017 tons in 2020 to 4,100 tons in 2021 reflecting the increase in consumption during the year.

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

ENERGY CONSUMPTION AND EMISSIONS CONTINUED

Total net electricity consumption for 2021 has registered a substantial increase from 35,147,301 kWh in 2020 to 83,894,367 in 2021. A significant increase has been registered in electricity generated from PVs panels installed in a number of properties during 2021 reflecting the Group's commitment to reduce further the carbon footprint. CO_2 emissions for 2021 amounted to 32,079 tons compared to 13,294 tons for 2020 resulting from higher occupancies and operating activities across all Group entities.

Total energy consumption for the year under review amounted to 102,859,814 kwh compared to 47,505,893 for 2020. Net energy consumed per €1 revenue generated for 2021 was 0.7882 kwh compared to 0.5166 kwh during 2020. Net CO_2 emissions per €1 revenue generated during 2021 was 0.0003 kwh compared to 0.0002 kwh for 2020.

Going forward, the Group will continue to set internal key performance indicators, as it will implement strategies to further reduce its overall environmental footprint in line with industry benchmarks.

Reducing the energy that the Group uses, helps it to be more efficient as a business, lowering both operational costs and carbon footprint.

The Group continues to explore ways to achieve reductions, such as sharing best practices with the engineering teams Group-wide, encouraging achievement of energy saving goals, introducing more combined heat and power units in the properties, replacing old equipment to more efficient ones and introduction of Room Energy Management Systems.

USING WATER EFFICIENTLY

Total volume withdrawn from source Operation (Type of Business) Unit of measurement	2021 m^3	2020 m^3
Municipal Mains Supply (volume from water meter)	297,788	258,974
Private Water Supplier by Bowser (volume from bowser receipts)	7,998	–
Groundwater Self-Abstraction (meter installed by WSC)	–	
Private RO facility (sea-well) (private metering facilities)	266,896	97,474
Harvested Rain Water (volume of reservoir and number of times use)	7,050	2,250
Treated Wastewater (private metering facilities – if applicable)	–	–
Other	–	
Total water consumption	**579,705**	**358,698**
Total water consumed per revenue	**0.0045**	**0.0039**

Water recycled and reused Operation (Type of Business) Unit of measurement	Year 2021 m^3	Year 2020 m^3
Total reclaimed water		
% of recycled water		–

Note: Comparative figures for 2020 have been restated to conform with ESG reporting requirements as recommended by the Ministry for Energy, Enterprise & Sustainable Development of Malta.

Water is an essential commodity that has applications throughout the business, and the Group takes care to use this resource efficiently. As periods of drought are common in countries where it operates, such as Sudan, Libya, and Tunisia, it is essential to be committed to reducing water usage whilst trying to influence and inspire its partners on better water management. In 2021, the Group has consumed 579,705m^3 (2020 – 358,698m^3) of water. The increase reflects the higher operating activities during 2021 compared to 2020 when operational activity was subdued due to health restrictions.

This increase in water consumption has been contained as a direct result of:

- The constant monitoring and metering of consumption;
- The increase in the collection and consumption of second class water;
- The installation of twin-flush cisterns within toilets and reducing the water used in toilet flushing by either adjusting the vacuum flush mechanism or installing toilet tank displacement devices;
- The installation of water tap pressure reducer;
- The introduction of frequent pipework inspection and immediate fixing of water leaks;
- The reduction of laundry load tonnage by using bath towel change cards; and
- The encouragement of water efficient behaviours during technical and operational visits.

Despite a substantial increase in water consumption, the Group is looking into ways to increase the percentage of recycled water. During 2020 only 1.15 per cent was recycled, however during 2021 damage to the recycling plant reduced this to minimum levels. The Group is looking into the possibility of introducing sewage treatment plants, rainwater catchment and/or grey water system to produce and use second-class water for irrigation and toilet water flushing.

MANAGING WASTE

The Group proactively manages increasing regulations imposed by governments in response to waste management. Given the lack of suitable products or service alternatives, the nature of the operations produces waste that needs to be effectively managed. The Group reduces and manages the waste that it produces, encouraging both concepts of recycling and up-cycling throughout the individual operations.

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

MANAGING WASTE CONTINUED

Hazardous waste by type and disposal method Type of Waste	2021 Total	2020 Total
Acids (kg)	–	–
Solvents (kg)	–	–
Toxic metals (kg)	23	–
Other (kg)	264,171	–
Total kg of waste generated	**264,194**	**–**
Total kg of waste generated per revenue (kg/€)	**–**	**–**

Non-hazardous waste by type and disposal method Type of Waste	2021 Total	2020 Total
Commingled (Cardboard+ Plastic+ Glass) (kg)	118,840	26,588
Glass (kg)	106,768	107,541
Metal (kg)	6,081	800
General waste (kg)	1,095,091	1,340,566
Organic Waste (kg)	482,953	9,170
Plastic (kg)	38,148	16,195
Total kg of waste generated	**1,847,881**	**1,500,860**
Total kg of waste generated per revenue (kg/€)	**0.0143**	**0.0163**

Note: Comparative figures for 2020 have been restated to conform with ESG reporting requirements as recommended by the Ministry for Energy, Enterprise & Sustainable Development of Malta.

Best practice recommendations have been developed which take into account the various operational aspects, as well as possible costs and benefits for each recommendation.

Despite registering a substantial increase in total kg of waste generated for 2021 amounted to 1,847,881 kg compared to 1,500,860 kg for 2020 on a revenue generated basis the kg/€ equivalent has decreased from 0.016 to 0.143 respectively.

The Group is making its waste monitoring methodologies more consistent to ensure that data is robust and comparable across the Company. It is committed to improving its efforts, however, these are sometimes constrained due to a lack of public awareness and lack of infrastructure to reduce waste and increase recycling. The Company will continue to look into this issue and understand how it can implement effective solutions moving forward.

The Group has introduced energy saving as a key result area target in the Balanced Score Card of each entity to ensure that the overall environmental impact is being given its merited and due importance.

Furthermore, the Company will continue upgrading the Building Management Systems in its entities and will be implementing a Computer Aided Management software which amongst other important functions is able to monitor and record all preventive and breakdown maintenance works, as well as improve scheduling and resource planning. Regular and planned maintenance keeps the equipment and systems operating at their optimal efficiency, ensuring that energy conservation remains one of the ultimate ongoing operational targets.

CURRENT INITIATIVES

As part of the Group's Green Programme and sustainability efforts it has entered into a corporate agreement with a private company offering some innovative programs to deliver water and energy cost-saving across the diverse operational functions including:

FOOD & BEVERAGE

- 'Dive-Easy' cold-water soaking for effective and safe cleaning of highly carbonised kitchen items. Dive-Easy will reduce cost for heating water and provide a much safer and efficient solution.

- 'IntelliDish' online monitoring for large dishwashing machines. IntelliDish will reduce cost for water, energy and chemicals and help increase efficiency of machine utilization.

HOUSEKEEPING AND LAUNDRY

'Efficient Housekeeping Programme' based on innovative microfibre technology and ergonomic cleaning tools will reduce chemical consumption and deliver better cleaning performance at less time and with more ergonomic working conditions for the room attendants.

TASKI floor cleaning machines deliver innovative technology to enhance ease- of-use with these cleaning machines using an innovative 'whisper-technology' which delivers carpet vacuuming at lowest noise with TASKI aero.

These machines also offer innovative encapsulated carpet shampooing with TASKI pro carpet machines which will reduce turnaround time of carpets to reduce labour cost and time.

In the laundry areas, innovative solutions such as CLAX Advance low temperature technology will deliver lower water and energy cost. The fabric spotter kits of CLAX Magic will enhance ease-of-use for the laundry teams. State-of-the-art dispensing and dosing system are provided for laundry operations which helps operations to monitor online the energy and water consumptions in reaching the optimum efficiency levels.

SOCIAL AND COMMUNITY ACTIVITIES

The year 2021 proved to be also very challenging for social and community activities within the Group. The COVID-19 restrictions imposed by the different national protocols and the Group's own internal regulations restricted physical contact and frustrated events which normally involved gatherings for fund-raising and sharing a good time with those who are in need.

Naturally, virtual contact was resorted to, but in some cases it proved to be a very poor alternative. During this trying period, many hotels and members of the Group increased their efforts to help members of the staff who needed assistance. They also felt a particular urge to brighten the morale and instil a strong camaraderie and togetherness amongst all employees. This latter need created a social activity when in other times it would have been merely considered an internal staff exercise.

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

SOCIAL AND COMMUNITY ACTIVITIES CONTINUED

LONDON

Yet some have admitted that these challenging periods have made them more acutely conscious of the necessity to be active in assisting others in need. Thus, for example, Corinthia London has decided to partner with one of the top rate consultancies called BRE to work with them a proper CSR strategy for an all-encompassing approach, including, responsible sourcing, sustainability, philanthropy, charity, staff welfare, social community engagement etc.

Conscious that staff required also tender loving care as a social duty, Corinthia London has, during the lockdowns, created its own virtual program to stay connected with all employees. Under the name Corinthia Connects, it offered colleagues the opportunity for five days a week to stay engaged and connected via daily zoom sessions, covering topics, such as Corinthia gets Healthy, with classes or healthy lifestyle tips; Corinthia does DYI, sharing and showing tips in and around the house; Corinthia Eats & Drinks, dealing with cocktail making to cooking classes; Corinthia Educates, informing the team about the hospitality industry and Corinthia's competition; and Corinthia Entertains, offering interactive quizzes with the team. With this commitment, Corinthia London entered the Caterer People Awards and was declared winner of the 'Employee Engagement' category.

BUDAPEST

In Budapest, Corinthia assisted the Robert Burns International Foundation, which ensures that sick Hungarian children receive much-needed support. Instead of physical participation, they delivered exclusive take-away meal boxes, which included traditional food and drinks. All proceeds from the sale of the food boxes went to children's hospitals in Hungary.

Corinthia Budapest also assisted Beyond the Moon by contributing vouchers to be raffled, and donating all proceeds to the Beyond the Moon Foundation in Malta, which offers free holidays to families with seriously ill children.

It also assisted the yearly Xpatloop Bonfire Night, which is an international community fundraising party in Budapest organised by expats together with cosmopolitan locals from local business, diplomatic, and cultural circles in Hungary. Vouchers provided by Corinthia were raffled and proceeds were directed to the Csodalampa Foundation which realises around 300 wishes every year to ill children.

At the close of 2021, Corinthia Budapest participated as a collection point in a countrywide clothing collection campaign in support of the Hungarian Red Cross' mission to assist various residences, homeless shelters and families' temporary homes.

PRAGUE

Panorama Hotel Prague participated in *Do prace na kole* (On a bike to work), which is a project that supports green travelling. If one cannot ride a bike, one can walk or run instead. The aim is to travel to and from work each day of the month of May and collect green kilometres which are used for good causes.

Several colleagues in this hotel also participated in the Teribear Run. This year, one could run on his own and not join the crowd. Kilometres still counted to be changed into money for children in need. They also participated in Run for Svetluska, a foundation that helps blind or visually impaired people.

Panorama also organised for the sixth year, a charitable event for the foundation *Moje Velke Prani* (My big wish) which fulfils wishes for elderly people who are very ill or do not have anyone who could help them. These wishes are normally a crave for some special experience, like visiting a theatre, meeting a famous person, riding a horse etc.

It also participated in the project *O krok*, which works with different companies to assist people with different disabilities to return to regular work. Part of the project involves a visit from a so-called 'trouble gang' who visits the work- place and explores the amenities and features. Some of the 'gang' would be suffering from different disabilities, so in their visit they examine if they could work with that company. Their report would then trace the right person to join, after an interview and on-the-job training.

MALTA

The Hotels located on the St George's Bay peninsula (Corinthia Saint Gorg Hotel, Radisson Bay Point Hotel, and Marina Hotel) organised several joint activities including a clean-up of the bay and Pembroke. This joint initiative to clean their surrounding area was strongly supported by the NGO, *Iż-Żibel*, and a considerable amount of waste, including plastic material, was collected.

Pink October fund raising activity in support of Marigold Malta was organised by HR department for #PinkOctober, whilst Animal awareness month to support AAA (Association for Abandoned Animals) was organised where employees donated re-used materials like clothes, pillows, sheets etc.

Donations were made to Len & Jacob Wellness Fund to assist twin boys with a rare health condition, whilst food donations were made to Food Bank Lifeline Foundation, whose belief is that 'no child or adult should ever experience hunger', thus doing their uttermost to ensure that these people have enough. This is an annual event organised by HR where donations of food help and support families in need.

Radisson St Julian's also led a team to paint the Selmun Family Park in Mellieħa and gave it a much needed facelift to be used and enjoy by young people in the area.

SUDAN

Corinthia Khartoum once again organised an Outside Cleaning Campaign, which involves collecting wastage, debris in the hotel outside perimeter to preserve a clean environment.
The latest campaign involved 35 employees and it is now the fourteenth time since the initiative was first launched in 2017. In collaboration with IVWG (International Voluntary Welfare Group – Sudan), Corinthia Khartoum also sponsored 60 persons for their event in May 2021. This Group, which was established in 1965, is a team of volunteers from all nationalities, working together to provide support to the poor and the needy, mostly women and children in the three towns of Khartoum, identifying urgent community needs and raising funds to meet those needs.

STATEMENT BY THE DIRECTORS ON NON-FINANCIAL INFORMATION

SOCIAL AND COMMUNITY ACTIVITIES CONTINUED

ST PETERSBURG

Corinthia St Petersburg has continued its support for SOS Children's Villages, the international non-profit non-governmental charity organisation which helps orphans. To avoid physical contact, this year a good number of large fruit baskets with boxes of candies and cookies have been delivered to every house in the village.

In view of COVID-19 difficulties, Corinthia St Petersburg have recognised the need to retain high spirit within the staff and hence have introduced some initiatives for this purpose, such as continuing with more emphasis the Colleagues Social Media Page in VK.com (equivalent of Facebook in Russia) which is continuously being used as a hub of internal communication, news sharing and space for colleagues' engagement. Besides displaying points of interest, links to useful articles about healthy lifestyle, food, sport, culture and colleagues' wellbeing, they also include uplifting posters related to work and personal life. They also distribute every Monday, Colleagues Pages, an internal booklet of two pages used by teams on the floor for departmental briefings as well as those who work remotely or currently on sick leave to feel connected and learn about current hotel life. They have also introduced in spring 2021 a Colleagues eLearning Library, which is an online learning hub for the team with links to free online courses on subjects that are very much in demand across the hotel, thus giving colleagues the chance to learn at their own pace and in their own way even when circumstances force them to absent themselves from work.

LISBON

Corinthia Lisbon has donated slippers to Acreditar Foundation, which is responsible for monitoring the legislative situation for supporting children with cancer and their families. They have also handed out blankets to *Câmara Municipal de Lisboa*, (the Municipal Council of Lisbon) to help homeless people, donated food on a daily basis to Refood Benfica, which offers help to the most needy in the parish, and have also provided blankets and clothes to *Vida e Paz* Community, which offers sterling help for the homeless. During confinement, a food bank was created internally with the aim of helping the neediest families.

TUNIS

Ramada Plaza Tunis have continued their participation in the Wyndham Green Project which strives to improve the health and sustainability of our planet with green– or eco-friendly – hotels and resorts.

QPM

QPM worked on a number of social initiatives with the main objective to firstly help colleagues and their respective families. QP launched the Welfare Fund & Vacation Leave Policy to help colleagues in need, especially when the going gets tough and they suffer extraordinary distress. This is an expression of solidarity with each colleague and aims at ensuring the welfare of all staff. Each staff member contributes a monthly amount from the salary and the Company tops it up at the end of the year. QP have created a protocol and a fund application through which those colleagues who are experiencing particular difficulties which qualify under the terms of the fund, can apply for assistance. Each case is screened and assessed by a committee and if a particular case qualifies, certain funds are made available.

QPM Ltd have also launched the provision of counselling and psychological services to staff in difficulty through Richmond Foundation, and are currently studying the provision of assistive devices to autistic and blind children through the Malta Trust Foundation, which encourages vulnerable young people to improve their lives through education and training. The assistance would consist of custom-made devices, adequate to the particular needs of each and every child. So far, they have seen some amazing results, to the extent that one blind student is now studying sound engineering. Another blind student is playing the piano, whilst another student who is non-verbal and on the autism spectrum has actually written a book. QPM Ltd is in discussion with Blood Bank Malta about the possibility of organizing a visit by a Blood Bank mobile unit to QP and neighbouring companies. The Blood Bank ensures an adequate supply of blood, free from diseases, readily available for major hospitals in Malta.

COVID-19 IMPACT ON OTHER NON-FINANCIAL MATTERS

i. Environmental matters – Minimal impact has been experienced concerning environmental matters except for the fact that the launch of the sustainability initiatives were delayed due to stringent cost controls under the COVID regime.
ii. Human rights related matters – No real impact has been felt in this area.
iii. Anti-corruption and bribery matters – Internal controls are in place and a good governance framework has minimised the risks associated with corruption and bribery matter.

Within this context and due to downsizing of personnel across various activities the Group has recently strengthened its internal audit function. It has also continued to strengthen its compliance framework through the implementation of policies such as AML/CFT and is in the process of introducing a Conflict of Interest policy during 2022.

Signed by Alfred Pisani (Chairman) and Frank Xerri de Caro (Senior Independent Director) on behalf of the board of directors on 20 April 2022.

ALFRED PISANI
CHAIRMAN

FRANK XERRI DE CARO
SENIOR INDEPENDENT DIRECTOR

STATEMENT BY THE DIRECTORS

ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Listed companies are subject to The Code of Principles of Good Corporate Governance (the 'Code'). The adoption of the Code is not mandatory, but listed companies are required under the Capital Markets Rules issued by the MFSA to include a Statement of Compliance with the Code in their Annual Report, accompanied by a report of the independent auditors.

The board of directors (the 'directors' or the 'board') of International Hotel Investments p.l.c. ('IHI' or the 'Company') restate their support for the Code and note that the adoption of the Code has resulted in positive effects to the Company.

The board considers that during the reporting period, the Company has been in compliance with the Code to the extent that was considered adequate with the size and operations of the Company. Instances of divergence from the Code are disclosed and explained below.

COMPLIANCE WITH THE CODE

PRINCIPLES 1 AND 4: THE BOARD

The board of directors is entrusted with the overall direction and management of the Company, including the establishment of strategies for future development, and the approval of any proposed acquisitions by the Company in pursuing its investment strategies.

Its responsibilities also involve the oversight of the Company's internal control procedures and financial performance, and the review of business risks facing the Company, ensuring that these are adequately identified, evaluated, managed and minimised. All the directors have access to independent professional advice at the expense of the Company, should they so require.

Further to the relevant section in Appendix 5.1 to the Capital Markets Rules the board of directors acknowledge that they are stewards of the Company's assets and their behaviour is focused on working with management to enhance value to the shareholders.

The board is composed of persons who are fit and proper to direct the business of the Company with the shareholders as the owners of the Company.

All directors are required to:

- Exercise prudent and effective controls which enable risk to be assessed and managed in order to achieve continued prosperity to the Company;
- Be accountable for all actions or non-actions arising from discussion and actions taken by them or their delegates;
- Determine the Company's strategic aims and the organisational structure;
- Regularly review management performance and ensure that the Company has the appropriate mix of financial and human resources to meet its objectives and improve the economic and commercial prosperity of the Company;
- Acquire a broad knowledge of the business of the Company;
- Be aware of and be conversant with the statutory and regulatory requirements connected to the business of the Company;
- Allocate sufficient time to perform their responsibilities; and
- Regularly attend meetings of the board.

The board strives to achieve a balance of ethnicity, age, culture and educational backgrounds in order to reflect the multicultural environment of its ownership and the condition in which it operates.

The board comprises a number of individuals, all of whom have extensive knowledge of hotel operations and real estate development, in particular across the various jurisdictions in which IHI operates. Members of the board are selected on the basis of their core competencies and professional background in the industry so as to ensure the continued success of IHI. There is no formal diversity policy in place however, the board will be considering the need of issuing guidelines for the Group in this respect.

In terms of the Capital Markets Rules 5.117 – 5.134 the board has established an Audit committee to monitor the Company's present and future operations, threats and risks in the external environment and current and future strengths and weaknesses. The Audit committee ensures that the Company has the appropriate policies and procedures in place to ensure that the Company and its employees maintain the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards. The Audit committee has a direct link to the board and is represented by the Chairman of the Audit committee in all board meetings.

PRINCIPLE 2: CHAIRMAN AND CHIEF EXECUTIVE

Mr Alfred Pisani occupies the position of Chairman. The role of CEO is held by Mr Simon Naudi.

The Chairman is responsible to:

- Lead the board and set its agenda;
- Ensure that the directors of the board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the company;
- Ensure effective communication with shareholders; and
- Encourage active engagement by all members of the board for discussion of complex or contentious issues.

PRINCIPLE 3: COMPOSITION OF THE BOARD

The board of directors consists of one executive director and eight non-executive directors. The present mix of executive and non-executive directors is considered to create a healthy balance and serves to unite all shareholders' interests, whilst providing direction to the Company's management to help maintain a sustainable organisation.

The non-executive directors constitute a majority on the board and their main functions are to monitor the operations of the executive director and the CEO and their performance as well as to analyse any investment opportunities that are proposed by the executive director. In addition, the non-executive directors have the role of acting as an important check on the possible conflicts of interest of the executive director, which may exist as a result of his dual role as executive director of the Company and his role as officer of IHI's parent company, Corinthia Palace Hotel Company Limited ("CPHCL") and its other subsidiaries.

STATEMENT BY THE DIRECTORS
ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

COMPLIANCE WITH THE CODE CONTINUED

PRINCIPLE 3: COMPOSITION OF THE BOARD CONTINUED

For the purpose of Capital Markets Rules 5.118 and 5.119, the non- executive directors are deemed independent. The board believes that the independence of its directors is not compromised because of long service or the provision of any other service to the Corinthia Group. Each director is mindful of maintaining independence, professionalism and integrity in carrying out his duties, responsibilities and providing judgement as a director of the Company.

Each director declares that he undertakes to:

a. maintain in all circumstances his independence of analysis, decision and action;
b. not to seek or accept any unreasonable advantages that could be considered as compromising his independence; and
c. clearly express his opposition in the event that he finds that a decision of the board may harm the Company.

The board is made up as follows:

Executive director	**Date of first appointment**
Mr Alfred Pisani, Chairman	29 March 2000
Non-executive directors	
Mr Salem M.O.Hnesh	15 November 2018 *(until 8 July 2021)*
Mr Reyad Mohamed Hobba	8 July 2021 *(until 23 July 2021)*
Mr Moussa Atiq Ali	23 July 2021
Mr Hamad Buamim	31 December 2013
Mr Abdulnaser Ahmida	21 January 2014
Mr Douraid Zaghouani	03 November 2014
Mr Joseph Pisani	22 December 2014
Dr Joseph J. Vella	29 March 2000 *(until 20 April 2021)*
Mr Frank Xerri de Caro	02 July 2004
Mr Winston V. Zahra	9 June 2016 *(until 17 February 2021)*
Mr David Curmi	17 February 2021
Mr Joseph Fenech	20 April 2021

Mr Jean-Pierre Schembri acts as Secretary to the board of directors.

PRINCIPLE 5: BOARD MEETINGS

The board met five times during the period under review. The number of board meetings attended by directors for the year under review is as follows:

Mr Alfred Pisani	5	Mr Douraid Zaghouani	5
Mr Salem M. O. Hnesh	1	Mr Joseph Pisani	5
Mr Reyad Mohammed Hobba	0	Dr Joseph J. Vella	2
Mr Moussa Atiq Ali	2	Mr Joseph Fenech	3
Mr Hamad Buamim	5	Mr Frank Xerri de Caro	5
Mr Abdulnaser Ahmida	5	Mr Winston V. Zahra	0

PRINCIPLE 6: INFORMATION AND PROFESSIONAL DEVELOPMENT

The Company ensures that it provides directors with relevant information to enable them to effectively contribute to board decisions. The Company is committed to provide adequate and detailed induction training to directors who are newly appointed to the board. The Company pledges to make available to the directors all training and advice as required.

PRINCIPLE 8: COMMITTEES

AUDIT COMMITTEE

The primary objective of the Audit committee is to assist the board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structures. The committee, is made up of non- executive directors and reports directly to the board of directors. The committee oversees the conduct of the internal and external audit and acts to facilitate communication between the board, management, the internal audit team and the external auditors.

During the year under review, the committee met 15 times. The internal and external auditors were invited to attend these meetings.

Mr Frank Xerri de Caro acts as Chairman, Mr Abdulnaser Ahmida and Mr Joseph Fenech act as members, the Company Secretary, Mr Jean-Pierre Schembri acts as Secretary to the committee. During the year, Dr Joseph J. Vella also acted as a member of this board.

The board of directors, in terms of Capital Markets Rule 5.118A, has indicated Mr Frank Xerri de Caro as the independent non-executive member of the Audit committee who is considered "… to be independent and competent in accounting and/or auditing" in view of his considerable experience at a senior level in the banking field.

The Audit committee is also responsible for the overview of the internal audit function. The role of the internal auditor is to carry out systematic risk-based reviews and appraisals of the operations of the Company (as well as of the subsidiaries and associates of the Group) for the purpose of advising management and the board, through the Audit committee, on the efficiency and effectiveness of management policies, practices and internal controls. The function is expected to promote the application of best practices within the organisation. During 2021, the internal audit function continued to advise the Audit committee on aspects of the regulatory framework which affect the day-to-day operations of the hotels.

The directors are fully aware that the close association of the Company with CPHCL and its other subsidiaries is central to the attainment by the Company of its investment objectives and implementation of its strategies. The Audit committee ensures that transactions entered into with related parties are carried out on an arm's length basis and are for the benefit of the Company, and that the Company and its subsidiaries accurately report all related party transactions in the notes to the financial statements.

In the year under review the Audit committee ensured compliance in terms of the General Data Protection Regulation which came into effect in 2018.

The Audit committee oversaw the introduction of risk management processes and the development of this function within the Company.

Pursuant to Articles 16 and 17 of Title III of the provisions of the Statutory Audit Regulations the Audit committee has been entrusted with overseeing the process of appointment of the statutory auditors or audit firms.

STATEMENT BY THE DIRECTORS
ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

COMPLIANCE WITH THE CODE CONTINUED

PRINCIPLE 8: COMMITTEES CONTINUED

NOMINATION AND REMUNERATION COMMITTEE

The function of this committee is to propose the appointment and the remuneration package of directors and senior executives of IHI and its subsidiaries. The members of the committee are Mr Frank Xerri de Caro as Chairman as from 20 April 2021 succeeding Dr Joseph J. Vella who resigned, Mr Abdulnaser Ahmida and Mr Joseph Fenech. Mr Jean-Pierre Schembri acts as Secretary to the committee.

The Nomination and Remuneration committee met six times in the course of 2021.

PRINCIPLE 9: RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET

The Company is highly committed to having an open and communicative relationship with its shareholders and investors. In this respect, over and above the statutory and regulatory requirements relating to the Annual General Meeting, the publication of interim and annual financial statements, two Interim directors' statements and respective Company announcements, the Company seeks to address the diverse information needs of its broad spectrum of shareholders in various ways.

As a consequence of the unprecedented circumstances caused by the COVID-19 pandemic and in line with Legal Notice 288 of 2020 the Company held the 2021 Annual General Meeting on a remote basis on 10 June 2021. A full report of the Meeting was uploaded on the Company's website within 48 hours from the Meeting. The report can be found on www.corinthiagroup.com/investors/annual-general-meeting.

Moreover, all representations by shareholders at the Annual General Meeting were satisfactorily addressed on the Company's website.

The Company has invested considerable time and effort in setting up and maintaining its website and making it user-friendly, with a new section dedicated specifically to investors.

In the course of 2021, 23 company announcements were issued through the Malta Stock Exchange.

Individual shareholders can raise matters relating to their shareholdings and the business of the Group at any time throughout the year, and are given the opportunity to ask questions at the Annual General Meeting or to submit written questions in advance.

The Company holds an additional meeting for stockbrokers and institutional investors twice a year to coincide with the publication of its financial information. As a result of these initiatives, the investing public is kept abreast of all developments and key events concerning the Company, whether these take place in Malta or abroad.

During 2021 the Company continued issuing the IHI Insider newsletter which is available on the IHI website (https://insider.ihiplc.com). The purpose of this newsletter is to keep stakeholders fully informed of developments in the Company. The Company's commitment to its shareholders is shown by the special concessions which it makes available to them. In order to better serve the investing public, the board has appointed the Company Secretary to be responsible for shareholder relations.

PRINCIPLE 10: INSTITUTIONAL SHAREHOLDERS

The Company ensures that it is constantly in close touch with its principal institutional shareholders and bondholders (institutional investors). The Company is aware that institutional investors have the knowledge and expertise to analyse market information and make their independent and objective conclusions of the information available.

Institutional investors are expected to give due weight to relevant factors drawn to their attention when evaluating the Company's governance arrangements in particular those relating to board structure and composition and departure from the Code of Corporate Governance.

PRINCIPLE 11: CONFLICTS OF INTEREST

The directors are fully aware of their obligations regarding dealings in securities of the Company as required by the Capital Markets Rules in force during the year. Moreover, they are notified of blackout periods prior to the issue of the Company's interim and annual financial information during which they may not trade in the Company's shares and bonds. Mr Alfred Pisani, and Mr Joseph Pisani have common directorships with the ultimate parent of the Corinthia Group. Commercial relationships between International Hotel Investments p.l.c. and Corinthia Palace Hotel Company Limited are entered into in the ordinary course of business.

As at year end, Mr Alfred Pisani had a beneficial interest of 5,061,879 shares. Mr Frank Xerri de Caro had a beneficial interest of 10,927 shares, Dr Joseph J. Vella had a beneficial interest of 67,742 shares and Mr Joseph Fenech had a beneficial interest of 156,542 shares. None of the other Directors of the Company have any interest in the shares of the Company or the Company's subsidiaries or investees or any disclosable interest in any contracts or arrangements either subsisting at the end of the last financial year or entered into during this financial year.

PRINCIPLE 12: CORPORATE SOCIAL RESPONSIBILITY

The Company understands that it has an obligation towards society at large to put into practice sound principles of Corporate Social Responsibility (CSR). It has embarked on several initiatives which support the community, its culture, as well as sports and the arts in the various locations where it operates.

The Company recognises the importance of good CSR principles within the structure of its dealings with its employees. In this regard, the Company actively encourages initiative and personal development, and consistently creates such opportunities. The Company is committed towards a proper work-life balance and the quality of life of its work force and their families, and of the environment in which it operates.

STATEMENT BY THE DIRECTORS
ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

NON-COMPLIANCE WITH THE CODE

PRINCIPLE 7: EVALUATION OF THE BOARD'S PERFORMANCE

Under the present circumstances, the board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the board's performance is always under the scrutiny of the shareholders.

PRINCIPLE 9: CONFLICTS BETWEEN SHAREHOLDERS

Currently there is no established mechanism disclosed in the Company's memorandum and articles of association to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. In any such cases should a conflict arise, the matter is dealt with in the board meetings and through the open channel of communication between the Company and the minority shareholders via the Office of the Company Secretary.

Approved by the board of directors and signed on its behalf by Frank Xerri de Caro (Senior Independent Director and Chairman of the Audit Committee) and Joseph Fenech (Director) on 20 April 2022.

FRANK XERRI DE CARO
SENIOR INDEPENDENT DIRECTOR AND CHAIRMAN OF THE AUDIT COMMITTEE

JOSEPH FENECH
DIRECTOR

OTHER DISCLOSURES IN TERMS OF CAPITAL MARKETS RULES

PURSUANT TO CAPITAL MARKETS RULE 5.64.1

SHARE CAPITAL STRUCTURE

The Company's issued share capital is six hundred and fifteen million and six hundred and eighty-four thousand nine hundred and twenty (615,684,920) ordinary shares of €1 each. All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank pari passu between themselves. Pursuant to Capital Markets Rule 5.64.3

SHAREHOLDERS HOLDING 5 PER CENT OR MORE OF THE EQUITY SHARE CAPITAL AS AT 31 DECEMBER 2021:

	Shares	%
Corinthia Palace Hotel Company Limited	355,988,463	57.82
Istithmar Hotels FZE	133,561,548	21.69
Libyan Foreign Investment Company	66,780,771	10.85

There were no changes in shareholders holding 5 per cent or more of the equity share capital as at 20 April 2022.

PURSUANT TO CAPITAL MARKETS RULE 5.64.8

APPOINTMENT AND REPLACEMENT OF DIRECTORS

In terms of the Memorandum and Articles of Association of the Company, the directors of the Company shall be appointed through an election. All shareholders are entitled to vote for the nominations in the list provided by the nominations committee. The rules governing the nomination, appointment and removal of directors are contained in Article 19 of the Articles of Association.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

In terms of the Companies Act the Company may by extraordinary resolution at a general meeting alter or add to its Memorandum or Articles of Association.

PURSUANT TO CAPITAL MARKETS RULE 5.64.9

POWERS OF BOARD MEMBERS

The powers of directors are outlined in Article 21 of the Articles of Association.

STATEMENT BY THE DIRECTORS PURSUANT TO CAPITAL MARKETS RULE 5.70.1

Pursuant to Capital Markets Rule 5.70.1 there are no material contracts to which the Company, or anyone of its subsidiaries, was party to and in which anyone of the directors had a direct or indirect interest therein.

PURSUANT TO CAPITAL MARKETS RULE 5.70.2

COMPANY SECRETARY AND REGISTERED OFFICE

Jean-Pierre Schembri
22 Europa Centre,
Floriana FRN 1400, Malta
Telephone (+356) 2123 3141

PURSUANT TO CAPITAL MARKETS RULE 5.97.4

INTERNAL CONTROLS AND RISK MITIGATION PRACTICES

INTERNAL CONTROL

The board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the board reviews the effectiveness of the Company's system of internal controls.

The key features of the Company's system of internal control are as follows:

ORGANISATION

The Company operates through the CEOs with clear reporting lines and delegation of powers.

CONTROL ENVIRONMENT

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all its operations. Company polices and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives. Lines of responsibility and delegation of authority are documented. The Company has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties and reviews by management, internal audit and the external auditors.

RISK IDENTIFICATION

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. These risks are assessed on a continued basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

A risk management function has been set up and training on risk management is being extended to all the Company's subsidiaries.

INFORMATION AND COMMUNICATION

The Company participates in periodic strategic reviews including consideration of long-term financial projections and the evaluation of business alternatives.

MONITORING AND CORRECTIVE ACTION

There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit committee met 15 times in 2021 and, within its terms of reference, reviews the effectiveness of the Company's system of internal financial controls. The Committee receives reports from management, internal audit and the external auditors.

REMUNERATION STATEMENT

In terms of Rule 8A.4 of the Code, the Company is to include a remuneration statement in its annual report which shall include details of the remuneration policy of the Company and the financial packages of Directors and the Chief Executive Officers ("CEOs").

The resolution by the shareholders of the Company at the Annual General Meeting held on 13th June 2017, approved an aggregate figure for fees and remuneration due to the Chairman and non-Executive Directors of the Company, capped at €850,000 per annum. This figure relates only to:

- the salary of the Chairman; directors' fees due to the Chairman and non-Executive Directors in their capacity as directors of the Company and of the Company's subsidiaries; and
- fees due to the Chairman and non-Executive Directors with respect to their membership on sub-committees of the board of directors of the Company.

REMUNERATION COMMITTEE REPORT

The function of the Nomination and Remuneration Committee is to propose the appointment and the remuneration package of directors and senior executives of IHI and its subsidiaries. In 2021 the members of the committee were Mr Frank Xerri de Caro acting as Chairman, and non-executive directors Mr Joseph Pisani and Mr Joseph Fenech (appointed 20 April 2021) as members. Mr Jean-Pierre Schembri acts as Secretary to the committee.

REMUNERATION POLICY – DIRECTORS AND SENIOR EXECUTIVES

The Remuneration Policy was approved at the 20th Annual General meeting of 31 July 2020. The Renumeration sets out the main principles upon which the fixed and variable elements of the renumeration of Directors and CEOs are set. The renumeration policy also describes the different components of fixed and variable remuneration, including all bonuses and other benefits.

The Executive Chairman and the CEO are each entitled to a combination of a fixed base salary together with a variable performance bonus. The fixed base salary of the Executive Chairman and CEO is based on a predetermined amount, while their variable performance bonus is based on a predefined percentage of operating results before depreciation and fair value. The fixed base salary of the Executive Chairman and CEO is comparable to those of other international companies operating in the hospitality sector and is based on the skills, experience, technical knowledge and responsibilities which the position entails.

The bonus of other senior executives is based on a discretionary percentage of their base salary (up to a maximum of 50%) determined in line with the performance of the Company or the hotel they manage. These bonuses constitute the variable remuneration disclosed herein. The Non-Executive directors are entitled to a yearly remuneration fee and no variable performance bonus is applicable. The variable remuneration is also discussed and approved by the Nomination and Remuneration Committee.

All senior executives are entitled to non-cash benefits in terms of a number of services offered by the Group. These are mainly discounts (which vary between 20%-40%) when using the Company's hotels and establishments and to health insurance. Furthermore, the Executive Chairman and the non-executive directors of the Company are entitled to complimentary use of the Company's hotels and establishments services. As at 31 December 2021, the Company doesn't award share-based remuneration. The Company does not offer any profit-sharing or pension benefit schemes.

The compensation and employment conditions of the Board of Directors of the Company, including the Executive Chairman and CEO and senior executives are considered to be in line with the pay and employment conditions applied by international companies operating in the same industry sector as the Company and are considered commensurate to the importance of the role performed by such persons in a company of such reputation and standing. IHI is an international company owning and operating hotels in a number of jurisdictions, both in Europe and North Africa and the nature of its business includes, amongst others, complex negotiations in respect of acquisitions, the negotiation of third-party management agreements and funding requirements for a complex international group of IHI's dimension. In attracting talent, the Company needs to compete with other international companies in its industry. Moreover, in determining its renumeration levels, and to ensure that it attracts the right talent, the Company is in regular contact with reputable international recruitment and advisory agencies who provide the Company with compensation and benefits related data, in order to ensure that it remains an attractive employer of choice. Only by attracting the right talent can the Company grow to achieve its objective of becoming a global leader in the world of hospitality.

It is pertinent to recall that in view of the economic situation brought about by the COVID-19 pandemic, the Company had taken the decision not to issue any bonuses for 2020 for the Chairman, CEO and all senior executives who are normally entitled to a performance-based bonus and which represent the variable portion of the emoluments. Moreover, the Chairman, CEO and all senior executives of the Company had significant parts of their salaries deferred, of up 60% of their salary, during 2020 and into 2021 in view of the economic situation brought about by the COVID-19 pandemic. The deferred salaries are being reimbursed between 2021 and 2022. For 2021, the Company has again taken the decision, not to issue bonuses for the Chairman, CEOs and all senior executives but instead, to award a pandemic-related appreciation in line with industry practice.

The remuneration earned by the Executive Chairman, the non-executive Directors of the Company, the CEO during 2021 amounted to €1,467,791.

The remuneration and emoluments earned and paid to the Directors and the CEO for 2021, including fees paid in connection with their membership of board committees and other subsidiary boards are:

REMUNERATION STATEMENT

REMUNERATION POLICY – DIRECTORS AND SENIOR EXECUTIVES CONTINUED

	2021 Fixed remuneration earned (incl. fixed base salary and directors' fees)	2021 Variable remuneration	2020 Fixed remuneration earned (incl. fixed base salary and directors' fees)	2020 Variable remuneration	Change %
Mr Alfred Pisani, Executive Chairman	451,530	–	511,651	–	(12)
Mr Frank Xerri de Caro, Senior Non-Executive Director	115,000	–	111,014	–	4
Dr Joseph J. Vella, Independent Non-Executive Director – resigned 20 April 2021*	21,398	–	92,500	–	(22)
Mr Salem Hnesh, Non-Executive Director – resigned 8 July 2021	9,687	–	25,000	–	(23%)
Mr Abdulnaser Ahmida, Non-Executive Director	54,336	–	42,500	–	28
Mr Hamad Buamim, Non-Executive Director	15,000	–	15,000	–	–
Mr Abuagila Almahdi, Non-Executive Director – resigned 9 July 2021	–	–	15,000	–	N/A
Mr Douraid Zaghouani, Non-Executive Director	15,000	–	15,000	–	–
Mr Joseph Pisani, Non-Executive Director	67,500	–	15,000	–	350
Mr Moussa Atiq Ali, Non-Executive Director, – appointed 23 July 2021	25,000	–	–	–	N/A
Mr David Curmi, Non-Executive Director– appointed 17 February 2021	13,017	–	–	–	N/A
Mr Joseph Fenech, Director – appointed 20 April 2021	60,000	–	–	–	N/A
Mr Winston V. Zahra, Non-Executive Director – resigned 17 February 2021	–	–	–	–	–
Subtotal	847,468	–	842,665	–	
Mr Joseph Fenech, Joint CEO resigned 20 April 2021	205,180	–	410,792	–	–
Mr Simon Naudi, CEO	415,143	91,000	417,988	–	0%
	1,467,791	91,000	1,671,445	–	

During the year the composition of the Company's subsidiary boards and committees were reorganised resulting in the above movements. Following his resignation from the position of Joint CEO, Mr Joseph Fenech was appointed to the board of directors. Up to end of June 2021, Mr Fenech handed over and provided transitory support of those areas previously falling under his responsibility and was remunerated accordingly.

In terms of the requirements within Appendix 12.1 of the Capital Markets Rules, the following table presents the annual change of remuneration, of the company's performance, and of average remuneration on a full-time equivalent basis of the company's employees and directors over the two most recent financial years.

	2021 €	2020 €	Change %
Annual aggregate employee remuneration	61,881,000	60,273,000	–
Employee remuneration (excluding CEOs remuneration)	61,169,677	59,444,220	–
CEO remuneration	711,323	828,780	–
Company performance – operating results before depreciation and fair value gains/(losses)	26,528,000	(3,807,000)	*
Average employee remuneration (excluding CEOs) – full-time equivalent	32,606	32,823	(3)

* The % change reflects a proportionate change in annualised fees.

Both 2020 and 2021 were materially impacted by COVID-19 and the resultant restrictions, rendering this comparison meaningless.

On the basis of legal advice received by the Company, the remuneration of the directors and CEO discussed within this report is solely determined on the basis of remuneration payable by International Hotel Investments p.l.c. as the parent and its subsidiaries.

It is pertinent to note that the remuneration policy of the Company was approved by a binding vote of the shareholders at the 2020 Annual General Meeting. The result of the vote was as follows: 576,301,457 for and 66,627 against. This remuneration policy is being reviewed at the 2022 AGM, and it shall be submitted to a vote by the annual general meeting of the Company before adoption, and in any case at least every four years.

Signed on behalf of the board of directors by Frank Xerri de Caro (Senior Independent Director) on 20 April 2022.

FRANK XERRI DE CARO
SENIOR INDEPENDENT DIRECTOR

Registered Office · 22 Europa Centre, Floriana FRN 1400, Malta

INCOME STATEMENT – THE GROUP

	Notes	2021 €'000	2020 €'000
Revenue	6	**129,266**	91,909
Costs of providing services	7	**(65,620)**	(53,956)
Gross Profit		**63,646**	37,953
Marketing costs		**(4,506)**	(5,530)
Administrative expenses	7	**(27,647)**	(27,343)
Other operating expenses	7	**(4,965)**	(8,887)
Operating results before depreciation and fair value gains/(losses)		**26,528**	(3,807)
Depreciation and amortisation	7, 12, 15, 16	**(30,613)**	(35,779)
Other losses arising on property, plant and equipment	15	**(5,353)**	(2,925)
Impairment losses attributable to intangibles	12	**-**	(2,368)
Other operational exchange losses		**(1,564)**	57
Net changes in fair value of investment property	14	**1,321**	(5,228)
Net changes in fair value of indemnification assets	13	**(6,228)**	–
Results from operating activities	6	**(15,909)**	(50,050)
Net changes in fair value of financial assets through profit and loss	22	**743**	115
Finance income	9		
– interest and similar income		**506**	702
Finance costs	9		
– interest expense and similar charges		**(24,984)**	(23,554)
– net exchange differences on borrowings		**(908)**	(12,325)
Share of net gain/(loss) of associates and joint ventures accounted for using the equity method	18	**1,124**	(2,448)
Other gains/(losses)		**(156)**	–
Reclassification of currency translation reserve to profit and loss upon loss in joint control	18.4(ii)	**-**	(2,802)
Loss before tax		**(39,584)**	(90,362)
Tax credit	10	**9,256**	14,713
Loss for the year		**(30,328)**	(75,649)
Loss for the year attributable to:			
– Owners of IHI		**(28,312)**	(63,050)
– Non-controlling interests		**(2,016)**	(12,599)
Loss for the year attributable to Owners of IHI and non-controlling interest		**(30,328)**	(75,649)
Earnings per share	11	**(0.05)**	(0.10)

STATEMENT OF COMPREHENSIVE INCOME – THE GROUP

	Notes	2021 €'000	2020 €'000
Loss for the year		**(30,328)**	(75,649)
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss			
Gross surplus arising on revaluation of hotel properties	15, 25	**78,385**	(10,246)
Deferred tax on surplus arising on revaluation of hotel property	10.2	**(1,497)**	450
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	10.2	**27,961**	(44,078)
Deferred tax arising on currency translation differences	10.2	**(1,143)**	3,357
Share of other comprehensive income of joint ventures and associates accounted for using the equity method – currency translation differences	18.1	**(8,338)**	(607)
Items reclassified to profit or loss			
Reclassification of currency translation reserve to profit and loss upon loss in joint control		**-**	2,802
Other comprehensive income for the year, net of tax		**95,368**	(48,322)
Total comprehensive income for the year		**65,040**	(123,971)
Attributable to:			
– Owners of IHI		**21,523**	(97,769)
– Non-controlling interests		**43,517**	(26,202)
Total comprehensive income for the year		**65,040**	(123,971)

STATEMENT OF FINANCIAL POSITION – THE GROUP

	Notes	31 December 2021 €'000	31 December 2020 €'000
Assets			
Non-current			
Intangible assets	12	**48,216**	44,639
Indemnification assets	13	**17,168**	23,396
Investment property	14	**161,149**	191,355
Property, plant and equipment	15	**1,259,688**	1,102,885
Right-of-use assets	16	**11,203**	11,690
Deferred tax assets	33	**19,028**	14,214
Investments accounted for using the equity method	18	**5,188**	31,831
Financial assets at fair value through profit or loss	22	**6,898**	7,198
Other financial assets at amortised cost	19	**5,915**	6,739
Trade and other receivables		**982**	–
Total non-current assets		**1,535,435**	1,433,947
Current			
Inventories	20	**12,531**	10,647
Other financial assets at amortised cost	19	**61**	43
Trade and other receivables	21	**35,315**	35,106
Current tax asset		**745**	3,324
Financial assets at fair value through profit or loss	22	**8,978**	9,250
Cash and cash equivalents	23	**102,087**	46,145
Assets placed under trust arrangement	31, 42	**77**	5,637
Total current assets		**159,794**	110,152
Total assets		**1,695,229**	1,544,099

STATEMENT OF FINANCIAL POSITION – THE GROUP

	Notes	31 December 2021 €'000	31 December 2020 €'000
Equity and liabilities			
Equity			
Capital and reserves attributable to owners of IHI:			
Issued capital	24	**615,685**	615,685
Revaluation reserve	25	**61,003**	20,365
Translation reserve	26	**(20,049)**	(27,071)
Reporting currency conversion difference	28	**443**	443
Other components of equity	27	**2,617**	2,617
Accumulated losses	29	**(34,940)**	(8,803)
Equity attributable to owners of IHI		**624,759**	603,236
Non-controlling interests		**213,457**	169,940
Total equity		**838,216**	773,176
Liabilities			
Non-current			
Trade and other payables	34	**10,608**	5,250
Bank borrowings	30	**348,528**	345,920
Bonds	31	**282,591**	203,061
Lease liabilities	16	**9,210**	9,486
Other financial liabilities	32	**6,827**	281
Deferred tax liabilities	33	**93,693**	87,023
Provisions		**206**	206
Total non-current liabilities		**751,663**	651,227
Current			
Trade and other payables	34	**76,893**	69,000
Bank borrowings	30	**24,948**	27,227
Bond	31	**-**	19,938
Lease liabilities	16	**2,611**	2,591
Other financial liabilities	32	**103**	120
Current tax liabilities		**795**	820
Total current liabilities		**105,350**	119,696
Total liabilities		**857,013**	770,923
Total equity and liabilities		**1,695,229**	1,544,099

The financial statements were approved and authorised for issue by the Board of Directors on 20 April 2022. The financial statements were signed on behalf of the Board of Directors by Alfred Pisani (Chairman) and Frank Xerri de Caro (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

STATEMENT OF CHANGES IN EQUITY – THE GROUP

	Note	Share capital €'000	Revaluation reserve €'000	Translation reserve €'000	Reporting currency conversion difference €'000	Other equity components €'000	(Accumulated losses)/ retained earnings €'000	Total attributable to owners €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2020		615,685	27,538	475	443	2,617	54,247	701,005	196,142	897,147
Loss for the year		–	–	–	–	–	(63,050)	(63,050)	(12,599)	(75,649)
Other comprehensive income		–	(7,173)	(27,546)	–	–	–	(34,719)	(13,603)	(48,322)
Total comprehensive income		–	(7,173)	(27,546)	–	–	(63,050)	(97,769)	(26,202)	(123,971)
Balance at 31 December 2020		**615,685**	**20,365**	**(27,071)**	**443**	**2,617**	**(8,803)**	**603,236**	**169,940**	**773,176**
Balance at 1 January 2021		**615,685**	**20,365**	**(27,071)**	**443**	**2,617**	**(8,803)**	**603,236**	**169,940**	**773,176**
Loss for the year		**-**	**-**	**-**	**-**	**-**	**(28,312)**	**(28,312)**	**(2,016)**	**(30,328)**
Other comprehensive income		**-**	**42,813**	**7,022**	**-**	**-**	**-**	**49,835**	**45,533**	**95,368**
Total comprehensive income		**-**	**42,813**	**7,022**	**-**	**-**	**(28,312)**	**21,523**	**43,517**	**65,040**
Transactions with owners in their capacity as owners:										
Reclassification of revaluation reserve to retained earnings upon obtaining control of Golden Sands Resort Ltd	**36, 25**	**-**	**(2,175)**	**-**	**-**	**-**	**2,175**	**-**	**-**	**-**
Transactions with owners, recognised directly in equity		**-**	**(2,175)**	**-**	**-**	**-**	**2,175**	**-**	**-**	**-**
Balance at 31 December 2021		**615,685**	**61,003**	**(20,049)**	**443**	**2,617**	**(34,940)**	**624,759**	**213,457**	**838,216**

STATEMENT OF CASH FLOWS – THE GROUP

	Notes	2021 €'000	2020 €'000
Loss before tax		**(39,584)**	(90,362)
Adjustments	36	**66,726**	85,013
Working capital changes:			
Inventories		**(225)**	1,623
Trade and other receivables		**1,772**	4,282
Advance payments		**(102)**	476
Trade and other payables		**2,076**	(4,512)
Cash generated from/(used in) operations		**30,663**	(3,480)
Tax paid		**(915)**	(83)
Tax refund received		**-**	598
Net cash generated from/(used in) operating activities		**29,748**	(2,965)
Investing activities			
Payments to acquire property, plant and equipment		**(14,883)**	(13,749)
Proceeds from sale of property, plant and equipment		**-**	726
Payments to acquire intangible assets		**(105)**	(90)
Payments to acquire investment property		**(186)**	(8)
Proceeds from sale of investment property		**37,227**	–
Payments for the acquisition of businesses, net of cash acquired	39	**(15,368)**	–
Payments for the acquisition of financial assets at fair value through profit or loss		**(205)**	(2,678)
Proceeds from sale of financial asset at fair value through profit or loss		**2,115**	3,388
Loan to other investee		**(407)**	–
Interest received		**506**	702
Net cash generated from/(used in) investing activities		**8,694**	(11,709)

	Notes	2021 €'000	2020 €'000
Financing activities			
Proceeds from bank borrowings		**17,093**	33,621
Repayment of bank borrowings		**(38,170)**	(24,043)
Proceeds from the issue of bonds		**70,430**	–
Payments for redemption of bonds		**(10,430)**	–
Bond issue costs		**(840)**	–
Advances from related parties		**-**	401
Advances by Ultimate parent		**7,201**	–
Principal elements of lease payments		**(1,553)**	(1,142)
Contributions to sinking fund		**(2,143)**	(1,817)
Release from sinking fund		**7,703**	–
Interest paid		**(24,647)**	(21,880)
Net cash generated from/(used) in financing activities		**24,644**	(14,860)
Net change in cash and cash equivalents		**63,086**	(29,534)
Cash and cash equivalents at beginning of year		**36,383**	65,463
Effect of translation of group entities to presentation currency		**(1,563)**	454
Cash and cash equivalents at end of year	23	**97,906**	36,383

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

STATEMENT OF COMPREHENSIVE INCOME – THE COMPANY

	Notes	2021 €'000	2020 €'000
Dividend income		-	3,630
Interest income on other financial assets at amortised cost		3,154	3,387
Management fees and other similar income		3,531	2,009
Interest expense and similar charges		(13,389)	(12,786)
Administrative expenses		(5,832)	(5,003)
Credit losses on loans receivable and other assets	42.1	(1,314)	(12,050)
Loss before tax		(13,850)	(20,813)
Tax income	10	3,539	8,573
Loss for the year		(10,311)	(12,240)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Net changes in fair value of investments in subsidiaries, associates and joint ventures	18.1, 27.2	39,538	(88,737)
Income tax relating to these items	27.2	444	4,256
Reversal of deferred income tax liability on fair value movements	27.2	10,034	–
Other comprehensive income for the year, net of tax		50,016	(84,481)
Total comprehensive income for the year		39,705	(96,721)

STATEMENT OF FINANCIAL POSITION – THE COMPANY

	Notes	31 December 2021 €'000	31 December 2020 €'000
Assets			
Non-current			
Intangible assets	12	**2,439**	2,438
Indemnification assets	13	**1,997**	1,997
Property, plant and equipment	15	**123**	134
Right-of-use assets	16	**339**	572
Deferred tax assets	33	**4,993**	8,860
Investments in subsidiaries	17	**832,378**	785,910
Investments in associates and joint ventures	18	**5,188**	12,184
Other financial assets at amortised cost	19	**96,610**	90,972
Total non-current assets		**944,067**	903,067
Current			
Other financial assets at amortised cost	19	**2,556**	2,556
Trade and other receivables	21	**58,971**	46,630
Current tax asset		**192**	1,053
Cash and cash equivalents	23	**40,438**	4,943
Assets placed under trust arrangement	42, 31	**77**	5,637
Total current assets		**102,234**	60,819
Total assets		**1,046,301**	963,886
Equity			
Issued capital	24	**615,685**	615,685
Other reserves	27.2	**67,714**	17,698
Reporting currency conversion difference	28	**443**	443
Retained earnings	29	**6,866**	17,177
Total equity		**690,708**	651,003
Liabilities			
Non-current			
Trade and other payables	34	**1,961**	829
Bank borrowings	30	**15,561**	15,598
Bonds	31	**282,591**	203,061
Other financial liabilities	32	**28,167**	36,767
Lease liabilities	16	**92**	317
Deferred tax liabilities	33	**11,407**	21,886
Total non-current liabilities		**339,779**	278,458
Current			
Trade and other payables	34	**12,706**	12,098
Bank borrowings	30	**2,747**	2,041
Bonds	31	**–**	19,938
Other financial liabilities	32	**101**	84
Lease liabilities	16	**260**	264
Total current liabilities		**15,814**	34,425
Total liabilities		**355,593**	312,883
Total equity and liabilities		**1,046,301**	963,886

The financial statements were approved and authorised for issue by the Board of Directors on 20 April 2022. The financial statements were signed on behalf of the Board of Directors by Alfred Pisani (Chairman) and Frank Xerri De Caro (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	Share capital €'000	Other reserve €'000	Reporting currency conversion difference €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2020	**615,685**	**102,179**	**443**	**29,417**	**747,724**
Loss for the year	–	–	–	(12,240)	(12,240)
Other comprehensive income	–	(84,481)	–	–	(84,481)
Total comprehensive income	–	(84,481)	–	(12,240)	(96,721)
Balance at 31 December 2020	**615,685**	**17,698**	**443**	**17,177**	**651,003**
Balance at 1 January 2021	**615,685**	**17,698**	**443**	**17,177**	**651,003**
Loss for the year	**–**	**–**	**–**	**(10,311)**	**(10,311)**
Other comprehensive income	**–**	**50,016**	**–**	**–**	**50,016**
Total comprehensive income	**–**	**50,016**	**–**	**(10,311)**	**39,705**
Balance at 31 December 2021	**615,685**	**67,714**	**443**	**6,866**	**690,708**

STATEMENT OF CASH FLOWS – THE COMPANY

	Notes	2021 €'000	2020 €'000
Loss before tax		**(13,850)**	(20,813)
Adjustments	36	**10,945**	18,285
Working capital changes:			
Trade and other receivables		**(3,600)**	3,873
Trade and other payables		**662**	(2,732)
Cash used in operations		**(5,843)**	(1,387)
Interest paid		**(13,002)**	(11,205)
Net cash used in operating activities		**(18,845)**	(12,592)
Net cash used in operating activities		**(18,845)**	(12,592)
Investing activities			
Payments to acquire property, plant and equipment		**(19)**	(30)
Payments to acquire intangible assets		**(32)**	(11)
Purchase of investment in subsidiary		**–**	–
Loan repayments received from related parties		**(4,346)**	–
Advance of loan to related parties		**–**	(572)
Net cash used in investing activities		**(4,397)**	(613)
Financing activities			
Drawdowns of bank borrowings		**2,500**	–
Proceeds from bank borrowings		**–**	5,000
Repayment of bank borrowings		**(1,601)**	(181)
Proceeds of loans from related parties		**(12,993)**	–
Proceeds of loan from ultimate parent		**6,623**	–
Proceeds from bond issue		**70,431**	–
Repayment of bond		**(10,431)**	–
Lease payment - principal		**(282)**	(127)
Bond issue costs		**(840)**	–
Contributions to sinking fund		**(2,143)**	(1,817)
Release from sinking fund		**7,703**	–
Net cash generated from financing activities		**58,967**	2,875
Net change in cash and cash equivalents		**35,725**	(10,330)
Cash and cash equivalents at beginning of year		**4,713**	15,043
Cash and cash equivalents at end of year	23	**40,438**	4,713

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

International Hotel Investments p.l.c., (the 'Company'), is a public limited liability company incorporated and domiciled in Malta. The address of the Company's registered office and principal place of business is 22, Europa Centre, Floriana FRN 1400, Malta. The ultimate parent company is Corinthia Palace Hotel Company Limited (CPHCL) with the same registered office address.

2. NATURE OF OPERATIONS

International Hotel Investments p.l.c. and subsidiaries' (the 'Group' or 'IHI') principal activities include the ownership, development and operation of hotels, leisure facilities and other activities related to the tourism industry. It also owns property held for rental.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 BASIS OF PREPARATION

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

The financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities classified at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), the land and buildings class within property, plant and equipment and investment property – which are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies (see Note 4 – Critical accounting estimates, judgements and errors). As explained further in this note, the Group has secured financing and taken other measures to improve the Group's liquidity and to enable the Group to settle its short-term obligations as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

GOING CONCERN

The Group's operations and financial performance were severely impacted by the unprecedented decline in both international and domestic travel since the COVID-19 pandemic began. Prior to the pandemic the Group had significant headroom in its cash balances to support its operations, which was later augmented with new debt facilities granted from local banks under the COVID-19 guarantee scheme and a line of credit secured from its parent company, Corinthia Palace Hotel Company Limited, to ensure funds are available.

Operating conditions generally improved in the second half of the year, with all hotels open for business. In 2021, at operating results before depreciation and fair value, the Group recorded an improved performance of €26.5m compared to a loss of €3.8m last year. The Group is projecting that consolidated revenue levels will revert to pre COVID-19 benchmarks during 2024. The trajectory to such performance by the Group will be dependent on the level of travel restrictions that are maintained by governments. It is expected that individual properties will revert over a different timeline, with some attaining this level of performance before 2024.

During the current and preceding financial years, the Group has engaged in an extensive dialogue with its funding banks in Malta and internationally, and has entered into ad hoc arrangements with most of its principal lending banks to defer capital and in some cases interest payments too. These moratoria on interest and capital in some instances also extend to the first part of 2022. Certain banking facilities include loan to value and debt service cover covenants which are tested on a periodical basis. Waivers have been obtained in respect of such breaches of these covenants that occurred in 2021 or are expected to occur in the early part of 2022. This situation is being kept under constant review and if additional waivers will be required these will be applied for in due time. If waivers are not successfully negotiated, then the Group would be technically considered in default in respect of the related loan agreements and facilities would need to be repaid, which may mean that the Group may not be able to meet these liabilities at that point in time. However, the Group expects to secure all further future waivers as needed, and this is assumed within the financial projections.

At 31 December 2021, the Group had access to €165.1m, comprising €62.9 of undrawn committed facilities and €102.1m of cash balances. This liquidity position enables the Group to sustain its operations as well as meet its capital commitments. Overall, the Group's balance sheet position remains robust.

This strong position will also enable the Group to support its operations in St Peterburg which is operating in a curtailed environment following the imposition of international sanctions on Russia as a result of the conflict in Ukraine in 2022 (refer to Note 41).

Accordingly, the Directors and senior management consider the going concern assumption in the preparation of the Group's financial statements as appropriate as at the date of authorisation for issue of the 2021 financial statements. In their view, as at that date, there were no material uncertainties that may cast significant doubt on the Group's ability to continue operating as a going concern.

The board of directors and senior management remain vigilant on developments and will take appropriate measures as and when necessary to ensure the continued viability of the Group.

3.2 MERGER BY ACQUISITION

On 29 December 2017, IHGH p.l.c. merged into International Hotel Investments p.l.c. ("the Company") in terms of the Maltese Companies Act (Cap. 386), as part of a restructuring exercise undertaken by the Group. IHGH p.l.c. ceased to exist on this date. The merger was accounted for in accordance with the accounting policy disclosed in Note 3.8. The merger did not have any impact on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2021

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:
– IFRS 16 Leases: COVID-19-Related Rent Concessions.

The Group also elected to adopt the following amendments early:
– Annual Improvements to IFRS Standards 2018-2020 Cycle;
– IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021.

With the exception of the amendment to IFRS 16, the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but the IASB extended the period of application of the practical expedient to 30 June 2022. The Group has applied the practical expedient with respect to related rent concessions received during the year as disclosed in Note 16.

3.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning after 1 January 2021. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's current or future reporting periods and on foreseeable future transactions.

3.5 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

(I) SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 3.7).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(II) ASSOCIATES

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(III) JOINT ARRANGEMENTS

Under IFRS 11, 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(IV) EQUITY METHOD

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 3.13.

(V) CHANGES IN OWNERSHIP INTERESTS

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of IHI.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.5 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING CONTINUED

(V) CHANGES IN OWNERSHIP INTERESTS CONTINUED

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

3.6 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES IN THE COMPANY'S STAND-ALONE FINANCIAL STATEMENTS

In the Company's stand-alone financial statements, investments in subsidiaries, associates and joint ventures are accounted for in accordance with IFRS 9's requirements for equity investments. The Company elects, on an instrument-by-instrument basis, whether its investments will be measured at fair value, with fair value movements in other comprehensive income. Management has adopted the FVOCI election for all of its investments in subsidiaries, associates and joint ventures. The fair value of investments in subsidiaries, associates and joint ventures is established by using valuation techniques, in most cases by reference to the net asset backing of the investee taking cognisance of the fair values of the underlying assets.

Additional detail on the subsequent measurement and impairment requirements for FVOCI assets is disclosed in Note 3.14.

3.7 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:
- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.8 MERGERS BETWEEN ENTITIES UNDER COMMON CONTROL

Mergers between entities under common control, which do not fall within the scope of IFRS 3, are accounted for using the predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values, which are the carrying amounts of assets and liabilities of the acquired entity from their financial statements.

No goodwill arises in predecessor accounting, and any difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity, is included in equity as a separate reorganisation reserve. In order to provide more meaningful information, the merged entity's results are incorporated into the financial statements of the Group/Company as if both entities had always been merged, with the result that the financial statements of the surviving company reflect both entities' full year's results even though the merger may have occurred part way through the year.

3.9 FOREIGN CURRENCY TRANSLATION

(I) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is IHI's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.9 FOREIGN CURRENCY TRANSLATION CONTINUED

(II) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash balances are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within results from operating activities, as a separate line item.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(III) GROUP COMPANIES

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.10 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is initially recorded at historical cost. Land and buildings are subsequently shown at fair value, based on periodic valuations by professional valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets to their residual values over their estimated useful lives, as follows:

	Years
Freehold buildings	50
Hotel plant and equipment	2 – 15
Furniture, fixture and fittings	3 – 10
Motor vehicles	5

Freehold land is not depreciated as it is deemed to have an indefinite life. Assets in the course of construction and payments on account are not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (refer to Note 3.13). An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Property, plant and equipment that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.11 INVESTMENT PROPERTY

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by entities forming part of the Group is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made. Investment property principally comprises land and buildings.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value, representing open market value determined annually.

These fair valuations are reviewed regularly by a professional valuer. The fair value of investment property generally reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation surplus under IAS 16.

3.12 INTANGIBLE ASSETS

(A) GOODWILL

Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of joint ventures and associates is included within the carrying amount of the investments. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 6).

(B) BRANDS

The brands comprise the 'Corinthia' brand name relating to hospitality and catering. The 'Corinthia' brand was acquired from the Group's parent, CPHCL, and represents the consideration paid on its acquisition.

The brands do not have a finite life and are measured at cost less accumulated impairment losses. The brands are regarded as having an indefinite life, since based on all relevant factors, there is not foreseeable limit to the period over which the assets are expected to generate cash inflows.

(C) OTHER INTANGIBLE ASSETS

Separately acquired intangible assets, such as purchased computer software are shown at historical cost. Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it related. All other expenditure including costs incurred in the ongoing maintenance of software, is recognised in profit or loss as incurred.

Intangible assets include intangibles with finite lives, which are amortised, on a straight-line basis over their estimated useful lives. Estimated useful life is the lower of legal duration and expected useful life. The estimated useful lives are as follows:

	Years
Brand design fee and other rights	5 – 10
Concessions	2 – 10
Operating contracts	20
Others	3

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.14 FINANCIAL ASSETS

3.14.1 CLASSIFICATION

The Group and the Company classify their financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3.14.2 RECOGNITION AND DERECOGNITION

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Group. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.14.3 MEASUREMENT

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group's and the Company's debt instruments principally comprise loans and advances to other undertakings. The Group also holds investments in mutual funds; management has assessed that such investments do not meet the definition of equity in accordance with IAS 32 from the issuer's perspective since the Group can sell its holding back to the fund in return for cash. Accordingly, these investments are considered to be debt instruments from the Group's perspective.

There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating expenses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within investment income in the period in which it arises. The Group classified its investments in mutual funds in this category, on the basis that such investments fails to meet the 'solely payments of principal and interest' test.

EQUITY INSTRUMENTS

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income (from the Group's perspective) / revenue (from the Company's perspective), when the entity's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in investment income in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.14.4 IMPAIRMENT

The Group and the Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 42.1 for further details.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.15 TRADE RECEIVABLES
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 42.1.

3.16 INVENTORIES
Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. The cost of inventories comprises the invoice value of goods and, in general, includes transport and handling costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.17 CASH AND CASH EQUIVALENTS
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.18 FINANCIAL LIABILITIES
The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities, other than derivative financial instruments, are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. Financial liabilities at fair value through profit or loss would be initially recognised at fair value through profit or loss with transaction costs in profit or loss and would be subsequently measured at fair value. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

3.19 TRADE AND OTHER PAYABLES
These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.20 BORROWINGS
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.21 OFFSETTING FINANCIAL INSTRUMENTS
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.22 INCOME TAX
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.22 INCOME TAX CONTINUED

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3.23 PROVISIONS

Provisions for legal claims and other obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.24 CONTINGENT LIABILITIES

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by occurrence, or non-occurrence, of one or more uncertain future event not wholly within the control of the Group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

3.25 REVENUE RECOGNITION

(A) REVENUE FROM HOTEL OPERATIONS

Revenue from hotel operations includes revenue from accommodation, food and beverage services, and other ancillary services. The substantial majority of services are provided to customers during their stays in one of the Group's hotels, and, depending on the type of booking, some services would generally be amalgamated into one 'contract' (for example, bed and breakfast).

Each of the services rendered is assessed to be a distinct performance obligation, and if applicable, the Group allocates the transaction price to each of the services rendered to the customer on a relative basis, based on their stand-alone selling price. Revenue from such operations is recognised over time since the customer benefits as the Group is performing; the majority of revenue relates to accommodation (i.e. the amount allocated to such performance obligation is recognised over the customer's stay at the respective hotel).

(B) CATERING SERVICES

The Group provides services in the catering industry. The transaction price comprises a fixed amount agreed with the respective customer. Any upfront payments are deferred as contract liabilities, and revenue is recognised in the period that the services are provided to the customer.

(C) PROJECT MANAGEMENT SERVICES

The Group provides a wide range of project management services, some of which may span over multiple accounting periods. Some contracts require the provision of multiple services, and the Group assesses whether these constitute distinct performance obligations in the context of the arrangement. In any case, revenue from such performance obligations is recognised over time, using an input method of progress to calculate the stage of completion.

The consideration for project management services is based on the expected number of hours that the Group expects to be required for the project to be completed. Revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion is measured by reference to the proportion of contract costs incurred for work performed up to the end of the reporting period in relation to the estimated total costs for the contract. Costs incurred during the year that relate to future activity on a contract are excluded from contract costs in determining the stage of completion and are shown as contract work in progress.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the end of the reporting period. The Group presents as a contract asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings, within trade and other receivables. The Group presents as a contract liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses), within trade and other payables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.25 REVENUE RECOGNITION CONTINUED

(D) HOTEL MANAGEMENT AGREEMENTS
The Group enters into hotel management agreements with hotel property owners and under these agreements, the Group's performance obligation is to provide hotel management services and a license to use Corinthia's brand. Base and incentive management fees are typically charged. Base management fees are typically a percentage of total hotel operating revenues and incentive fees are generally based on the hotel's operating profits. Both are treated as variable consideration. Base management fees are recognised as the underlying hotel revenues occur. Incentive management fees are recognised over time when it is highly probable that the related performance criteria for each annual period will be met, provided there is no expectation of a subsequent reversal of the revenue. Costs incurred to enter into a contract are expensed as incurred unless they are incremental in obtaining the contract.

CONTRACT ASSETS
Amounts paid to hotel owners to secure hotel management agreements ('key money') are treated as consideration payable to a customer. A contract asset is recorded and eventually recognised as a deduction to revenue over the term of the contract. Contract assets are not financial assets as they represent amounts paid by the Group at the beginning of a contract and accordingly, are tested for impairment based on value in use. Contract assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

3.26 LEASES
The Group's lease accounting policy where the Group is the lessee is disclosed in Note 16.

3.26.1 ACCOUNTING POLICY WHERE THE GROUP IS THE LESSOR
Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

3.27 BORROWING COSTS
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of interest-bearing borrowings.

Other borrowing costs are expensed in the period in which they are incurred.

3.28 EMPLOYEE BENEFITS

(A) SHORT-TERM OBLIGATIONS
Liabilities for wages and salaries, including non-monetary benefits and accumulating leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(B) BONUS PLANS
The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(C) CONTRIBUTIONS TO DEFINED CONTRIBUTION PENSION PLANS
The Group contributes towards the State defined contribution pension plan in accordance with local legislation in exchange for services rendered by employees and to which it has no commitment beyond the payment of fixed contributions. Obligation for contributions are recognised as an employee benefit in profit or loss in the periods during which services are rendered by employees.

3.29 GOVERNMENT GRANTS
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is netted off against the related costs, for which it is intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

3.30 CONTRIBUTED EQUITY
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.31 DIVIDENDS
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.32 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company,
- by the weighted average number of ordinary shares outstanding during the financial year.

3.33 SEGMENT REPORTING
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of IHI has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions and accordingly has been identified as being the chief operating decision maker.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ERRORS

4.1 SIGNIFICANT ESTIMATES AND JUDGEMENTS

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The fair value of property, plant and equipment and investment properties is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 15. This Note highlights information about the fair value estimation of land and buildings and investment property, together with a sensitivity analysis of the effects of shifts in unobservable inputs used in determining these fair values. Additionally, the significant estimates and uncertainties arising from the Group's operations in Libya are disclosed in Note 5.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of taxable profits, together with future tax planning strategies. Additional information on the unrecognised deferred tax assets are included in Note 33.

The Company's critical estimates pertain to the fair valuation of its investments in subsidiaries, associates and joint ventures. Refer to Note 42.6 for more information.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are, with the exception of the fair valuation of property, not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

5. THE GROUP'S OPERATIONS IN LIBYA

The Group's investments in Libya principally comprise:

- The Corinthia Hotel Tripoli, a fully owned five-star hotel in Tripoli with a carrying amount of €69.48 million (2020: €71.71 million);
- An adjoining Commercial Centre to the above-mentioned hotel, with a carrying amount of €75.34 million (2020: €73.74 million);
- The ownership of a site surrounding the hotel, with a carrying amount of €29.50 million (2020: €29.50 million); and
- The development of the Medina Tower Project through an associate undertaking in which the Group holds a 25% share, which investment has a carrying amount of €5.2 million (2020: €12.18 million).

The first three activities are managed through the Group's investment in Corinthia Towers Tripoli Limited, a company registered in Malta with a branch in Libya.

Since 2014, Libya experienced severe political instability due to the collapse of the central government during the same year and the country has been going through difficult times ever since. A United Nations-brokered ceasefire deal was reached in December 2015 and the Libyan Political Agreement to form a Government of National Accord was signed. On 31 March 2016, the leaders of the new UN-supported unity government arrived in Tripoli. In May 2018 Libya's rival leaders agreed to hold parliamentary and presidential elections following a meeting in Paris. No election has been held as rival leaders were jostling for territory. In March 2021 however, Libya's parliament endorsed a new, unified government, and the two previous rival governments agreed to dissolve. This transitional government was due to stay in power until the end of 2021, when national presidential and legislative elections were due to take place. The elections were however postponed again after the head of High National Election Commission ordered the dissolution of the electoral committees nationwide. The elections are now scheduled to be held in June 2022. The political instability in Libya and the state of economic uncertainty that continued to prevail during the financial year ended 31 December 2021 had a negative effect on the Libyan hospitality and real estate sectors. This situation continues to impact the Group's financial results in Libya.

Having stated the above, and notwithstanding the negative impact of the COVID-19 pandemic and Libyan Dinar devaluation which saw the Group's revenue and profitability reduce significantly, it should be noted that the turnover registered during 2021 by Corinthia Towers Tripoli Limited amounts to €11.05 million (2020: €12.50 million) representing 8.55% (2020: 13.6%) of the Group's Revenue, with a profit before tax and devaluation adjustments of €4.57 million (2020: profit before tax of €3.25 million). An unrealized loss on exchange due to the Libyan Dinar devaluation of €4.57 million was recorded in the income statement in 2021. Current year's revenue includes €7.55 million (2020: €7.35 million) generated from rental contracts attributable to the Commercial Centre that remained in full operation throughout since its opening, generating a steady income from the lease of commercial offices within the Centre to international blue-chip companies. The existence of long-term leases has mitigated the impact of the continued political instability and state of uncertainty on the Commercial Centre. The Group has negotiated additional lease agreements in 2021 and this has resulted in the Commercial Centre being fully leased out.

Accordingly, whilst the hotel sustained negative net financial results during 2021 and 2020 particularly in view of the relatively fixed nature of certain expenses and in 2021 due to the Libyan Dinar devaluation, the net contribution from the Commercial Centre was positive. Management's objective for the hotel is to minimise operational losses and to ensure that payroll and other operating costs are managed in the context of the reduced operating income levels. At the same time, however, the company continues to invest in maintenance and security costs to ensure that the hotel is kept in a pristine condition to allow it to benefit from increased revenues once the situation improves.

There were no major changes during the last year when it comes to the significant economic and political uncertainty prevailing in Libya. This renders fair valuation of property assets situated in Libya, by reference to projected cash flows from operating the asset or to market sales prices, extremely difficult and judgmental. With the exception of the one-off unrealized exchange losses incurred in 2021 due to the devaluation of the Libyan Dinar, the operating performance of the assets in Libya has remained relatively stable when compared to last year, even when taking into account the continued level of uncertainty due to the COVID-19 pandemic.

5. THE GROUP'S OPERATIONS IN LIBYA CONTINUED

The exposures emanating from the Group's activities in Libya are summarised in the table below:

	Carrying amount as at	
	31 December 2021 €m	31 December 2020 €m
Corinthia Towers Tripoli Limited		
Property, plant and equipment	**69.5**	71.7
Investment property	**104.8**	103.2
Inventories	**1.6**	1.8
Trade receivables, net of provisions	**1.1**	1.3
Current tax receivable	**0.6**	2.3
Medina Towers J.S.C.		
Investment in associate accounted for using the equity method of accounting	**5.2**	12.2

The future performance of the Hotel, the Commercial Centre and other operations referred to above, together with the fair value of the related and other property assets situated in Libya are largely dependent on how soon the political situation in Libya will return to normality and on how quickly the international oil and gas industry recovers once political risks subside.

In assessing the value of the Hotel, the Directors also believe that the outlook has not changed significantly over the past twelve months and therefore they have retained the expectations of a gradual recovery for the Hotel. However, the Directors also recognise that there is interest from a number of sources for short and long-term accommodation. Hotel occupancy rates in the initial months of 2022 are encouraging and occupancy levels of 28% have been reached. As a result, the results of the valuation assessment supporting the carrying amount of the Hotel in Libya are substantially in line with the assessments made last year, save for a reduction in the carrying value of €2.56 million representing the depreciation charge for the year under review. In accordance with this assessment, no further impairment charges were deemed necessary in these financial statements after taking into account the impairment charges of €40.50 million recognised in 2014 and further depreciation charges amounting to €19.53 million accounted for between 2016 and 2021.

In the case of the Commercial Centre, an uplift of €1.60 million was recorded during the current year following a valuation carried out by independent professionally qualified valuers.

Further information on the key assumptions and judgements underlying the valuation of the property assets is disclosed in Note 15, together with an analysis of sensitivity of the valuations to shifts or changes in the key parameters reflected.

The Group's investment property also includes a site surrounding the Hotel, with no determined commercial use, having a carrying amount of €29.50 million as at 31 December 2021, which is unchanged from the carrying amount as at 31 December 2020. This fair valuation is based on an independent real estate value of the site taking into account limited available market information.

In view of the prevailing circumstances in Libya, The Medina Tower Project owned by an associate of the Group has slowed down considerably. The key assets within this company as at 31 December 2021 held in Libyan Dinar comprise the project site carried at LYD 67.81 million (2020: LYD 67.81 million), and Euro denominated cash balances amounting to €7.79 million (2020: €8.04 million). The carrying amount of investment held by the Group in this project amounts to €5.2 million (2020: €12.18 million), in view of the effects of the Libyan Dinar devaluation.

At this point in time, different scenarios in terms of the future political landscape in Libya are plausible, which scenarios, negative and positive, could significantly influence the timing and amount of projected cash flows and the availability of property market sales price information. The impact of these different plausible scenarios on the operating and financial performance of the Hotel, and Commercial Centre, and on the fair valuation of the related property assets would accordingly vary in a significant manner.

It is somewhat difficult to predict when the political situation in the country will start stabilising and forecasting the timing of any economic recovery in Libya is judgemental. Past experience has shown that, because of the keen interest by the international oil and gas industry to return to Libya, the Group's performance in respect of its operations in Libya is likely to recover quickly once the situation in the country improves in a meaningful manner.

6. SEGMENT REPORTING

The standard requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's board of directors.

An operating segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from that of other segments. Each hotel is considered to be an operating segment.

Hotel ownership, development and operations is the dominant source of the Group's risks and returns. The Group is also engaged in the ownership and leasing of its investment property. Malta is the jurisdiction of the parent and management companies.

The board of directors assesses performance based on the measure of operating results before depreciation and fair value of each hotel.

The Group is not required to report a measure of total assets and liabilities for each reportable segment since such amounts are not regularly provided to the chief operating decision maker. However, in accordance with IFRS 8, non-current assets (other than financial instruments, investments accounted for using the equity method and deferred tax assets) are divided into geographical areas.

6. SEGMENT REPORTING CONTINUED
INFORMATION ABOUT REPORTABLE SEGMENTS

Hotels	Malta		Lisbon		Budapest		St. Petersburg	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000	**2021 €'000**	2020 €'000	**2021 €'000**	2020 €'000
Segment revenue	**28,898**	14,692	**7,800**	7,358	**5,878**	6,184	**7,876**	3,020
Operating results before depreciation and fair value gains/(losses)	**4,356**	(2,333)	**(434)**	(534)	**1,491**	110	**2,172**	(1,693)
Depreciation and amortisation	**(5,810)**	(4,248)	**(3,965)**	(3,748)	**(1,655)**	(1,664)	**(1,655)**	(1,740)
Segment profit or loss	**(1,454)**	(6,581)	**(4,399)**	(4,282)	**(164)**	(1,554)	**517**	(3,433)

Hotels	Prague		London		Tripoli		Total	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000	**2021 €'000**	2020 €'000	**2021 €'000**	2020 €'000
Segment revenue	**5,056**	4,001	**44,582**	23,354	**3,505**	5,148	**103,595**	63,757
Operating results before depreciation and fair value gains/(losses)	**(288)**	(2,328)	**9,776**	(1,895)	**(852)**	(548)	**16,221**	(9,221)
Depreciation and amortisation	**(1,742)**	(1,573)	**(8,642)**	(8,142)	**(2,580)**	(2,559)	**(26,049)**	(23,674)
Segment profit or loss	**(2,030)**	(3,901)	**1,134**	(10,037)	**(3,432)**	(3,107)	**(9,828)**	(32,895)

Hotels	Total	
	2021 €'000	2020 €'000
Segment revenue	**103,595**	63,757
Rental income from investment property	**10,250**	12,520
Hotel management company revenue	**7,339**	3,206
Catering business revenue	**10,121**	8,468
Project management revenue	**6,071**	7,120
Development revenue	**271**	200
Holding company revenue	**2,795**	3,566
Elimination of intra-group revenue	**(11,176)**	(6,928)
Group revenue	**129,266**	91,909
Segment profit or loss	**(9,828)**	(32,895)
Net rental income from investment property	**7,913**	10,972
Change in fair value of investment property	**1,321**	(5,228)
Movement in fair value of tax indemnity	**(6,228)**	–
Catering business result	**497**	(2,250)
Other impairments	**(5,353)**	(5,274)
Project management business result	**875**	1,046
Development business result	**(355)**	(331)
Corporate office operating profit	**(12,951)**	(3,019)
Hotel management company operating profit	**7,045**	(2,314)
Depreciation	**(2,548)**	(10,021)
Amortisation	**(2,017)**	(2,084)
Unallocated items	**(2,291)**	(724)
Consolidation adjustments	**8,011**	2,072
	(15,909)	(50,050)
Share of results from equity accounted investments	**1,124**	(2,448)
Net changes in fair value of financial assets at fair value through profit and loss	**743**	115
Finance income	**506**	702
Finance costs	**(25,892)**	(35,879)
Reclassification of currency translation reserve to profit and loss	**–**	(2,802)
Other exceptional gains/(losses)	**(156)**	–
Loss before tax	**(39,584)**	(90,362)

6. SEGMENT REPORTING CONTINUED
INFORMATION ABOUT REPORTABLE SEGMENTS CONTINUED

Non-current assets	Malta		Lisbon		Budapest		St. Petersburg	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Hotels	207,463	149,682	112,181	115,048	120,641	117,165	75,965	66,934
Investment properties								
Hotel management								
Catering business								
Project management business								
Development business								
Holding company								
Unallocated items								

Non-current assets	Prague		London		Tripoli		Total	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Hotels	90,909	92,636	533,490	442,484	69,477	71,707	1,210,126	1,055,656
Investment properties							161,149	191,355
Hotel management							35,543	37,076
Catering business							10,954	13,449
Project management business							3,102	2,562
Development business							1	20
Holding company							59,382	50,452
Unallocated items							55,178	83,377
							1,535,435	1,433,947

During the current and comparative year there were no material inter-segment sale transactions.

7. EXPENSES BY NATURE

The major items included within profit or loss are included below:

	The Group		The Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Loss/(gain) on disposal of property, plant and equipment	5,353	(249)	-	1
Depreciation of property, plant and equipment (Note 15)	25,702	31,098	30	32
Depreciation of right-of-use assets (Note 16)	2,894	2,597	263	195
Amortisation of intangible assets (Note 12)	2,017	2,084	31	22
Professional fees	4,155	3,471	552	303
Cost of goods sold	11,845	8,176	-	-
Energy utilities	6,007	4,972	6	12
Employee benefit expenses (Note 8)	50,481	47,373	3,125	2,785
Property taxes	1,715	1,975	-	-
Repairs and maintenance	4,900	4,440	-	-

A gain on termination of a service agreement amounting to €4.09 million is netted off against the Group's other operating costs/ income included within the Income Statement.

Director's remuneration charged in the income statements in 2021 amounted to €0.4m (2020: €0.4m). The amount is net of a recharge of Nil (2020: €0.5m) to CPHCL, the Group's immediate parent entity. The gross amount includes a fixed portion of €0.4m (2020: €0.9m) and a variable portion of Nil (2020: Nil). Directors' fees charged in the income statement in 2021 amounted to €0.3m (2020: €0.4m).

RECLASSIFICATION OF NET OPERATIONAL EXCHANGE DIFFERENCES

The Group's and the Company's net operational exchange differences were previously presented within operating expenses or administrative expenses. However, management considers it to be more relevant to report such net movements in a separate line item in the Income Statement. Comparative figures for the year ended 31 December 2020 amounting to €1.09 million for the Group and €0.49 million for the Company have been reclassified accordingly.

7. EXPENSES BY NATURE CONTINUED

7.1 AUDITOR'S FEES

Fees charged by the auditor (including fees charged by other network firms) for services rendered during the financial years ended 31 December 2021 and 31 December 2020 are shown in the table below.

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Annual statutory audit	**652**	552	**127**	92
Tax compliance and advisory fees	**13**	38	**7**	2
Other non-audit services	**78**	51	**78**	37
	743	641	**212**	131

Fees charged by the parent company auditor for services rendered during the financial year ended 31 December 2021 and 2020 to the Group relating to the annual statutory audit, tax compliance and advisory fees and other non-audit services amounted to €460,000 (2020: €350,000).

8. PERSONNEL EXPENSES

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Wages and salaries	**42,736**	40,136	**2,908**	2,394
Social security contributions	**3,728**	4,337	**56**	59
Other staff costs	**4,017**	2,900	**161**	332
	50,481	47,373	**3,125**	2,785

Weekly average number of employees:

	The Group		The Company	
	2021 No.	2020 No.	**2021 No.**	2020 No.
Management and administrative	**513**	467	**26**	26
Operating	**1,363**	1,346	**-**	-
	1,876	1,813	**26**	26

In response to the COVID-19 pandemic, the Group has benefitted from varying schemes adopted by the respective Governments in all countries in which the Group operates. The Group and the Company received grants amounting to €11.4m and €0.2m (2020: €12.9m and €0.2m) respectively under the varying schemes adopted by the respective Governments. These grants have been netted off against the wages and salaries amount disclosed above.

9. FINANCE INCOME AND FINANCE COSTS

	The Group	
	2021 €'000	2020 €'000
Finance income:		
Interest income on:		
Loans advanced to related companies	**108**	125
Loans advanced to other investee	**262**	379
Other balances	**0**	6
Bank deposits	**136**	192
Finance income	**506**	702
Finance costs:		
Interest expense on:		
Bank borrowings	**(10,857)**	(10,251)
Bonds	**(11,182)**	(11,028)
Amortisation of transaction costs on borrowings	**(1,228)**	(1,031)
Lease liabilities (Note 16)	**(768)**	(705)
Other costs	**(949)**	(539)
Net exchange differences	**(908)**	(12,325)
Finance costs	**(25,892)**	(35,879)

10. TAX INCOME

The credit for income tax on profits derived from local and foreign operations has been calculated at the applicable tax rates.

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Current taxation:				
- Current year tax credit/(expense)	**(1,755)**	826	**(867)**	(5)
Deferred taxation:				
- Deferred tax income	**11,049**	13,287	**4,406**	8,578
- Adjustment recognised in financial period for deferred tax of prior period	**(38)**	600	**-**	-
	9,256	14,713	**3,539**	8,573

Refer to Note 33 for information on the deferred tax assets and liabilities.

10.1 TAX INCOME RECONCILIATION

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Loss before tax	**(39,584)**	(90,362)	**(13,850)**	(20,813)
Income tax using the Company's domestic tax rate of 35%	**13,855**	31,627	**4,847**	7,285
Effect of (losses)/income subject to foreign/different tax rates	**(10)**	(10,793)	**(16)**	1,271
Effect of reduction in tax rate on opening temporary difference	**(975)**	-	**-**	-
Non-tax deductible expenses	**(2,485)**	(2,613)	**(85)**	-
Non taxable income	**-**	3,228	**-**	-
Over/(under) provision in respect of previous years	**212**	600	**(1,157)**	-
Movement in unrecognised temporary differences	**(420)**	(5,551)	**-**	-
Effect of Group's share of profit and loss of investments recognised using the equity method	**393**	(786)	**-**	-
Other	**(1,314)**	(999)	**(50)**	17
Tax income	**9,256**	14,713	**3,539**	8,573

10.2 TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

The tax impacts which are entirely attributable to deferred taxation, relating to components of other comprehensive income and accordingly presented directly in equity are as follows:

	2021			2020		
	Before tax €'000	**Tax credit €'000**	**Net of tax €'000**	Before tax €'000	Tax charge €'000	Net of tax €'000
Group						
Fair valuation of land and buildings	**78,385**	**(1,497)**	**76,888**	(10,246)	450	(9,796)
Currency translation differences	**27,961**	**(1,143)**	**26,818**	(44,078)	3,357	(40,721)
	106,346	**(2,640)**	**103,706**	(54,324)	3,807	(50,517)
Company						
Fair value movements on investments in subsidiaries, associates and joint ventures	**39,538**	**10,478**	**50,016**	(88,737)	4,256	84,481

During 2021, following an amendment to Maltese income tax legislation, the Company recognised a gain of €10m within other comprehensive income representing a reversal of part of the opening deferred tax liability on fair value movements of investments in subsidiaries, associates and joint ventures (Note 27.2).

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit/loss attributable to equity holders of IHI by the weighted average number of ordinary shares in issue during the year.

	The Group 2021 €'000	2020 €'000
Loss from operations attributable to the owners of the parent	**(28,312)**	(63,050)
Number of shares:		
At 1 January and 31 December	**615,685**	615,685
Weighted average number of shares:		
At 1 January and 31 December	**615,685**	615,685

As at 31 December 2021 and 2020, the Group did not have any dilutive shares. Accordingly, the diluted earnings per share disclosure which would have otherwise been required by IAS 33, is not presented.

12. INTANGIBLE ASSETS

			The Group				
	Goodwill €'000	Brands €'000	Brand design fee and other rights €'000	Concessions €'000	Operating contracts €'000	Others €'000	Total €'000
Cost							
At 1 January 2020	32,197	25,121	9,752	463	23,334	3,158	94,025
Additions	–	–	27	–	–	63	90
Disposals	–	–	(710)	–	–	–	(710)
Exchange differences	–	–	(3)	–	–	–	(3)
At 31 December 2020	32,197	25,121	9,066	463	23,334	3,221	93,402
At 1 January 2021	**32,197**	**25,121**	**9,066**	**463**	**23,334**	**3,221**	**93,402**
Business combinations (Note 39)	**5,411**	**-**	**-**	**-**	**-**	**6**	**5.417**
Additions	**-**	**-**	**39**	**-**	**-**	**66**	**105**
Exchange differences	**-**	**-**	**3**	**-**	**-**	**(4)**	**(1)**
At 31 December 2021	**37,608**	**25,121**	**9,108**	**463**	**23,334**	**3,289**	**98,923**
Amortisation							
At 1 January 2020	15,114	3,193	8,715	370	15,365	2,232	44,989
Impairment	2,368	–	–	–	–	–	2,368
Amortisation for the year	–	–	504	40	1,167	373	2,084
Disposals	–	–	(678)	–	–	–	(678)
At 31 December 2020	17,482	3,193	8,541	410	16,532	2,605	48,763
At 1 January 2021	**17,482**	**3,193**	**8,541**	**410**	**16,532**	**2,605**	**48,763**
Amortisation for the year	**-**	**-**	**464**	**40**	**1,167**	**346**	**2,017**
Disposals	**-**	**-**	**-**	**-**	**(4)**	**-**	**(4)**
Other movement	**-**	**-**	**-**	**-**	**-**	**(72)**	**(72)**
Exchange differences	**-**	**-**	**3**	**-**	**-**	**-**	**3**
At 31 December 2021	**17,482**	**3,193**	**9,008**	**450**	**17,695**	**2,879**	**50,707**
Carrying amount							
At 1 January 2020	17,083	21,928	1,037	93	7,969	926	49,036
At 31 December 2020	14,715	21,928	525	53	6,802	616	44,639
At 31 December 2021	**20,126**	**21,928**	**100**	**13**	**5,639**	**410**	**48,216**

12. INTANGIBLE ASSETS CONTINUED

	The Company		
	Brand €'000	Others €'000	Total €'000
Cost			
At 1 January 2020	2,400	982	3,382
Acquisitions	–	11	11
Disposals	–	(922)	(922)
At 31 December 2020	2,400	71	2,471
At 1 January 2021	**2,400**	**71**	**2,471**
Additions	**-**	**32**	**32**
At 31 December 2021	**2,400**	**103**	**2,503**
Amortisation			
At 1 January 2020	–	933	933
Amortisation for the year	–	22	22
Disposals	–	(922)	(922)
At 31 December 2020	–	33	33
At 1 January 2021	**-**	**33**	**33**
Amortisation for the year	**-**	**31**	**31**
At 31 December 2021	**-**	**64**	**64**
Carrying amount			
At 1 January 2020	2,400	49	2,449
At 31 December 2020	2,400	38	2,438
At 31 December 2021	**2,400**	**39**	**2,439**

During 2019, the Group, through IHI p.l.c., acquired rights to use the Corinthia brand in all respects. The rights acquired during the year are in addition to the rights previously held by the Group on the acquisition of the Corinthia brand in 2010.

Simultaneously with the acquisition of the brand, IHI p.l.c. also acquired investments in Catermax Limited and Corinthia Caterers Limited. These were assessed as one business combination from a Group perspective on which goodwill of €1.2m was recognised.

INTANGIBLE ASSETS ARISING FROM HOTEL MANAGEMENT

On the acquisition of Corinthia Hotels Limited, formerly known as CHI Limited, ("CHL") in 2006, the Group recognised goodwill amounting to €9.7m, and operating contracts, amounting to €23.3m, representing the assumed value attributable to the operation of hotel properties.

Further to the above, in December 2010, the Company purchased the Corinthia brand from its parent company (CPHCL) for €19.6m. This value was determined by independent valuers on the basis of the projected income statements of existing hotels as at the end of 2009 and was subject to an adjustment following a similar valuation exercise based on 2010 figures.

During 2018, the Company sold the Corinthia brand to CHL for an amount of €35.0m, recognising a profit on disposal of €15.4m. Although the intra-group profit was eliminated at Group level, the tax base from use of the brand from a Group perspective increased from €19.6m to €35.0m, and a deferred tax asset was recognised in this respect (Notes 10 and 33).

The goodwill, operating contracts and the Corinthia brand were tested for impairment in conjunction on the basis that these intangibles comprise one cash-generating unit. The impairment test was performed by virtue of an expert valuation of an independent party. The indicative valuation is based on the discounted cash flows derived from hotel operating projections as prepared by specialists in hotel consulting and valuations, and confirm that no impairment charge is required as at 31 December 2021 and 2020.

The discounted cash flow (value-in-use) calculation was determined by discounting the forecast future cash flows generated by CHL for a ten-year explicit period 2022 – 2031, also refer to note 3.1. The following are the key assumptions underlying the projections:

- revenue derived from IHI properties is based on operational projections. This accounts for 68.0% of the total revenue in the explicit period (2020 - 68.0%);
- revenue from other properties is assumed to increase by 2.0% per annum on 2022 budget (2020 – 2.0% on 2021 budget) (in-perpetuity growth rate of 2.0% per annum applied subsequently to the ten-year period covered by the explicit projections); and
- a pre-tax discount rate of 12.28% was applied to the operating projections of CHL (2020 – 12.28%).

GOODWILL ON THE ACQUISITION OF THE IHGH GROUP

During the year ended 31 December 2015, IHI acquired the IHGH Group. The goodwill arising on this major acquisition was of €1.4m. The goodwill is attributable to cost synergies expected from combining the operations of IHGH Group and the Group.

12. INTANGIBLE ASSETS CONTINUED

GOODWILL ON THE ACQUISITION OF QPM LIMITED

During the year ended 31 December 2016, the Group acquired QPM Limited and its subsidiaries, as a result of which, the Group recognised goodwill amounting to €2.5m. Relative to the Group's total asset base, the goodwill arising on this acquisition is not material to warrant the disclosures that would have otherwise been required by IAS 36.

GOODWILL ON THE ACQUISITION OF IHI MALTA HOTEL LTD

Following an assessment of the cash generating unit of the Corinthia Palace Hotel, the value of Goodwill that was recognised on acquisition was fully impaired in 2020.

GOODWILL ON THE ACQUISITION OF GOLDEN SANDS RESORT LTD

During the current year, the Group acquired the remaining 50% in Golden Sands Resort Ltd. This gave rise to a goodwill of €5.41m.

Relative to the Group's total asset base, the goodwill arising on these acquisitions are not material to warrant the disclosures that would have otherwise been required by IAS 36.

BRAND DESIGN FEE AND OTHER RIGHTS

The Group has franchise agreements with Costa International Limited to develop and operate the Costa Coffee brand in the Maltese Islands as well as in the territory of Spain (East Coast), the Balearic Islands and the Canary Islands. These intangibles arise from the acquisition of the IHGH Group in 2015 and the Group is identifying two cash-generating units ("CGUs") from this acquisition: Costa Coffee Spain and Costa Coffee Malta. The total amount of brand design fees and other rights recognised on acquisition amounted to €8.7m, of which €6.1m related to Costa Coffee Spain.

COSTA COFFEE MALTA

This cash-generating unit includes the operation of the Costa Coffee retail brand in Malta. At 31 December 2021, the Group operated thirteen outlets (2020: twelve) each enjoying a strategic location in areas popular for retail operations.

COSTA COFFEE SPAIN

The Group operated twelve Costa Coffee outlets in the east coast of Spain, the Canary and Balearic Islands. These were closed off and put into liquidation during 2020. The intangible assets relating to this operation had been substantially written off during 2019, and accordingly the assets have a nil carrying amount as at 31 December 2021 and 2020.

OTHERS

Other intangible assets represent web-site development costs, a lease premium fee and licences.

13. INDEMNIFICATION ASSETS

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
At 1 January	**23,396**	23,396	**1,997**	1,997
Movement during the year	**(6,228)**	–	**–**	–
At 31 December	**17,168**	23,396	**1,997**	1,997

In view of Group tax relief provisions applicable in Malta, any tax due by Corinthia Palace Hotel Company Limited ("CPHCL") on the transfer of the shares in IHI Towers s.r.o ("IHIT") and Corinthia Towers Tripoli Limited ("CTTL") to IHI effected in 2007 was deferred. This tax will only become due in the eventuality that IHI sells the shares in IHIT and/or CTTL and/or their underlying properties outside the Group. In accordance with the indemnity agreement entered into at the time of the acquisitions, CPHCL has indemnified the Group for future tax it may incur should the Group sell the shares or the underlying properties outside the Group. This indemnity will be equivalent to the tax that will be due by IHI on the gain that was untaxed in the hands of CPHCL. The indemnity has no time limit and has a maximum value of €45.0m.

The indemnity agreement provides that in the event of a sale of the shares in IHIT and/or CTTL and/or their underlying properties outside the Group, CPHCL will be liable for the tax that will be due on the gain that was exempt in the hands of CPHCL at the time of the sale. Since it is certain that indemnification will be received from CPHCL if IHI settles the tax obligation, the indemnification assets have been recognised and treated as separate assets. During the current year the asset relating to CTTL was reduced by €6.2m to reflect the lower tax rate that would be chargeable in the event of a sale.

On the sale of its shares in Marina San Gorg Limited ("MSG"), CPHCL provided a tax indemnity to IHI, initially recognised at an amount of €1.5m, and had a carrying amount of €0.2m as at 31 December 2018. The indemnity agreement expired during 2019 and was written down to nil. The change in value of €0.2m was recognised in profit or loss.

On the sale of its shares in QP Management Limited ("QPM") during the year ended 31 December 2016, CPHCL provided a tax indemnity to IHI. The sales contract was exempt from taxation on the basis that CPHCL and IHI form part of the same ultimate group for tax purposes. Should IHI dispose of the shares, it may become liable to tax that it would not have become liable to pay had CPHCL not been a related party. The indemnity has been recognised as a separate asset of €1.9m, representing the tax that will be due by IHI on the gain that was untaxed in the hands of CPHCL.

14. INVESTMENT PROPERTY

	The Group	
	2021	2020
	€'000	€'000
At 1 January	**191,355**	214,174
Change in fair value (a)	**1,321**	(5,228)
Disposals	**(37,227)**	–
Additions	**186**	8
Currency translation differences	**5,514**	(17,599)
At 31 December	**161,149**	191,355

a) The Group investment properties are valued annually on 31 December at fair value, by independent professionally qualified valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued.

Disclosures required in terms of IFRS 13 in relation to fair value measurements attributable to investment property are presented in Note 15.1.

The carrying amount of each investment property is as follows:

	The Group	
	2021	2020
	€'000	€'000
Investment property		
Commercial Centre in St Petersburg	**51,600**	49,349
Commercial Centre in Tripoli	**75,344**	73,744
Apartment block in Lisbon	**4,705**	3,168
Site in Tripoli	**29,500**	29,500
Apartment in London	**–**	35,594
	161,149	191,355

b) All investment property is hypothecated in favour of the Group's bankers as collateral for amounts borrowed as stated in Note 30.

c) Rental income earned by the Group for the period from investment property amounted to €10.3m (2020: €12.5m) and direct expenses to €2.3m (2020: €1.5m).

d) All investment property is leased out under operating leases with rentals payable monthly. Lease payments for some contracts include Consumer Price Index (CPI) increases. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

The minimum lease payments receivable in accordance with IFRS 16 are as follows:

	The Group	
	2021	2020
	€'000	€'000
Within 1 year	**8,857**	9,466
Between 1 and 2 years	**4,786**	8,561
Between 2 and 3 years	**1,041**	4,498
Between 3 and 4 years	**491**	1,221
Between 4 and 5 years	**440**	943
Later than 5 years	**-**	440
	15,615	25,129

In 2020 the London apartment was valued at €35.59 million resulting in an impairment of €5.23 million which had been recognised in the income statement.

The London apartment was then marketed for sale and a sale agreement signed in March 2021. The sale was completed during the current year. No movement in the income statement was recorded since the sale was affected at the carrying amount.

15. PROPERTY, PLANT AND EQUIPMENT

The Group	Land and buildings €'000	Plant and equipment €'000	Furniture, fixtures and fittings €'000	Motor vehicles €'000	Assets in the course of construction €'000	Total €'000
Cost/revalued amount						
Balance at 1 January 2020	1,340,209	132,392	118,218	1,457	62,872	1,655,148
Additions	5,775	2,988	2,052	–	2,934	13,749
Reallocations	678	841	214	–	(1,733)	–
Disposals	(586)	(5,545)	(2,843)	(19)	(477)	(9,470)
Other losses	–	–	–	–	(2,925)	(2,925)
Other movements	–	–	–	–	217	217
Currency translation differences	(54,659)	(4,467)	(4,864)	(34)	(492)	(64,516)
Balance at 31 December 2020	1,291,417	126,209	112,777	1,404	60,396	1,592,203
Balance at 1 January 2021	**1,291,417**	**126,209**	**112,777**	**1,404**	**60,396**	**1,592,203**
Revaluation	**73,385**	**-**	**-**	**-**	**-**	**73,385**
Business Combinations (Note 40)	**55,941**	**1,811**	**3,073**	**17**	**-**	**60,842**
Revaluation adjustment *	**(67,513)**	**-**	**-**	**-**	**-**	**(67,513)**
Additions	**1,044**	**912**	**662**	**-**	**12,354**	**14,972**
Disposals	**-**	**(35)**	**(57)**	**(17)**	**(599)**	**(708)**
Other losses	**-**	**-**	**-**	**-**	**(5,353)**	**(5,353)**
Currency translation differences	**41,741**	**6,282**	**4,435**	**(53)**	**(4,412)**	**47,993**
Balance at 31 December 2021	**1,396,015**	**135,179**	**120,890**	**1,351**	**62,386**	**1,715,821**
Depreciation and impairment losses						
Balance at 1 January 2020	273,293	104,556	94,507	848	–	473,204
Depreciation for the year	14,539	8,197	8,259	103	–	31,098
Net impairment losses	10,246	–	–	–	–	10,246
Disposals	(586)	(5,545)	(2,843)	(19)	–	(8,993)
Currency translation differences	(8,075)	(3,964)	(4,166)	(32)	–	(16,237)
Balance at 31 December 2020	289,417	103,244	95,757	900	–	489,318
Balance at 1 January 2021	**289,417**	**103,244**	**95,757**	**900**	**-**	**489,318**
Depreciation for the year	**15,116**	**6,103**	**4,411**	**72**	**-**	**25,702**
Reversal of impairment losses	**(5,000)**	**-**	**-**	**-**	**-**	**(5,000)**
Revaluation adjustment *	**(67,513)**	**-**	**-**	**-**	**-**	**(67,513)**
Disposals	**-**	**(32)**	**(67)**	**(17)**	**-**	**(116)**
Currency translation differences	**6,856**	**1,880**	**5,061**	**(55)**	**-**	**13,742**
Balance at 31 December 2021	**238,876**	**111,195**	**105,162**	**900**	**-**	**456,133**
Carrying amounts						
At 1 January 2020	1,066,916	27,836	23,711	609	62,872	1,181,944
At 31 December 2020	1,002,000	22,965	17,020	504	60,396	1,102,885
At 31 December 2021	**1,157,139**	**23,984**	**15,728**	**451**	**62,386**	**1,259,688**

*Revaluation adjustments relate to the cumulative depreciation eliminated against the cost upon revaluation of the property during the current year.

Changes in fair value during 2021 in respect of the Group's properties amounting to €78.4m have been recognised within other comprehensive income. Out of the €78.4 an amount of €5.0m related to the reversal of previously recognised impairment losses. These fair value movements relate to the Corinthia Hotel Budapest, Corinthia Hotel London, Corinthia Hotel St Petersburg. In 2020, an impairment of €10.25m in respect of the Group's properties was recognised within other comprehensive income.

During the current year, a write-off of €5.35 million was recognized in the profit and loss account with regards to the work in progress of Five Star Hotels Ltd. In 2020 a write off of €2.9m was also taken in the profit and loss with regards to the work in progress on the Hotel Astoria.

15. PROPERTY, PLANT AND EQUIPMENT

	The Company				
	Land and buildings €'000	Plant and equipment €'000	Furniture, fixtures and fittings €'000	Motor vehicles €'000	Total €'000
Cost					
Balance at 1 January 2020	4	230	182	42	458
Additions	–	22	8	–	30
Balance at 31 December 2020	**4**	**252**	**190**	**42**	**488**
Balance at 1 January 2021	**4**	**252**	**190**	**42**	**488**
Additions	**–**	**18**	**1**	**–**	**19**
Balance at 31 December 2021	**4**	**270**	**191**	**42**	**507**
Depreciation					
Balance at 1 January 2020	1	171	108	42	322
Depreciation for the year	–	23	9	–	32
Balance at 31 December 2020	**1**	**194**	**117**	**42**	**354**
Balance at 1 January 2021	**1**	**194**	**117**	**42**	**354**
Depreciation for the year	**–**	**20**	**10**	**–**	**30**
Balance at 31 December 2021	**1**	**214**	**127**	**42**	**384**
Carrying amounts					
At 1 January 2020	3	59	74	–	136
At 31 December 2020	3	58	73	–	134
At 31 December 2021	**3**	**56**	**64**	**–**	**123**

15.1 FAIR VALUATION OF PROPERTY

The disclosure below, including the sensitivities to shifts in unobservable fair value inputs, reflects the events and circumstances existent as at 31 December 2021, and do not take into account the events after reporting period.

In 2021, the directors appointed independent professionally qualified property valuers having appropriate recognised professional qualifications and the necessary experience. Where a valuation resulted in an amount that was significantly different than the carrying amount of the respective property, the book value of the property was adjusted as at the respective year end date, as the directors had reviewed the carrying amount of the properties on the basis of assessments by the property valuers.

In addition to the revaluations carried out on hotel properties, the Group's investment properties are measured at fair value on an annual basis as required by IAS 40.

The resultant shift in value, net of applicable deferred income taxes, was reflected within the revaluation reserve in shareholders' equity (Note 25) or in profit or loss in accordance with the Group's accounting policies. Adjustments to the carrying amounts of the properties are disclosed in the tables below.

The Group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which, the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group's land and buildings, within property, plant and equipment, consists principally of hotel properties that are owned and managed by companies forming part of the Group. The Group's investment property comprises property that is held for long-term rental yields or for capital appreciation or both, and principally comprise the Commercial Centre in St Petersburg, the Commercial Centre in Tripoli and a site forming part of the grounds of the Corinthia Hotel in Tripoli, an apartment block in Lisbon, the apartment in London was sold in 2021. All the recurring property fair value measurements at 31 December 2021 and 2020, as applicable, use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial years.

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, for the current and preceding financial years, is reflected in the table above and in Note 14 for investment property.

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

15.1 FAIR VALUATION OF PROPERTY CONTINUED

VALUATION PROCESSES

Where management, through its assessment, concludes that the fair value of properties differs materially from its carrying amount, an independent valuation report prepared by third party qualified valuers, is performed. These reports are based on both:

- information provided by the Group which is derived from the respective company's financial systems and is subject to the company's overall control environment; and
- assumptions and valuation models used by the valuers, with assumptions being typically market related and based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by designated officers within the Group. This includes a review of fair value movements over the period. When the designated officers consider that the valuation report is appropriate, the valuation report is recommended to the Audit Committee and Board of directors. The Audit Committee and Board then consider the valuation report as part of their overall responsibilities.

The external valuations of the Level 3 property as at 31 December 2021 and 2020, as applicable, have been performed using a multi-criteria approach, with every property being valued utilising the valuation technique considered by the external valuer to be the most appropriate for the respective property.

In view of a limited number of similar or comparable properties and property transactions, comprising sales or rentals in the respective market in which the properties are located, the valuations have been performed using unobservable inputs. The significant inputs to the approaches used are generally those described below:

Income capitalisation or discounted cash flow ("DCF") approach: considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

Operating results before depreciation and fair value gains/(losses)	based on projected income streams less operating expenditure necessary to operate the property, but prior to depreciation and financing charges;
Growth rate	based on management's estimated average growth of operating results before depreciation and fair value gains/(losses) levels, mainly determined by projected growth in income streams;
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor. Estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

Adjusted sales comparison approach: a sales price per square metre or per room related to transactions in comparable properties located in proximity to the respective property, with adjustments for differences in the size, age, exact location and condition of the property.

The table below include information about fair value measurements of hotel properties (classified within property, plant and equipment) and investment properties using significant unobservable inputs (Level 3). For hotel properties, where, following management's assessment or an independent valuation, the fair value of the respective property did not differ materially from its carrying amount as at year-end, the fair value inputs disclosed for that respective property are those that were used in the last valuation that gave rise to a revaluation.

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

15.1 FAIR VALUATION OF PROPERTY CONTINUED

VALUATION PROCESSES CONTINUED

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) AS AT 31 DECEMBER 2021

Description by class based on highest and best use	Fair value at 31 Dec 2021 €'000	Fair value at 31 Dec 2020 €'000	Valuation technique	Significant unobservable inputs							
Current use as hotel properties (classified as property, plant and equipment):			Income capitalisation approach (DCF)	Evolution of operating results before depreciation and fair value gains/(losses) over initial projected five-year period		Pre-tax rate (WACC)		Growth rate		Capitalisation rate	
				2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
						%	%	**%**	%	**%**	%
Corinthia Hotel & SPA Lisbon	**112,181**	115,048		**FY22-FY26 €1.6m - €9.7m**	FY21-FY25 €1.9m – €13.4m	**9.42**	9.65	**2.59**	2.00	**6.83**	7.65
Corinthia Hotel Prague	**90,909**	92,636		**FY22-FY26 €2.0m - €7.2m**	FY21-FY25 €1.6m – €7.7m	**8.30**	8.50	**1.60**	2.00	**6.70**	6.50
Marina Hotel, St. George's Bay, Malta	**28,974**	29,385		**FY22-FY26 €2.0m - €3.8m**	FY21-FY25 €0.5m – €3.4m	**10.52**	10.52	**2.00**	2.00	**8.52**	8.52
Corinthia Hotel, St.George's Bay, Malta	**36,951**	37,819		**FY22-FY26 €2.9m - €59m**	FY21-FY25 €0.5m – €5.3m	**11.94**	11.94	**2.00**	2.00	**9.94**	9.94
Corinthia Hotel St Petersburg	**75,965**	66,934		**FY22-FY26 RUB208.9m - RUB627.6m**	FY21-FY25 RUB324m – RUB648m	**12.25**	12.25	**4.00**	4.00	**8.25**	8.25
Corinthia Hotel Tripoli	**69,477**	71,707		**FY22-FY26 €1.45m - €6.2m**	FY21-FY25 (€1.4m) – €7.5m	**14.60**	12.20	**1.60**	2.00	**13.00**	10.20
Radisson Blu Resort, Malta	**34,654**	35,536		**FY22-FY26 €2.0m - €5.4m**	FY21-FY25 €0.5m – €4.9m	**11.69**	11.69	**2.00**	2.00	**9.69**	9.69
Corinthia Hotel London	**533,156**	438,060		**FY22-FY26 £9.4m - £21.5m**	FY21-FY25 £1.0m – £20.3m	**6.90**	7.00	**2.90**	3.00	**4.00**	4.00

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

15.1 FAIR VALUATION OF PROPERTY CONTINUED

VALUATION PROCESSES CONTINUED

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) AS AT 31 DECEMBER 2021 CONTINUED

Description by class based on highest and best use	Fair value at 31 Dec 2021 €'000	Fair value at 31 Dec 2020 €'000	Valuation technique	Significant unobservable inputs							
Current use as hotel properties (classified as property,plant and equipment):			Income capitalisation approach (DCF)	**Evolution of operating results before depreciation and fair value gains/(losses) over initial projected five-year period**		**Pre-tax rate (WACC)**		**Growth rate**		**Capitalisation rate**	
				2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
						%	%	**%**	%	**%**	%
Corinthia Palace Hotel and Spa, Malta	**32,000**	32,701		**FY22-FY26 €1.6m - €5.6m**	FY21-FY25 €0.1m - €2.8m	**11.45**	9.27	**1.60**	2.00	**9.85**	7.27
Golden Sands Resort, Malta	**60,076**	-		**FY22-FY26 €2.5m - €7.9m**	-	**12.00**	N/A	**1.60**	N/A	**10.40**	N/A
Corinthia Hotel Budapest	**120,396**	116,727		**FY22-FY26 €5.6m - €13.1m**	FY21-FY25 €1.65m - €9.4m	**9.00**	8.48	**1.60**	2.00	**7.40**	6.48
Current property for commercial use (classified as investment property):			Income capitalisation approach (DCF)	**Evolution of operating results before depreciation and fair value gains/(losses) over initial projected five-year period**		**Pre-tax rate (WACC)**		**Growth rate**		**Capitalisation rate**	
				2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
						%	%	**%**	%	**%**	%
Commercial Centre in St Petersburg	**51,600**	49,349		**FY22-FY26 RUB182m - RUB280m**	FY21-FY25 RUB302m - RUB429m	**12.60**	12.40	**4.14**	4.20	**8.46**	8.20
Commercial Centre in Tripoli	**75,344**	73,744		**FY22-FY26 €6.0m - €6.8m**	FY21-FY25 €6.6m - €7.9m	**10.00**	8.30	**1.60**	0.00	**8.40**	8.30
Current property for commercial use (classified as investment property):			Adjusted sales-comparison approach	**Sales price per square meter**							
				2021	2020						
Apartment block in Lisbon	**4,705**	3,168		**€ 6,508**	€ 6,508						
Site in Tripoli	**29,500**	29,500		**€ 2,300**	€ 2,300						
London apartment	**-**	35,594		**£22,089**	£22,089						

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

15.1 FAIR VALUATION OF PROPERTY CONTINUED

VALUATION PROCESSES CONTINUED

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) AS AT 31 DECEMBER 2021 CONTINUED

In relation to the DCF approach, an increase in the projected level of operating results before depreciation and fair value and growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value. With respect to the adjusted sales comparison approach, the higher the sales price per square metre, the higher the resultant fair valuation.

The Group experienced a significant movement in the carrying amount of the Corinthia Hotel London during 2021 and 2020. The shift in the carrying amounts of the Corinthia Hotel St. Petersburg and Corinthia Hotel London in 2021 and 2020 were also affected by translating the financial position of the respective subsidiaries that own these properties from their functional currencies (RUB and GBP respectively) into the Group's presentation currency (EUR) at year end.

As evidenced in the tables above, the highest and best use of the Group properties is equivalent to their current use as at 31 December 2021.

As explained in Note 5 to the financial statements, the future performance of the Group's hotel and the commercial centre situated in Tripoli and the fair value of the related property assets are largely dependent on how soon the political situation in Libya will return to normality and on how quickly the international oil and gas industry recovers once political risks subside. In accordance with the fair valuations as at 31 December 2021 no further impairment charges were deemed necessary in these financial statements, after taking into account the impairment charges of €40.5m recognised in 2014.

The sensitivity of the property valuations to possible shifts in key assumptions is illustrated in the table below:

	Shift in discount rate (+/-0.5%)		Shift in cash flows (operating results before depreciation and fair value) (+/- 5%)	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Corinthia Hotel & Spa Lisbon	**-8,339 to +9,662**	+/- 10,295	**+/- 5,691**	+/- 7,666
Corinthia Hotel Budapest	**-7,758 to +8,888**	+/- 11,102	**+/- 6,009**	+/- 7,657
Corinthia Hotel Prague	**-6,918 to +8,053**	+/- 8,716	**+/- 4,564**	+/- 4,713
Marina Hotel, St George's Bay, Malta	**+/- 3,287**	+/- 3,287	**+/- 2,065**	+/- 2,065
Corinthia Hotel St George's Bay, Malta	**+/- 5,086**	+/- 5,086	**+/- 3,212**	+/- 3,212
Corinthia Hotel St Petersburg	**-4,382 to +4,953**	+/- 1,312	**+/- 3,761**	+/- 1,360
Corinthia Hotel Tripoli	**-3,566 to +3,884**	+/- 7,505	**+/- 3,471**	+/- 8,108
Commercial Centre in St Petersburg	**-1,767 to +1,991**	+/- 1,322	**+/- 1,589**	+/- 1,512
Commercial Centre in Tripoli	**-4,000 to +4,501**	+/- 4,717	**+/- 3,765**	+/- 4,153
Radisson Blu Resort, Malta	**+/- 4,768**	+/- 4,768	**+/- 2,921**	+/- 2,921
Corinthia Hotel London	**+/- 18,581**	+/- 18,581	**+/- 22,088**	+/- 22,088
Corinthia Palace Hotel and Spa, Malta	**-1,718 to +1,907**	+/- 2,702	**+/- 1,613**	+/- 1,972
Golden Sands Resort, Malta	**-4,227 to +4,689**	–	**+/- 1,156**	–

15.2 ADJUSTMENTS TO CARRYING AMOUNT OF PROPERTIES

Revaluation surplus and impairment charges recognised in other comprehensive income (within revaluation reserve), gross of deferred tax:

	The Group		
	At 1 January 2021 €'000	Movement €'000	At 31 December 2021 €'000
Hotel property			
Corinthia Hotel St George's Bay, Malta	12,169	–	12,169
Corinthia Hotel & Spa Lisbon	34,911	–	34,911
Corinthia Hotel Prague	17,857	–	17,857
Corinthia Hotel Budapest	20,129	5,000	25,129
Corinthia Hotel London	13,280	68,149	81,429
Marina Hotel, St George's Bay, Malta	9,206	–	9,206
Corinthia Hotel St Petersburg	8,577	5,236	13,813
Radisson Blu Resort, Malta	4,284	–	4,284
	120,413	**78,385**	**198,798**

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

15.2 ADJUSTMENTS TO CARRYING AMOUNT OF PROPERTIES CONTINUED

	At 1 January 2020 €'000	Movement €'000	At 31 December 2020 €'000
Hotel property			
Corinthia Hotel St George's Bay, Malta	12,169	–	12,169
Corinthia Hotel & Spa Lisbon	34,911	–	34,911
Corinthia Hotel Prague	17,857	–	17,857
Corinthia Hotel Budapest	25,129	(5,000)	20,129
Corinthia Hotel London	18,526	(5,246)	13,280
Marina Hotel, St George's Bay, Malta	9,206	–	9,206
Corinthia Hotel St Petersburg	8,577	–	8,577
Radisson Blu Resort, Malta	4,284	–	4,284
	130,659	**(10,246)**	**120,413**

Impairment charges recognised in profit or loss, gross of deferred tax:

		The Group	
	At 1 January 2021 €'000	Movement €'000	At 31 December 2021 €'000
Hotel property			
Corinthia Hotel St George's Bay, Malta	522	–	522
Corinthia Hotel & Spa Lisbon	1,068	–	1,068
Corinthia Hotel Prague	3,642	–	3,642
Corinthia Hotel Tripoli	8,038	–	8,038
Corinthia Hotel Budapest	1,628	–	1,628
Corinthia Hotel St Petersburg	340	–	340
Marina Hotel, St George's Bay, Malta	121	–	121
	15,359	**-**	**15,359**

	At 1 January 2020 €'000	Movement €'000	At 31 December 2020 €'000
Hotel property			
Corinthia Hotel St George's Bay, Malta	522	–	522
Corinthia Hotel & Spa Lisbon	1,068	–	1,068
Corinthia Hotel Prague	3,642	–	3,642
Corinthia Hotel Tripoli	8,038	–	8,038
Corinthia Hotel Budapest	1,628	–	1,628
Corinthia Hotel St Petersburg	340	–	340
Marina Hotel, St George's Bay, Malta	121	–	121
	15,359	**-**	**15,359**

The description of the hotel properties in the above tables indicate the segment to which each hotel property pertains.

The shifts in fair value determined in 2021 and 2020, reflected in the above tables, are principally attributable to changes in the projected financial performance and net operating cash inflows of the hotel properties and commercial centres.

The impairment charges recognised are attributable to reductions in the carrying amount of property so as to reflect the recoverable amount based on computing value in use determined at individual asset level.

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

15.3 CARRYING AMOUNTS OF HOTEL PROPERTIES

Following the adjustments to revision of the hotel property carrying amounts to reflect the outcome of the fair valuation process referred to above at each reporting period, the carrying amount of each hotel property is as follows:

	The Group	
	2021 €'000	2020 €'000
Hotel property		
Corinthia Hotel St George's Bay, Malta	**36,951**	37,819
Corinthia Hotel & Spa Lisbon	**112,181**	115,048
Corinthia Hotel Prague	**90,909**	92,636
Corinthia Hotel Tripoli	**69,477**	71,707
Corinthia Hotel Budapest	**120,396**	116,727
Corinthia Hotel St Petersburg	**75,965**	66,934
Corinthia Hotel London	**533,156**	438,060
Marina Hotel, St George's Bay, Malta	**28,974**	29,385
Radisson Blu Resort, Malta	**34,654**	35,536
Golden Sands Resort Limited	**60,076**	–
Corinthia Palace Hotel and Spa, Malta	**32,000**	32,701
	1,194,739	1,036,553

15.4 HISTORIC COST BASIS OF LAND AND BUILDINGS

If the cost model had been used, the carrying amounts of the revalued land and buildings would be €958.3m (2020: €881.6m). The revalued amounts include a revaluation surplus of €198.8m before tax (2020: €120.4m), which is not available for distribution to the shareholders of IHI.

15.5 USE AS COLLATERAL

All tangible fixed assets owned by the Group are hypothecated in favour of the Group's bankers as collateral for amounts borrowed as stated in Note 30.

16. LEASES

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 14.

I. AMOUNTS RECOGNISED IN THE BALANCE SHEET

The balance sheet shows the following amounts relating to leases:

	The Group		The Company	
	31 December 2021 €'000	31 December 2020 €'000	**31 December 2021 €'000**	31 December 2020 €'000
Right-of-use assets				
Land and buildings	**9,505**	10,540	**188**	377
Plant and equipment	**1,372**	739	**–**	–
Motor vehicles	**326**	411	**151**	195
	11,203	**11,690**	**339**	**572**
Lease liabilities				
Current	**2,611**	2,591	**260**	264
Non-current	**9,210**	9,486	**92**	317
	11,821	**12,077**	**352**	**581**

Additions to the Group's and the Company's right-of-use assets during the 2021 financial year were €2.0m and €0.3m respectively.

Additions in 2020 were €1.4m (out of which €1m pertained to additions on business combinations) and €0.4m respectively.

16. LEASES CONTINUED

II. AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

The statement of profit or loss shows the following amounts relating to leases:

	The Group		The Company	
	31 December 2021 €'000	31 December 2020 €'000	**31 December 2021 €'000**	31 December 2020 €'000
Depreciation charge of right-of-use assets				
Land and buildings	**2,206**	2,220	**188**	122
Plant and equipment	**531**	222	**-**	-
Motor vehicles	**157**	155	**75**	73
	2,894	2,597	**263**	195
Interest expense (included in finance cost)	**768**	705	**25**	20
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	**766**	445	**-**	-

The total cash outflow for leases in 2021 was €4.1m (2020: €2.8m) for the Group and €0.3m (2020: €0.1m) for the Company.

The Group benefitted from reduced rates on its rent concessions granted in view of the COVID-19 pandemic. These reductions amounted to €1.1m for the Group and €0.02m for the Company.

III. THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases various offices, land, retail outlets, plant and equipment and motor vehicles. Emphyteutical grants from the government pertaining to land on which the Group's hotel properties are built are typically made for fixed periods of up to 99 years. Other contracts are made for periods up to 12 years and may include extension options as described further below. The Company's leases pertain to offices used for administration purposes and motor vehicles, and are typically made for periods of up to 9 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees, and
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and for other items specific to the leased asset.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

16. LEASES CONTINUED

IV. VARIABLE LEASE PAYMENTS

Variable payment terms are used for a variety of reasons including minimising the fixed costs base for newly established stores.

Some property leases contain variable payment terms that are linked to sales generated from retail stores, and which range from 12% to 23.5% of sales. An increase of €1.0m in sales per store in the Group with such variable lease contracts would increase variable lease payments by approximately €0.2m (17%).

Other property leases contain variable payment terms that are linked to sales generated from catering establishments. Variable payment on such leases range from 10.0% to 23.1% of sales. An increase of €1.0m in sales per catering establishment in the Group with such variable lease contracts would increase total lease payments by approximately €0.2m (15%).

The variable lease payments element for the year ended 31 December 2021 amounts to €0.8 (2020: €0.5m). Variable lease payments that depend on sales are excluded from the measurement of the lease liability and are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

V. EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

JUDGEMENTS IN DETERMINING THE LEASE TERM

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of retail outlets, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and motor vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

17. INVESTMENTS IN SUBSIDIARIES

The amounts stated in the statement of financial position of the Company are analysed as follows:

	The Company	
	2021	2020
	€'000	€'000
Share in subsidiary companies (Note 17.3)	**664,573**	618,039
Loans to subsidiary companies	**167,805**	167,871
	832,378	785,910

17. INVESTMENTS IN SUBSIDIARIES CONTINUED

17.1 PRINCIPAL SUBSIDIARIES

The Group had the following subsidiaries as at 31 December 2021 and 31 December 2020:

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by the Group		Percentage of ownership and voting rights held by non-controlling interests	
			2021	2020	**2021**	2020	**2021**	2020
Alfa Investimentos Turisticos Lda	Avenida Columbano Bordalo Pinheiro, 105 Lisboa 1099 – 031 Portugal	Owns and operates the Corinthia Hotel & Spa Lisbon Portugal	**72**	72	**100**	100	**-**	-
Corinthia Hotels Limited (formerly, CHI Limited)	1, Europa Centre Floriana Malta	Hotel management company	**100**	100	**100**	100	**-**	-
Corinthia Company Limited	22, Europa Centre Floriana Malta	Investment company	**100**	100	**100**	100	**-**	-
Corinthia Towers Tripoli Limited	22, Europa Centre Floriana Malta	Owns and operates the Corinthia Bab Africa Hotel and Commercial CentreLibya	**100**	100	**100**	100	**-**	-
Five Star Hotels Limited	22, Europa Centre Floriana Malta	Owns and operates the Corinthia Hotel St George's Bay, Malta	**100**	100	**100**	100	**-**	-
Golden Sands Resort Limited	The Radisson SAS Golden Sands Resort & Spa Golden Bay l/o Mellieha, Malta	A five-star luxury hotel	**-**	-	**100**	50	**-**	-
IHI Benelux B.V.	Kingsfordweg 151, 1043 GR Amsterdam The Netherlands	Owns and operates the Corinthia Hotel St Petersburg	**100**	100	**100**	100	**-**	-
IHI Hungary Zrt	Erzsebet Krt 43-49 H-1073, Budapest Hungary	Owns and operates the Corinthia Hotel Budapest	**100**	100	**100**	100	**-**	-
IHI Lisbon Limited	22, Europa Centre Floriana Malta	Investment company holding an equity stake in Alfa Investimentos Turisticos Lda	**100**	100	**100**	100	**-**	-
IHI St Petersburg LLC	57, Nevskij Prospect St Petersburg 191025 Russian Federation	Investment company	**100**	100	**100**	100	**-**	-
IHI Towers s.r.o.	Kongresová 1655/1 1406 / 69 Praha 4 Czech Republic	Owns and operates the Corinthia Hotel Prague Czech Republic	**100**	100	**100**	100	**-**	-

17. INVESTMENTS IN SUBSIDIARIES CONTINUED

17.1 PRINCIPAL SUBSIDIARIES CONTINUED

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by the Group		Percentage of ownership and voting rights held by non-controlling interests	
			2021	2020	**2021**	2020	**2021**	2020
IHI Zagreb d.d.	Centar Kaptol Nova Ves 11 10000 Zagreb Croatia	Investment company	**100**	100	**100**	100	**-**	-
Libya Holding Development Inc. JSC	Benghazi Libya	Owns the Benghazi hotel project	**-**	-	**55**	55	**45**	45
Marina San Gorg Limited	22, Europa Centre Floriana Malta	Owns and operates the Marina Hotel in St George's Bay, Malta	**100**	100	**100**	100	**-**	-
Island Resorts International Limited	First Name House, Victoria Residence, Douglas Isle of Man	Investment company	**100**	100	**100**	100	**-**	-
Corinthia (Malta) Staff Services Limited (formerly, Island Hotels Group Limited)	22, Europa Centre Floriana Malta	Holding and management company	**100**	100	**100**	100	**-**	-
Corinthia Developments International Limited	22, Europa Centre Floriana Malta	Project management	**100**	100	**100**	100	**-**	-
Bay Point Hotel Limited	22, Europa Centre Floriana Malta	Owner and operator of hotel	**100**	100	**100**	100	**-**	-
Bay Point Properties Limited *	22, Europa Centre Floriana Malta	Non-operating	**-**	100	**-**	100	**-**	-
Bay Point Collection Limited	First Name House, Victoria Residence, Dougles Isle of Man	Vacation ownership company	**100**	100	**100**	100	**-**	-
Corinthia Oasis Company Ltd (formerly The Heavenly Collection Limited)	22, Europa Centre Floriana Malta	Owner of tract land in Golden Bay	**100**	100	**100**	100	**-**	-
The Coffee Company Malta Limited	22, Europa Centre Floriana Malta	Franchise retail catering company	**-**	-	**100**	100	**-**	-
The Coffee Company Spain S.L. **	COSTA Diagonal, Avinguda Diagonal, 566 Barcelona 08021	Franchise retail catering company	**-**	-	**-**	100	**-**	-

17. INVESTMENTS IN SUBSIDIARIES CONTINUED

17.1 PRINCIPAL SUBSIDIARIES CONTINUED

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by the Group		Percentage of ownership and voting rights held by non-controlling interests	
			2021	2020	**2021**	2020	**2021**	2020
QPM Limited	22, Europa Centre Floriana Malta	Project management	**100**	100	**100**	100	**-**	-
QPM Africa Limited	22, Europa Centre Floriana Malta	Non-trading company	**-**	-	**100**	100	**-**	-
D.X. Design Consultancy Ltd	22, Europa Centre Floriana Malta	Project management services	**-**	-	**100**	100	**-**	-
NLI Holdings Limited	CTV House La Pouquelaye St Helier Jersey	Parent company of a Group that owns and operates the Corinthia Hotel London and 10 Whitehall Place in London, UK	**50**	50	**50**	50	**50**	50
NLI Hotels Limited	CTV House La Pouquelaye St Helier Jersey	Owns the Corinthia Hotel London, UK	**-**	-	**50**	50	**50**	50
NLI Penthouse Limited***	CTV House La Pouquelaye St Helier Jersey	Owns apartment 12, 10 Whitehall Place	**-**	-	**-**	50	**-**	50
NLI Finance Limited****	CTV House La Pouquelaye St Helier Jersey	Provision of finance to companies within the NLI Holdings Limited Group structure	**-**	-	**-**	50	**-**	50
IHI Brussels Limited	22, Europa Centre Floriana Malta	Holding company of Hotel Astoria SA	**-**	-	**50**	50	**50**	50
NLI Operator Limited	Corinthia Hotel London, Whitehall Place, London SW1A 28D	Operates Corinthia Hotel London, a five star luxury hotel	**-**	-	**50**	50	**50**	50
IHI Malta Hotel Limited	22, Europa Centre Floriana Malta	Owns and operates the Corinthia Palace Hotel and Spa, Malta	**100**	100	**100**	100	**-**	-
QPM Belgium SPRL	Avenue de Tervueren 168/18, 1150 Woluwe-Saint Pierre, Brussels, Belgium	Project and cost management and other ancillary services	**-**	-	**100**	100	**-**	-

17. INVESTMENTS IN SUBSIDIARIES CONTINUED

17.1 PRINCIPAL SUBSIDIARIES CONTINUED

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by the Group		Percentage of ownership and voting rights held by non-controlling interests	
			2021	2020	2021	2020	2021	2020
IHI Holdings Limited	34, Kosti Palama 1096, Aspelia Court 4th Floor, office D4 Nicosia Cyprus	Investment company	**100**	100	**100**	100	**-**	-
Corinthia Caterers Limited	22, Europa Centre Floriana Malta	Event catering	**100**	100	**100**	100	**-**	-
Catermax Limited	22, Europa Centre Floriana Malta	Event catering	**100**	100	**100**	100	**-**	-
Corinthia Hotels (UK) Limited	Corinthia Hotel London, Whitehall Place, London SW1A 28D	Management consultancy services	**100**	100	**100**	100	**-**	-
Bezemer Limited	Nerine Chambers PO Box 905 Road Town Tortola, BVI	Holding company	**-**	-	**100**	-	**-**	-
Hotel Astoria S.A.	Rue Royal 103 1000 Bruxelles Belgium	Owner of site being developed into the Corinthia Brussels	**-**	-	**50**	50	**50**	50
CHL Surrey, Inc	251, Little Falls Drive Wilmington, New Castle Delaware DE 19808 United States	Hotel operator	**-**	-	**100**	100	**-**	-
CHL US Parent, Inc	251, Little Falls Drive Wilmington, New Castle Delaware DE 19808 United States	Investment company	**-**	-	**100**	100	**-**	-
Medi International Limited	Level 1, Palm Grove House Wickham's Cay 1 Road Town,Tortola British Virgin Islands	Internal financing	**-**	-	**100**	50	**-**	-

As disclosed in Note 39, in February 2021 the Group, through Corinthia (Malta)Staff Services Limited and Bezemer Limited, acquired the remaining 50% of Golden Sands Resort Limited and the remaining 50% of Medi International Limited through Island Resorts Limited. As a result of these transactions, the results and financial position of these businesses are consolidated within the Group from the date of acquisition onwards.

*Bay Point Properties Limited was dissolved in 2021.
**The Coffee Company Spain S.L. was dissolved in 2021.
***NLI Penthouse Limited and NLI Finance Limited were dissolved in 2021.
QPM (UK) Ltd was dissolved during 2020.

All subsidiary undertakings are included in the consolidation.

17. INVESTMENTS IN SUBSIDIARIES CONTINUED

17.2 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below is summarised financial information for the NLI Holdings Group. The amounts disclosed for are before inter-company eliminations.

Summarised balance sheet	2021 €000	2020 €000
Current assets	**47,185**	30,666
Current liabilities	**(33,344)**	(28,909)
Current net assets	**13,841**	1,757
Non-current assets	**581,037**	512,623
Non-current liabilities	**(167,230)**	(175,712)
Non-current net assets	**413,807**	336,911
Net assets	**427,648**	338,668
Accumulated NCI	**213,824**	169,334

Summarised statement of comprehensive income	2021 €000	2020 €000
Revenue	**44,658**	24,396
Loss for the period	**(2,841)**	(25,197)
Other comprehensive income	**91,823**	(27,210)
Total comprehensive income	**88,982**	(52,407)
Loss allocated to NCI	**(1,420)**	(12,599)
Other comprehensive income allocated to NCI	**45,912**	(13,605)
Dividend paid to NCI	**-**	-

Summarised cash flows	2021 €000	2020 €000
Cash flows from operating activities	**6,311**	179
Cash flows from investing activities	**30,353**	2,802
Cash flows used in financing activities	**(25,384)**	(5,101)
Net increase/(decrease) in cash and cash equivalents	**11,280**	(2,120)

17.3 SHARES IN SUBSIDIARY COMPANIES

	The Company	
	2021 €000	2020 €000
At 1 January	**618,039**	714,517
Additions	**-**	-
Transfers	**-**	(8,121)
Other movements	**-**	(226)
Change in fair value	**46,534**	(88,131)
At 31 December	**664,573**	618,039

17.3.1 INVESTMENTS IN SUBSIDIARIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The fair values of the Company's investments in its subsidiaries, accounted for at fair value through other comprehensive income (as explained further in Note 3.6), have been determined by reference to the fair values of the underlying properties held by the respective subsidiaries and, in the case of CHL and QPM, by reference to its enterprise value.

18. OTHER INVESTMENTS

18.1 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated statement of financial position are as follows:

	The Group	
	2021	2020
	€000	€000
Associates	**5,188**	12,184
Joint ventures	**-**	19,647
At 31 December	**5,188**	31,831

The amounts recognised in the consolidated income statement are as follows:

	The Group	
	2021	2020
	€000	€000
Associates	**1,342**	3
Joint ventures	**(218)**	(2,451)
At 31 December	**1,124**	(2,448)

The amounts recognised in the consolidated other comprehensive income are as follows:

	The Group	
	2021	2020
	€000	€000
Associates	**(8,338)**	(607)
Joint ventures	**-**	-
At 31 December	**(8,338)**	(607)

18.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The amounts recognised in the Company's statement of financial position are as follows:

	The Company	
	2021	2020
	€'000	€'000
Associates	**5,188**	12,184
At 31 December	**5,188**	12,184

Fair value movements recognised in the Company's other comprehensive income are as follows:

	The Company	
	2021	2020
	€'000	€'000
Associates	**(6,996)**	(606)
At 31 December	**(6,996)**	(606)

18.3 INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
At 1 January	**12,184**	12,790	**12,184**	12,790
Share of results	**1,342**	3	**-**	-
Share of other comprehensive income	**(8,338)**	(607)	**-**	-
Fair value movements	**-**	-	**(6,996)**	(606)
Other movements	**-**	(2)	**-**	-
At 31 December	**5,188**	12,184	**5,188**	12,184

18.3 INVESTMENTS IN ASSOCIATES CONTINUED

Set out below are the associates of the Group as at 31 December 2021 and 31 December 2020. The associates listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Company name	Registered office	Nature of business	% of ownership interest held by the Group and the Company 2021	2020
Medina Towers J.S.C.	Suite 107, Tower 2 Tripoli Tower Tripoli Libya	Owns the Medina Towers project in Tripoli	**25**	25

18.3.1 SUMMARISED FINANCIAL INFORMATION FOR MATERIAL ASSOCIATES

Summarised financial information of the material associate is included in the table below:

	Medina Towers J.S.C. 2021 €000	2020 €000
Non-current assets	**13,032**	41,275
Current assets	**7,781**	8,052
Total assets	**20,813**	49,327
Current liabilities	**61**	584
Total liabilities	**61**	584
Profit for the year	**5,371**	9
Other comprehensive income	**(33,362)**	(2,426)
Total comprehensive income	**(27,991)**	(2,417)

18.3.2 RECONCILIATION OF SUMMARISED FINANCIAL INFORMATION

Reconciliation of the summarised information presented to the carrying amount of its interest in the associate:

	Medina Towers J.S.C. 2021 €000	2020 €000
1 January	**48,743**	51,160
Profit/(loss) for the period	**5,371**	9
Other comprehensive income	**(33,362)**	(2,426)
Closing net assets	**20,752**	48,743
Interest in associate (25%)	**5,188**	12,184
Carrying value	**5,188**	12,184

18.4 INVESTMENTS IN JOINT VENTURES

	The Group 2021 €000	2020 €000
At 1 January	**19,647**	27,354
Share of results	**(218)**	(2,451)
Derecognition of joint venture (Note 39)	**(19,459)**	–
Transfer to financial assets at fair value through profit and loss (ii)	**-**	(5,460)
Other movements	**30**	204
At 31 December	**-**	19,647

18. OTHER INVESTMENTS CONTINUED

18.4 INVESTMENTS IN JOINT VENTURES CONTINUED

The joint ventures of the Group as at 31 December 2021 and 2020 are set out below.Information on the registered office and share ownership of Golden Sands Resort Limited and Medi International Limited, which were recognised as joint ventures as at 31 December 2020, is disclosed in Note 17.1. The joint ventures listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

The Directors considered Golden Sands Resort to be a material joint venture of the Group in 2020, in 2021 the Group has acquired the remaining 50% shares and is now considered a subsidiary.

Company name	Registered office	Nature of business	% of ownership interest held by the Group 2021	2020
Quality Catering & Retail Services Ltd	Miller House Airport Way Tarxien Road Luqa, Malta	Catering company	**50**	50

All joint ventures are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

(I) HOTEL AND VACATION OWNERSHIP AT GOLDEN SANDS RESORT - GOLDEN SANDS RESORT GROUP (GSR)

In 2020, this joint venture included the Group's investment in Golden Sands Resort Limited and Azure Resorts Group (made up of Azure Resorts Limited, Azure Services Limited, Azure Ultra Limited, Vacation Financial Limited, Heathfield Overseas Limited, Brooksfield Overseas Limited, Medi International Limited). Together these companies are engaged in the operation and management of a combined vacation ownership and hotel operation of "The Radisson SAS Golden Sands Resort and Spa", a 5-star resort situated in Golden Sands and which are collectively referred to as the Golden Sands Resort Group.

The Group's shares in Golden Sands Resort Limited have been pledged in favour of credit institution in relation to banking facilities granted to the Group.

(II) AZURE RESORTS GROUP

The Azure Resorts Group was placed into liquidation during 2020 and subsequently in 2020 an amount of €5.5m, representing the holding of the Group including the Group's share of losses amounting to €0.7m, was transferred to financial assets at fair value through profit or loss as disclosed in Note 22.

In 2020, currency translation differences of €2.8m 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. In 2021, an amount of €0.5m was recognised in profit and loss, as disclosed in Note 22.

18.4.1 SUMMARISED FINANCIAL INFORMATION FOR MATERIAL JOINT VENTURES

Summarised financial information of material joint ventures is set out below:

	Golden Sands Resort February 2021 €000	December 2020 €000
Cash and cash equivalents	**731**	90
Non-current assets	**61,600**	61,653
Current assets	**1,872**	1,778
Total assets	**64,203**	63,521
Current financial liabilities (excluding trade and other payables and provisions)	**2,755**	19,069
Current liabilities	**10,690**	23,333
Non-current financial liabilities (excluding trade and other payables and provisions)	**11,160**	4,956
Non-current liabilities	**28,699**	14,936
Total liabilities	**39,389**	38,269
Revenue	**570**	5,584
Other operating results before depreciation and fair value losses	**(283)**	(1,163)
Depreciation and amortisation	**(277)**	(2,910)
Interest expense	**(113)**	(672)
Income tax expense	**236**	1,564
Loss for the year	**(437)**	(3,181)
Total comprehensive income	**(437)**	(3,181)

18. OTHER INVESTMENTS CONTINUED

18.4 INVESTMENTS IN JOINT VENTURES CONTINUED

18.4.2 RECONCILIATION OF SUMMARISED FINANCIAL INFORMATION

Reconciliation of the summarised information presented to the carrying amount of its interest in the joint venture:

	Golden Sands Resort 2021 €000	2020 €000
1 January	**26,442**	29,623
Loss for the period	**(437)**	(3,181)
Other comprehensive income	-	–
Closing net assets	**26,005**	26,442
Interest in joint venture (50%)	**13,003**	13,221
Derecognition of joint venture	**(19,459)**	–
Goodwill	**6,456**	6,456
Carrying value	-	19,677

The summarised financial information for Azure Resorts Group has been excluded from the above table as the directors believe that, relative to the Group's total asset base, its carrying amount is not significant to warrant the disclosures detailing the composition of assets, liabilities and profit or loss, that would have otherwise been required by IFRS 12. The information required for individually immaterial associates is disclosed in its stead:

	Azure Resorts 2021 €000	2020 €000
Loss for the period/year	-	(733)
Other comprehensive income	-	–
Total comprehensive income	-	(733)

The 2020 figures include the results up to 30 April 2020, when Azure Resorts group was put into liquidation and the holding was reclassified from investments accounted for using the equity method to financial assets at fair value through profit and loss as disclosed in Note 22.

19. OTHER FINANCIAL ASSETS AT AMORTISED COST

	The Group 2021 €'000	The Group 2020 €'000	The Company 2021 €'000	The Company 2020 €'000
Non-current				
Ultimate parent company	-	672	-	672
Group companies	-	–	**96,610**	90,300
Joint ventures	-	1,000	-	–
Other investees	**5,898**	4,972	-	–
Other	**17**	95	-	–
Total non-current loans receivable	**5,915**	6,739	**96,610**	90,972
Current				
Ultimate parent company	-	–	-	–
Group companies	-	–	**2,556**	2,556
Other	**61**	43	-	–
Total current loans receivable	**61**	43	**2,556**	2,556

The carrying amount of loans receivable is considered to be a reasonable approximation of fair value on the basis of discounted cash flows.

Information about the impairment of financial assets at amortised cost and the Group's and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 42.

19. OTHER FINANCIAL ASSETS AT AMORTISED COST CONTINUED

TERMS

€1.5m (2020: Nil) of the Company's loans to Group companies are unsecured and bear interest at 4.00%.

€1.6m (2020: Nil) of the Company's loans to Group companies are unsecured and bear interest at 4.65%.

€2.3m (2020: Nil) of the Company's loans to Group companies are unsecured and bear interest at 4.65%.

€53.6m (2020: €53.6m) of the Company's loans to Group companies are unsecured, bear interest at Euribor + 3.25% and are subordinated to bank loans.

€25.9m (2020: €25.9m) of the Company's loans to Group companies are unsecured, bear interest at 4.00% and are subordinated to bank loans.

€4.4m (2020: €4.4m) of the Company's loans to Group companies are unsecured, bear interest at 6.25% and are subordinated to bank loans.

€0.5m (2020: €0.5m) of the Company's loans to Group companies are unsecured, bear interest at 3% (2020: 3%) and are subordinated to bank loans and repayable on demand with twelve months' notice to be given by the Company.

€1.0m (2020: €1.0m) of the Company's loans to Group companies are unsecured, bear interest at 3% and are subordinated to bank loans.

€5.9m (2020: €5.0m) of the Company's loans to Group companies are unsecured, bear interest at 4.00%.

€2.6m (2020: €2.6m) of the Company's loans to Group companies are unsecured and interest-free.

In 2020 the Group's and Company's non-current loan to ultimate parent company was unsecured and bore interest at 5%.

€1.0m (2020: €1.0m) of the Group's loans to joint ventures are unsecured and interest-free. Although repayable by written demand, the Group does not expect settlement of these amounts within a period of one year from balance sheet date.

€5.9m (2020: €4.9m) of the Group's loans to other investees are unsecured, bear interest at 4% and are repayable not later than 10 June 2029.

€0.1m (2020: €0.1m) of the Group's loans to other investees are unsecured, bear interest at 5% and are repayable not later than May 2023.

20. INVENTORIES

	The Group	
	2021 €'000	2020 €'000
Food and beverages	**2,502**	1,851
Consumables	**817**	626
Goods held for resale	**889**	532
Consumables and others	**8,323**	7,638
	12,531	10,647

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Non-current				
Trade receivables	**55**	–	**-**	-–
Other receivables	**486**	–	**-**	–
Financial assets	**541**	–	**-**	–
Contract assets	**441**	–	**-**	–
Total receivables – non-current	**982**	–	**-**	–
Current				
Trade receivables	**12,505**	6,486	**4**	31
Amounts owed by:				
Parent company	**8,904**	8,366	**1,074**	1,024
Subsidiary companies	**-**	–	**55,439**	43,994
Associate companies	**32**	34	**-**	–
Joint ventures	**5**	3,581	**-**	73
Other related companies	**5,766**	4,650	**420**	–
Other receivables	**2,640**	6,747	**82**	282
Financial assets	**29,852**	29,864	**57,019**	45,404
Contract assets	**1,614**	1,495	**1,740**	1,061
Advance payments in respect of capital creditors	**933**	477	**-**	–
Prepayments	**2,916**	3,270	**212**	165
Total receivables – current	**35,315**	35,106	**58,971**	46,630

Amounts owed by related parties are unsecured, interest free and are repayable on demand.

The carrying amount of trade and other receivables is considered to be a reasonable approximation of fair value.

Information about the impairment of trade receivables and the Group's and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 42.

The Group's contract assets classified as current primarily comprise of balances from services in relation to project management for which the Group would not yet have an unconditional right to receive payment. The Company's contract assets relate to management services provided during the year, which the Company had not yet invoiced. These contract assets are subject to the expected credit loss model in accordance with IFRS 9 as disclosed in note 42.1.

The Group's contract assets classified as non-current comprise of key money paid upon entering into a hotel management service agreement. This contract asset does not expose the Group to credit risk and accordingly, it is subject to the impairment model under IAS 36.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(I) CLASSIFICATION OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI. As at 31 December 2021 and 2020, these include investments in funds and mutual funds whose instruments fail to meet the definition of equity from the issuer's perspective.
- Equity investments for which the Group has not elected to recognise fair value gains and losses through OCI.

	The Group	
	2021	2020
	€'000	€'000
Non-current assets		
Unlisted equity securities	**6,898**	7,198
Current assets		
Listed securities		
Equities	**3,227**	4,240
Mutual funds	**5,751**	5,010
	8,978	9,250
Total current assets	**8,978**	9,250

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

(I) CLASSIFICATION OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

During the year, the Group recognised a net fair value gain of €0.7m (2020: €0.1m) in profit or loss on financial assets. The fair value gains on these financial assets are primarily due to a fair value gain incurred on the Group's investment in listed securities amounting to €1.2m and an amount of €0.5m relating to a fair value loss on the Group's investment in Azure Resorts Group. In 2020 the deduction in the fair value gains was mainly due to the fair value loss in Azure Resorts Group amounting to €1.5m.

In 2020, the holding in Azure Resorts Group amounting to €5.5m (including the Group's share of losses of €0.7m incurred in 2020) has been reclassified from investments accounted for using the equity method to financial assets at fair value through profit or loss (FVTPL) in view that this has been put into liquidation on 27 April 2020. The carrying amount of the investment held in Azure Resorts Group amounts to €3.5m (2020: €4.0m).

Set out below are the unlisted equity securities held by the Group:

Company name	Registered office	Nature of business	% of ownership interest held by the Group 2021	2020
Azure Services Limited (in liquidation)	Level 1 LM Complex Brewery Street Mriehel, Malta	Marketing and promotional services	**50**	50
Azure Ultra Limited (in liquidation)	Level 1 LM Complex Brewery Street Mriehel, Malta	Luxury yacht leasing	**50**	50
Azure XP Limited (in liquidation)	Level 1, Palm Grove House Wickham's Cay 1 Road Town,Tortola British Virgin Islands	Financing of vacation ownership	**50**	50
Heathfield Overseas Limited (in liquidation)	Level 1, Palm Grove House Wickham's Cay 1 Road Town,Tortola British Virgin Islands	Payment solutions	**50**	50
Azure Resorts Limited (in liquidation)	Level 1, Palm Grove House Wickham's Cay 1 Road Town,Tortola British Virgin Islands	Vacation ownership selling agent	**50**	50
Brooksfield Overseas Limited (in liquidation)	Level 1, Palm Grove House Wickham's Cay 1 Road Town,Tortola British Virgin Islands	Marketing and promotional services	**50**	50

The Group's unlisted equity securities also include 13% (2020: 10%) holdings in Global Hotel Alliance and 10% holdings in Lizar Holdings Limited, a hotel and residential development in Moscow. In 2020, part of the investment in the residential development in Moscow was reclassified to financial assets at amortised cost after a formal agreement was entered into (Note 19).

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	The Group 2021 €'000	The Group 2020 €'000	The Company 2021 €'000	The Company 2020 €'000
Cash and bank balances:				
Current	**102,087**	46,145	**40,438**	4,943
Cash and cash equivalents in the statement of financial position	**102,087**	46,145	**40,438**	4,943
Bank overdraft (Note 30)	**(4,181)**	(9,762)	**–**	(230)
Cash and cash equivalents in the statement of cash flows	**97,906**	36,383	**40,438**	4,713

The bank balances include amounts of €8.9m (2020: €6.4m) set aside by the Group for debt servicing requirements of which €0.7m (2020: €0.7m) are set aside by the Company.

24. SHARE CAPITAL

24.1 AUTHORISED SHARE CAPITAL

The authorised share capital consists of 1,000m ordinary shares with a nominal value of €1 each.

24.2 ISSUED SHARE CAPITAL

The issued share capital consists of 615.7m (2020: 615.7m) ordinary shares of €1 each, fully paid up.

	The Group and Company	
	2021 €'000	2020 €'000
At 1 January and 31 December	**615,685**	615,685

24.3 SHAREHOLDER RIGHTS

Shareholders are entitled to vote at shareholders' meetings of the Company on the basis of one vote for each share held. They are entitled to receive dividends as declared from time to time. The shares in issue shall, at all times, rank pari passu with respect to any distribution whether of dividends or capital, in a winding up or otherwise.

25. REVALUATION RESERVE

Revaluation reserve relating to movements in property, plant and equipment of entities forming part of the Group:

	The Group		
	Revaluation surplus €'000	Deferred taxation €'000	Net €'000
At 1 January 2021	113,774	(23,820)	89,954
Revaluation surplus arising during the year:			
Corinthia Hotel Budapest	5,000	(450)	4,550
Corinthia Hotel St Petersburg	5,236	(1,047)	4,189
Corinthia Hotel London			
– Gross of non-controlling interest	68,149	-	68,149
– Share attributable to non-controlling interests	(34,075)	-	(34,075)
– Share attributable to owners of the parent	34,074	-	34,074
	44,310	(1,497)	42,813
At 31 December 2021	158,084	(25,317)	132,767
Analysed as follows:			
Corinthia Hotel St George's Bay, Malta	12,169	(4,259)	7,910
Corinthia Hotel & Spa Lisbon	34,911	(7,856)	27,055
Corinthia Hotel Prague	17,857	(3,392)	14,465
Corinthia Hotel Budapest	25,129	(2,327)	22,802
Marina Hotel, St George's Bay, Malta	9,206	(3,222)	5,984
Radisson Blu Resort, Malta	4,284	(1,499)	2,785
Corinthia Hotel St Petersburg	13,813	(2,762)	11,051
Corinthia Hotel London	40,715	-	40,715
	158,084	(25,317)	132,767

25. REVALUATION RESERVE CONTINUED

	The Group		
	Revaluation surplus €'000	Deferred taxation €'000	Net €'000
At 1 January 2020	121,397	(24,270)	97,127
Revaluation surplus arising during the year:			
Corinthia Hotel Budapest	(5,000)	450	(4,550)
Corinthia Hotel London			
– Gross of non-controlling interest	(5,246)	–	(5,246)
– Share attributable to non-controlling interests	2,623	–	2,623
– Share attributable to owners of the parent	(2,623)	–	(2,623)
	(7,623)	450	(7,173)
At 31 December 2020	**113,774**	**(23,820)**	**89,954**
Analysed as follows:			
Corinthia Hotel St George's Bay, Malta	12,169	(4,259)	7,910
Corinthia Hotel & Spa Lisbon	34,911	(7,856)	27,055
Corinthia Hotel Prague	17,857	(3,392)	14,465
Corinthia Hotel Budapest	20,129	(1,877)	18,252
Marina Hotel, St George's Bay, Malta	9,206	(3,222)	5,984
Radisson Blu Resort, Malta	4,284	(1,499)	2,785
Corinthia Hotel St Petersburg	8,577	(1,715)	6,862
Corinthia Hotel London	6,641	–	6,641
	113,774	**(23,820)**	**89,954**

Share of joint ventures' revaluation reserve relating to movements in property, plant and equipment:

	The Group		
	Revaluation surplus €'000	Deferred taxation €'000	Net €'000
At 1 January 2020	**3,348**	**(1,173)**	**2,175**
Golden Sands Resort	**-**	**-**	**-**
At 31 December 2020	**3,348**	**(1,173)**	**2,175**
At 1 January 2021	**3,348**	**(1,173)**	**2,175**
Golden Sands Resort – Derecognition of joint venture	**(3,348)**	**1,173**	**(2,175)**
At 31 December 2021	**-**	**-**	**-**

The revaluation reserve is non-distributable.

The tax impacts relating to this component of other comprehensive income is presented in the tables above.

During the previous years, the Group has capitalised the revaluation reserve by issuing bonus shares and upon the issuance of additional shares to previous owners of the IHG Group. Movements relating to bonus share issues are included in the table below:

	The Group	
	2021 €'000	2020 €'000
Aggregate amounts disclosed in tables above:	**132,767**	92,129
Bonus and other similar share issues:		
Opening and closing balance	**(71,764)**	(71,764)
Total revaluation reserve	**61,003**	20,365

26. TRANSLATION RESERVE

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into the Group's presentation currency. Translation reserve movements are presented within other comprehensive income.

27. OTHER RESERVES AND EQUITY COMPONENTS

27.1 OTHER EQUITY COMPONENTS

The Group	Stepped acquisition of subsidiary €'000	Other €'000	Total €'000
At 1 January 2020, 31 December 2020 and 31 December 2021	**3,859**	**(1,242)**	**2,617**

STEPPED ACQUISITION OF SUBSIDIARY

The stepped acquisition of subsidiary reserve relates to the increase in value of original shareholding in Corinthia Hotel Investments Limited, pursuant to independent valuation carried out on acquisition of further shareholding in 2006, net of deferred tax.

27.2 OTHER RESERVES

The Company	FVOCI reserve €'000	Bonus shares €'000	Other €'000	Total €'000
As at 1 January 2020	201,278	(75,090)	(24,009)	102,179
Fair value movements on investments in subsidiaries, associates and joint ventures, net of tax	(84,481)	–	–	(84,481)
At 31 December 2020	**116,797**	**(75,090)**	**(24,009)**	**17,698**
As at 1 January 2021	**116,797**	**(75,090)**	**(24,009)**	**17,698**
Fair value movements on investments in subsidiaries, associates and joint ventures, net of tax	**39,982**	**-**	**-**	**39,982**
Reversal of opening deferred income tax liability on fair value movements	**10,034**	**–**	**–**	**10,034**
At 31 December 2021	**166,813**	**(75,090)**	**(24,009)**	**67,714**

FINANCIAL ASSETS AT FVOCI

The Company has elected to recognise changes in the fair value of investments in subsidiaries, associates and joint ventures in OCI, as explained in Note 3.6. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

OTHER RESERVES

The Company's other reserves principally relate to the absorption of losses.

28. REPORTING CURRENCY CONVERSION DIFFERENCE

The reporting currency conversion difference represents the excess of total assets over the aggregate of total liabilities and funds attributable to the shareholders, following the re-denomination of the paid-up share capital from Maltese lira to euro in 2003.

29. ACCUMULATED LOSSES

The loss for the year has been transferred to '(Accumulated losses)/retained earnings' as set out in the statements of changes in equity.

30. BANK BORROWINGS

	The Group		The Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Bank overdraft	**4,181**	9,762	**-**	230
Bank loans	**369,295**	363,385	**18,308**	17,409
	373,476	373,147	**18,308**	17,639
Comprising:				
Non-current bank borrowings				
Bank loans due within 2 - 5 years	**321,642**	272,346	**13,706**	13,170
Bank loans due later than 5 years	**26,886**	73,574	**1,855**	2,428
	348,528	345,920	**15,561**	15,598
Current bank borrowings				
Bank overdraft	**4,181**	9,762	**-**	230
Bank loans due within 1 year	**20,767**	17,465	**2,747**	1,811
	24,948	27,227	**2,747**	2,041

Bank borrowings are subject to variable interest rates linked to Euribor, other reference rates or bank base rates with an average interest rate of 2.94% annually at 31 December 2021 (2020: 2.82% annually) for the Group and 2.43% annually at 31 December 2021 (2020: 2.81%) for the Company.

These facilities are secured by general hypothecs on the Group's and the Company's assets, special hypothecs, privileges on the Group's property, guarantees by related parties, as well as pledges over the shares in subsidiaries and joint ventures.

The carrying amount of bank borrowings is considered a reasonable approximation of fair value based on discounted cash flows, taking cognisance of the variable interest nature of the principal borrowings.

31. BONDS

	The Group		The Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Bond V	**-**	19,938	**-**	19,938
Bond VI	**9,969**	9,953	**9,969**	9,953
Bond VII	**44,601**	44,497	**44,601**	44,497
Bond IX	**34,823**	34,750	**34,823**	34,750
Bond X	**54,595**	54,516	**54,595**	54,516
Bond XI	**59,443**	59,345	**59,443**	59,345
Bond XII	**79,160**	-	**79,160**	-
	282,591	222,999	**282,591**	222,999
Non-current	**282,591**	203,061	**282,591**	203,061
Current	**-**	19,938	**-**	19,938
	282,591	222,999	**282,591**	222,999

(I) THE GROUP HAS THE FOLLOWING BONDS IN ISSUE:

	Year of issue	Nominal amount €'000	Rate of interest %	Maturity date
Bond VI	2013	10,000	5.80	14 November 2023
Bond VII	2015	45,000	5.75	13 May 2025
Bond IX	2014	35,000	6.00	15 May 2024
Bond X	2016	55,000	4.00	29 July 2026
Bond XI	2016	60,000	4.00	20 December 2026
Bond XII	2021	80,000	3.65	07 December 2031

In 2021, IHI p.l.c. redeemed Bond V and issued Bond XII for a total amount of €80.0m.

31. BONDS

(II) INTEREST
Interest is payable annually in arrears on the due date.

(III) SECURITY
The bonds constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Company and will rank pari passu, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Company.

(IV) SINKING FUNDS
The required contributions to the sinking funds as deposited under a trust arrangement as at 31 December 2021 amounted to €0.08m (2020: €5.6m). The corresponding figure for 2020 amounted to €5.6 m and included the sinking fund for Bond V, which was redeemed during the current financial year.

(V) THE CARRYING AMOUNT OF THE BONDS IS AS FOLLOWS:

	V €'000	VI €'000	VII €'000	IX €'000	X €'000	XI €'000	XII €'000	Total €'000
At 1 January 2020	19,879	9,938	44,400	34,677	54,440	59,250	–	222,584
Amortisation of transaction costs	59	15	97	73	76	95	–	415
At 31 December 2020	19,938	9,953	44,497	34,750	54,516	59,345	–	222,999
Proceeds from issue	–	–	–	–	–	–	70,430	70,430
Issue costs	–	–	–	–	–	–	(840)	(840)
Amortisation of transaction costs	62	16	104	73	79	98	–	432
Allocation to new bond	(9,570)						9,570	–
Redemption	(10,430)	–	–				–	(10,430)
At 31 December 2021	**-**	**9,969**	**44,601**	**34,823**	**54,595**	**59,443**	**79,160**	**282,591**

The carrying amount of bonds is considered a reasonable approximation of fair value.

The market price of bonds in issue is as follows:

	2021 €	2020 €
Bond V	**-**	100.0
Bond VI	**103.0**	100.6
Bond VII	**102.7**	101.0
Bond IX	**101.1**	102.0
Bond X	**102.5**	101.6
Bond XI	**100.0**	98.0
Bond XII	**100.2**	–

32. OTHER FINANCIAL LIABILITIES

	The Group		The Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Amounts owed to:				
Ultimate parent	**6,623**	–	**6,623**	–
Group companies	**-**	–	**21,645**	36,851
Other	**307**	401	**-**	–
	6,930	401	**28,268**	36,851
Non-current liabilities				
Amounts owed to:				
Ultimate parent	**6,623**	–	**6,623**	–
Group companies	**-**	–	**21,544**	36,767
Other	**204**	281	**-**	–
	6,827	281	**28,167**	36,767
Current liabilities				
Amounts owed to:				
Group companies	**-**	–	**101**	84
Other	**103**	120	**-**	–
	103	120	**101**	84

The carrying amount of other financial liabilities is considered a reasonable approximation of fair value on the basis of discounted cash flows. The terms of the amounts owed by the Company, as applicable, are as follows:

	€'000	Interest	Repayable by
At 31 December 2021			
Group companies	**3,887**	4.95%	Due by 4 August 2025
Group companies	**13,000**	Euribor + 2.65%	Due by 3 August 2025
Group companies	**4,758**	0%	Due within 3 years
Ultimate parent	**6,623**	3%	Due by 11 January 2026
	28,268		
At 31 December 2020			
Group companies	3,887	4.95%	Due by 4 August 2025
Group companies	13,000	Euribor + 2.65%	Due by 3 August 2025
Group companies	19,964	0%	Due within 3 years
	36,851		

None of the loans are secured.

33. DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting period.

The balance at 31 December represents temporary differences attributable to:

The Group	Assets		Liabilities		Net	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000	**2021 €'000**	2020 €'000
Depreciation of property, plant and equipment	**-**	–	**(41,252)**	(37,611)	**(41,252)**	(37,611)
Fair valuation of land and buildings	**-**	–	**(69,566)**	(58,968)	**(69,566)**	(58,968)
Fair valuation of investment property	**-**	–	**(12,381)**	(15,082)	**(12,381)**	(15,082)
Intangible assets	**-**	–	**(1,987)**	(1,326)	**(1,987)**	(1,326)
Investment in subsidiaries	**-**	–	**(7,147)**	(7,147)	**(7,147)**	(7,147)
Investment in associates	**101**	101	**-**	–	**101**	101
Unrelieved tax losses and unabsorbed capital allowances	**57,365**	45,332	**-**	–	**57,365**	45,332
Exchange differences	**-**	–	**(761)**	(297)	**(761)**	(297)
Provision on trade receivables	**759**	1,996	**-**	–	**759**	1,996
Other	**204**	193	**-**	–	**204**	193
Tax assets/(liabilities) – before offsetting	**58,429**	47,622	**(133,094)**	(120,431)	**(74,665)**	(72,809)
Offset in the statement of financial position	**(39,401)**	(33,408)	**39,401**	33,408	**-**	–
Tax assets/(liabilities) – as presented in the statement of financial position	**19,028**	14,214	**(93,693)**	(87,023)	**(74,665)**	(72,809)

The Company	Assets		Liabilities		Net	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000	**2021 €'000**	2020 €'000
Depreciation of property, plant and equipment	**43**	–	**-**	(41)	**43**	(41)
Investment in subsidiaries	**-**	–	**(11,408)**	(21,886)	**(11,408)**	(21,886)
Unrelieved tax losses and unabsorbed capital allowances	**4,957**	8,640	**-**	–	**4,957**	8,640
Exchange differences	**-**	261	**(6)**	–	**(6)**	261
Tax assets/(liabilities)	**5,000**	8,901	**(11,414)**	(21,927)	**(6,414)**	(13,026)
Offset in the statement of financial position	**(7)**	(41)	**7**	41	**-**	–
Tax assets/(liabilities) – as presented in statement of financial position	**4,993**	8,860	**(11,407)**	(21,886)	**(6,414)**	(13,026)

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months from the end of the reporting period. The deferred tax assets and liabilities reflected in other comprehensive income relate to fair valuation of property, plant and equipment and investments in subsidiaries, associates and joint venture which have been measured as financial assets at fair value through other comprehensive income.

33. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

The movement on the Group's deferred tax assets and liabilities during the year, without taking into consideration offsetting of balances, is as follows:

The Group	Balance 01.01.2020 €'000	Recognised in profit or loss €'000	Recognised in other comprehensive income €'000	Currency translation differences €'000	Balance 31.12.2020 €'000	Recognised in profit or loss €'000	Recognised in other comprehensive income €'000	Currency translation differences €'000	Business Combinations	Other €'000	Balance 31.12.2021 €'000
Property, plant and equipment	(99,466)	(1,402)	450	3,839	(96,579)	(2,073)	(1,497)	(1,010)	(9,659)	-	(110,818)
Investment property	(16,612)	200	-	1,330	(15,082)	3,028	-	(327)	-	-	(12,381)
Intangible assets	(665))	(661)	-	-	(1,326)	(661)	-	-	-	-	(1,987)
Investments in subsidiaries	(7,147)	-	-	-	(7,147)	-	-	-	-	-	(7,147)
Investments in associates	101	-	-	-	101	-	-	-	-	-	101
Unrelieved tax losses and capital allowances	30,501	15,889	3,356	(4,414)	45,332	12,404	-	1,068	(86)	(1,353)	57,365
Exchange differences	(181)	(117)	1	-	(297)	(464)	-	-	-	-	(761)
Provision on trade receivables	1,898	98	-	-	1,996	(1,220)	-	(17)	-	-	759
Others	382	(120)	-	(69)	193	(3)	-	14	-	-	204
	(91,189)	13,887	3,807	686	(72,809)	11,011	(2,640)	871	(9,745)	(1,353)	(74,665)

UNRECOGNISED DEFERRED TAX ASSETS

Deferred income taxes are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. In 2021, the Group did not recognise deferred income tax assets of €8.5m (2020: €4.7m), in respect of losses amounting to €24.4m (2020: €13.43m) that can be carried forward against future taxable income.

The movement in the Company's deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances, is as follows:

The Company	Balance 01.01.2020 €'000	Recognised in profit or loss €'000	Recognised in other comprehensive income €'000	Surrender of losses €'000	Balance 31.12.2020 €'000	Recognised in profit or loss €'000	Recognised in other comprehensive income €'000	Surrender of losses €'000	Balance 31.12.2021 €'000
Property, plant and equipment	(23)	(18)	-	-	(41)	84	-	-	43
Investments in subsidiaries	(26,142)	-	4,256	-	(21,886)	-	10,478	-	(11,408)
Investments in associates	-	-	-	-	-	-	-	-	-
Unrelieved tax losses and capital allowances	3,246	8,315	-	(2,921)	8,640	4,589	-	(8,272)	4,957
Exchange differences	(20)	281	-	-	261	(267)	-	-	(6)
	(22,939)	8,578	4,256	(2,921)	(13,026)	4,406	10,478	(8,272)	(6,414)

UNRECOGNISED DEFERRED TAX ASSETS

The Company did not have unrecognised deferred income tax assets that could be carried forward against future taxable income as at 31 December 2021 and 31 December 2020.

34. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Non-current				
Trade payables	**166**	–	**166**	–
Other payables	**2,091**	2,433	**686**	829
Accruals	**271**	–	**271**	–
Refundable lease deposits	**69**	336	**-**	–
Financial liabilities	**2,597**	2,769	**1,123**	829
Contract liabilities	**2,560**	2,481	**-**	–
Other statutory liabilities	**5,451**	–	**838**	–
Total payables - non-current	**10,608**	5,250	**1,961**	829
Current				
Trade payables	**14,587**	11,826	**831**	522
Amounts owed to:				
Parent company	**1,064**	880	**-**	–
Subsidiary companies	**-**	–	**2,278**	1,828
Associates	**769**	239	**239**	239
Joint ventures	**2**	17	**-**	–
Other related parties	**7,665**	7,306	**1**	1
Capital creditors	**1,177**	907	**-**	–
Other payables	**10,113**	11,195	**1,370**	1,305
Refundable lease deposits	**765**	62	**-**	–
Accruals	**25,218**	22,089	**6,927**	7,121
Financial liabilities	**61,360**	54,521	**11,646**	11,016
Contract liabilities	**4,576**	4,321	**-**	–
Lease payments received in advance	**1,928**	2,905	**-**	–
Statutory liabilities	**9,029**	7,253	**1,060**	1,082
Total payables – current	**76,893**	69,000	**12,706**	12,098

Amounts owed to related parties are unsecured, interest free and are repayable on demand.

The carrying amount of trade and other payables is considered a reasonable approximation of fair value in view of the short-term nature of these instruments.

Current contract liabilities mainly include advance deposits on hotel bookings and cash received for vouchers to be redeemed by customers in hotels. The revenue in relation to these amounts received in advance is recognised only when the Group satisfies its performance obligation (i.e. as the customer utilises their right to use the hotel room).

Non-current contract liabilities emanate from a transaction in which the Group sold a block of serviced apartments but retained the obligation to maintain such apartments for the very long-term. The consideration that was paid by the buyer to the Group was partly allocated to the service element in the arrangement and will be recognised over the remaining number of years for which the obligation remains.

The aggregate transaction price allocated to this long-term arrangement amounted to £2.3m equivalent to €2.7m (2020: £2.3m, €2.7m), of which £1.9m equivalent to €2.2m (2020: £1.9m, €2.1m), remains unsatisfied as at year-end. Management expects that the unsatisfied portion of the transaction price will be recognised as revenue on a straight-line basis over the remaining term of 41 years, since the directors consider the arrangement consistent with a stand-ready obligation to perform.

Revenue recognised during 2021 that was included in the contract liability balance at the beginning of the period amounted to €2.9m (2020: €2.7m).

35. DIVIDENDS

No dividends were declared for the financial year ended 31 December 2021 and 2020.

36. CASH FLOW INFORMATION

36.1 CASH GENERATED FROM/(USED IN) OPERATIONS

	The Group		The Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Adjustments:				
Depreciation of property, plant and equipment	**25,702**	31,098	**30**	32
Depreciation of right-of-use assets	**2,894**	2,597	**263**	195
Increase in provision for impairment of trade receivables	**-**	–	**1,092**	–
Net loss/(gain) arising on disposal of property, plant and equipment	**5,353**	(249)	**-**	11,838
Amortisation of intangible assets	**2,017**	2,084	**31**	22
Impairment losses on intangible assets	**(72)**	2,368	**-**	–
Other losses on property, plant and equipment	**-**	2,905	**-**	–
Other losses arising on property, plant and equipment	**-**	20		
Tax indemnity	**6,228**	–		
Bad debts provision	**452**	–		
Other write offs	**225**	–		
Net gain on disposal of intangible assets	**-**	–	**-**	12
Net impairment losses on property, plant and equipment	**-**	–	**-**	–
Net changes in fair value of contingent consideration	**-**	–	**-**	–
Fair value movements on investment properties	**(1,321)**	5,228	**-**	–
Fair value movements on investments	**(743)**	(115)	**-**	–
Share of results of associates and joint ventures	**(1,124)**	2,448	**-**	–
Net changes in fair value of indemnification assets	**-**	–	**-**	–
Amortisation of transaction costs on borrowings	**1,228**	1,031	**432**	415
Lease concessions	**(1,130)**	(1,292)	**-**	–
Interest income	**(506)**	(702)	**(3,154)**	(3,387)
Interest expense	**23,755**	22,523	**12,956**	12,371
Dividend income	**-**	–	**-**	(3,630)
Reclassification of Azure	**-**	2,802	**-**	–
Net exchange differences	**3,768**	12,267	**(705)**	417
	66,726	85,013	**10,945**	18,285

36. CASH FLOW INFORMATION CONTINUED

36.2 RECONCILIATION OF FINANCING LIABILITIES

The Group		Liabilities from financing activities				
	Assets placed under trust arrangement €'000	Bonds €'000	Bank loans €'000	Other financial liabilities €'000	Lease liabilities €'000	Total €'000
As at 1 Jan 2020						
– Principal	3,820	(222,584)	(362,797)	–	(13,997)	(595,558)
– Accrued interest	–	(4,076)	(1,064)	–	–	(5,140)
– Net	3,820	(226,660)	(363,861)	–	(13,997)	(600,698)
Cash flows	1,817	11,028	570	(401)	1,846	14,860
Foreign exchange	–	–	21,602	–	–	21,602
Currency translation Differences	–	–	(11,998)	–	–	(11,998
Other movements	–	(11,468)	(11,331)	–	74	(22,725)
As at 31 December 2020	5,637	(227,100)	(365,018)	(401)	(12,077)	(598,959)
Comprising:						
– Principal	5,637	(222,999)	(363,385)	(401)	(12,077)	(593,226)
– Accrued interest	–	(4,101)	(1,633)	–	–	(5,733)
As at 31 December 2020	5,637	(227,100)	(365,018)	(401)	(12,077)	(598,959)
As at 1 Jan 2021						
– Principal	**5,637**	**(222,999)**	**(363,385)**	**(401)**	**(12,077)**	**(593,225)**
– Accrued interest	**-**	**(4,101)**	**(1,633)**	**-**	**-**	**(5,734)**
– Net	**5,637**	**(227,100)**	**(365,018)**	**(401)**	**(12,077)**	**(598,959)**
Cash flows	**(5,560)**	**(47,978)**	**33,774**	**(7,201)**	**2,321**	**(24,644)**
Acquisition of Subsidiaries	**-**	**-**	**(11,495)**	**-**	**(544)**	**(12,039)**
Foreign exchange Adjustments	**-**	**-**	**(14,697)**	**-**	**-**	**(14,697)**
Currency translation Differences	**-**	**-**	**-**	**-**	**-**	**-**
Other movements	**-**	**(11,782)**	**(13,021)**	**672**	**(1,521)**	**(25,652)**
As at 31 December 2021	**77**	**(286,860)**	**(370,457)**	**(6,930)**	**(11,821)**	**(675,991)**
Comprising:						
– Principal	**77**	**(282,591)**	**(369,295)**	**(6,930)**	**(11,821)**	**(670,560)**
– Accrued interest	**-**	**(4,269)**	**(1,162)**	**-**	**-**	**(5,431)**
As at 31 December 2021	**77**	**(286,860)**	**(370,457)**	**(6,930)**	**(11,821)**	**(675,991)**

36. CASH FLOW INFORMATION CONTINUED

36.2 RECONCILIATION OF FINANCING LIABILITIES CONTINUED

The Company		Liabilities from financing activities				
	Assets placed under trust arrangement €'000	Bonds €'000	Bank loans €'000	Other financial liabilities €'000	Lease liabilities €'000	Total €'000
As at 1 Jan 2020						
- Principal	3,820	(222,584)	(12,590)	(39,879)	(461)	(271,694)
- Accrued interest	-	(4,076)	(75)	-	-	(4,151)
- Net	3,820	(226,660)	(12,665)	(39,879)	(461)	(275,845)
Cash flows	1,817	11,028	(4,479)	-	127	8,330
Other movements	-	(11,468)	(1,519)	3,028	(246)	(10,004)
As at 31 December 2020	5,637	(227,100)	(18,663)	(36,851)	(580)	(277,519)
Comprising:						
- Principal	5,637	(222,999)	(17,409)	(36,851)	(580)	(272,202)
- Accrued interest	-	(4,101)	(1,254)	-	-	(5,317)
As at 31 December 2020	5,637	(227,100)	(18,663)	(36,851)	(580)	(277,519)
As at 1 Jan 2021						
- Principal	**5,637**	**(222,999)**	**(17,409)**	**(36,851)**	**(580)**	**(272,202)**
- Accrued interest	**-**	**(4,101)**	**(1,254)**	**-**	**-**	**(5,355)**
- Net	**5,637**	**(227,100)**	**(18,663)**	**(36,851)**	**(580)**	**(277,557)**
Cash flows	**(5,560)**	**(47,978)**	**1,088**	**6,203**	**282**	**(45,965)**
Other movements	**-**	**(11,782)**	**(1,478)**	**2,380**	**(54)**	**(10,934)**
As at 31 December 2021	**77**	**(286,860)**	**(19,053)**	**(28,268)**	**(352)**	**(334,456)**
Comprising:						
- Principal	**77**	**(282,591)**	**(18,308)**	**(28,268)**	**(352)**	**(329,442)**
- Accrued interest	**-**	**(4,269)**	**(745)**	**-**	**-**	**(5,014)**
As at 31 December 2021	**77**	**(286,860)**	**(19,053)**	**(28,268)**	**(352)**	**(334,456)**

36.3 SIGNIFICANT NON-CASH TRANSACTIONS

The Company's significant non-cash transactions for 2021 relate to an amount of €9.8 million representing the portion of bonds that were redeemed through the re-issue of new bonds.

37. COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	The Group	
	2021 €'000	2020 €'000
Contracted for:		
Property, plant and equipment	**91,755**	5,958
Authorised but not yet contracted for:		
Property, plant and equipment	**67,856**	109,149
	159,611	115,107

The board of directors of joint ventures have not authorised capital commitments for property, plant and equipment for the previous year.

38. CONTINGENT LIABILITIES

A claim in relation to brokerage fees on the sale of Lisbon Hotel to IHI p.l.c. in 2000 amounting to €1.7 million is being made by an individual against 8 defendants including IHI p.l.c. No provision has been made in these financial statements for this claim as the Company and the Group believe that it has a strong defence in respect of these claims.

A client has instituted proceedings against QPM Limited for damages sustained in relation to professional works. The directors do not expect that the cash outflow net of insurance recoveries to be material.

39. BUSINESS COMBINATIONS

Business combinations during 2021

During the first quarter of 2021, the Group acquired the remaining 50% share in Golden Sands Resort Limited to consolidate its holding in this asset.

The Group's carrying amount of the joint venture in this respect was derecognised in 2021. The fair value of the previously held 50% interest equates to the carrying amount of the investment and accordingly, no gain or loss was recognised upon re-measurement of the previously held interest.

Details of the purchase consideration and the fair value of the net identifiable assets and liabilities acquired and goodwill are as follows:

The Group	Golden Sands Resort Ltd €'000
Purchase consideration:	
Value of the previous 50% held as at 26 February 2021	19,459
Purchase consideration for the remaining 50%	13,679
Adjustment for monetary assets	(2,912)
	30,226
Recognised amounts of identifiable assets acquired	
Cash at bank and in hand	731
Property, plant and equipment	60,842
Other financial assets at amortised costs	–
Right-of-use assets	517
Deferred tax asset	235
Deferred tax liabilities	(9,980)
Intangible assets	6
Inventories	1,403
Trade and other receivables	445
Trade and other payables	(11,290)
Current tax asset	24
Lease liabilities	(544)
Bank borrowings	(11,495)
Bank overdraft	(2,420)
Amounts due to related parties	(3,659)
Net identifiable assets acquired	**24,815**
Add: Goodwill	5,411
Net assets acquired	**30,226**

The goodwill was originally recognised upon acquisition of the IHGH Group in 2015 which at the time held a 50% share in Golden Sands Resort Limited, as disclosed in Note 18.4.1.

The fair value of acquired inventories and receivables is €1.9m, none of which is expected to be uncollectible.

The acquired business contributed revenues of €7.7 m and a net loss of €0.5 m to the Group for the period from acquisition date to 31 December 2021. If the acquisition had happened on 1st January 2021, consolidated pro-forma revenue and loss for the year ended 31 December 2021 would have been €129.8 m and €27.9 m respectively.

PURCHASE CONSIDERATION – CASH OUTFLOW

The Group	Golden Sands Resort Ltd €'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Purchase consideration	13,679
Add: net bank overdraft	1,689
Net outflow of cash – investing activities	**15,368**

40. RELATED PARTIES

The Company and its subsidiaries have related party relationships with CPHCL, the Company's ultimate controlling party (Note 43), all related entities ultimately controlled, jointly controlled or significantly influenced by CPHCL. Related parties also comprise the shareholders of CPHCL, other major shareholders of IHI, the Group's associates and joint ventures (Note 18) together with the Group companies' key management personnel.

Key management personnel includes directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal Audit. The compensation paid or payable to key management for employee services is disclosed in Note 40.2.

No guarantees were given or received. Amounts owed by/to related parties are shown separately in Notes 19, 21, 32 and 34.

40. RELATED PARTIES CONTINUED

40.1 TRANSACTIONS WITH RELATED PARTIES

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Revenue				
Services rendered to:				
Parent company	**550**	687	**550**	687
Subsidiaries	**-**	–	**2,229**	1,973
Other related parties	**356**	430	**-**	–
Dividends received from: Subsidiaries	**-**	–	**-**	3,630
	906	1,117	**2,779**	6,290
Financing				
Interest income				
Parent company	**52**	76	**12**	50
Subsidiaries	**-**	–	**3,142**	3,337
Other related parties	**318**	428	**-**	–
Interest expenses				
Parent company	**(408)**	–	**(408)**	
Subsidiaries	**-**	–	**(682)**	(835)
Other related parties	**(3)**	(6)		
	(41)	498	**2,064**	2,552

As explained in Note 3.1, the Company has secured a line of credit from its parent company, CPHCL, to ensure funding is available in case of any cash flow shortfalls.

40.2 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In addition to the remuneration paid to the directors included in Note 7, in the course of its operations the Group has a number of arrangements in place with its officers, executives and other related parties whereby concessions are made available for hospitality services rendered to them according to accepted industry norms.

In 2021, the remuneration of the executive Chairman and Senior Executives of the Company and its subsidiaries amounted to €5.1m (2020: €5.1m). The foregoing comprises a fixed portion of €6m (2020: €5.1m) and a variable portion of €0.5 (2020: nil).

41. EVENTS AFTER THE REPORTING PERIOD

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 may impose 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. Negative effects on traffic patterns are possible and these could extend to neighbouring countries in which the group has operations. Apart from business disruptions which may materially influence the valuation of the hotel and commercial centre, this situation materially increased the volatility of the Rouble exchange rate and may impact the amount reported in the Group financial statements.

As at the end of 2021, the Group held the following assets in Russia:

	2021 €'000
Property, plant and equipment	75,965
Investment property	51,600
Inventories	617
Trade and other receivables	439
Cash and cash equivalents	177
Trade and other payables	(2,240)
Bank borrowings	(42,472)
Net asset value	84,086
10% equity in Moscow project	5,923

The Rouble exchange rate at the end of 2021 stood at 84.07 to the Euro. The current situation has increased the volatility of the Rouble exchange rate which may negatively impact the net asset value reported above.

In addition to the above direct exposures, the political andeconomicuncertainty worldwidemay impact the forward-looking assumptions underlying the Group's forecasts, for example with respect to inflation and discount rates used in its valuation models.The situation continues to evolve, and whilst at this time it is not possible to assess the financialeffect on the Group's consolidated financial statements, therewasno material adverse effect as at the date of authorisation for issue of these financial statements.

41. EVENTS AFTER THE REPORTING PERIOD CONTINUED

No other adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation by the board.

42. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to various risks through its use of financial instruments. The main types of risks are market risk, credit risk and liquidity risk, which result from both its operating and investing activities. The Group's risk management is coordinated at its head office, in close co-operation with the board of directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The most significant financial risks to which the Group is exposed to are described below. See also Note 42.5 for a summary of the Group's financial assets and liabilities by category.

42.1 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from related parties and customers. The Group's exposure to credit risk is measured by reference to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Classes of financial assets – carrying amounts				
Long-term loans	**5,915**	6,739	**96,610**	90,972
Short-term loans	**61**	43	**2,556**	2,556
Assets placed under trust arrangement	**77**	5,637	**77**	5,637
Trade and other receivables, including contract assets	**32,007**	31,359	**58,759**	46,465
Cash in hand and at bank	**102,087**	46,145	**40,438**	4,943
	140,147	89,923	**198,440**	150,573

The maximum exposure to credit risk at the end of the reporting period in respect of financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Group does not hold any significant collateral in this respect.

(I) RISK MANAGEMENT AND SECURITY

The subsidiary companies within the Group have, over the years, conducted business with various corporates, tour operators and individuals located in different jurisdictions and, owing to the spread of the Group's debtor base, there is no concentration of credit risk.

The Group has a credit policy in place under which new customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

In monitoring customer credit risk, customers are individually assessed. Customers that are graded as "high risk" are placed on a restricted customer list and future sales are only made on a prepayment basis.

The Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance for doubtful recoveries that represents its estimate of losses in respect of trade and other receivables.

The Company has a concentration of credit risk on its exposures to loans receivables from the subsidiaries. The Company monitors intra-Group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Company assesses the credit quality of these related parties taking into account financial positions, performance and other factors. The Company takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default. Accordingly, credit risk with respect to these receivables is expected to be limited.

42. RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

42.1 CREDIT RISK CONTINUED

(II) IMPAIRMENT OF FINANCIAL ASSETS

The Group and the Company have three types of financial assets that are subject to the expected credit loss model:

- trade receivables and contract assets relating to the provision of services;
- other financial assets at amortised cost, comprising loans receivable from related parties and, in the case of the Company, subsidiary undertakings; and
- cash and cash equivalents.

TRADE RECEIVABLES AND CONTRACT ASSETS

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets since they have substantially the same characteristics.

The expected loss rates are based on the payment profiles of sales over a period of 3 to 4 months before 31 December 2021 and 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the assessment carried out in accordance with the above methodology, the movement in loss allowances identified as at 31 December 2021 and 31 December 2020 is deemed immaterial by management.

The Group's loss allowance balance on trade receivables and contract assets as at 31 December 2021 and 2020 mainly comprises a provision on an amount due from an individual counterparty that did not have an impact on the identified loss rates and expected credit losses on the rest of the Group's trade receivables and contract assets. On this basis, the information pertaining to loss rates and loss allowances in the Group's provisions matrix, which would have otherwise been required by IFRS 7, is not presented as at 31 December 2021 and 31 December 2020.

The closing loss allowances for trade receivables and contract assets as at 31 December 2021 reconcile to the opening loss allowance as follows:

The Group	Trade receivables and contract assets	
	2021 €'000	2020 €'000
Opening loss allowance as at 1 January	6,390	5,982
Increase in loss allowance recognised in profit or loss during the year	480	380
Receivables written off during the year as uncollectible	88	40
Unused amounts reversed	(118)	-
Currency translation differences	(2,885)	(12)
At 31 December	3,955	6,390

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, failure to settlement after a number of attempts being made to collect past due debts; amounts deemed unrecoverable after a court ruling; and by the Group to provide original documentation in case of invoices contested by the customer.

During 2020, the Company wrote off an amount receivable of €11.8m from subsidiary undertakings following the dissolution of Costa Coffee Spain.

Impairment losses on trade receivables and contract assets are recognised within administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item. All impaired balances were unsecured.

42. RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

42.1 CREDIT RISK CONTINUED

OTHER FINANCIAL ASSETS AT AMORTISED COST

The Group's and the Company's other financial assets at amortised cost which are subject to IFRS 9's general impairment model mainly include the following balances:

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Amounts due from ultimate parent entity	**-**	672	**-**	672
Amounts due from subsidiaries	**-**	-	**99,166**	92,856
Amounts due from other related parties	**-**	1,000	**-**	-
Amounts due from other investees	**5,898**	4,972	**-**	-
At 31 December	**5,898**	6,644	**99,166**	93,528

The Group and the Company monitor intra-group credit exposures at individual entity level on a regular basis and ensure timely performance of these assets in the context of its overall liquidity management. The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The Company's management uses judgement in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

As at year-end, based on the Directors' assessments of these factors, the equity position of the respective counterparty, and, where the probability of default is high, the recovery strategies contemplated by management together with the support of shareholders in place, the resulting impairment charge required was deemed to be immaterial.

CASH AT BANK

The Group's cash is placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the companies within the Group. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group is also directly and indirectly exposed to credit risk in relation to certain bond funds that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments €1.95m. (2020: €1.05m).

42.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure and management of liquidity risk as 31 December 2021 is disclosed below.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions. Liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

The Group actively manages its cash flow requirements. Management monitors liquidity risk by reviewing expected cash flows through cash flow forecasts, covering both Head Office corporate cash flows and all Group entities' cash flows, financing facilities are expected to be required. This is performed at a central treasury function, which controls the overall liquidity requirements of the Group within certain parameters. Each subsidiary company within the Group updates its cash flow on a monthly basis.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financing or borrowing obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably forecasted.

The Group's liquidity risk is actively managed taking cognisance of the matching of operational cash inflows and outflows arising from expected maturities of financial instruments, attributable to the Group's different operations, together with the Group's committed bank borrowing facilities and other financing that it can access to meet liquidity needs. During the current year, the Group has issued a new bond amounting to €80 million for a 10 year term. This has significantly improved the Group's liquidity. In 2020, the Group has been successful in securing €24.5 million banking facilities with local banks under the Malta Development Bank COVID-19 Guarantee Scheme for a five year term. The approved loans have been fully drawn as at the date of approval of these financial statements. The Group also reviews periodically its presence in the local capital markets and considers actively the disposal of non-core assets to secure potential cash inflows constituting a buffer for liquidity management purposes.

42. RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

42.2 LIQUIDITY RISK CONTINUED

As at 31 December 2021 and 31 December 2020 the Group has financial liabilities, including estimated interest payments, with contractual maturities which are summarised below:

The Group			
	Current	Non-current	
	Within 1 year	1-5 years	More than 5 years
31 December 2021	€'000	€'000	€'000
Non-derivatives:			
Bank borrowings	31,653	363,620	48,824
Bonds	10,668	243,403	112,785
Lease liabilities	2,905	4,971	20,673
Bank overdraft	4,348	–	–
Trade and other payables	61,360	2,597	–
Other financial liabilities	302	7,429	–
	111,236	**622,020**	**182,282**

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

The Group			
	Current	Non-current	
	Within 1 year	1-5 years	More than 5 years
31 December 2020	€'000	€'000	€'000
Non-derivatives:			
Bank borrowings	29,087	312,592	95,876
Bonds	30,965	130,839	156,486
Lease liabilities	2,927	5,337	19,956
Bank overdraft	10,152	–	–
Trade and other payables	54,521	2,769	–
Other financial liabilities	151	319	–
	127,803	**451,856**	**272,318**

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the balance sheet date.

As at 31 December 2021 and 31 December 2020 the Company has financial liabilities, including estimated interest payments, with contractual maturities which are summarised below:

The Company			
	Current	Non-current	
	Within 1 year	1-5 years	More than 5 years
31 December 2021	€'000	€'000	€'000
Non-derivatives:			
Bank borrowings	3,321	15,073	1,880
Bonds	10,668	243,403	112,785
Other financial liabilities	736	30,174	–
Bank overdraft	–	–	–
Lease liabilities	272	99	–
Trade and other payables	11,646	1,123	–
	26,643	**289,872**	**114,665**

42. RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

42.2 LIQUIDITY RISK CONTINUED

This compares to the maturity of the Company's financial liabilities in the previous reporting periods as follows:

The Company	Current	Non-current	
	Within 1 year	1-5 years	More than 5 years
31 December 2020	€'000	€'000	€'000
Non-derivatives:			
Bank borrowings	2,453	11,440	2,300
Bonds	30,965	130,839	156,486
Other financial liabilities	621	38,695	–
Bank overdraft	230	–	–
Lease liabilities	279	144	1
Trade and other payables	11,016	829	–
	45,564	**181,947**	**158,787**

42.3 MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, and quoted prices, will affect the Group's income or financial position. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(I) FOREIGN CURRENCY RISK

Foreign currency risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency, which would be considered a foreign currency from the entity's perspective.

All Group entities have euro as their functional currency with the exception of IHI Benelux BV, with Russian Rouble as its functional currency, the entities within the NLI Group, with the pound sterling as their functional currency, and Libya Hotels Development and Investment JSC, with Libyan dinars as its functional currency. IHI Benelux BV is exposed to foreign currency risk mainly with respect to a portion of revenue and purchases, which are denominated in euro, and all the entity's borrowings which are also denominated in euro.

The Group operates internationally and is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of Group entities, the euro.

The Group has operations in Russia, Hungary, Czech Republic, United Kingdom and Libya and has subsidiaries domiciled in those territories. These entities are exposed to foreign currency in respect of a portion of their respected revenue and purchases which are denominated in foreign currencies.

The Group's and Company's main risk exposure reflecting the carrying amount of receivables and payables denominated in foreign currencies at the end of the reporting period analysed by the functional currency of the respective entity or entities, were as follows:

The Group	2021				2020			
	Functional currency				Functional currency			
	EUR		RUB		EUR		RUB	
	HUF €'000	LYD €'000	CZK €'000	EUR €000	HUF €'000	LYD €'000	CZK €'000	EUR €'000
Group								
Assets:								
Loans and receivables:								
Trade receivables	368	1,119	101	-	56	1,309	13	-
Other receivables	544	56	125	-	235	24	82	-
Liabilities:								
Bank borrowings	-	-	-	(42,472)	-	-	-	(46,018)
Trade payables	(372)	(371)	(639)	-	(121)	(795)	(235)	-
Other payables	(2,409)	(2,926)	(1,713)	-	(2,036)	(2,928)	(1,676)	-
Net exposure	(1,869)	(2,122)	(2,126)	(42,472)	(1,866)	(2,390)	(1,816)	(46,018)

At 31 December 2021, if the euro had weakened/strengthened by 10% (2020: 10%) against the Rouble with all other variables held constant, Group post-tax profit for the year would have been €4.7m lower/€4.7m higher (2020: €5.1m lower/€5.1m higher) as a result of foreign exchange losses/gains on translation of the euro denominated borrowings.

42. RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

42.3 MARKET RISK CONTINUED

(I) FOREIGN CURRENCY RISK CONTINUED

Additionally, IHI Benelux is also exposed to other financial liabilities and other payables due to Group companies which are eliminated on consolidation. These balances amounting to €53.6m (2020: €54.0m) and €17.2m (2020: €15.5m) respectively, are considered part of the Group's net investment in the foreign operation. Accordingly, any foreign exchange differences with respect to these balances, which at IHI Benelux standalone level are recognised in profit or loss, were reclassified to other comprehensive income on consolidation.

At 31 December 2021, if the euro had weakened/strengthened by 10% (2020: 10%) against the Rouble with all other variables held constant, the Group's equity would have been €8.1m lower/€8.1m higher (2020: €7.9m lower/€7.9m higher) as a result of foreign exchange losses/gains recognised in other comprehensive income on translation of the euro denominated payables.

Management does not consider foreign currency risk attributable to recognised assets and liabilities arising from transactions denominated in foreign currencies where the respective entities' functional currency is/was the euro, presented within the tables above, to be significant. Accordingly, a sensitivity analysis for foreign currency risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group strives to manage its net exposure within acceptable parameters by buying or selling foreign currencies at spot rates, when necessary, to address short-term mismatches.

Borrowings required to fund certain operations are generally denominated in currencies that match the cash flows generated by the respective operations of the Group so as to provide an economic hedge.

(II) INTEREST RATE RISK

The Group is exposed to changes in market interest rates principally through bank borrowings and related party loans taken out at variable interest rates. The interest rate profile of the Group's interest-bearing financial instruments at the reporting dates was as follows:

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Fixed rate instruments				
Financial assets:				
Parent company loan and other loans receivable	**5,976**	5,781	**43,057**	37,419
Assets placed under trust arrangement	**77**	5,637	**77**	5,637
Financial liabilities:				
Bonds	**(282,591)**	(222,999)	**(282,591)**	(222,999)
Parent company loan and other financial liabilities	**(6,930)**	(401)	**(10,510)**	(3,887)
	(283,468)	(211,982)	**(249,967)**	(183,830)
Variable rate instruments				
Financial assets:				
Loans to related company	**-**	-	**53,553**	53,553
Financial liabilities:				
Bank borrowings	**(373,476)**	(373,147)	**(18,308)**	(17,639)
Other financial liabilities	**-**	-	**(13,000)**	(13,000)
	(373,476)	(373,147)	**22,245**	22,914

The Group manages its exposure to changes in cash flows in relation to interest rates on interest-bearing borrowings due by the parent company and its subsidiaries, by entering into financial arrangements subject to fixed rates of interest whenever as much as is practicable. The Group is exposed to fair value interest rate risk on its financial assets and liabilities bearing fixed rates of interest, but all these instruments are measured at amortised cost and accordingly a shift in interest rates would not have an impact on profit or loss or other comprehensive income.

The Group's interest rate risk principally arises from bank borrowings issued at variable rates, which expose the Group to cash flow interest rate risk. Floating interest rates on these financial instruments are linked to reference rates such as Euribor or the respective banker's base rate. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments taking into consideration refinancing and hedging techniques.

At 31 December, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year for the Group would have been €3.7m (2020: €3.7) lower/higher as a result of higher/lower net interest expense.

At 31 December, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year for the Company would have been €198.9k (2020: €131.8k) lower/higher as a result of higher/lower net interest expense.

42. RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

42.3 MARKET RISK CONTINUED

(III) PRICE RISK

The Group's exposure to equity securities price risk arises from its investments in equities, funds and mutual funds, which are classified in the balance sheet as financial assets at fair value through profit or loss. As at 31 December 2021, the carrying amount of these investments amounted to €15.8m (2020: €16.4m).

€9m (2020: €9.2m) of investments are publicly traded. Management does not consider that a reasonable shift in indexes will have a significant impact on the Group's equity and post-tax profit. Accordingly, a sensitivity analysis disclosing how profit or loss and equity would have been affected by changes in indexes that were reasonably possible at the end of the reporting period is not deemed necessary.

In addition to the above, the Group holds a 10% investment in two private equities that were purchased in 2019. As at year-end, management do not consider that reasonable movements in market prices will impact the fair value of these investments materially.

42.4 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Group monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt.

The figures in respect of the Group's and the Company's equity and borrowings are reflected below:

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Bank loans (Note 30)	**369,295**	363,385	**18,308**	17,409
Other financial liabilities (Note 32)	**6,930**	401	**28,268**	36,851
Bonds (Note 31)	**282,591**	222,999	**282,591**	222,999
Lease liabilities (Note 16)	**11,821**	12,077	**352**	581
Less: cash and cash equivalents (Note 23)	**(97,906)**	(36,383)	**(40,438)**	(4,713)
Net debt	**572,731**	562,479	**289,081**	273,127
Total equity	**838,216**	773,176	**690,708**	651,003
Total capital	**1,410,947**	1,335,655	**979,789**	924,130
Net debt ratio	**40.59%**	42.11%	**29.50%**	29.54%

The Group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital, as reflected in the consolidated statement of financial position, is maintained by reference to the Group's respective financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the directors.

The carrying amounts of the Group's financial assets and liabilities as recognised at balance sheet date of the reporting periods under review may also be categorised as follows. See Note 3.14 for explanations about how the category of financial instruments affects their subsequent measurement.

42. RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

42.5 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Assets				
Other financial assets at amortised cost				
Cash and cash equivalents	**97,906**	36,383	**40,438**	4,713
– Trade receivables	**12,560**	6,486	**4**	31
– Other receivables	**5,181**	8,242	**1,822**	1,343
– Amounts due from Group and related companies	**14,707**	18,303	**323,904**	306,490
Assets placed under trust arrangement	**77**	5,637	**77**	5,637
Amounts due from other investees	**5,898**	5,006	**-**	-
Financial assets measured at fair value				
Equity securities				
– Private equities:				
– Investments in subsidiaries	**-**	-	**664,573**	618,039
– Investments in associates and joint ventures	**-**	-	**5,188**	12,184
Financial assets at fair value through profit or loss	**6,898**	7,198	**-**	-
Listed equities:				
Financial assets at fair value through profit or loss	**3,227**	4,236	**-**	-
Funds and mutual funds				
Financial assets at fair value through profit or loss	**5,751**	5,010	**-**	-
Unlisted equity securities	**-**	4	**-**	-
Total assets	**152,205**	96,505	**1,036,006**	948,437

	The Group		The Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Other financial liabilities measured at amortised cost				
– Bank borrowings	**373,476**	373,147	**18,308**	17,639
– Bonds	**282,591**	222,999	**282,591**	222,999
– Other financial liabilities	**6,930**	401	**28,268**	36,851
– Lease liabilities	**11,821**	12,077	**352**	581
– Trade payables	**14,753**	11,826	**997**	522
– Other payables	**23,715**	23,375	**4,574**	4,202
– Accruals	**25,489**	22,089	**7,198**	7,121
Total liabilities	**738,775**	665,914	**342,288**	289,915

42.6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table presents financial assets and liabilities measured at fair value in the balance sheet in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: based on information other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: information for the asset or liability that is not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

42. RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

42.6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The key financial assets and liabilities measured at fair value in the balance sheet are grouped into the fair value hierarchy as follows:

The Group	2021 €'000	2020 €'000
Level 1		
Investments in publicly-traded securities measured at fair value through profit or loss	**8,978**	9,250
Level 3		
Investments in unlisted equities measured at fair value through profit or loss	**6,898**	7,198

The Company	2021 €'000	2020 €'000
Level 3		
Investments in subsidiaries (a)	**664,573**	618,039
Investments in associates and joint ventures (b)	**5,188**	12,184

MEASUREMENT OF FAIR VALUE

The fair value of the financial assets at fair value through profit or loss which are quoted and accordingly categorised as Level 1 instruments was based on quoted market prices.

Investments in unlisted equity securities, categorised as Level 3 instruments in view of their unlisted nature comprise the acquisition during 2019 of minority stakes in Global Hotel Alliance and Moscow Project as well as the investment in Azure Resorts Group, which was transferred from equity in joint ventures during 2020. In the opinion of the directors, as at year-end, the fair value of these investments is best represented by the Group's acquisition price given these were recent transactions undertaken between unrelated parties.

Movements in these investments are portrayed in the table below:

The Group	2021 €'000	2020 €'000
	Level 3	
At 1 January	**7,198**	8,401
Acquisitions	**205**	-
Transfer to financial assets at amortised cost	**-**	(5,196)
Transfer from equity in joint ventures	**-**	5,460
Fair value movements	**(505)**	(1,467)
At 31 December	**6,898**	7,198

During 2019, the Group settled a liability relating to previously acquired assets emanating from agreements which were subject to a consideration that was dependent on the performance of the underlying assets or business. The fair value of the liability in 2020 decreased by €4.4m, thereby resulting in a gain recognised in profit or loss.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a. Investment in subsidiaries

   The fair value of investment in subsidiaries have been determined by reference to the fair values of the underlying properties or enterprise value as outlined in Note 15.1. Movements in the carrying amounts of investments in subsidiaries are indicated in Note 17.

b. Investment in associates and joint ventures

   Investment in associates and joint ventures are accounted for as financial assets at fair value through other comprehensive income in the Company's balance sheet as outlined in Note 18. The fair value of investments in associates and joint ventures has been determined in the same manner as outlined above.

There have been no transfers of financial assets between the different level of the fair value hierarchy.

Disclosure in respect of the fair value of financial instruments not carried at fair value are presented within Notes 19, 21, 30, 31, 32 and 34. The directors consider the carrying amount to be reasonable estimate of their fair value principally in view of the relatively short periods to repricing or maturity from the end of the reporting periods.

42. RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

42.6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE CONTINUED

MEASUREMENT OF FAIR VALUE CONTINUED

The following tables provide an analysis of the Group and the Company's financial instruments disclosed above, grouped into Levels 1 to 3:

	The Group			
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
	Level 1		Level 3	
Financial assets				
Other financial assets at amortised cost	-	-	5,976	6,781
Trade and other receivables	-	-	30,393	31,359
Assets placed under trust arrangement	-	-	77	5,637
	-	-	36,446	43,777
Financial liabilities				
Bank borrowings	-	-	373,476	373,147
Bonds	282,591	222,999	-	-
Other financial liabilities	-	-	6,930	401
Lease liabilities	-	-	11,821	12,077
Trade and other payables	-	-	63,957	57,290
	282,591	222,999	456,184	442,915

	The Company			
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
	Level 1		Level 3	
Financial assets				
Loans receivable	-	-	266,971	261,399
Trade and other receivables	-	-	58,759	46,465
Assets placed under trust arrangement	-	-	77	5,637
	-	-	325,807	313,501
Financial liabilities				
Bank borrowings	-	-	18,308	17,639
Bonds	282,591	222,999	-	-
Other financial liabilities	-	-	28,268	36,851
Lease liabilities	-	-	352	581
Trade and other payables	-	-	12,769	11,016
	282,591	222,999	59,697	66,087

43. ULTIMATE CONTROLLING PARTY

The Group's ultimate parent company is CPHCL, the registered office of which is 22, Europa Centre, Floriana FRN 1400, Malta.

CPHCL prepares the consolidated financial statements of the Group of which IHI and its subsidiaries form part. These financial statements are filed and are available for public inspection at the Registry of Companies in Malta.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position of International Hotel Investments p.l.c. as at 31 December 2021, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and

- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

WHAT WE HAVE AUDITED
International Hotel Investments p.l.c.'s financial statements comprise:

- the Income statement for the Group for the year ended 31 December 2021;
- the Statement of comprehensive income for the Group for the year then ended;
- the Statement of financial position of the Group as at 31 December 2021;
- the Statement of changes in equity for the Group for the year then ended;
- the Statement of cash flows for the Group for the year then ended;
- the Statement of comprehensive income for the Company for the year then ended;
- the Statement of financial position of the Company as at 31 December 2021;
- the Statement of changes in equity for the Company for the year then ended;
- the Statement of cash flows for the Company for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

INDEPENDENCE
We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the parent company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the parent company and its subsidiaries, in the period from 1 January 2021 to 31 December 2021, are disclosed in Note 7.1 to the financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Emphasis of matters

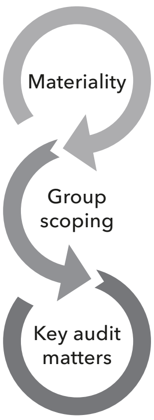
We draw attention to Note 3.1 to the financial statements, which highlights the impact of COVID-19 on the Group's financial results, cash flows and financial position, and the measures being taken by management in this regard.

In addition, we draw attention to Note 41 to these financial statements, which describes the events occurring after the reporting period, specifically the military conflict in Ukraine. The note explains that although this event had no impact on the financial statements for the year ended 31 December 2021, this event may have a material effect on the Group's operations particularly in St. Petersburg subsequent to the reporting period in view of the sanctions being imposed against Russia.

These matters are considered to be of fundamental importance to the users' understanding of the financial statements because of the potential impact that these uncertainties may have on the valuation of the Group's assets. Our opinion is not modified in respect of these matters.

Our audit approach

OVERVIEW



- Overall group materiality: €1,500,000, which represents approximately 1% of average revenue over the last three years.

- We conducted a full scope audit of the most significant components and performed specified audit procedures on certain account balances.
- The group engagement team performed oversight procedures on the work of component teams for all significant locations.

- Valuation and impairment of property, plant and equipment and investment properties.
- Significant political and economic uncertainties prevailing in Libya.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Overall group materiality	€1,500,000
How we determined it	Approximately 1% of average revenue over the last three years.
Rationale for the materiality benchmark applied	We have applied revenue as a benchmark as we considered that this provides us with a consistent year-on-year basis for determining materiality, reflecting the group's fluctuating levels of profitability, and which we believe is also a key measure used by the shareholders as a body in assessing the group's performance. We selected 1% based on our professional judgement, noting that it is also within the range of commonly accepted revenue related thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €150,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following key matters were identified at both a Group level and Company level (given their direct impact on the fair value of the subsidiaries).

Key audit matter	How our audit addressed the Key audit matter
Valuation and impairment of property, plant and equipment and investment properties. *Refer to Notes 14 and 15 of the Group's financial statements* The Group's property comprises hotels, commercial centres and land for commercial use amounting to €1.4 billion. This represents the majority of the Group's assets as at 31 December 2021. Full valuation reports or updated valuation assessments were obtained from third party qualified valuers for all of the Group's properties, classified as either property, plant and equipment or investment property. The valuation reports by the third party valuers are based on both: - Information provided by the Group - Assumptions and valuation models used by the valuers, with assumptions being typically market related and based on professional judgement and market observation. The most significant judgements when adopting the income capitalisation approach relate to the projected cash flows, the discount rate, growth rates (including the capitalisation rate) and the projected date of recovery of the hospitality sector. The most significant judgement when adopting the adjusted sales-comparison approach relates to the sales price per square metre or per room. The valuation of the Group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future returns. This subjectivity was heightened due to the uncertainties brought about by the COVID-19 pandemic and the recovery thereof. The existence of significant estimation uncertainty evidenced by the sensitivity of the property valuations to possible shifts in key assumptions as described in Note 15 could result in material misstatement, and therefore we have devoted specific audit focus and attention to this area.	Our procedures in relation to the valuation of the properties included: - Reviewing the methodologies used by the external valuers and by management to estimate the fair value for all properties. We confirmed that the valuation approach for each property was suitable for use in determining the carrying value of properties as at 31 December 2021. - Testing the mathematical accuracy of the calculations derived from each model. - Assessing the key inputs in the calculations such as revenue growth and discount rate, by reference to management's forecasts, rental agreements for investment property, data external to the Group and our own expertise. - Considering the appropriateness of the fair values estimated by the external valuers based on our knowledge of the industry. We engaged our own in-house valuation experts to challenge the work performed and assumptions used by the valuers. - Considering the potential impact of reasonably possible changes in the key assumptions underlying the valuations. We challenged the Company's valuations to assess whether they fell within a reasonable range of the expectations developed. Management were able to provide explanations and refer to appropriate supporting evidence. We have also assessed the appropriateness of disclosures in this respect.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Key audit matter	How our audit addressed the Key audit matter
Fair value movements arising on these properties amounted to an uplift of €79.7 million. The shifts in fair value determined during the year ended 31 December 2021 are analysed in Notes 14 and 15. The judgements relating to the carrying value of the properties located in Libya is dealt with separately below.	The COVID-19 pandemic represents an unprecedented set of circumstances and has given rise to significant estimation uncertainty in relation to the valuation of the Group's properties as at 31 December 2021. The third party valuers have drawn attention to this uncertainty and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. Developments and revisions to forecast economic and market conditions after the date of approval of the financial statements might give rise to potential changes in the outcome of management assessments carried out subsequent to that date.
Significant political and economic uncertainties prevailing in Libya *Refer to Note 5 in the Group financial statements* We focused on the Group's activities in Libya in view of the political instability continuing to prevail during the financial year ended 31 December 2021 and its negative effect on the Libyan hospitality and real estate sectors. The Group's assets in Libya principally comprise the Corinthia Hotel Tripoli with a carrying amount of €69.5 million and the adjoining investment property with a carrying amount of €104.8 million. The future performance of the hotel and the Commercial Centre and the fair value of the related property assets are largely dependent on how soon the political situation in Libya will return to normality and on how quickly the international oil and gas industry recovers once political risks subside. The directors have continued to monitor the situation in Libya closely. They recognise the fact that the situation in Libya has not improved and economic activity remains limited across all sectors in which the Group is involved. However, the directors also recognise that there is interest from a number of sources for short and long-term accommodation. With respect to the hotel, the directors have retained the expectations for a gradual recovery. The assumptions underlying the valuation assessments are explained in more detail in Note 5. These assumptions are highly judgemental in view of the significant uncertainties surrounding the operations in Libya and, therefore, the projected cash flows from the relative operations as well as their timing. The uncertainty could potentially be exacerbated by the events related to COVID-19, which events are dealt with separately above in the key audit matter for the valuation of property, plant and equipment and investment property. The economic conditions in Libya also create significant uncertainty in relation to the recoverability of debtors, amongst other current assets. Provisions for impairment have been registered to reflect the net estimated recoverable amounts in this respect.	In addition to the procedures listed in the key audit matter above for the valuation of property, plant and equipment and investment property, we also performed the following on the assets attributable to the Group's activities in Libya: – We reviewed the valuation assessments made by the directors in support of the carrying amount of the Group's properties in Libya and focused on assumptions about the impact of the political unrest in Libya. – We discussed the underlying assumptions including the projected cash flows (particularly the speed of recovery) and the discount rate (with particular emphasis on certain components including the country risk premium) with management and the Audit Committee. – We have also analysed in detail the long outstanding debts of the company and held detailed discussions about these debtors. In addition, we evaluated the adequacy of the disclosures made in the financial statements regarding the situation in Libya, including those regarding the key assumptions and sensitivities to changes in such assumptions. In particular, Note 5 to the financial statements highlights the significant political and economic uncertainties prevailing in Libya and their impact on the Group's results for 2021. The note also explains the significant uncertainties and judgements surrounding the valuation of the Group's assets in Libya that have also a bearing on the projected cash flows from the relative operations, which are in turn influenced by the timing of a recovery in the country. The events that occurred during the reporting period in respect of COVID-19 and the potential impact on the prevailing uncertainty have also been referred to in the disclosures within the financial statements as referred to in the key audit matter above for the valuation of property, plant and equipment and investment property. *We believe that different plausible scenarios may impact the financial performance of the Libya operations and the valuation of related assets in a significant manner. This matter is considered to be of fundamental importance to the users' understanding of the financial statements because of the potential impact that this uncertainty may have on the valuation of the Group's assets in Libya.*

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

HOW WE TAILORED OUR GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group includes a number of subsidiaries, mainly operating in Malta, UK, Portugal, Hungary, Russia, Czech Republic and Libya. It also holds a number of investments in associates and joint ventures. The consolidated financial statements are a consolidation of all of these components.

We therefore assessed what audit work was necessary in each of these components, based on their financial significance to the financial statements and our assessment of risk and Group materiality. At the component level, we performed a combination of full scope audits and specified audit procedures on certain account balances in order to achieve the desired level of audit evidence.

In establishing the overall audit approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or by component auditors. For the work performed by component auditors operating under our instructions, we determined the level of involvement we needed to have in the audit work at those locations to be satisfied that sufficient audit evidence had been obtained for the purposes of our opinion. We kept in regular communication with audit teams throughout the year with phone calls, discussions and written instructions and review of working papers where appropriate.

We ensured that our involvement in the work of our component auditors, together with the additional procedures performed at the Group level, were sufficient to allow us to conclude on our opinion on the Group financial statements as a whole.

The Group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises all of the information in the Annual Report and financial statements (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Parent company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Group's and the Parent company's trade, customers and suppliers, and the disruption to their business and the overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Report on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Annual Financial Report of International Hotel Investments p.l.c. for the year ended 31 December 2021, entirely prepared in a single electronic reporting format.

RESPONSIBILITIES OF THE DIRECTORS

The directors are responsible for the preparation of the Annual Financial Report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

OUR RESPONSIBILITIES

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Financial Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

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

OPINION

In our opinion, the Annual Financial Report for the year ended 31 December 2021 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Other reporting requirements

The *Annual Report and Financial Statements 2021* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Financial Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the Other information section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report and Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report, Statement by the directors on the financial statements and other information included in the annual report and Statement by the directors on non-financial information The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements. With respect to the information required by paragraphs 8 and 11 of the Sixth Schedule to the Act, our responsibility is limited to ensuring that such information has been provided.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Other reporting requirements continued

Area of the *Annual Report and Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
Statement by the directors on compliance with the Code of Principles of Good Corporate Governance The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.	We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements. We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97. We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.	In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority. We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information section*.
Remuneration statement The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules	We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.	In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF INTERNATIONAL HOTEL INVESTMENTS P.L.C.

Other reporting requirements continued

Area of the *Annual Report and Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.	We have nothing to report to you in respect of these responsibilities.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 11 June 2015. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 7 years.

PricewaterhouseCoopers
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Qormi
Malta

SIMON FLYNN
PARTNER

20 April 2022

NOTES

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GROUP

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INTERNATIONAL HOTEL INVESTMENTS P.L.C.
2021 ANNUAL REPORT
& Financial Statements

CORINTHIA
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